

CUSTOMERS RULE!

Why The e-Commerce Honeymoon Is Over And Where Winning Businesses Go From Here

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MAIN IDEA

The early hype was that e-commerce would quickly supercede and replace the traditional ways of doing business. Reality has now set in, and it is becoming increasingly clear business success will depend on a “blended” strategy – which combines the best features of conventional commerce with the new ways to reach customers made possible by Internet technologies.

In particular, it has become clear there is no magic formula to making money using the Internet. Those companies which prosper will be those who do the business fundamentals better than anyone else:

- Capturing and retaining customers.
- Building and growing quality brands.
- Amassing highly efficient logistics and distribution systems.
- Continuing to grow and generate increasing profits by constantly finding new and better ways to serve customers.

The heart of any long-term winning business strategy is the realization that ultimately customers decide which business models, retail formats, sales techniques and strategies they like and feel comfortable with. Therefore, the decisions on how best to incorporate the Internet into those areas will be made on an industry-by-industry basis. For some, the Internet will be vitally important while for others it will be much less important. And for individual firms, business success will depend less on e-commerce capabilities and more on their ability to develop customer-driven solutions, master the key commerce functions profitably and wow customers.

In short, those firms which take note of and cater to the way their customers want to do business will do well, while companies that focus on just one side or the other of e-commerce will struggle to survive.

The 8 Key e-Commerce Concepts	
1	The Internet is one phase in an evolutionary process.
2	The “commerce” side of e-commerce is vitally important.
3	The consumer is the key ingredient of any future success.
4	Market segmentation is vital for online selling.
5	Branding must combine online and off-line activities.
6	Customer satisfaction, not popularity, is the key factor.
7	Focus on customer needs when innovating.
8	The most efficient supply chain always wins in the end.

The 10 e-Commerce Strategies of the Future	
1	Add a physical presence to e-tail operations.
2	Focus on solving customer problems, not technology.
3	Don't worry about being first mover – be the final victor.
4	Develop an “octopus” brand.
5	Evolve from free to fee.
6	Add a human dimension.
7	Multichannel to sell to new market segments.
8	Sell and source the global marketplace.
9	Develop strategic alliances on e- and commerce-sides.
10	Harness the Internet to create a lean demand chain.

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