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Hard Lessons Learned: E-Commerce Grows Up

by Rich Sherman

(NAPS)—How times have changed for e-tailers. An industry once synonymous with stratospheric stock prices and triple-digit growth rates now finds itself grappling with the business realities of bankruptcy and layoffs.

According to a study by outplacement firm Challenger Gray & Christmas, released in October 2000, 44 of 274 dot-coms, or 16 percent, have failed since December 1999. From a total of 22,267 job cuts, 5,450 occurred in the retail sector. Even the wildly popular sock puppet "spokesdog" of Pets.com recently received a pink slip when his employer ceased operations.

So what went wrong? Simply put, it's all about business fundamentals. Many of the dot-coms are failing because you'll find more fiction in their business plans than on the shelves of your local bookstore. Regardless of volume, you can't survive for long if you're taking a loss on every sale.

With this, many e-commerce skeptics are saying, "I told you so," but I believe the future will be quite bright for the survivors. The failure of a few dot-coms doesn't mean that the Internet and e-commerce are dead. The ability for Internet technology to improve the shopping experience is just phenomenal.

The overall winners will likely be bricks-and-mortar retailers who embrace Internet technology and integrate it into the existing consumer shopping experience, rather than choosing one mode or the

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other. As a result, we'll see the real promise of Internet technology in the retail arena, which is providing the consumer with a more rewarding shopping experience.

Companies like Dallas-based EXE Technologies are building the systems to support these new capabilities. For example, it won't be long before we're scanning barcodes on our pantry shelves and in cookbooks with pens, wands or cellular phones. The data will be sent to the local supermarket via the Internet and you'll be able to simply drive up to collect your pre-selected products—or have them delivered.

If you venture inside, electronic coupons or nutritional information will be beamed to your Personal Digital Assistant because the store's computer systems know who you are, and your buying behaviors.

E-commerce is evolving into an interactive collaboration between consumer and retailer that enables individualized service at a price that's affordable to the consumer and profitable to the retailer. That's the true value of e-commerce.

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