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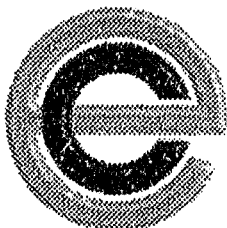
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Publication Date - 2000-09-20

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Redefining "Competitive Edge" to Attract New Business

It's hard to avoid the influence of the Internet these days. We are flooded with e-mails. We track courier services on-line, or manage our banking transactions electronically, or book our own flight reservations through airline websites. What does all this Internet activity mean for your business or professional service firm? If you have a profitable history of repeat and referral business, do you still have to pay attention to the Internet?

Don't miss the point of the Internet environment - it represents a paradigm shift in the way we do business. The Internet is not simply another promotional channel with a wider reach, or simply a delivery channel that allows you to work at a distance with client. The Internet has already changed your competitive context in three fundamental ways:

- **More informed, empowered clients**

The Internet milieu is doing for professional services what publications like "Consumers Report" did for retail sales - i.e., it is creating informed, empowered clients who are using a more detailed set of criteria to assess professional competence. Current and potential clients are going on-line in increasing numbers in their private capacity, and their service expectations are being forever altered as a result.

Are you using the Internet to:

- display promotional materials on a website?
- provide an experience of your service through virtual reality technologies?
- research market trends?
- survey potential clients on their needs?
- support a topical discussion group you host?
- provide information on latest trends?
- supply potential clients with self-assessment tools?

- **Websites as the leading proxy measure of service**

Business and professional service firms have always faced the challenge that, because their services could not be "inspected" ahead of time (like one does during a car purchase), potential clients use proxy measures to determine how effectively the firm is likely to perform. Websites have now become a primary proxy measure for professional service firms - e.g., "I'll check out your website and get back to you."

- **Virtual models for doing business**

Because of the potentially interactive nature of websites, your website becomes part of a potential client's service experience with your firm. They will expect all aspects of your business to be integrated with, and transformed by, web capabilities.

Changes in Client Expectations

We are now in an environment where change is client-driven. Clients can choose from among service providers the world over, and they use their experiences with other websites (especially consumer sites) as part of how they assess your competence. Let's look briefly at the four main ways in which client expectations are changing:

Accessibility

The environment of the Internet is 24 hours a day, 7 days a week. While business clients in general do not yet expect 24x7 from professional service firms, they do expect prompt response from e-mail queries sent through your website. As on-line businesses add "e-reps" - i.e., client service representatives available real-time to "converse" on the website - your potential clients may very well begin to expect the same level of 24-hour personalized service from your firm. See <http://www.peoplesupport.com> for an example of what to expect in business-to-business services.

Focus of information

Effective websites provide information that is geared to the needs and interests of the persons that might visit the site. The majority of Canadian professional service firms' websites are still basically company brochures put on-line and organized to describe features of the firm. Very few such sites focus on the interests of, or benefits to, the site visitor. To see the difference, compare <http://www.digitalwork.com> with more conventional-looking sites. Or look at how IBM has organized its on-line centre for independent businesses by clicking on "small business" at <http://www.ibm.com>.

What is provided free of charge

It has been common for a client and a service provider to have an initial free discussion about how competent the provider is in meeting the needs of the client. But, traditionally, once the provider gave advice or did an actual assessment of client needs, they

Examples of Free Advice Being Offered

- Instructions on "how to"
- Strategic tips for success
- Self-assessment tools

did an actual assessment of client needs, they started charging for their time. On the Internet, however, clients have become used to getting a wide range of information and diagnostics free of charge (see box). See, for example, the range of free video clips of advice offered at <http://www.jurock.com/jrei/av>.

- Guidelines for decision-making
- Guidelines for provider selection
- Framework for comparing options

Degree of customization

Customized service has historically been a differentiating feature for which firms could expect to get a higher fee. Not so on the Internet. Mass customization has come into its own on the Internet, supported by a range of computer-based technologies. Clients are becoming used to receiving assistance with sorting through the morass of information and having the responses that are provided customized automatically to their search pattern. For example, various news websites will send you a customized version of the daily news, or amazon.com will suggest other books, videos, or music that you might want to consider based on the purchase decisions you are making.

Differentiation through Website Design

Because your website is used as a proxy for your service delivery capabilities, it is your primary on-line competitive tool. Let's examine how you can differentiate your firm on-line from your competitors around the world. *First*, make sure that people can actually find you on the Internet. If you are supplying your URL to potential customers, make sure that you are using a reliable Server that has adequate capacity and disaster management protocols to ensure no downtime. Remember that the indexing of the Web occurs through search engines, of which there are well over 1,500 worldwide. If potential clients do not have your URL and attempt to search for you, they will think that you have no website if your key terms are not registered with the major search engines. At <http://www.netmarketing-suite.com/Tools.html>, you will find free website tools that allow you to determine your ranking on different keywords in major search engines, as well as "tune up" your website and monitor your traffic.

Second, make sure that your website is as user friendly as possible once potential clients do find it (see box). You want to be sure that potential clients will not simply click through your site before they have a chance to read what you have posted. Internet users become impatient when it takes more than three seconds to load a site. They leave sites whose initial pages simply display a logo and corporate information, with no visitor value added. You can add visitor value to your initial page by answering a need for information about trends in the industry, discussing assistance options that are available, or helping the visitor assess their competitive status.

How User-Friendly Is Your Website?

- Loads in less than 3 seconds
- Loads text first, then graphics
- Each subsequent page loads in 1 second
- Requires no extra technology
- First page provides immediate value
- Information desired is 2 or less clicks away
- Explanatory text is displayed when the mouse points to headers

competitive status.

Third, make sure that you provide the kinds of features that Internet users have come to expect as "givens" (see box). These site features range from hot tips to links to other sites. Such features no longer serve as differentiators, instead, their absence marks you as being non-competitive. To stand out as excellent, you will need to continue to develop additional features that distinguish your website from others in your industry.

Value Added "Givens" on the Internet

- Informational items (articles, new briefs)
- Answers to common questions
- Links to related sites
- Tips for success

Fourth, consider joining a "market maker" listing. Originally, industry associations "made" a market for their members by offering a search/match service to link potential clients to the most appropriate supplier (who was also a member of the association). Recently, other intermediaries have emerged and are

becoming as influential as search engines in directing traffic to the websites of their members. For example, Frontier Communications runs Access Business Online at <http://www.clickit.com>. Other examples of both industry-specific and functional hubs include www.chemdex.com, www.ebay.com, www.priceline.com, www.employease.com, www.bidcom.com, www.etrade.com, and the Web Services Buyer Directory at www.businessmarketing.bsource.com. You may wish to explore what market makers exist for your service industry and see whether or not you need to register with one. A more direct way to link to referral sites is through joint promotional agreements with the sites of related services providers. [Realtor.com](http://www.Realtor.com) is a good example of a site that is primarily about real estate selection but offers much more - links to furniture and home appliance sites, as well as mortgage lenders and moving companies.

Fifth, you need to be sure that, once potential clients find your website, its design supports and reinforces the competitive positioning you want to take. Have you been differentiating your firm based on lowest price? efficiency? reliability of service? quality of service? customized service? How can your website design reinforce that competitive positioning? Here are some tips:

Positioning on low price.

To compete, you need to deal with a high volume of clients with fairly standard needs. Consider linking up with a market maker to drive volume to your site. Some industry associations are playing this role (see <http://www.pros-n-cons.com> as an example). You may also want to explore outsourcing back office support operations in order to lower your transaction costs so that you are offsetting the costs of maintaining a current and dynamic website. For example, you can contract on-line with firms around the world to manage databases for you, or answer routine client queries, or update your website content.

Positioning on efficiency.

To compete, you need to demonstrate that it is faster and easier to deal with you through your website than with any of your competitors. In essence, the operation of your website becomes the proxy for how efficient your technical

service will be. Make sure that your website contains multiple ways to contact you: e-mail, 1-800 number, fax number with a form to download, and a mailing address. Check that your site design requires no more than two clicks to get to any information and that all pages download in under two seconds. You may want to make use of the free Website Garage (<http://websitegarage.netscape.com>) to double-check the efficiency of your Web site.

Positioning as "value for money".

To compete, you need to offer a unique benefit. For example, you might offer a suite of self-help tools on your site. Or you might offer detailed option comparisons to help visitors with decision-making. See <http://www.attitude-long-distance.com> as an example.

Positioning on quality of service.

To compete, you need to offer value-added content to underscore the investment that you make to quality. You might offer information on "how to select a" that both helps the potential client with decision-making and helps to underscore your qualifications. Or you might offer up-to-date analytical commentary on new trends.

Positioning on customized service.

To compete, you will need some form of interactive exchange so that you can learn about the potential client's needs and concerns. You might provide a discussion forum (see <http://www.mtia.com> for an example.) or on-line, real-time assistance (see <http://www.neimanmarcus.com> for an example).

Sixth, in order to make sure that you are truly client focussed, you need to track the performance of your website and see if it is attracting the type of visitor you wish. Before measuring performance, though, be sure to clarify your purpose - e.g., do you want your website to primarily attract new potential clients? provide verification of your competence? support closing deals? At a minimum, you will want to position yourself as the preferred site for decision-making on the specialty services you provide. Most website hosts/Servers offer free software that track and report who visits your site, from which search engines or browser versions, which pages they spend time on and for how long, etc. If your website is a major investment for your firm, you will want to have audited website traffic statistics.

Differentiation through Service Re-Design

To remain competitive in a networked environment, the services that you deliver have to fit with the expectations that have been set through your website. If your core competence is based on proprietary service content (e.g., an on-line training package), the main challenge you are likely to face is the changing boundary of where ideas become proprietary. You are probably already finding that clients expect to be able to use freely any information they find on the Internet. If, however, your core competence is process based, then you will need to re-engineer your core competence to adapt to the new business models appropriate to a networked environment.

The key to being competitive in a networked world is to redesign your business model so that your on-line and off-line operations are integrated and you continually innovate in the design of your services. You will want to engage your staff in searching out enjoyable and exciting websites and then determining their implications for how you design your own services. What do on-line banking, or Federal Express' on-line tracking services, or amazon.com's horizontal integration suggest for your services? If you look at a site like <http://www.expedia.com> , do you get new ideas of what you could do differently? The idea is not to copy the services offered, but rather to use the new concepts to stimulate your own imagination.

One of the strengths of the Internet is its ability to support interactions among your suppliers, your partners, your staff, and your clients. What innovations can you think of to build closer working relationships? How will you handle different languages? Could you offer a feature like the ability on www.featureweb.com for site visitors to refer others to that site through an on-line e-mail function?

AltaVista provides free translation services at:

<http://babelfish.altavista.digital.com>

Advertising Age's Business Marketing (<http://websitegarage.netscape.com> - then click on NetMarketing 200) produces an annual NetMarketing Top 200 business-to-business Web sites, which can be sorted by industry.

Industry-specific benchmarks for innovation have been superseded for the time being by benchmarks for on-line client satisfaction. To be competitive, you need to be selecting and analysing the sites that are rated as the best business-to-business sites in terms of ease of navigation, aesthetic design, presentation of information, customer focus, and e-commerce capabilities. Then you can compare those sites to your own in order to gain a sense of how

competitive yours is.

We have only just begun to see the potential of the e-commerce environment. Make sure that you have a strategy in place to examine and re-position your own service firm on a regular basis to remain competitive.



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