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Chapter V

A Qualitative Study of Small Business Internet Commerce: Critical Success Factors and Challenges

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ABSTRACT

While more small to medium size enterprises begin to conduct business over the Internet, the degrees of success in these endeavors vary. There is an urgent need for an understanding of the issues that uniquely contribute to the successes and failures of small business Internet commerce. This chapter takes a qualitative approach to study the case of a small traditional retailer, Getz's Incorporated, transforming itself to take advantage of Internet commerce. The study examines the company's e-commerce strategies,

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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, Getz's 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. The success of Getz's Internet commerce effort was remarkable. By studying the company, the authors of this chapter 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 conclusions gathered from this chapter will be applicable to the broad universe of small businesses that seek to use the Internet to expand their target market, serve their customers, reduce costs and increase revenue.

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 and 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 between buyers and sellers. Electronic distribution, a largely untapped attribute of online commerce, will become increasingly important as businesses realize the value of physically exchanging information goods (Chen and Sherrell, 2001). As a communication medium, the World Wide Web provides an inexpensive new method for interacting with customers. A company's web presence also helps enhance credibility, gather feedback, improve customer service and streamline business processes (McCue, 1999).

Zwass defines IC as: "the sharing of business information, maintaining business relationships, and conducting business transactions by means of Internet-based technology" (Zwass, 1994). While this new economy offers small businesses with tremendous amount of new opportunities, it also confronts small businesses with new obstacles and threats (Piscitello and Sgobbi, 2003). Most online companies are small, often involving only a few employees. Small businesses make up nearly 94 percent of the total number of America's enterprises (U.S. Census Bureau, 2000). Worldwide, this type of company accounts for approximately 86 percent of all business establishments (IDC, 1995). The prevalence of the small business, particularly those conducting commerce online, has been largely ignored in academic research. This study seeks to serve this growing audience. While it is true that IC has its well-

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