



Chapter III

On-Line Retailing: What Drives Success? Evidence from Ireland

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ABSTRACT

This research is a descriptive study to identify some of the factors that contribute to the successful use of e-business. The research was focused on the retail industry in Ireland and more specifically on existing on-line retailers of Irish made gifts. The study was conducted using a postal survey. The research found that specific organizational factors—early adoption of web technology, internal IS/IT expertise, having an e-business strategy and a person who champions the e-business project—result in more successful e-business websites. Further, the research found no evidence to support the belief that certain product types are more likely to be successful on the Web.

INTRODUCTION

Electronic commerce is said to overcome barriers to trading internationally, hence making companies truly global without the need for a physical presence in another country. This ability to export while remaining in the same physical location presents opportunities for retailers, as it enables them to increase sales without

opening more physical stores. The extension of retail sales through the Internet is a real opportunity for Irish retailers—as over 90 million people worldwide claim Irish descent. This Irish Diaspora represents a lucrative export market for Irish companies that can be reached cost effectively by leveraging the capabilities of electronic commerce.

The Crafts Council of Ireland (www.ccoi.ie) estimates that 66% of the crafts industry is located in rural areas. Therefore the Internet presents a great opportunity for these companies to overcome location disadvantages. The main areas of manufacturing in the Irish craft industry are pottery, glass, textiles (particularly knitwear), furniture and quality giftware. Irish craft businesses are typically small in scale and are geographically widespread, but taken nationally the industry is a significant employer. While the retail market in Ireland is said to be worth in excess of 25 billion euro a year, the Crafts Council estimates that the gross turnover of the crafts industry is 116 million euro per annum.

This chapter presents a descriptive study conducted with the aim of determining some of the factors that contribute to the success of retailers using electronic commerce to perform effectively in export markets. The focus of this research is on Irish export retailers in the gift sector, which includes arts and crafts.

LITERATURE REVIEW

The purpose of this chapter is to investigate factors that may have contributed to the success of retail websites. What is proposed is a classification scheme that identifies the factors under two broad headings: organizational factors and industry specific factors. This classification was adopted as it enabled the research to investigate both the generic factors—common to all organizations—and also the factors that are specific to the retail industry. The organizational factors investigated are early adoption of a website, IS/IT expertise, possessing an e-business strategy, having a web champion, use of planning and the amount spent on the development of the website. The retail-specific factors investigated are the characteristics of products sold, number of products sold and the integration of the physical store with the on-line presence.

Organizational Factors Influencing Website Success

Some commentators believe that many of the successful companies on the web owe their success merely to the fact that they were first to exploit the capabilities of the Internet as a channel for business (Enders & Jelassi, 2000; Mellahi & Johnson, 2000). De Figueiredo (2000) points out that first movers will have some advantage and early movers have the highest website stickiness. However, Golder & Tellis's (1993) study of first mover firms found that first movers did not enjoy exceptional and sustained benefits. Kerin et al. (1992) also support the view that

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