



Chapter X

ENI Company

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INTRODUCTION

ENI Company is an electronic commerce firm in South Korea. ENI Company provides English news items and English lessons to the subscribers through daily e-mail service that includes free English news-related question and answer sessions via e-mail. This case study deals with the struggle of this firm to establish and sustain its business in a less-developed national information infrastructure. Information on national information infrastructure and the Internet in South Korea is provided in order to facilitate understanding of the difficulty that ENI Company faces while conducting e-commerce in South Korea. The chronology of ENI Company evolution is described and the organizational structure of ENI Company is also presented. The marketing of ENI Company's products that is the biggest challenge for the firm is also discussed. This case is a good example of how to conduct an e-commerce in a county where national IT infrastructure is not ready for it.

BACKGROUND

Literature Survey

We can easily suggest that doing an e-commerce business in a developed country should be different from doing it in a less-developed country; here "development" refers mainly to the level of national IT infrastructure devel-

opment. National IT infrastructure can be defined as the vision of broadband communications that are interoperable as though a single network, easily accessible and widely distributed to all groups within society bringing business, education, and government services directly to households and facilitating peer to peer communication throughout society (Kraemer, et al., 1996). But this idealistic vision is hard to achieve for countries with less economic resources. By conducting a literature survey on e-commerce in developing countries, the following factors in addition to having a well-developed national IT infrastructure, were found to be necessary for a country in order to provide a fertile ground for e-commerce.

1. **Active use of credit cards in the Internet:** countries such as Philippines, India, and China, where credit cards are not widely used, can not find a workable payment method for e-commerce (Asuncion, 1997; Bhatnagar, 1997; Liu, 1997; Rao, 1998). In a way, South Korea is similar to these countries even though credit cards are widely used since many consumers on the Internet are very much reluctant to give out their credit card number. In the cultural point of view, another reason can be the fact that Koreans love to use cash in most business transactions even for a large sum just like people in Hong Kong (Westland, et al., 1997). As for the payment method in e-commerce in Korea, many companies use money transfer through a bank account, i.e., the buyer sends money to the bank account of the seller and the seller will send the goods to the buyer. This kind of pay-first-get-the goods-later payment method is obviously an obstacle for e-commerce to grow since many consumers feel insecure. Thus it is clear that without the full trust between consumers and e-commerce companies, even a country with widespread credit card use can not facilitate the growth of e-commerce.
2. **Fixed fee option of the unlimited use of local telephone lines:** Unlike the U.S., the South Korean telephone company is a government-owned monopoly. Even though it is trying to upgrade the communication lines with fiber-optic cables, its business policy has not changed, i.e., there is no concept of separate billing for the unlimited local call option. In other words, if a person makes a local call to the Internet Service Provider and surfs the net for a long time, the person will get a very expensive phone bill. With this kind of environment, it is not easy to do e-commerce.

South Korean Internet Statistics

It is estimated that the number of Internet users in Korea is about 350,000 in 1996 as shown in Table 1 (NCA, 1997).

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