

Chapter 7.19

B2C Success at Wishlist.com

Delyth Samuel

University of Melbourne, Australia

Danny Samson

University of Melbourne, Australia

BACKGROUND OF THE BUSINESS

This article explains how and why, during and through the dot.com bubble that was built and burst, one new economy company in Australia survived and prospered. The challenges were severe. The infrastructure, funding for development, and consumer behavior were key challenges that had to be overcome.

Between 1999 and 2000, around 190 Australian companies evolved selling something over the Web. In early 2000, local e-tailers such as Dstore, ShopFast, ChaosMusic, TheSpot.com, and Wishlist.com.au were being discussed as shining examples of a new way of retailing: smart, aggressive companies that were showing traditional retailers how to operate in the new economy (Kirby, 2000). Then it all started going wrong. Examples are as follows:

- ChaosMusic's shares, issued at \$1.40 in December 1999, finished from 1999 to 2000 at \$0.28 as the online music retailer slashed its marketing budget and staff.
- The share price of Australia's other online music retailer, Sanity.com, peaked at \$2.05 soon after the company was listed in December 1999; on June 30, 2000, it was \$0.44.
- On June 29, 2000, Australia witnessed its first major e-tailing failure when the department-store retailer David Jones acquired the assets of TheSpot.com, a toy and health and beauty products e-tailer that ran out of money after spending \$12 million in 14 months.

Later in the same year, on November 28, 2000, the founders of Wishlist.com.au, Huy Truong and his sister Jardin Truong, accepted an award at the Australian Internet Awards ceremony for the most

entrepreneurial Internet site, an award given for an Australian Internet-related achievement that is innovative, provides strong current or future financial returns, and demonstrates rapid business expansion via a unique business strategy. The site also won as the best e-commerce site on the Web. The head judge said, "Wishlist didn't follow the standard supermarket model on the Internet. It's an adaption of a gift store buying presents for other people not just for yourself."

He said the judges were impressed with the novelty of the delivery model, whereby Wishlist.com.au had arranged with the oil company BP to deliver parcels to BP service stations that can be picked up by customers at anytime (Lindsay, 2000). Huy Truong was also awarded *B&T Weekly's* 2000 e-Marketer of the Year Award.

Golden, Hughes, and Gallagher (2003) conducted a descriptive study that examined the key success factors related to e-business in the retail sector of Ireland. Through their postal survey, they found that the early adoption of Internet technologies and information systems expertise were important factors in contributing to success. Loane (2004) has suggested that there is now significant evidence that many new firms are embracing the use of the Internet from their inception. This is clearly the case with Wishlist.com. They suggest that the Internet is not just an improvement tool but a core capability, including IT competency.

Global Reviews, Australia's online retail performance and reliability gauge for e-consumers, in December 2001 stated that Wishlist.com.au was the standout Australian online retailer, achieving an overall score of 97%, with a perfect rating in four of the five evaluation categories: fulfillment, site usability, security, products, and customer service.

DESCRIPTION OF THE BUSINESS

According to cofounder Huy Truong (personal communication, September 15, 2003), Wishlist has succeeded because it is "[n]ot just a Web site you go to for a discount. We are building an online shopping experience around important events in people's lives."

Wishlist also provided a convenient corporate gift-giving service, which proved popular. Companies can give employees and customers goods and services, which might often be seen as nice indulgences, purchased as gifts from Wishlist.

The Truong Family

Jardin Truong and her brother Huy were young when they arrived in Australia in 1978 after escaping Vietnam in a leaking fishing boat with their parents, younger sister Dinh, younger brother Cameron, and five other families.

Getting Started

Jardin Truong dreamt up the idea for a business that could take orders for gifts using the Web, making sure that deliveries met deadlines. Wishlist was founded in late 1998 to realise this idea.

Gift giving was an opportunity that was already being exploited in the United States, but Jardin and Huy recognized that people did not always find it a fun and enjoyable process, sometimes forgetting special occasions and finding themselves in the pressured situation of trying to get the right gift in a short amount of time. They thought they could "[p]ut the fun back where it ought to be, which is in the giving of the gift, and then for everything else before that [they would] use technology" (Huy Truong, personal communication, September 15, 2003).

The idea captured the imagination of the cofounders, including Huy Truong and his wife, who is a management consultant and e-commerce

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