
Small Business Internet Commerce: A Case Study

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ABSTRACT

This paper studies the case of a small traditional retailer, Getzs Company, transforming itself to take advantage of Internet commerce. The study examines the company's e-commerce strategies, experiences, and transformation from a 100-year-old traditional retailer to a successful brick-and-click store. The overall goal was to provide a meaningful contribution to an area of research sorely lacking in relevant cases—small business Internet commerce. Founded in 1898, Getzs is a Michigan-based retailer that made its first attempt in Internet commerce in 1997. The company specializes in marketing rugged outdoor clothing to local customers. By studying the company, the authors of this paper have developed a list of six critical success factors attributing to the positive impact that Internet commerce has upon the company. Despite its success, the company and other small business e-commerce firms everywhere face many challenges. The generalizable conclusions gathered from this paper will be applicable to the broad universe of small businesses that seek to utilize the Internet to expand their target market, serve their customers, reduce costs, and increase revenue.

Keywords: business to consumer electronic commerce; Internet commerce; retail industry; small to medium size enterprise

INTRODUCTION

Many researchers have concluded that small business Internet commerce (IC) participation is on the rise and will fundamentally change the operations of many companies (Poon & Swatman, 1999). The Internet serves the small company in many ways, particularly as a new business tool. As a means of transacting, the Internet serves as a channel to conduct sales be-

online commerce, will become increasingly important as businesses realize the value of physically exchanging information goods (Chen & Sherrell, 2001). As a communication medium, the World Wide Web (WWW) provides an inexpensive new method for interacting with customers. A company's Web presence also helps enhance credibility, gather feedback, improve

IC is defined by Zwass as: “the sharing of business information, maintaining business relationships, and conducting business transactions by means of Internet-based technology” (Zwass, 1994). Most online companies are small, often involving only a few employees. Small businesses make up nearly 94% of the total number of America’s enterprises (U.S. Census Bureau, 2000). Worldwide, this type of company accounts for approximately 86% of all business establishments (IDC, 1995). The prevalence of the small business, particularly those conducting commerce online, has been largely ignored in academic research, and it is this growing audience this study seeks to serve. While it is true that IC has its well-publicized share of spectacular failures, these have accounted for less than 10% of all Internet-generated revenue (Barua et al., 2001). Many small businesses, either pure play (online stores with only virtual presence) or brick-and-click, remain financially healthy proving that IC is still a viable business model for small businesses. Fundamentally, e-commerce’s greatest contribution comes in the form of better communications and cost reduction (Mandel & Hof, 2001). For cost-sensitive small businesses with limited means of reaching their customers, these increased efficiencies can be uniquely important.

Liflander (2000) has identified five types of IC involvement. The first type, online business card, includes companies that have established a simple Web presence with information on how to contact them. The second type, online brochure, represents the direct transfer from a company’s paper-based brochure to the digital format. The third type, online sales presentation, utilizes the multimedia capabilities of the Internet to market products and services to consumers in a content-rich manner. The fourth type, online store,

involves adding online ordering and payment features to the electronic brochure. Finally, the fifth type, interactive e-commerce, involves the integration of business processes with the Internet technologies. Currently, most small businesses that have started to experiment with IC are still in one of the first four stages of IC involvement, hence the benefits of IC realized by these companies have been limited. Small “dotcom” survivors have three common characteristics: 1) a solid business model, 2) the foresight to see both the strengths and limitations of the Internet, and 3) a narrow product or service targeted for a specific audience. To be successful, these businesses have remained focused and avoided attempting to be everything to all consumers.

The purpose of this paper is to create a useful model and outline of the realities of IC to small businesses that seek to enhance their performance via this new business model. The experience of the company under study, Getzs, serves as an illustration of the lessons learned by a typical small business’ e-commerce implementation. The company is a relevant example of the movement of a traditional family-owned retail store to that of the borderless electronic marketplace. In our search for relevant literature, only a paucity of e-commerce literature has a focus on small to medium size enterprises (SMEs). As the result, small businesses often lack consistent and effective guidance on how IC should be systematically implemented in light of the many constraints that these organizations face. As one study pointed out, “SMEs who want to develop electronic commerce have difficulty finding information on success stories” (APEC, 1999). Poon and Swatman (1998) also pointed out that qualitative data would be especially useful in studying a new and dynamic area

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