

MICHAEL STAHL



## Is your business ready to go online?

Companies looking to accelerate revenue growth are turning to the internet with mixed results. Some find that moving their business online yields sudden riches, while others find the whole exercise to be a waste of time and money.

From business strategy to legal implications, moving a business online is a complex process – if you want to do it right. However, most online business failures are doomed from the outset because they didn't think about:

**Hypercompetitive marketplace:** Moving online will place your business into the most cost competitive marketplace in the world. The internet demonstrates the laws of supply and demand: a large supply of your product will drive prices down, while a small supply will drive prices up.

If your product is a commodity, you will only survive online if you are a low-cost producer. Electronic marketplaces like Amazon.com and price search engines like Froogle.com help consumers find the lowest price for any product. If your product is a commodity and you can't be a low cost producer, don't move your business online. If on the other hand your product is unique, the internet can help you connect with buyers who are willing to pay a premium for your product and might not otherwise find you.

**Shipping costs:** Some products are better suited to the internet than others. If your company provides a service, can the entire service be delivered electronically? If not, you must consider travel costs for moving your service team around. If your company provides a hard good, will shipping costs overshadow the cost of the product?

**Location, location, location:** In order for your business to have a successful online presence, potential buyers must be able to find you. Finding you depends on three things: name recognition, links, and e-mails.

While brand name websites like EBay, Amazon, and Google can depend on new and repeat visitor traffic, unknowns like "BobsTV.com" or "JudysFurniture.com" will be lucky if someone stumbles accidentally upon their websites. Unfortunately just about every easy-to-find website name like "furniture.com" has already been taken, so don't count on a website name to generate traffic. Conversely, trying to advertise your website to the world can be expensive.

Spending weeks of effort ensuring your website is linked to related websites is time well spent. This will make it easier for potential customers to stumble onto your site, and it will also move your website up the rankings in major search engines. A high search engine ranking can make the difference between online success and failure.

E-mails have become a lifeline for many small businesses. Unable to generate enough visitor traffic using the methods above, small businesses are joining electronic malls like Amazon.com. Feeding on the traffic generated by Amazon.com, these business get customer referrals from Amazon's browsers and shoppers (in exchange for a percentage of sales).

**Usable Catalog:** When a website visitor examines a product online, he can't touch it, taste it, or smell it. Converting a visitor from prospect to purchaser requires that you provide as much product information as possible. This includes photos from every possible angle, specifications, reviews, interactive configurations, etc. If you feel your product is too complex to configure online, or disclosing prices and specifications would jeopardize your business, then you (not your business) aren't ready for the internet.

If your business meets the criteria set out above, then the internet may hold the keys to explosive growth. The next step is to conduct market research and legal research, and to develop a business plan which delineates a prudent and focused entry into the online world.