

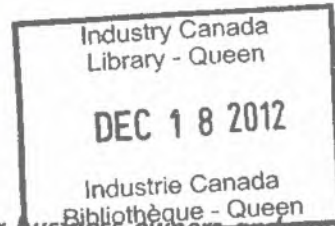


Industry
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Electronic Commerce

Vol. 2, No. 1



For business owners and managers

Prime locations pull them in and keep them coming back

The best real estate on the Internet is created not found. To learn how to get plenty of visitors coming to your Web site, you need to spend some time exploring the Internet.

A good way to get started is to visit sites related to your interests. You will quickly discover that the best of these provide information services in addition to their product line. A company selling traditional musical instruments might offer on-line tutorials; a company selling bicycles might provide news of competitive events not covered by the mainstream media; a bookstore might provide support services for book clubs.

"Walk in" business on the Internet usually comes by way of an Internet directory or a search engine, so you will also want to study these. On the simplest level, these are sites that help people sort through the immense amount of information on the Internet to find what they want. The best way to get a sense of how they work is to visit them.

Information on Internet directories is arranged based on questionnaires provided by site owners. Because they are so easy to use, most customers will find their way to your site through an

Internet directory. The popular Yahoo! (<http://www.yahoo.ca/>) site is a good example of how they work. Yahoo! combines a search engine with a directory.

Search engines use special software to collect information directly from Web sites. This approach is very thorough and makes a variety of searches possible but requires special skills on the part of the user to get the most out of it. A good example of a search engine is Alta Vista (<http://www.altavistacanada.com>).

One drawback to relying on search engines is that it is not uncommon for

a search engine to find dozens, even hundreds, of Web sites related to a given subject. It is, however, possible to code your site so that search engines rank it more highly. Each search engine uses slightly different rules. Check out the Search Engine Watch site (<http://searchenginewatch.com>) for some tips.

For more information on starting an electronic business, visit Industry Canada's *Strategis* Web site (<http://strategis.ic.gc.ca/SSG/mi05426e.html>).

Bill C-54 moves electronic commerce strategy forward

Bill C-54, introduced on October 1, 1998, will help create the same level of trust, confidence and reliability for electronic commerce that Canadians now experience with ordinary business transactions.

The privacy issues addressed by Bill C-54, officially known as the Personal Information Protection and Electronic Documents Act, are particularly important for you as an electronic

merchant because information technology has greatly increased your power to collect, match, store and process personal information.

The privacy requirements of Bill C-54 are based on a national standard developed by the Canadian Standards Association (<http://www.csa-international.org>) to protect consumer interests without placing an onerous

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Canada

Information services attract film buffs to La Boîte noire

What began as an electronic shop window for a Montréal video store has become a full-fledged electronic business.

La Boîte noire sells video and DVD versions of a wide variety of films and specializes in art films and independent productions. The company set up its Web site in 1996 primarily to publicize its extensive catalogue of films but has had success with on-line sales, says its president François Poitras. "The first year was slow but now our business increases every month."

One of the main reasons customers keep coming back is La Boîte noire's video guide *Tous les Films du monde* (All the World's Films). Film lovers visiting the site can search for information about their favourite movies by entering an

actor or director's name, the genre of the movie, the country or year of production, or keywords into the site's search engine. They can also buy a paper copy of the guide or, starting in late 1999, a CD-ROM.

The company has been exploring other value-added services to keep customers coming to the Web site, including an on-line chat room offered in conjunction with Montréal's local arts weekly, *Voir*, and an interactive information service.

La Boîte noire's Web site is bilingual and offers secure on-line payments. In the future, the company hopes to add a shopping cart feature and automatic confirmation notices.

Bring La Boîte noire to a screen near you by setting your browser to <http://www.boitenoire.com/>

Strategies that work

Del Seabrook of Sun-West Cellular (<http://www.gestorefronts.com/lumby/sun-west>) sells cell phones to people in major metropolitan areas, even though these centres have many local retailers.

Lesson learned? Some people will buy from a supplier long distance, even when supply is close at hand.

Accepting donations on-line is a new and effective way for charities to operate. CARE Canada (<http://www.gestorefronts.com/wm/care/>) was able to quickly add a page to its site to receive donations for victims of Hurricane Mitch as soon as the devastation made headlines. The charity soon began to receive significant donations.

Lesson learned? An Internet presence allows charities to respond to emergencies very quickly, to attract donors at the height of the media cycle.

What it takes to get consumers to buy in

A recent Ekos Research Associates Inc. study found that no single factor makes consumers more or less likely to make a purchase on-line. Instead, factors such as price, security, reputation, location and return policy are all interrelated. Canadians were asked, "How likely would you be to do transactions electronically if..."

	Likely	Somewhat likely	Not likely
You did not know the location of the business	5%	9%	86%
The business had no offices in your city	27%	21%	52%
The business clearly indicated how it will use personal information	35%	21%	43%
There was a government framework in place that establishes laws about electronic commerce	45%	22%	32%
You could control how businesses use or disclose your personal information	48%	16%	35%
The price was 10 percent cheaper	48%	19%	32%
The business was Canadian	48%	22%	28%
You were buying something from a small but well-known business	51%	20%	29%
You were buying something from a large but well-known business	55%	19%	26%
There was a return policy if customers were not satisfied	56%	17%	27%
A bank guaranteed the transaction	56%	16%	28%
The price was 20 percent cheaper	58%	16%	25%

Adapted from a study by Ekos Research Associates Inc.

Electronic Commerce

Let us know what you think

Let us know what information you would like to see in *Electronic Commerce* so we can serve you better.

Please send your comments by E-mail (ecommerce@ic.gc.ca).

You will find a longer electronic version of this newsletter on-line (<http://strategis.ic.gc.ca/SSG/mi05426e.html>).

Aussi disponible en français sous le titre *Commerce électronique*.



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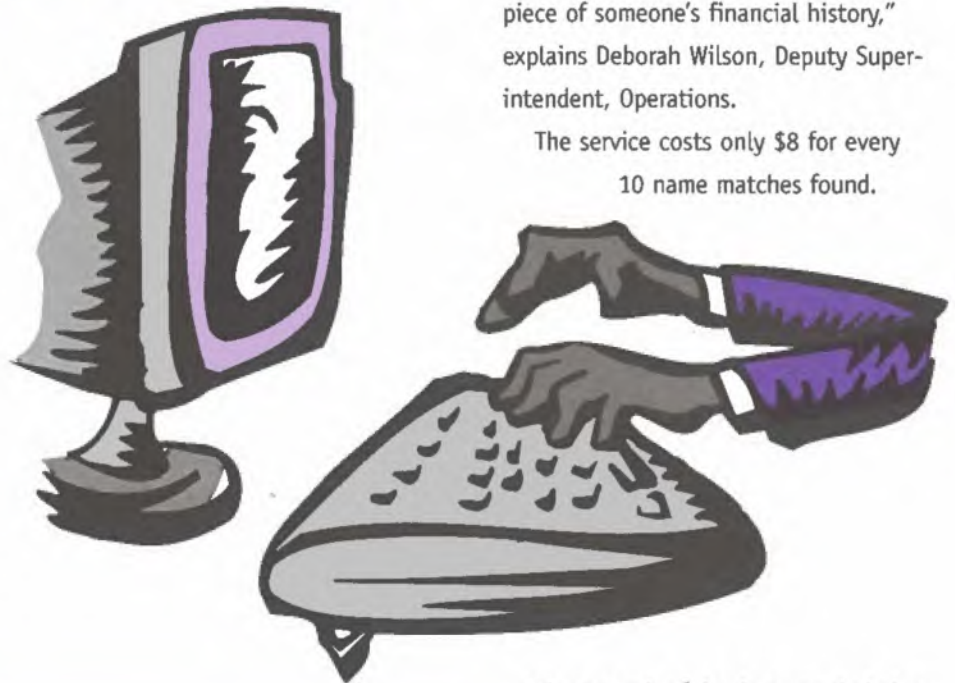
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Let your keyboard do the walking

The Office of the Superintendent of Bankruptcy has eagerly embraced the Internet as a way to help Canadians make better use of information it collects.

Two information services offered by the agency — the Insolvency Name Search database and Unclaimed Dividends Search — are now available on-line.

The Insolvency Name Search database is the better known of the two services. It has a well-established group of clients, such as landlords evaluating potential tenants, who use it to determine if companies or individuals they deal with have ever declared bankruptcy. "It is not the whole story but it is a very important



piece of someone's financial history," explains Deborah Wilson, Deputy Superintendent, Operations.

The service costs only \$8 for every 10 name matches found.

Digital certificates poised to become a major security tool

You're about to do business with a company on the other side of the country. Suddenly it occurs to you that you've never so much as spoken to them on the phone. Can you trust them? Are your customers and suppliers really who and what they say they are?

Early adopters of electronic commerce have dealt with this issue through techniques such as passwords and user names to verify the identity of their customers and suppliers. The next, more sophisticated step may well be digital certificates.

Although the technology used for digital certificates is complicated, the service itself is easy to understand. A certifying agent

issues a certificate to an applicant who satisfies a series of security requirements, much in the way a credit card company issues a card to a qualified applicant. When a customer or supplier with a digital certificate hooks up to your secure site, your computer will receive a coded signal establishing that this person is who he or she says.

The major challenges facing digital certificates are establishing standards and gaining widespread acceptance. Major players in the industry, including both the agents issuing digital certificates and software companies, are working hard to increase awareness of and confidence in the technology.

The second service is currently being offered free as an introductory offer. Most Canadians have no idea that there is more than \$4 million in unclaimed dividends from bankruptcy settlements being held in trust by the Superintendent of Bankruptcy, explains Wilson. One Montréal man has \$22 924 waiting for him — all he has to do is submit a proof of claim.

Anyone who enters their name into the Unclaimed Dividends search engine will know within seconds if they are owed any money.

The agency intends to continue exploring possibilities for using the Internet to provide information services, says Wilson. "Among other options, we are looking at working with a private-sector service provider."

After registering with *Strategis* (no charge) at <http://strategis.ic.gc.ca>, you can try both services for yourself at <http://osb-bsf.ic.gc.ca>

Bill C-54 moves electronic commerce strategy forward

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burden on businesses. They cover matters such as making customers aware of the purpose for which you are collecting personal information, not using that information without customers' consent, and letting customers review and correct the personal information held about them.

Initially, the legislation will apply to federal works, businesses and undertakings such as airlines, as well as interprovincial and international trade

in personal information. After three years, it will apply to all commercial activities and all transborder flows of personal information. However, organizations covered by substantially similar provincial legislation, such as Quebec's privacy law, may be exempted.

Although privacy is getting the lion's share of the headlines, key provisions of the bill also clarify how the courts assess the reliability of electronic records used as evidence and lay the groundwork for

federal departments and agencies to begin to do business electronically.

More information is available from the Task Force on Electronic Commerce Web site (<http://www.e-com.ic.gc.ca>). A full text of Bill C-54 can be obtained from the parliamentary Web site (http://www.parl.gc.ca/36/1/parlbus/chambus/house/bills/government/C-54/C-54_1/C-54_cover-E.html).

The ten principles from the CSA privacy standard

1. Accountability

An organization is responsible for personal information under its control and shall designate an individual or individuals who are accountable for the organization's compliance with the following principles.

2. Identifying Purposes

The purposes for which personal information is collected shall be identified by the organization at or before the time the information is collected.

3. Consent

The knowledge and consent of the individual are required for the collection, use or disclosure of personal information, except when inappropriate.

4. Limiting Collection

The collection of personal information shall be limited to that which is necessary for the purposes identified

by the organization. Information shall be collected by fair and lawful means.

5. Limiting Use, Disclosure and Retention

Personal information shall not be used or disclosed for purposes other than those for which it was collected, except with the consent of the individual or as required by law. Personal information shall be retained only as long as necessary for the fulfilment of those purposes.

6. Accuracy

Personal information shall be as accurate, complete and up-to-date as is necessary for the purposes for which it is to be used.

7. Safeguards

Personal information shall be protected by security safeguards appropriate to the sensitivity of the information.

8. Openness

An organization shall make readily available to individuals specific information about its policies and practices relating to the management of personal information.

9. Individual Access

Upon request, an individual shall be informed of the existence, use and disclosure of his or her personal information and shall be given access to that information. An individual shall be able to challenge the accuracy and completeness of the information and have it amended as appropriate.

10. Challenging Compliance

An individual shall be able to address a challenge concerning compliance with the above principles to the designated individual or individuals accountable for the organization's compliance.