

Battle for Online Consumers

- The Latest Trends in the U.S. Online Retail Industry -

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Silicon Valley News

“DOT.COMs” vs “Brick & Mortar” Retailers

Amazon.com	Barnes & Noble
Beyond.com	CompUSA
eToys.com	Toys ‘R Us
Drugstore.com	Walgreen
CDnow.com	Tower Records
Reel.com*	Hollywood Video
Bluefly.com	Wal-Mart, Sears

*Reel.com was sold to Hollywood Video for \$100 million.

Advantages of DOT.COMs

- No Conflict with Existing Investments in Physical Stores
- “First-Mover” Advantages: Early Lead in Market Share and Brand Recognition
- Technology Infrastructure
- “Web-Savvy” Management

Advantages of Brick & Mortar Retailers

- **Retail Business Experience & Know-how**
- **Established Brands and Customer Base**
- **Distribution Infrastructure**
- **Financial & Organizational Resources**

Strategies of Venture Capitalists

- **Identify Large, Growing Market.**
 - Recent Investments: Pet Supplies, Wine, Accessories and Luxury Goods**
- **Pick One Potential Winner in Each Market Sector.**
 - Consolidate Resources and Create a Market Dominator.**
- **Establish Brands, Alliances and Infrastructure as Fast as Possible.**
 - Focus on Market Share, Rather than Immediate Profitability.**
 - Spend Heavily on Marketing, thereby Raising Entry Barriers against Potential Competitors.**

Elements of Successful E-Retail Web Sites

- **Security**
- **Ease of Use**
- **Comparison Shopping**
- **Accurate and Comprehensive Product Information**
- **Graphical Display of Products**
- **Ability to Answer Customers' Questions**
- **Variety of Products Available**
- **Organization of Products at Web Sites**
- **Lower Prices**
- **Ability to Link to Other Web Sites**
- **Latest Product Information and Newest Products**

Elements of Success in Online Selling

- **A Well-Designed, Easy-to-Use Web Site**
- **Strong Company Brand**
- **Selling Well-known Branded Products**
- **Alliance with Right Search Engines, Portals or Web Communities**
- **Aggressive Advertising and Promotion of the Site**
- **Being a Fast Follower**
- **Strong Executive Leadership**
- **Competitive Prices**
- **Being a First-Mover**

Emerging New Opportunities

- **“Content Packagers” or “Infomediaries”**

Creates Value by serving the needs of customers for information screening, delivery, and packaging.
Business Model: Advertising, Subscription Fees, Transaction Fees and Selling Customer Information

- **Gateways to International Markets**

Create Value by Localizing with Home-Grown Content and Management.
By the end of 1999, the number of people outside the U.S. with Internet access will equal the number of Americans online.
Asia-Pacific region will emerge as the fastest growing Internet/E-Commerce market in the world.