



Chapter 22

Electronic Commerce: Determining B2C Web site Functions

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The web site is a central component of B2C Electronic Commerce. However, there are few guidelines on how to design and develop an effective web site. Most discussions address technical issues of building WebPages. The requirement stage of web site design is poorly understood. This chapter discusses requirements for web site functions from the point of view of both the firm and the customer. Firm's business strategies and customer decision support needs are mapped into web site functionalities. Two existing web sites of firms in the building industry are analyzed for illustrative purposes.

INTRODUCTION

E-Commerce has become one of the major factors essential to the future survival and success in the market place. A survey, sponsored by AOL found that making purchases was the fastest growing on-line activity and more than half the respondents had engaged in the activity (IW, 11/6/2000). The volume of on-line purchases is predicted to increase from \$20B in 1999 to \$50B in 2002 (IW, July 1, 2000 page 27).

Electronic commerce is at an early stage of development with few established rules on how to organize and implement E-commerce. The source of e-commerce knowledge is generally unreliable and often comes from venture capitalists, investment bankers, and technically oriented entrepreneurs who do not

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have a good track record of building B2C organizations that endure the test of time. The majority of B2C business models are innovative and unproven. Many underlying assumptions for B2C business models such as “more disintermediation is better” are suspect.

B2C is uniquely customer centric. Major automotive manufacturers have launched web-based initiative to build vehicles to individual customers' specifications and deliver them in one to two weeks (EW-July 24,2000, page 63). Many firms have learned to compile customer information from a range of sources and build a comprehensive view of the customers. They have developed capabilities to anticipate and meet customer needs in real time by delivering customized services superior to their competitors leading to higher revenues and customer retention.

Consumers exhibit different behavior and express varied concerns. For example, a recent survey study showed that 25% browse on-line and buy from brick and mortar stores, 19% are brand loyalists and buy from merchants they know, and 17% are interested in saving time and maximizing convenience (IW, July 15, 2000 page 25). According to another survey, consumers concerns on late delivery has increased from the 1999 level to 59% in the 2000 holiday season. However, concerns over the security of credit cards and personal information have reduced from 50% in 1999 to 33% in the year 2000.

B2C customers demand superior shopping experience spanning the entire process from articulating to fulfillment of their needs. They expect not only on-time delivery but also instant access to their order histories, shipping information and up to the second product availability information. Many of these functions require deep integration between front-end on-line ordering systems and back-end supply chain and logistic applications. Both FedEx and UPS offer systems that can integrate delivery status and other information from the shippers directly into the e-commerce systems. They can also provide on-line capability for customers to initiate return of packages on the web and link them to drop-off locations. They also provide the customer with the ability to track returns and ensure his/her account is appropriately credited (EW- November 20, 2000). Each phase of e-commerce impacts customer satisfaction differently. For example, the fulfillment impacts satisfaction 55% and selling only 5%. Fulfillment problems such as lost orders, incomplete or inaccurate product availability information, and late shipments were common customer experience in 1999.

The web site is where the consumer and the firm conduct their business. The web site must have the functionalities that enable the firm to acquire, sell to, and retain customers. E-commerce sites are eminently easier to leave than physical store as the customer has less time invested than shopping in a physical store. Consumers are frequently disappointed at how little depth exists beneath the user

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