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Staff Paper

E-COMMERCE AND INTERNET USE IN SMALL BUSINESSES: TRENDS AND ISSUES

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PREFACE

This paper is part of a series of reports of the activities conducted under a grant from the Fund for Rural America, U.S. Department of Agriculture. Funds for the grant entitled "Enhancing Rural Economies Through Comprehensive Extension, Research & Partnering Approaches Using Multi-County Clusters in Michigan With Application to National Rural Settings" were received by Michigan State University's Department of Agricultural Economics in March, 1998. The major goal of the grant is to increase economic development activity in four clusters of rural counties in Michigan through the utilization of the resources of the Michigan State University Extension Service, Michigan Agricultural Experiment Station, and other resources of Michigan State University. Various local, state, and federal public partners as well as the private sector are co-sponsors of projects in the counties.

This paper focuses on E-commerce issues and applications for small businesses and communities providing information on recent developments of E-commerce businesses and approaches to successes in Internet marketing. Details of the paper rely on materials used for E-commerce training programs co-sponsored by the project, responses from businesses participated in the training and review of available digital economic and business literature that highlights key elements and benefits of E-commerce to small businesses.

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E-Commerce and Internet Use in Small Businesses: Trends and Issues

Getachew Abate and Colletta Moser

Introduction

Since its inception in 1998, the Fund for Rural America/Enhancing Rural Economies (FRA/ERE) project, funded by a USDA grant and co-sponsored by the Michigan State University (MSU) Extension and Agricultural Experiment Station, has significantly impacted community enhancement and capacity building within four multi-county clusters of Michigan. A key feature of the project's approach has been the development and implementation of "Menus" of activities involving different extension education and research programs to enhance rural economies within four multi-county clusters and cluster-adjacent counties. Programs that have been encompassed in the project include Business Enterprise Development (e.g. Business Retention and Expansion, Fast Trac, Farmers' Market Development, Farm Business Retention and Expansion, Business Plan Development, Downtown Development and Revitalization, and E-Commerce), Community Enhancement (e.g. Leadership and Community Assessment Team), Labor Issues (e.g. Labor Force Supply Analysis, Human Resource Management and Workforce Development), Land Use Priority Analysis, Retirement, and Tourism Development. In addition, the project has fostered efforts that provided a statewide demonstration to build institutional capacity by strengthening the role of MSU Extension and local communities in developing and implementing a wide range of community and economic development activities.

The way we buy and sell goods is rapidly changing. Remarkable advances in the use of the Internet in recent years have been the driving forces in shaping the new economy and changing our society. Removing traditional boundaries of time and space and providing opportunities of global reach for any type of business, the Internet has become a new way to expand existing business opportunities or to start a new venture. Given the current business trends and predictions, an Internet presence of a business is likely to be necessary. The chance of future survival of small and rural businesses especially depends on their capabilities to use Internet services that give them access to new markets, better business practices, enhanced competitiveness and greater chances to success.

In the past few years, the FRA/ERE project facilitated and co-sponsored entrepreneurs training programs that included Internet marketing workshops in different counties (e.g. Roscommon and Clinton counties). One of the objectives of the workshops was to introduce E-commerce to entrepreneurs desiring to have web-based businesses and local public service agencies wanting to use the Internet to provide efficient services. This paper focuses on E-commerce issues and applications for small businesses and communities providing information on recent developments of Internet use and E-commerce. The paper highlights some of the approaches to successes in Internet marketing reviewing available digital economic and business literature on key elements and benefits of E-

commerce to small businesses. Parts of the details of the paper rely on training materials[1] used for the FRA supported workshops and responses from businesses participated in the training programs.

Internet use

A survey conducted by eTForecasts (2003) indicates that in the past two years Internet access has grown significantly in all regions of the world, rising from a global Internet population of 544 million in 2001 to 665 million in 2002. It is estimated that global Internet access will reach one billion by 2005. The main increases, however, will come from developing countries which are now nurturing and promoting their local information technology sector and focusing on forming alliances with the big multinational Internet players. According to eTForecasts, the top five online nations in terms of Internet usage are the US (161 million), Japan (65million), China (55 million), Germany (30 million) and the UK (27 million). China is expected to surpass Japan in terms of Internet users during 2003.

According to a survey report recently released by the Nua Internet Survey (2003), as of December 2002, 72% of the total population were online in the U.S., that is up 13% over September 2001. Despite the huge lead in total Internet users, the US has fallen behind the Scandinavian countries in Internet users per capita (ranked number 7 for 2002).

People in Michigan are also accessing the Internet in increasing numbers. Cyberstate-org[2] and its predecessor, the Michigan Information Technology Commission, commissioned four surveys of Michigan residents in 1998, 2000, 2001 and 2002 (a random survey of about 800 residents across the state in each case) to explore the role of the Internet in their lives. According to the survey results of 2002, about two-third (66%) of all respondents have at least one home computer, that is up 11% from the 2001 survey (Public Sector Consultants, 2002). Two-thirds of respondents (67%) reported that they had used the Internet at some point, an increase of 9% from 2001. About 94% of the business respondents have computers, and 91% have access to the Internet on site. For the businesses, the three most important online activities were accessing property tax and assessments, applying for permits and licenses, and filing complaints.

These developments in computer and Internet access reflect the fact that the Internet is becoming not only an increasingly vital tool in the information society but also a critical element of the national economic policy. Each year, being digitally connected becomes ever more critical to businesses, government agencies and communities. Now that a large part of the society uses the Internet to conduct daily activities, businesses, government agencies and public representatives that lack access

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[1] The paper extensively used data and information from the following training materials and handouts prepared for the E-commerce workshop in the I-75 cluster: (1) Duncan, B., and Wolfe, K. Business to Consumer E-Commerce; Selling on the Internet, (2) MacKelar, B. Web Hosting, and (3) Carr, B. E-Commerce.

[2] Cyberstate.org (www.cyber-state.org) is a nonprofit group established in 1998 by Michigan's business, education, health care, government, and philanthropic communities including, the W.K. Kellogg Foundation, the Council of Michigan Foundations, and the Herbert H. and Grace Dow Foundation.

to these tools are at a growing disadvantage. “Therefore, raising the level of digital inclusion by increasing the number of Americans using the technology tools of the digital age is a vitally important national goal”(U.S. Department of Commerce, October 2000).

These successes in Internet use are partly attributed to the technological advances that made powerful and inexpensive personal computers (PCs) and servers easily available. Especially technological advances in microprocessors, storage, and other components in the past decade have accelerated price declines for computers and peripheral equipment and for communications equipment.

The most popular use for the Internet is still e-mail. According to a report by the U.S. Department of Commerce (emarketer, 2003) email (84%), product or service information search (67%), news, weather and sports (62%), playing games (42%) and product or service purchases (39%) are the top five activities of Americans online. In Michigan, 86% of respondents in the 2001 public sector consultant’s survey responded using the Internet for email, that is up 17% from 1998.

According to Mesenbourg (2001), any electronic business has the following three primary components; E-business Infrastructure, E-business, and E-commerce. He defines E-business infrastructure as “the share of total economic infrastructure used to support e-business processes and conduct electronic commerce. It includes hardware, software, telecommunication networks, support services, and human capital used in electronic business and commerce”. Examples include computers, telecommunication networks, other hardware, as well as system and application software. E-business “is any process that a business organization conducts over a computer-mediated network”. It refers to exploiting the combined power of the Internet and information technology to fundamentally transform key business strategies and processes (Jones, 2002). Business organizations include any for-profit, governmental, or nonprofit entity. Their processes include production-, customer-, and internal or management-focused business processes. Examples of major e-business process-categories include online purchasing, selling, production management, logistics, as well as internal communication and support services. E-commerce is “any transaction completed over a computer-mediated network that involves the transfer of ownership or rights to use goods or services. Transactions occur within selected E-business processes (e.g., selling process) and are completed when agreement is reached between the buyer and seller to transfer the ownership or rights to use goods or services”. Since businesses and online consumers use the Internet for a wide variety of activities, however, it is very difficult to draw a boundary line between E-business and E-commerce.

E-Commerce

Individuals with Internet access increasingly approach the web as a market place doing a wide variety of activities. Consumers - wherever they are in the world - routinely use computer networks to identify sellers, make purchase commitments, evaluate products and services, compare prices, and exert market leverage (U.S. Department of Commerce, June 2000). They go online in ever-greater number to shop, learn about different providers, search for jobs, manage their finances, obtain health information and scan hometown newspapers. According to Mesenburg, many businesses use the Internet to communicate with current and potential customers and suppliers, conduct and re-engineer production processes, arrange financing, and manage internal operations. They are extensively moving their supply networks online, participating in and developing online market places, and expanding

their use of networked systems to improve a host of business processes.

This Internet usage for exchange and business purposes is currently fueled by the application of E-commerce. Today, E-commerce "is getting momentum like a runaway truck heading down a mountain pass" (Patel, 1998). Depending on the selling or buying channels and processes, E-commerce can be divided into a number of categories or models each with its own set of specialized business methods: business to business, business to consumer, tool vendor to business and perhaps even yard sale where consumers periodically sell to each other (National Association of Manufacturers - NAM, 2002). A report by the UN forecasts that E-commerce would represent about 18% of worldwide B2B and B2C transactions in 2006 (UNCTAD, 2002). The following sections would highlight these two major categories of online transactions: Business-to-Business (B2B) and Business-to-Consumer (B2C) E-commerce.

Business-to-Business (B2B) E-Commerce

In B2B E-commerce companies buy from and sell to each other online. Nowadays the B2B accounts for the lion's share of the E-commerce activity, and rapid advances in E-commerce technologies appear to have an enormous potential making these transactions more efficient. Electronic procurement and electronic catalog management systems have been widely adopted to move companies' purchasing and selling online. In addition, a variety of electronic markets have been set up to facilitate inter-firm transactions and broaden market access for buyers and suppliers (EM-Wire, 2002). As organizations begin understanding the full potential of managing their supply chains via the Internet, many businesses are increasingly using E-commerce technologies to raise the efficiency of their internal operations. They are using networking technologies to improve processes, such as design and engineering, reducing development time, simplifying manufacturing processes, and integrating design processes. Today, more businesses are also using the Internet to identify new suppliers. Large-volume buyers and manufacturers increased their online collaboration and more organizations achieved cost savings from buying on the Internet[3].

The E-Commerce Times reported that nearly half of all large U.S. corporations are now using the Internet to cut down on their supply costs. In addition, businesses have discovered the potential of the Internet as an auction space. They are using auctions to sell off surplus goods, dispose of used equipment, and post requests for purchase. In 2002 about 23 % of the U.S. large companies were using electronic auctions (E-Commerce Times, 2002). Business purchasers are also using online auctions to request bids.

A survey by the NAM indicates that in 2001 about 83% of the U.S. manufacturers used E-commerce to conduct their businesses. Among the manufacturers that apply E-commerce initiatives, 62% used it for new business opportunities and broader reach of customers. 45% of the users have cost saving reasons while 26 % used to reach a wider group of suppliers. Lack of human resource capabilities and

[3] Refer to the "Digital Economy 2000", U.S. Department of Commerce, June 2000 for more details.

technical knowledge inside firms were mentioned as major barriers in conducting B2B E-commerce businesses. The dollar value of the B2B E-commerce transactions varies widely. A survey conducted by the NAM estimates the dollar value transactions between U.S. businesses that are conducted electronically to surpass $1.5 trillion by 2003.

Business-to-Consumer (B2C) E-Commerce

B2C E-commerce applies to any business or agency that sells its products or services to consumers over the Internet for their own use. According to Forrester Research (Nua Internet Survey, 2002), the number of U.S. households shopping online reached 18.7 million in December 2001, while the average spend per online consumer increased to $304. Total online retail sales in the U.S. last year amounted to $47.6 billion, up from $42.4 billion in the year 2000. Sales in December 2001 alone came to $5.7 billion, up from $5 billion from December 2000. Another Nua Internet Survey reported that about 84% of U.S. Internet users have bought online at least once, but less than a third buy online regularly. In any given month of last year, 30 to 35 percent of Internet users bought something online. According to a report by Nua Internet Survey, the growth in consumer E-commerce in the U.S. in recent years was drawn by both the increase in the number of Internet users and by the increasing confidence of a group of core customers. In the year 2000, almost half of online purchasing in the U.S. was done in the workplace. This level of online shopping activity is remarkable when work versus home Internet connection rates are compared. In the same year, the U.S. had 104 million home Internet connections, but only 40 million Americans had Internet connections via their work PCs (U.S. Department of Commerce, June 2000). In 2002, 68 million Americans accessed government services and information via the web and email (Greenspan, 2002).

A January 2002 survey of online shoppers by Forrester Research shows the following product categories that are marketed online (lists in descending order by revenues generated): (1) Small-Ticket Items: Software, books, music, videos, office supplies, apparel, footwear, jewelry, flowers, linens/home decorations, health and beauty, small appliances, toys/video games, sporting goods, tools and hardware, and garden supplies. (2) Big-Ticket items: Computer hardware, consumer electronics, appliances, furniture, food/beverages, airline tickets, car rental, and hotel reservations.

Also, some examples from around the world are evidences for the dramatic increase in E-commerce. The Nua Internet Survey and the IDC (2002) reported that one in three European Internet users bought online in the first half of 2001, and that the number of people buying online increased by 45% between the third quarters of 2000 and 2001.

According to a survey report by IDC, in 2001, European consumers spent an estimated $18.9 billion online. Due to the enhanced transparency through the introduction of the Euro and other fundamental attributes for online consumer commerce, the number of buyers will sustain growth. Internet users in Germany, Norway, Switzerland, and the UK are most likely to buy online of all Europeans. The most commonly purchased products online in Europe are books, magazines, music, and travel related products and services. According to this survey, Europeans are not so interested in buying groceries online, or paying for online news. The most famous manifestations of B2C E-commerce include companies such as mega-distributors (amazon.com), search engine companies like yahoo, auction

sites like ebay.com, manufacturers like Gateway and financial institutions (banks and day-traders) such as etrade.com that sell online investing and banking services (NAM, 2002).

There are other emerging trends of E-commerce. According to a study by Gartner (2002), while most B2C E-commerce will continue to be conducted over a PC during the next few years, by 2005, 42% of U.S. consumers will use multiple platforms to make transactions on a regular basis and 10% of all U.S. B2C E-commerce transactions will be made on devices other than a PC, such as mobile phones and televisions, accounting for $22.9 billion in sales.

According to the survey report by the Public Sector Consultants, in Michigan, use has increased for all categories of Internet activity over the past four years. More than 93% of the businesses surveyed in 2002 have computers in their work site with 89% having Internet access. The businesses used the Internet for different activities including email (87%), and research products and services (77%). Over the past few years, purchasing over the Internet has shown a dramatic increase. In 1998, just 11% of respondents had made at least one purchase on the Internet. That figure has raised to 65% in 2002.

In February 2003, some attendees from the training programs co-sponsored by the FRA/ERE project in Clinton County were asked about the benefits of the E-commerce training programs and their access to the Internet. All of them found the E-commerce training to be highly rewarding. Most of the participants had a computer and access to Internet prior to the E-commerce training. However, they did not have web pages, nor were they selling products online and advertising until they participated in the E-commerce training. Currently most of them have Internet access at their businesses. Businesses without Internet connection have plans on getting access in the near future. The most common use of the Internet was found to be Email. The businesses used Email as a means to keep in contact with customers and other businesses that they work with. Some of the businesses have started using the Internet for selling and purchasing of products or services and they found that applying E-commerce has been successful. Many businesses are also advertising their products and services on the Internet. Other Internet activities by the businesses include research and access to other web sites. This would mean to Michigan's small businesses including home-based businesses that the Internet is proving to be a new way to start or expand business opportunities allowing them to access markets and compete on equal footing.

E-Commerce Issues in Small Businesses

In a world where the information technology is changing the way businesses are conducted, the decision to start an E-commerce is not something that one can postpone it for future. Today, E-commerce is not only a good business idea, but "it is a business imperative, because it brings fundamental alterations to the way entire business relationships are conducted" (PC Magazine, 2002). Compared to large corporations, small businesses have limited market, and small capacity and resources, as well as operate in a less complex organizational structure. Their survival can be enhanced if they are in a position to develop the knowledge and strategy that could improve their existence in the new Internet economy. Undoubtedly, access to the Internet and the low costs of

telecommunication now allow them to use the global network, once only the proprietary of large international corporations. Especially, by applying E-commerce, small businesses would be able to create new market channels at the local level, capture global markets, sell to international customers and compete favorably with large corporations (Poon, 1999). The transformation to online marketing would also enable them to overcome psychological, operational, as well as organizational and market barriers.

The last few years have shown that small businesses used the Internet (1) to communicate and do business with partner firms, (2) to buy and sell products and services, and (3) to communicate with government and other agencies. There are hundreds of thousands of products that can, in principle, be marketed on the Internet. But not all products are suitable for E-commerce. Product characteristics like size and bulk relative to value, perishability, and popularity and uniformity of the product affect the transformation to online marketing. E-commerce can in fact create or facilitate new products not previously available. Therefore one important factor for small businesses is to identify products that are suited to market on the Internet. They need to understand that, depending on the type of product, E-commerce alters the shopping experience, the way the product is sold or purchased, and the distribution system of the product (Liebowitz, 2002). Reaching out to global marketplace also involves logistics, delivery, maintenance, support and other services. According to Poon, if a small business is not properly prepared for international markets, it can jeopardize its reputation as an Internet business. Therefore, like any other business, building and maintaining successful E-commerce sites requires prior serious thoughts and an approach implying planning, commitment and management supported by technology, process and structure. It is very essential to make sure that all the right pieces are in place before going live on the Internet.

Costs of implementing E-commerce web sites vary depending on many factors; e.g., the purpose and size of the site, share of in-house and out-sourced job. Based on empirical evidences, Poon describes two E-commerce evolution processes for small businesses. At the first stage, due to lack of financial and information technology resources, a small typical business may adopt E-commerce by subscribing to an Internet Service Provider (ISP) to apply simple solutions to simple business processes. Activities at this stage would be information gathering, exploring what is available on the Internet and email communications (often with customers and other online groups). When the business starts to find out what E-commerce is capable of, the next stage is to experiment and find out how to benefit from it.

In general, building an E-commerce web site includes the following steps and processes: business planning, creation of online content, hosting the content on the Internet, marketing the web site and content, collecting and recording customer orders, processing payments and fulfilling customer orders. The Internet has a lot of resources that provide a wide variety of information and guidance how to build up and maintain an E-commerce web site. Although building an E-commerce web site from scratch can be a difficult process, its advantage is that it gives more freedom and flexibility to build the features and functions that are needed to be unique and competitive. But it will require a team of skilled developers and expertise, time, and a sizable budget to start it. Frequent updating and refreshing of the pages may also be needed. If, for example, the business wants to offer discounts

frequently, there is a need to update the pages from time to time. Hiring a professional E-commerce system developer is another possibility to build the web site. One needs to make sure that the hired person not only knows how to build web sites, but he also knows how to build E-commerce web sites. To be successful, the web site developer should be in a position to understand the major goals and objectives of the business, the type of products and services to be sold on the Internet, and above all the expectations of the owner from E-commerce. Qualified and experienced web site developers will take time to learn the business, have a good balance of technical and business sense, and know how to properly position the new site.

It would be difficult, and in many cases impractical, for small businesses to have all the necessary Internet support services in-house to support an entry into E-commerce. The best alternative for most of them would be to use readily available applications (e.g. email package, web browser, etc.) to support business processes such as receiving orders, customer support, intelligence gathering and document exchange. Many small businesses must thus have access to outside vendors for such services, including Web-site design, database support, web hosting, web server, and payment and security services (Da Costa, 2001). If the important features of the business are known, different packages are available that are flexible to use and compatible with different payment, security and shipping solutions one decides to use. For example, the E-Commerce Times features products and services for building and maintaining successful E-commerce sites, as well as powerful solutions for E-business and Customer Relationship Management (CRM). The E-Commerce Service Providers has different packages that can be used for the creation of an E-commerce web site for small businesses. In using a ready-made system, it is important to make sure that the business needs closely match what the package offers. It should not be lacking some of the prioritized features of the business. There is also a risk that the system will become obsolete as more and more features become necessary later on in development. That would mean, if the option is going to be considered, one may need to budget for this ahead of time. Therefore in building an E-commerce web site or in looking at available E-commerce packages for a business, it is important to make sure that one has a close look at the type of application that is wanted (Patel, 1998). In case of using sites from Internet Service providers, it is

essential to make sure that the service provider has adequate space, bandwidth, reliability, knowledge, and capability to handle E-commerce web site (Duncan and Wolfe 2003).

When evaluating these various E-commerce options, one should not only consider the cost of the package or service but how much it will cost to customize it to suit the individual needs. “Often what looks like an inexpensive setup at the outset can end up eating away at your budget as you try to add new features or redo the design” (TerraLycos Network, 2002). Therefore it is important to make sure that there is adequate room to grow and whether there are better, stronger, and faster options available to the business if it plans to expand. Before making decisions, it is also essential to compare and evaluate companies in terms of cost, services they offer and ease of use.

In setting up an E-commerce web site, a decision should also be made on the domain name for the business, which is the name that will be in the URL (Universal Resource Locator). The URL is the web address or location on the Internet for the web site. The Internet Domain Name System (DNS) is

organized hierarchically with several Top-Level Domains (TLDs) containing Second-Level Domains (SLDs) which in turn contain Third-Level Domains (3LDs), etc. A domain name thus consists of a series of labels, separated by dots, tracing the hierarchy from the top-level domain down to the specific computer being identified. Thus, the domain name "www.business.com" is within the "www" third-level domain of the "business" second-level domain of the "com" top-level domain. Including TLDs for countries, initially there were only a limited number of TLDs, e.g., .com (commercial), .edu (education), .gov (government), and .org (organization). According to the IANA report (2002), however, TLDs like .biz, .info, .name, .museum, .coop and .aero have recently been added to the root zone.

Domain names are very important and should be considered a long-term investment. From a business standpoint, it is important to have a unique domain name that reflects the sales activity and should be easy for customers to remember. Registering as many domain names as possible, with each domain name structured in a way that it directs the customer to a single web site, is one of protecting a business from lost sales to competitors who registers a variation of the business' domain name to draw customers to the competitor's site. There are web sites that allow to search domain names and determine if a specific URL has already been registered (e.g. register.com). If the name has not been registered, it is possible to register the domain name with one of the many registrars (companies that can provide domain name registration services). To view a list of all entities by ICANN (Internet Corporation for Assigned Names and Numbers) to register names in .com, .net and .org, refer to the ICANN list of Accredited and Accreditation Qualified Registrars (Duncan and Wolfe, 2003).

Registration gives the right to a particular domain name for a specified number of years after which it has to be renewed annually. Domainstats.com (2002) recently reported that the total .com domains registered at the end of 2001 was 21.5 million, that is about 70% of the total domains registered worldwide (.net, .co.uk, and .org domains took the second, third and fourth positions respectively). Currently, domains are typically registered for two-year periods. Initial and renewal registrations are available in one-year increments, with a total registration period limit of ten years. For example, www.dotdnr.com offers one year registration for $15 (.com, .net and .org) and also has options for two ($30), five ($75) or ten ($150) years. .biz and .info domains are also available for registration at $15 per year. Register.com charges $35 per year for .com. Keeping a domain such as .com, .net or .org for two years costs $70 at most registrars (Computer World, 2002). In some cases the charges vary depending on the services provided like continuous support, online domain management, complimentary web site, web address forwarding, etc. (register.com, 2002). It is very important to compare the different companies' fees and accreditation and to use the one that is acceptable for the business.

Some Considerations and Keys to Success in E-commerce

Success in E-commerce generally involves a good business plan, establishing a useful E-commerce web site, attracting a targeted market and selling and satisfying customers. The design of an E-commerce web site needs to reflect overall brand identity, provide easy access to complex information, allow for intuitive user navigation, capture the essence of customer interaction on a site, and be effective across low- and high-bandwidth channels as well as multiple browser platforms.

Following are some of the points discussed in literature that need special consideration to make an E-commerce a success:

Easy to find: A web site that can not be found on the major search services is nearly useless. The site should be optimized for the major search services and an effort should be made to include all the information customers are looking for on the site. Registering a site with search engines (databases used by search engines) with significant market share or search engines that specialize in the activity of the business is very useful. According to www.searchenginewatch.com, there are 22 search engines and databases. Among the existing search engines, yahoo has the highest share (over 40% market share), followed by Google, MSN, AOL and AltaVista. The top 10 search engines and databases account for more than 99% of all searches done on the Internet (www.statmarket.com).

Site attractiveness: To be successful in E-commerce the web pages or sites need to be user-friendly, immediately useful, fast, clear, easy to read and easy to navigate. Also, the pages need to depict appropriate story, color, font choices, use of space and capture users' attention. "Potential customers may be reluctant readers, and by encumbering them with volumes of information, you may just encourage them to go elsewhere. Remember the three-click rule: If a customer can't accomplish what he or she wants to do within their clicks, then the system isn't working right" (Duncan and Wolfe, 2003).

Online products and services presentation: Since customers can not actually see, touch, and feel products in person, the product descriptions must be clear and accurate. Thorough and clear description of prices and all other charges avoids any doubt by the customers.

Order and delivery procedures and options: Order pages need to be easy to complete/navigate and the system should include delivery time, means of order tracking and return of deliveries. Keep informing customers on delivery, shipping, etc. of items they have bought. Having a delivery plan, a clear return policy and a system that inform customers as to when they can expect delivery makes the process easy. Offer customers various means of ordering, delivering and paying for items they select.

Secure system and transaction: E-commerce requires a secure and safe transaction system. "Customers consistently indicate credit card security is a primary concern when shopping online.... Include a statement about your web site's security system to help alleviate fear of using a credit card online to make a purchase"(Duncan and Wolfe, 2003). According to a 2002 report by the eMarketer about 59% of the Internet users trust small businesses most of the time. The E-commerce business can gain a better customers' trust, if the site includes a clear customer privacy policy statement.

Communication and customer relation: In running an E-commerce activity, adequate information about the business needs to be given to all stakeholders. Email and the telephone are the most used and preferred forms of contact with customers. Providing a telephone number, fax number and/or email address is an effective tool for servicing customers by providing product information and specification and answering to frequently asked questions. Also integrate features like forums, voluntary email lists, bulletin boards and chat rooms to communicate with customers regarding order fulfillment, returns, customer services, etc. These processes can help define your relationship with your customer.

Managing E-commerce business: Success in E-commerce depends on the effort put into it. Once the products and services are online, the activity requires continuous management. Add value to the site to keep it always fresh, be responsive to customers, interact with each visitor individually, check e-mail frequently, ship quickly, capture customer information for future marketing, use tracking statistics to see how people use your site, update information regularly to make sure it is current, make sure all links work, remove outdated material, mind the prices and fees.

Concluding Remarks

As highlighted in the previous sections, E-commerce presents enormous business opportunities for small businesses, individuals, and communities at large. Evolving out of the traditional business paradigm, E-commerce has changed the way people conduct business and affected the traditional business management structure.

Today, affiliated with different universities and colleges, many E-commerce centers or programs are emerging. But addressing the issue of E-commerce and successes in the adoption process requires principles, visions, policies, strategies and goals that could lay the framework and the direction of future development. Small businesses need to develop clear thoughts about this new opportunity and understand the risks if they could not encompass E-commerce in their future business development plans. Communities, and local, regional and state governments need to be committed to providing leadership by communicating the significance of E-commerce to small businesses and to the wider public. Education institutions have vital roles to play in building business skills in E-commerce and in conducting appropriate research activities. Future education programs should strengthen their capability to cope with the fast growing information technologies and must be better designed to provide comprehensive knowledge and technical assistance that enable small businesses and communities to create, maintain and evolve E-commerce activities. Extension programs and efforts of other public support institutions need to be equipped with programs aimed at helping small businesses to integrate E-commerce and other information technologies into their business practices.

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