Fine-Tuning Useful E-Commerce Practices

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Abstract

The Internet and the Web have grown as e-commerce vehicles for reducing costs, increasing value chain efficiency, building customer relationships, trading information and ideas, strengthening brands, and generating revenues. As e-commerce grows, businesses need to be prepared to meet these changes by upgrading their business rules, practices, and systems. This article examines ten current e-commerce practices and discusses how to fine-tune these practices for increased success and usefulness. The ten e-commerce practices are: (1) evaluate and maintain customer lifetime value; (2) maximize loyalty and trust; (3) focus on improving the customer experience; (4) get personal; (5) balance online and human interaction; (6) communicate effectively; (7) maintain your website; (8) keep up with pricing, payment trends, and ROI; (9) invest in customer service; and (10) use CRM tools to bring it all together.

Keywords: Customer Relationship Management, CRM, e-commerce, e-commerce practices, eCRM

Introduction

The Internet and particularly the World Wide Web have grown as e-commerce vehicles creating tremendous shifts in market exchange and competition among most if not all industries. In particular, the Internet and Web are systems for reducing costs, increasing value chain efficiency, building customer relationships, trading information and ideas, strengthening brands, and generating revenue (Rohm and Sultan, 2004; Pombriant, 2006). The result is that businesses are moving online out of necessity and not just choice (Feinberg and Kadam, 2002). This has translated into online retail sales that are expected to increase from $172 billion in 2005 to $329 billion in 2010, a 14% compounded annual growth rate over the next five years (Beasty, 2006).

The purpose of this paper is to present the fine-tuning of current e-commerce practices such that usefulness and success are enhanced. The current e-commerce practices that are examined in this paper include: (1) evaluate and maintain customer lifetime value; (2) maximize loyalty and trust; (3) focus on improving the customer experience; (4) get personal; (5) balance online and human interaction; (6) communicate effectively; (7) maintain your website; (8) keep up with pricing, payment trends, and ROI; (9) invest in customer service; and (10) use CRM tools to bring it all together.

E-Commerce Basics

E-commerce uses the Internet to establish a new sales channel wherein the electronic connection may be made directly to the product user or consumer, or indirectly to distributors (*Manufacturing Business Technology*, 2006). E-commerce typically is dated to 1994 when secure transactions became a reality. Back then, it was its own best practice, something that existing businesses added to their offerings because it was new, hot, and the thing to do. Now, rather than an adjunct to a business model, e-commerce is a business model in and of its own right with its own specific do's and don'ts. In particular, e-commerce businesses must apply discipline to generate demand, have insight into their customers, and create the kind of store that customers want. In specific, the e-commerce "superstore" is always open, never crowded, stocks a much wider practical inventory, and generates more revenue than any one brick and mortar store or even group of stores. E-commerce also can entail consultative phone agents who may suggest products to fill needs or to be compatible with other products (Lager, 2006).

As e-commerce grows, different rules or strategies apply at each stage of its life. E-commerce businesses need to be prepared to meet these changes by upgrading their business rules and processes to meet emerging trends (Lager, 2006). For example, CRM programs and multi-channel integration are now commonplace. E-commerce retailers are generally up and running and effort at this point is in refining the current effort (Beasty, 2006). "We've figured out how to sell online, now we're refining the process and integrating the other channels. The fuel to the next step is alternative payments. Growth areas include youth 12-18 and young adults 18-25" (Lager, 2006, p. 24). Today's customer may not be tomorrow's customer, so it is not enough to establish a rule. "The old methods and probabilities are still highly valuable, and so are business rules, but both must be flexible. Predict, model, and adapt: Profile your most profitable visitors, use them to predict others, and keep fine-tuning the estimate" (Lager, 2006, p. 25). The next stage indicates that more time and effort will be given to getting into the customer's mind and to translating this activity into profit (Pombriant, 2006).

There are four basic options for creating an e-commerce business: (1) buy a ready made solution, (2) rent space in a network-based e-commerce solution, (3) build the system from scratch with components and parts, and (4) develop a strategic alliance or joint venture offering either complementary products or services or as a value-added reseller. First, ready-made solutions provide standardized e-commerce features with built-in business rules. This can save money and time but may become obsolete as new features are available. Second, to rent space is an instant storefront that does not require software installation. It can be inexpensive and allows configuring settings and product information online. However, the use of built-in templates may not allow businesses to create the exact look and feel they desire. Third, building from scratch allows the greatest customization for the exact solution needed. But, it can require expertise, time, and a sizeable budget (Clarke and Flaherty, 2004). Finally, strategic alliances and joint ventures spread both cost and risk, but at the price of control. Larger, well-financed, and unscrupulous firms have sometimes allowed their smaller partners to develop a viable product, service, and marketing platform on their websites as inexpensive market experiments. If the venture is profitable, they use loopholes in the contract, and in non-disclosure, non-compete agreements, to either end the venture or claim ownership of the result – in effect becoming well-financed competitors instead of partners.

Current E-Commerce Practices

At this point, e-commerce probably has reached puberty. Consequently, e-commerce businesses do not run the online store the way it was done a decade ago. While every e-commerce business is unique, some wisdom applies to the majority (Lager, 2006). In particular, useful e-commerce practices include the following: (1) evaluate and maintain customer lifetime value; (2) maximize loyalty and trust; (3) focus on improving the customer experience; (4) get personal; (5) balance online and human interaction; (6) communicate effectively; (7) maintain your website; (8) keep up with pricing, payment trends, and ROI; (9) invest in customer service; and (10) use CRM tools to bring it all together. Each of these practices is elaborated below with a focus on how to enhance the usefulness and success of the practice.

(1) Evaluate and maintain customer lifetime value.

Companies that sell goods and services online need to make an effort to build value-laden relationships with customers. In other words, a company must look at what customers need and value, and provide it accordingly. Companies that do not provide this expected value will likely lose their customers to a competitor. "If a company does not offer its customer something special – something that is of real value, something relevant – when a competitor does make that offer, the customer will go with the competitor" (Geller, 2002, p. 23).

The cost of gaining a new customer is five to eight times greater than retaining an existing customer. Satisfied customers are six times more likely to repurchase (Ross, 2005). As such, e-commerce companies should base their activities on the premise that customers are the most important assets and that it is necessary to estimate the potential value of these assets. Customer Lifetime Value (CLV) is one of the most widely accepted marketing methods for evaluating customer value. However, the measurement of eCLV needs to take into account (1) significant attributes of customer behavior unique to e-commerce and (2) a method for generating specific models from the large body of relevant historical data that can be easily collected in e-commerce sites (Etzion, 2005; Geller, 2002). "When you think about the lifetime value of a single customer, it's a wonder more companies don't bend over backwards to keep customers happy" (Geller, 2002, p. 24).

Two methods for building or maintaining CLV are customized bounce-back offers and customized e-mail offers. That is, a customized bounce-back offer for a customer buying a technology-based product might be a technology catalog or digest-sized technology book. A customized e-mail offer might include special offers, new product information updates, personalized e-mail newsletters, or a reminder service (Geller, 2002).

Another strategy to evaluate value is business intelligence. Basic business intelligence involves the periodic, active exploration of competitor offerings as a potential customer, to understand industry norms, market trends, and emerging customer expectations. Advanced intelligence efforts use marketing information to contact existing customers with hypothetical offers of similar products and services by hypothetical competitors. By tracking the kind of product and service offerings that generate customer interest, value blind spots can be identified and remediated. Intelligence gathering, whether basic or advanced, ranges from the fairly limited, informal, in-house effort to comprehensive, formal, fairly expensive market research offered by industry experts and consultants (Page et al., 2005).

(2) *Maximize loyalty and trust.*

Sales are not enough, smart marketers must generate long-term customer relationships that continue to generate revenues. Loyalty and trust are key ingredients in establishing customer relationships (Bressler, 2001). In order to build loyalty and trust, the e-commerce companies must show their customer that the company and its representatives actively advocate for the customer's position. E-commerce companies need to listen to customers who freely share their ideas, tips, and techniques in order to improve products and services, i.e., co-innovation. Paying attention to the customer and co-innovation can be the best route for increasing margins. This requires software that goes beyond sales or service transactions (Pombriant, 2006).

Organizations have become increasingly customer focused and driven by customer demands. That is, meeting customers' expectations and retaining their loyalty and trust have become more important. It is clear that e-commerce strategies aimed at retaining customers also help promote customer loyalty to the organization (Smith, 2005). While counting the number of website hits is a valuable way to measure e-commerce success, the quality of the customers and their purchasing power are more important ways to evaluate a website's success. This promotes customer retention in addition to acquisition. However, volume-based measures are easy to keep track of and cheaper to implement than quality-based measures (Smith, 2005).

On average, it costs companies more to attract a new customer than it does to implement a retention strategy. In particular, existing customers are less sensitive to price. Customer retention then can contribute to greater profitability, more referrals, and greater market share. Loyal customers do increase profitability. And, customer loyalty can be improved when used in an Internet context. In particular, e-CRM can directly improve the loyalty of Internet customers (Lee-Kelley et al., 2003). "Since price sensitivity may not be the governing factor that describes how a customer chooses to make a purchase other factors such as security and trust as well as service quality attributes, such as speed and convenience, could be incorporated into the e-retailer's e-CRM strategy" (Lee-Kelley et al., 2003, p. 248).

Sample activities that e-commerce companies can use to promote loyalty are rewards for purchase, strong online content, purchase incentives and coupons, cutting-edge technology, package tracking, updated appearance, new content, periodic newsletters, and reminders to bookmark the site. Practices that do not build customer loyalty and retention include differential pricing, pricing based on elasticity, free services, annoying pop-ups, and banner advertising (Lager, 2006).

On a basic level, e-commerce companies can build customer loyalty and trust through sound business activities and strategies. These activities include monitoring performance by measuring product delivery, product performance, past-purchase behavior, service, and support. In addition, e-commerce companies should address customer service issues such as safeguarding against credit card fraud and protecting against security concerns. Companies need to carry out effective target marketing and integrate distribution channels for greater compatibility. In addition, customer relationships can be enhanced via data mining, e-mail, and surveys. Gathering data helps track customer activity that can be the basis for loyalty programs and locking in your best customers. For example, vendors can offer rewards instead of waiting for customers to claim them. And, vendors can reach out to inactive customers, keeping the relationship alive (Lager, 2006). To build loyalty and that unique experience, communications and PR efforts can be developed from scratch on a case-by-case basis. In addition, dealing with legal issues or online security can be used to reinforce customer loyalty and trust (Gordon, 2004).

(3) *Focus on improving the customer's experience.*

An e-commerce company will not be able to improve the customer's experience unless they know something about that customer. We know that the average Web customer earns more ($62,000 vs. $52,000), is more likely to have a college degree, and is more likely to have purchased an item in the past three months across all product categories (Beasty, 2006). But, what do we really know about the customer's buying patterns, needs, motivations, and habits?

A retailer's or vendor's goal should be to provide a holistic shopping experience across all channels. Creating a good shopping and buying experience is not just a function of price. Retailers and vendors also may want to have friendly, easily accessible customer service, product expertise, and sound return and exchange policies across multiple channels (Beasty, 2006).

In particular, e-commerce can remove the strain of packed retail shops from the shopping experience, especially during the holidays. However, the e-commerce company may have to hire temporary workers to handle the call and Web inquiry surge or customers will still be upset (Bailor, 2006). People now use the Internet like TV and the print media – to amuse themselves and to be entertained (Rohm and Sultan, 2004). For example, Circuit City discovered that more than half of all items ordered online are retrieved in the store, hence, driving traffic while the e-tailing allows the company to offer a wider assortment than what is stocked in stores. As a result, Circuit City has organized retail leadership teams that are focused on improving the customer experience. The teams attend "training camps" and have "drive periods" like back-to-school and the holidays wherein the store-level staff becomes more engaged and results oriented. The company also has streamlined store operations and is conducting innovation experiments to free up personnel to better serve customers (Wolf, 2006).

Amazon.com is a company with a strong brand image and customer loyalty. Their shoppers acknowledge the importance of quality product, selection, low prices, and convenience. Each of these contributes to the customer's experience, loyalty, and trust. Amazon.com focuses on the customer experience and puts everything through that filter (Gordon, 2004). For example, Amazon.com has eliminated its TV advertising budget in favor of lower prices and other kinds of PR marketing and by reorganizing the communications team. Their approach has been to align the strategic communications, the PR, and the offline marketing function with the customer experience and awareness of low prices, large selection, and convenience. They debuted Amazon Theatre wherein they show new original films with famous directors and actors. Links are provided for additional information about the films and also products are shown in the films. That is, Amazon is relentlessly customer focused, trying to enhance its customers' experiences, to thank and delight them, and to help them discover new products. Or, consider their Holiday A-List wherein celebrities offer exclusive content such a songs or stories. It is not just about a book or CD but also about unique content, selection, and price (Gordon, 2004). This positive purchasing experience can lead to lower price sensitivity when the product or brand is purchased online (Lee-Kelley et al., 2003).

(4) *Get personal.*

Getting personal and even "customer intimacy" refer to knowing who your customers are and using information you gather about them intelligently, somewhat like the corner store knowing everyone who comes in the door (Steinert-Threlkeld, 2005). Compared to the corner store, the Internet can seem overly huge and impersonal. To reduce the impersonal nature of e-commerce, personalization strategies are key to establishing customer intimacy and improving customer acquisition and retention.

Personalization involves tailoring the information that a website displays to meeting the needs of individual customers more effectively, thus increasing customer satisfaction and repeat business. It can drive cross-selling and up-selling through vehicles such as catalog data, language, search and navigation capabilities, and screen layout. Choiceboards are another Web-based tool that offers customers the option to customize their orders. However, there must be good system quality and information quality. In addition, the intention to use choiceboards is affected by overall satisfaction (Bharati and Chaudhury, 2006). Also, with personalization technology, a company can leverage customers' previous buying habits and customer profile information to make automatic decisions about what data to display to the user, and how to display it (Meister et al., 2002). E-commerce also can use vendor tools like cookies, member profiles, and wish lists to identify individuals and their preferences. Vendors who do not use these personalization strategies are losing a tremendous opportunity to understand and serve their customers (Lager, 2006).

Perhaps the most impressive aspect of personalization efforts is that their data mining software engines largely operate in stealth mode, passively, undetectably gathering vital information, every time the customer contacts the organization or places an order. Beyond personalization, there are two higher levels of customer intimacy. The first involves developing dossiers of personal information on each client, such as wedding anniversaries, birthdays, typical vacation timeframes, and destinations, hobbies, etc., and then using that information to engage the customer. The e-provider is cultivating the reputation of the website that cares. The level of engagement depends on the profile of the customer. High profile clients receive gifts or significant incentives with a personal follow-up call, while low profile clients receive friendly emails coupled with a discount or rebate offer on their next purchase. The highest level of customer intimacy is partnership, reserved for either highly profitable or high potential clients. This is where the e-vendor actively learns about the strategies, needs, and problems of each major client, and develops product and service offerings to meet those needs. This level of responsiveness provides some price inelasticity, and a viable basis for differentiation in a typically low cost online world (Page et al., 2005).

(5) ***Balance online and human interaction*.**

Reaching customers beyond your local market is easier now than ever, but how to interact with them is not as obvious. E-commerce has become a permanent fixture of successful retailing and vending - just another channel. The ongoing message continues to be "provide a seamless experience across all channels." Accordingly, it is important to gain maximum synergy between online and other sales channels, i.e., stores, catalogs, and call centers. So, retailers and vendors need to present a unified face to customers and weave together disparate flows of goods and services (Verity, 2005).

PrintingForLess.com, for example, has made a user-friendly website for small businesses of every type that want to convert their digital files to nicely printed brochures. The system allows customers to send files in a wide variety of formats and software languages. Because of the nature of this business, customers typically have questions requiring human intervention. So, the company has a phone number listed prominently on the website and three-person teams responsible for each print job, start to finish. Essentially, this company has made it easy to find them and to do business with them (Thomas, 2005).

Integrating the customer experience in the store and over the Web is very important. Essentially, take advantage of the best features of each. Treat both types of customers like first class citizens (Lager, 2006). But, there can be problems in doing this. For example, matching the products and price in-store and online can be a dilemma. Retailers need to recognize both types of customers and the types of transactions they participate in, specific to the channel used. Product and customer information can easily be shared across channels. In addition, an understanding of cross-channel purchasing behaviors can empower the use of catalogs. Essentially, integrating online and offline channels requires an understanding of the customers and their behavior matched with a seamless execution across those channels. This can include catering to regional customers' wants and needs. Not all products are available in offline stores and prices can vary quite a bit from region to region and between channels (Beasty, 2006).

Most purchasing is in the store or online rather than in catalogs which often are used for shopping only. That is, the catalog is generative even if the actual sale typically is made in-store or online. Some 68% of multi-channel shoppers buy online because the price is cheaper than in the store. Retailers also must deal with online discounters such as Pricegrabber.com and Pricewatch.com who undersell the retailers' own websites. At the core, this drives the retailer to have to honestly consider: What value am I really offering other than price (Beasty, 2006)?

From a service perspective, many retailers are seeing the need to integrate their online and offline channels, e.g., the online retail site and the phone-based catalog can be integrated with the shoppers' presence or activities on the Web. Having technological access to transaction history or an integrated customer profile across each of these channels can be useful. More specifically, online retailing can capture customers' data and make it available in stores where it has been difficult to acquire customer information (Beasty, 2006).

"In their effort to make service operations more scalable and provide customers with a broader range of service channels, firms are increasingly complementing service relationships with self-serve technology [SST]. In so doing, they are creating a continuum of service delivery mechanisms ranging from customers' exclusive reliance on service relationships to their exclusive reliance on SST. There is considerable tension between these two poles: service relationships imply a social contract and embedded relationships, while SST-based service encounters are typically governed by formal contracts and arms-length relationships. Research in marketing has highlighted that the drivers of customer satisfaction in a service relationship are quite different from those that drive an SST-based encounter...This means that designing a coherent service delivery strategy that integrates service relationships and SST presents a challenge for firms" (Schultze, 2003, p. 19).

To create a more seamless quality between online and offline channels, marketers will need to understand how to create the best shopping experience both in the store and on the Web. This includes knowing who their customers are and how they act differently on the Web and in the store. More specifically, what information will e-marketers need to collect that can be used to make customers happy, and what customer information will be useful to the e-marketers (Beasty, 2006).

Business operations may need to be integrated as a result of multi-channel integration. For example, customers may have the option to buy online and pick it up at the store. Additionally, items can be returned to the customer's chosen online or offline channel. Web prices can be matched in the stores. Shopper programs like discount cards and preferred customer cards can be used to enable discounts and services across the multi-channels. Some activities such as a good return policy, trying out consumer electronics, and trying on apparel may be less amenable to channel integration. Another integrated business operation may be to send personalized catalogs to specific customers. Or, customers can connect with a call center representative directly from the website (Beasty, 2006). Sometimes people do need people (Lager, 2006).

(6) *Communicate effectively.*

Successful e-commerce requires the use of successful communications. E-commerce is immediate, direct, and one of the most inexpensive ways of talking to people. On the other hand, customers can draw comparisons between products, services, prices, and brands online in just a click. Every contact with a customer is an opportunity to enrich the data the company holds. That is, cookies help construct a better profile of customers by employing a tracking system that also can highlight problems encountered by the customer (Papas, 2005). Incentives, competitions, prizes, and visitor registrations can be effective in persuading people to divulge their details. All data received needs to be integrated into a centralized system to help identify customer needs and behaviors. However, a customer needs to know how the data will be used and sold as well as how to unsubscribe.

One positive use of customer data is that the customer's explicit preferences and previous purchases plus e-mail and website information can be combined to form the basis of segmentation types. For example, frequent clickers who have yet to buy, premium customers whose response rates are declining, and people with specific behaviors, such as, interested in price discounts but not free shipping (Papas, 2005). This segmentation effort can help to reveal when and how often customers want to receive communications. Because of this, it is important to use all available data when profiling, segmenting, and modeling your site. However, it is advisable to test communication strategies and campaigns on the various segments ahead of time. In any event, communications and e-mail content must be informative and relevant. Personalized communications that recognize recent behavior are very effective. Higher than usual unsubscribe rates indicate that something is not being done right (Papas, 2005). The strategy of appearing very simple to the customer yet actually performing some very complicated CRM tasks behind the scenes seems to be an excellent strategy for e-commerce campaigns, e.g., Amazon, Ebay, Google, and Yahoo (*New Media Age*, 2005).

Online advertising is a mainstay of marketing communications. It can be used for direct response, brand awareness, and purchase intent. However, it has been an up and down ride, down with the dot-com bust and back to a gradual climb of steady growth (Maddox, 2005). Online ads can now be held accountable through tracking technologies and the ability to prove ROI. In 2005, U.S. companies spent approximately $63 billion annually on online advertising, promotions, and e-mail marketing (Ragins and Greco, 2003). Forrester has projected that online advertising will reach $26 billion by 2010, making up 8% of total U.S. ad spending (Maddox, 2005).

Obviously, it is important to keep customers informed. In general, informed customers are happy customers. Customers know that retailers would like to drive sales to the Web because it costs less. So, it is important to give the customer all of the information regarding pricing or availability on the Web (Beasty, 2006). Discrepancies between price and inventory are major customer issues. Because the online and offline versions of a retailer cannot be the same, just keep the customers informed of the differences between the two, e.g., not all products on the Web are available in stores (Beasty, 2006). Customers may not be able to find you. So, e-commerce companies need to integrate their Internet communications with that of other media (Rohm and Sultan, 2004). To support recognition, it may be wise to use targeted ads, search engine optimization, and search term placement. In its simplest form, e-commerce advertising includes listing the URL on business cards and on the label of all products (Clarke and Flaherty, 2004).

E-mail is a powerful, cost-effective, and easy marketing communication tool. Permission and deliverability are important as e-mails can drive site traffic and grow in-house databases. However, quality mailing lists need to be used and e-marketers must meet the federal CAN-SPAM Act (2004) requirements. E-mail ROI tops all other channels except for telemarketing. But, you cannot use just one, both e-mail and telemarketing are keys to communicating with prospects and customers (Maddox, 2005).

The biggest advertising success story of the past five years has been search engine marketing accounting for 40% of all 2004 online revenue. In 2005, 83% of marketers planned to increase their search advertising investment. Search's appeal includes being able to target, set price, and find highly motivated and relevant customers (Maddox, 2005).

(7) Maintain your website.

While technology is not a panacea, wise use of the website can improve performance. However, maintenance is crucial for an e-commerce site in order for it to be a smooth running, complex integration for bringing in money. Consider, nine out of 10 customers have experienced problems with online transactions, and 34% of these would immediately switch to a competitor's site or just go offline. Speed is not the issue. Rather, customers prefer easy transactions with no failures and good feedback when issues arise. Often, customers are inadvertently relied upon to report online failures rather than proactively identifying issues impacting the customer and the site. When a problem is encountered, the e-commerce engine must have a backup plan. Additionally, when there is a problem, customers often want live help. Chat windows have been popular with integrated VoIP replacing them in many cases. Yet, customers often prefer in-person experiences (Lager, 2006).

Bressler (2001) provides 10 tips for keeping your customers from clicking away to the competition:

1. Frequent updates: Web pages need to be updated frequently with relevant information. Pages need to be readable, to work, and to not have expired information.
2. Attractive homepage: First impressions are important. Choose colors that are easy on the eye and do not obscure relevant information. Avoid too much or too little information, no website search capabilities, and poor menu presentation.
3. Do not overdue it: Too many graphics and sounds may take too long to load. Get to the point efficiently – older computers may not be able to download too many details.
4. Easy customer contact: It should be easy for customer's to contact you and respond in a timely fashion. Treat Internet shoppers as if they were coming into your store and acknowledge them quickly.
5. Provide a good response: Answer customer questions and avoid form letter e-mails. Answer quickly as every minute counts. Send a detailed confirmation including shipping information.
6. Anticipate questions: Consider a FAQ menu. It can satisfy the customer immediately and avoids an extra e-mail.
7. Easy order, easy pay: Have an order form that is easy to use and is secure. Let the customer know that it is secure. Give the customer options of calling or mailing it in, too.
8. Be informative: Tell customers how your product or service will solve their problem. On the website, publicize examples, industry awards, and other positive activities.
9. The electronic catalog: Many customers pre-shop on the Internet. Offer online whatever offline information you have. Provide shopping assistance service including virtual models for trying on clothes or video clips, as appropriate.
10. Follow up: Thank customers and make sure everything meets their satisfaction. Do not irritate them. Send e-mail solicitations only upon their request.

Technologies now offer managers important tools to understand desirable website features by tracking customer search behavior, such as when customers are doing a Google Search. It is even possible to track what page areas users hover their mouse pointers over but do not click (Lager, 2006).

Finally, a website business lives or dies by website traffic, and there are three major strategies to ensure a continuous flow of interested potential customers to the website: advertising campaigns using conventional media (such as those of the travel websites, e.g., Orbitz, Travelocity, Priceline, etc.), purchasing a sponsored link on a major search engine (usually involving a per-click charge on Google or Yahoo), or search engine optimization (SEO). Conventional media advertising can be very expensive, and represents a shotgun approach reaching a wide audience. In contrast, sponsored links are much more targeted, becoming the first website options seen by customers in their self-generated searches. However, the per-click cost structure also can prove to be very expensive. Search engine companies have yet to effectively deal with the problem of “bogus clicks” where pranksters or competitors unleash software attacks resulting in thousands of clicks on a site without any customers involved. After sponsored links come listings of organic searches of the non-sponsored web pages. These webpage rankings are often partially or completely established by web crawler programs. Search engine optimization strategies develop site features that attract the attention of web crawlers, and boost site ratings. These features include the number of site pages, the frequency of key words used in the site, site links, site maps, and related content. Companies without this expertise can contract with web development firms specifically devoted to optimizing page rankings on the major search engines, so the webpage is listed on the first or second page.

(8) Keep up with pricing, payment trends, and ROI.

In a review of the impact of the Internet on industry structure, Porter found cases of e-commerce companies focusing on price instead of continuing with their existing strategies of features, quality, and service. That is, companies were opting for a price differentiation strategy and neglecting the fact that the Internet can provide additional and even better opportunities for establishing a distinctive strategy position and for gaining competitive advantage. Also, this emphasis on price neglects the stark reality that a price reduction for increased efficiency and reduced internal costs may easily lose its competitive advantage and be met by other e-commerce firms...just a click away. At the very least, customers know that comparing prices on the Internet is relatively easy (Lee-Kelley et al., 2003).

Essentially, multi-channel shoppers are going to shop at an e-commerce website because it adds value to their experience. While this may be price differentiating and save the shopper some money, it typically goes beyond differentiating value based on price only (Beasty, 2006). Specifically, rather than e-commerce companies competing just on price, giving away money and coupons, they now acknowledge that competition is based on convenience, selection, and then price (Pombriant, 2006). However, price cannot be ignored. So, make your transaction process as easy as possible and seamlessly smooth from homepage to checkout. Remember, when transactions fail, that money goes to your competitor's pocket (Lager, 2006).

As technology evolves, websites increasingly are able to support customers in comparing the prices of online retailers and merchants before buying. For example, Shopping.com is an online price comparison site. It offers price comparisons on a range of categories spanning clothing, computers, furniture, and accessories. With access to 85% of the biggest online merchants in the U.S., it is seeking to increase its European retail coverage as well (Kemp, 2006).

In order to keep fine-tuning payment methods, companies can profile their most profitable customers and figure out what they are doing that will help them predict the behavior of others. Maintenance of successful payment options and the payment aspects of the website are very important. As noted, alternative payment options are likely to be fuel for the next evolutionary step of e-commerce. The latest trends in payment focus on debit and not credit. Also, alternative payments such as bill-me-later or gift cards are giving customers more flexible options. In general, use as many payment options as your customers need (Lager, 2006).

Merchants do not like to lose an online sale because of lack of payment options. To avoid this, online payment services help merchants close the sale online. For example, the online payment service PayPal draws from existing bank accounts. MODASolutions has created E-bill so customers can shop online and pay through an online banking account. This provides options to the security conscious, the debit card user, small businesses, and to people who do not have a credit card. Also, both PayPal and MODASolutions are excellent ways for younger consumers to enter the world of commerce. The young person drives the sale but parents can supervise transactions, hence, reducing disputed charges (Lager, 2006).

Another payment option for e-commerce is the e-coupon. This comprises a secure micro-payment method that allows users to delegate their spending capabilities to other users or their own devices, e.g., Laptop, PDA, and Mobile Internet-based services involving unit-wise payment (Patil and Shyamasundar, 2005).

With regard to ROI, there are two ways of increasing e-commerce revenue: raise prices or increase the customer's patronage concentration. By embedding an e-CRM strategy into the business strategy of Internet companies, it is easier to understand the customers' needs and wants and to create a two-way relationship for ongoing customer loyalty, repeat sales, and improved profitability (Lee-Kelley et al., 2003).

So, the question remains: what is marketing's direct impact on ROI? Even though, the Internet and real-time measurements have increased accountability and the ability to calculate returns, it is still a difficult question. For example, Adobe tracks four levels of activities: (1) marketing activities such as ad reach and Web metrics, (2) operational efficiencies such as cost-per-sale and program-to-people ratios, (3) outcome-based metrics such as market share and number of leads, and (4) leading indicators such as brand loyalty and lifetime value of a customer (Maddox, 2005). "If you don't have accountable, measurable processes, you have no clue about what to change in the marketing process to improve or optimize programs. Too many organizations don't have the infrastructure where ROI can be meaningful" (Maddox, 2005, p. 23).

(9) Invest in customer service.

Customer service has traditionally been organized around and after the completed transaction. That is, it has consisted of receiving and personally answering correspondence of customers with questions, concerns, or complaints. Next came the help desk wherein the customer could speak directly with a 1-800 service rep. Now, customer support and service (CSS) centers or customer interaction centers (CIC) also have tools such as the Internet, wireless communications, speech recognition, and video. Other customer service technologies include automatic call distribution, interactive voice response, computer telephone integration, Internet call management, service cyber-agents, bots, avatars, call center analytics, and performance measurement (Croteau, 2003). These tools are dedicated to how a product is "delivered, bundled, explained, billed, installed, repaired, renewed, and redesigned" (Croteau, 2003, p. 22).

"The requirements of today's customer and advances in technology have transformed the scope and mission of customer service. A few years ago, companies considered their customer service function as purely a cost center and a drain on profitability. In contrast, today's enterprise views customer service as a necessary investment in cementing customer loyalties and assuring maximum customer value" (Ross, 2005, p. 44).

If customer service does not go well, however, there can be strong consequences. In fact, the critical cause of online complaints is related to the e-commerce customer service centers. In general, customers' dissatisfaction and complaints in e-commerce increase if they encounter a problem with customer service. The following suggestions are offered to upgrade customer service: be fair in dealing with customer complaints, improve response time, and hire and train polite and courteous individuals skilled in interpersonal communication. In addition, service representatives should recognize the customer's viewpoint, understand the customer's needs and values, know the customer's problem, listen to his/her voice, and do not fake an image of closeness to the customers (Cho et al., 2003).

Serious problems in customer service can be successfully managed with customer fulfillment programs. If problems are quickly resolved to the customer's satisfaction, customer satisfaction and loyalty can actually increase. In empirical studies of high technology firms with strong on-line sales, customers who never experienced any problems with their information technology equipment gave significantly lower satisfaction ratings than customers who had experienced breakdowns that were promptly fixed. This is called the "Gateway Effect" after the computer company with mediocre quality but great customer service (Page et al., 2005).

(10) Use CRM tools to bring it all together.

Since the dot-com boom and bust and Sept. 11, Internet technology has continued to improve giving marketers new ways to communicate with customers and measure productivity. In general, electronic communications on the Internet have progressed from e-mail to database marketing to CRM. CRM is a "customer-focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized service to each customer" (Croteau, 2003, p. 22). Now, online marketing and CRM have become a mainstay of the marketing mix. CRM must deliver authentic customer knowledge across multiple organizational functions and at all customer touch points (Croteau, 2003).

Customer relationship management (CRM) is an integral e-commerce component. Quite simply, it is the process of acquiring, retaining, and growing profitable customers (Tan et al., 2002). A goal of CRM is to gain a holistic view of the customer and to provide a holistic shopping experience across all channels. That is, for today's multi-channel customer, actions on the Web influence purchasing decisions in the store. Customer purchasing information is collected at the store checkout, on the Web, through the catalog, and over telemarketing activities. From this data, segmentation campaigns can compare customers and gain a better understanding of how they interact with the company (Beasty, 2006).

While e-commerce has strong transactional capabilities, it cannot support quick identification, profiling, and marketing for customers – typically the domain of CRM (*Manufacturing Business Technology*, 2006). "Blending the online user experience of e-commerce with the supporting functionality of CRM, on the other hand, capitalizes on the dynamics of online customer relationships while leveraging the inherent scaling capabilities of e-commerce. The result is better understanding of channel partner performance, better lead distribution and quality, prioritized marketing spending, and heightened customer visibility" (*Manufacturing Business Technology*, 2006, p. 46).

From a broad point-of-view, CRM is involved in every process of a business transaction. In particular, a well-designed CRM system encompasses relationship management, sales force automation, use of technology, and opportunity management for unpredictable growth and for forecasting sales (Zeng, 2003). For example, CRM can deliver appropriate information to a salesperson and make recommendations on the next step to take with that customer. That is, all the relevant information is pulled from various applications and presented to the salesperson in real time to provide information regarding how to approach the customer or situation. So, if the customer has not bought, then there will be specific suggestions for the seller based on the status of the account. All relevant product and sales data is provided as well as customer interaction history. The system also can provide driving directions (MapQuest), company information (Hoover's), marketing campaigns, cross-selling opportunities, updated scripts across contact centers, Web sites, and sales applications. The difficulty with this kind of system is to get the users to adopt the system. Trial usage and testing helps to drive adoption (Maselli, 2002; Ragins and Greco, 2003).

"CRM has a chance of working once companies recognize that it doesn't exist separate from the business strategies and processes of a company. Success requires planning, and a rush to adopt technology without strategy is dangerous. Software is only a means to an end. For CRM to succeed, there must be a strategy in place that makes sense. And there must be people in place who have direct sensibilities" (Geller, 2002, p. 24).

CRM focuses on three major functions: (1) marketing activities such as creating brand identity, identifying customers, promoting products and service offerings, distributing these offerings, pricing, and designing promotions and advertising; (2) sales including sales force automation (SFA), online catalogs, online order configuration capabilities, lead capture and profiling, online surveys, sales literature, and e-mail marketing; and (3) service activities including customer support, call-center management, and customer communication (Ross, 2005).

In terms of the Internet, eCRM attributes positively associated with customer satisfaction include the chat feature, spare parts availability, gift certificate purchase, mailing address, search engine, links, and a company profile (Feinberg et al., 2002). An example of a company using eCRM effectively is We'reMoving, the online company that allows homeowners to show potential buyers around their property without the presence of a real estate agent. The eCRM tools allow an assessment of property activity across the website in addition to accurate and up-to-date information on their home and the status of their sale. Reports generated include number of viewings, offers generated, comparative information about similar properties, and help assessing whether their property is being marketed and priced correctly (*Precision Marketing*, 2005).

The biggest problem with maintaining databases is when information is held in multiple databases, data is incomplete or incorrect, poor maintenance, and the collection of customer information is not uniform (Bhaskar, 2004). In addition, e-businesses draw information about visitors who use a site by applying analytics to log files via an application service provider (ASP) or by installing software that can pluck out relevant information from in-house files. Analysis of Web logs is prohibitively expensive and complex, e.g., a Web site might be connected to as many as 60 Web servers. Robots or spidering technology can make Web log analysis even more complicated (Kemp, 2001).

Summary

This article focused on how to enhance and fine-tune e-commerce practices. Specifically, the e-commerce practices discussed were: (1) evaluate and maintain customer lifetime value; (2) maximize loyalty and trust; (3) focus on improving the customer experience; (4) get personal; (5) balance online and human interaction; (6) communicate effectively; (7) maintain your website; (8) keep up with pricing, payment trends, and ROI; (9) invest in customer service; and (10) use CRM tools to bring it all together.

With all of these in place, it will be easier to attain a vision of what successful and useful e-commerce business someday could look like to a very satisfied customer: "I dream that one day when I buy from nearly any retail store, I'll also be given information about service online. I'll be able to buy from a store and return the item to a central distribution center and get credit on my card. I'll even get appropriate offers based on prior purchases and preferences. A company will thank me for my purchases – recognize me when I call. And it will know when I've defected and invite me to come back. Then I will be a loyal customer forever" (Geller, 2002, p. 24).

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