

Questions & Answers

E-TRADE FOR SERVICES

Dorothy I. Riddle, Ph.D., CMC
Service-Growth Consultants Inc.
riddle@servicegrowth.com

This set of ten questions and answers provides tips on promoting and exporting services via e-trade.

1. What is e-trade?

E-trade is e-business that involves exporting. It is a broader term than “e-commerce,” which has become identified with transactions that are conducted using the Internet.

Cyberspace, the digital economy environment in which e-trade takes place, is like a new geographic market in which all globally-competitive service exporters need to participate. As with any new market, you need to think through what kind of online presence you want, including issues like location, staffing, etc.

E-trade differs from traditional exporting not only in terms of the use of information and communication technologies but also in terms of the context in which it takes place. Because the technology supports immediate access, customers now expect 24-hour service (known as “24x7” or 24 hours, 7 days a week). Customers have also come to expect customized, personalized service in a one-stop environment.

2. What are the competitive opportunities of e-trade?

The volume of trade transacted via the Internet is new well over US\$10 trillion and growing rapidly. This figure may be a conservative estimate, however, given the growing trend for companies to outsource a wide range of support services via the Internet, as well as initiatives to accelerate the level of Internet use.

Finalizing sales is just a small part of how the Internet can be used by your firm. You can also benefit from:

- Increased international visibility
- Immediate access to worldwide customers
- Efficient monitoring of global trends in your industry
- Easy research into the activities of competitors
- Cost savings through e-procurement
- The ability to integrate service design and delivery among departments and with partners in order to provide one-stop service.
- Develop truly customer-centric design and delivery systems that have the ability to create customized services

3. What are the competitive challenges of e-trade?

There are a number of challenges, including the following:

- Ensuring the privacy of customer information, including a privacy of information policy.
- Ensuring the security of online data.
- Tracking and analyzing the rapidly expanding number of websites relevant to your service.
- Increasing pace of change in the online environment.
- Customer expectations for 24/7 services.
- Accommodating a wide range of cultures and languages.
- Potential loss of customers to online bidders.
- Maintaining parallel “brick and mortar” and “brick and click” environments.
- Ensuring that your website is fast and reliable, with current content.

4. How do I create a supportive environment for service e-trade?

If your service firm began offline, you may have (or have faced) some challenges in transitioning from brick-and-mortar to brick-and-click. In order to be active in the digital economy, you will need to do five things (if you haven't already):

- Digitalize all administrative, transactional, and customer information so that it can be accessed electronically, choosing data formats that are compatible across all departments and with suppliers and trading partners.
- Make sure that customers only have to give information once about themselves or their service requests.
- Structure all customer-related databases so that they are searchable by “customer,” and not simply by “transaction.”
- Put in place policies that ensure that any staff interacting with customers (including staff in partners' firms) have access to all relevant customer data.
- Help all staff become comfortable with the new technology by using an internal LAN to provide electronic access to a range of administrative information, including staff benefits.

One of the best ways to test your e-trade readiness is to ask yourself who is responsible for monitoring and managing the online interface with customers and partners. If the answer is “the IT staff” rather than “the marketing staff,” then you have missed the point of cyberspace positioning.

5. How can I control costs through e-procurement?

Some firms report savings of up to 40 percent from online purchasing. A growing number of e-markets have been created to match businesses with the supports that they need, using one or more of the following automated online procurement processes:

- a) *Classifieds*
These are websites that you can consult like you would the phonebook yellow pages, with any negotiation done offline.
- b) *Reverse auctions*
Here you post requests for service, along with a time limit for the silent auction, and then suppliers bid against each other to see who makes the most attractive offer within the set time period.
- c) *Group buying*
You can join a buying pool that negotiates bulk purchase rates based on volume.
- d) *E-purchasing*
You can use online automatic ordering systems where you can create a corporate profile of preferences in order to avoid repeat data entry.
- e) *E-clearinghouses*
You can bid for time-sensitive inventory, such as hotel rooms and airline tickets, and obtain them for at least 20-30 percent below the going market rate.

6. How can I learn if my customers are looking for alternate suppliers?

As businesses gain worldwide access on the Internet, you may find that some of your traditional customers begin to look for other suppliers. You will want to check with key online bidding websites (e.g., www.worldbid.com) regularly to see if any of your customers are posting requests for suppliers.

7. What e-trade tools are available?

There are a number of application service provider (ASP) sites, as well as e-marketplaces that offer industry-specific productivity tools. See, for example, www.realLegal.com for legal services. There are also generic tools for site visitor interaction that your firm can use, such as www.humanclick.com or www.hearme.com.

8. How do I search for new customers online?

Your strategy for finding business online should be linked to the manner in which you normally acquires new customers and should be driven by going to the online customer (rather than forcing the customer to hunt for your firm). If, for example, you get customers primarily through advertisements or directory listings, then you will want to place classified ads in relevant e-marketplaces and list your firm in all possible online directories. You may even wish to consider purchasing banner ads for placement on complementary sites.

If you usually gets new business through responding to Requests for Proposal, then you will want to monitor e-procurement sites and e-marketplaces where relevant requests

might be posted. You might wish to subscribe to a bid notification service that will alert you when requests for bids that match your capabilities are being posted. You should become familiar with the reverse auction process so that you are well prepared to respond once a request for bid is posted.

If you usually get new customers through referrals, then your online activities will need to be focused primarily on heightening your firm's credibility. For example, you might wish to submit short articles to your industry's e-marketplaces or participate as an expert on a site that offers professional advice.

9. Should I expect to sell my services online?

Generally speaking, the more customized the service is, the more difficult it is to sell it directly over the Internet. For example, clients purchase management consulting or legal services based on the reputation of individual practitioners and would be unlikely to make a purchase decision based solely on a website, no matter how professionally presented. Many clients, however, are comfortable purchasing travel services electronically as this is an example of a standard service. Potential customers may comparison shop online, but then purchase directly.

Here are examples of services typically sold or only marketed online:

Suited to Direct Online Purchase

Advertising
Air transportation
Back Office
Commercial education and training
(distributed learning)
Computer services
Courier
Customs brokers
Financial
Health (telehealth)
Insurance/reinsurance
Internet
News/broadcasting
Market research
Multimedia
Retail/franchising
Software
Telecommunication
Travel/tourism
Translation
Web site design/management

Suited to Only to Online Marketing

Accounting
Business services
Consulting engineering
Design
Environmental
GIS/Geomatics
Maritime services
Marketing/Public relations
Personnel
Quality assurance/technical inspection
Science and technology
Utilities management

10. If I want to focus on e-trade, what should I do?

As a start, you will need to be sure that your administrative and transactional information is in digital form, that your staff are comfortable with web-based technologies, and that your internal policies support collaboration among staff and with external partners. Then you will want to:

- a) Identify the key e-marketplaces for your services, subscribe to any free e-newsletters, and start actively participating in online discussion groups.
- b) Register in as many free databases or in as many e-marketplaces as possible and then monitor what new customer queries you receive from each source.
- c) Select a couple of online e-procurement sites and monitor the bidding that takes place for services similar to your own. Test the procurement process by making small purchases and bidding on small contracts.
- d) Study customers' needs and expectations. In what ways do they use the Internet? What kinds of online interactive contact do they expect? What portals or e-marketplaces do they visit? Where do they search for expertise? Do they expect a one-stop, 24x7 service? What are the implications for the type of web presence your firm will need to have?
- e) Study your competitors' offerings. Are they already online? If so, in which e-marketplaces are they active? What types of customer interaction do they offer? What are the implications for your firm's strategy?
- f) Review current best practices for innovative ideas. If your firm has a website already, test it against best practices.
- g) Review your service design and delivery process for one-stop integrated service possibilities. Talk with your partners about how to integrate multiple delivery channels. Determine what changes, if any, need to be made to increase customer satisfaction.
- h) Determine your objectives for e-trade and establish performance metrics to see if your objectives are being met.
- i) Design (or redesign) your firm's online presence to reflect the results of the previous steps; then staff that presence similarly to an additional "brick and mortar" office.