Virtual Storefront

by

Ms. Kamonwan Viriyapol

A Final Report of the Six-Credit Course
IC 6998 E-Commerce Practicum

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Master of Science
in Internet and E-Commerce Technology
Assumption University

March 2003

Virtual Storefront

by
Ms. Kamonwan Viriyapol

A Final Report of the Six-Credit Course
IC 6998 E-Commerce Practicum

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Master of Science
in Internet and E-Commerce Technology
Assumption University
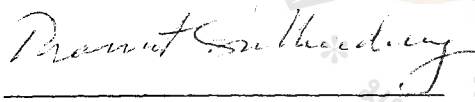
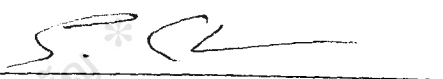March 2003

Project Title   Virtual Storefront

Name   Ms. Kamonwan Viriyapol

Project Advisor   Rear Admiral Prasart Sribhadung
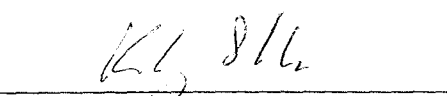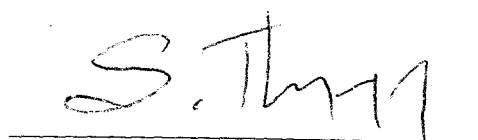
Academic Year   March 2003

The Graduate School of Assumption University has approved this final report of the six-credit course, IC 6998 E-Commerce Practicum, submitted in partial fulfillment of the requirements for the degree of Master of Science in Internet and E-Commerce Technology.

Approval Committee:

_____   _____
(Rear Admiral Prasart Sribhadung)   (Prof.Dr. Srisakdi Charmonman)
Advisor   Chairman

_____   _____
(Dr. Ketchayong Skowratananont)   (Assoc.Prof. Somchai Thayarnyong)
Member   MUA Representative

March 2003

ABSTRACT

This report focuses on the development of a web site based on Internet and E-Commerce Technology. Establishing a virtual storefront to facilitate customers to find what they want, and providing basic information to customers to know about the company and products items. The web site can also be used as a source of public relations to company. However, at the present this web site does not provide online shopping and payment online because of limitation of infrastructure and security system. Customers can contact the company via e-mail, telephone or fax.

The information to create the web site is from T&R Garment Company Limited. To develop the project, information related to internet market has been conducted with also a SWOT analysis related to the project.

Effective strategies and web planning have been used, and web design and development have been implemented by using Golive, Frontpage, Flash, Photoshop and ImageReady.

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

I. OVERVIEW OF THE PROJECT

1.1 Introduction

One of the most significant economic developments since World War II is the increasing internationalization of business. Although business has been conducted across national boundaries for centuries, during the last four decades business dealing has escalated on a global scale. Leading corporations around the world have increasingly turned their attention to international business in order to maintain a competitive edge in today's dynamic economic scene.

Technology and its applications have become the key factors in determining the international competitiveness of the firms in the conduct of international business. Internet and Electronic communication seems to play an important role in the world of business.

Electronic communication is showing explosive growth. In 1997 the Internet user population numbered 100 million worldwide. There are more than 1.5 million web sites. The creation of the information superhighway is revolutionizing commerce.

Electronic business is the general term for buyers and sellers using electronic means to research, communicate, and potentially transact with one another. Electronic market are sponsored web site that describe the products and services offered by sellers and allow buyers to search for information, identify what they need or want and place order using credit card. The product is then delivered physically or electronically.

Therefore, Electronic commerce could become a significant global economic element in the present. Electronic commerce can take many forms depending on the degree of digitalization of product, sole, the process and delivery agent. Some businesses do not take pure EC, such as Amazon.com (selling books online).

Many companies have their own web site, but not for trading online, just for information to provide information to customers such as online catalogs or location). For example, Tag Heuer only provides product catalogs and other information for customers.

There are many types of web sites, some provide full range of services (trading online), some provide just information of company as public relation, and some act as promotion or advertising.

Promotion means communication with the customers. The creation of awareness, interest, desire and action is universal aim of the promotion mix. The objectives of advertising on the Internet are the same as those of any other advertising, namely, to persuade customers to buy a certain product or service. Thus, it is seen as an alternative (or complementary) medium to traditional advertising media.

At the present, the Internet has increased the role in the market. Internet has redefined the meaning of advertising. In a traditional sense, advertising is an attempt to disseminate information in order to effect a buyer-seller transaction in one way mass communication (Turban 2000). The Internet has enabled consumers to interact directly with advertisers and advertisements. In interactive marketing a consumer can click with his or her mouse on an ad for more information or send an e-mail to ask question. The Internet has provided the sponsors with two ways communication and e-mail capabilities, as well as allowed the sponsors to target specific groups on which they want to spend their advertising budgets, which is more accurate than traditional telemarketing. Finally, the Internet enables a truly one-to-one advertisement.

In this project, a business transaction will be chosen to analyze the essential factors to implement the effectiveness of web site in order to use as a promotional tool to support marketing function.

2

1.2 The Objectives of the Project

(1) To apply concepts and knowledge learnt from MS IEC in practice

(2) To study the analysis of the characteristics of partial e-commerce and feature of Internet in order to use as a promotional tool

(3) To compare the company that uses a web site as a promotional tool with the company which use traditional promotional tools

(4) The next objective is to create a web site in order to provide information to customers, and also to use as a promotional tool. In order to ensure that a business is not reachable by potential customers, it is often made visually appealing and easy to obtain information. Therefore, providing a reliable web site for trading is essential to compete in the marketplace.

(5) To analyze the essential factors to develop web site

1.3 The Scope of the Project

Electronic transaction is all business transactions that take place via telecommunications network (Turban 2000). In today's fast growing demand of electronic transaction, with more people accessing the internet worldwide, online shopping has become an increasingly profitable but risky business. Many companies have followed this trend. Some of them use web site as main marketing channels, providing full options of online selling. But some use Wed site as an addition channels to communicate with the customers.

With growing of EC trends, the traditional SMEs (Small and Medium Enterprises) Companies should be concerned more about EC. The web site is a factor to concern in order to compete with competitors. It is easy to promote to a large market than non web site. However it is difficult for them to be pure EC sites because of many factors such as nature of products, lack of technology and others. Partial EC is an alternative.

3

)

According to this project, the study of what are the effective factors to develop the web site for SMEs in order to use as a promotional tool to support marketing function, by setting up a web site that related to Internet and E-Commerce study. A virtual store front will be set up. We will provide information to customers. The customers can visit the web site to find information of the company, what products the company provides, e-mail and contact address. The study and web site are based on the knowledge that has been learnt from Internet and E-Commerce course.

A company will be chosen. At first, this company does not have the web site. Because of the Internet and technology trend, this company should have the web site to introduce to remote customers to want to deal with company; in addition, existing and potential customers can know more company via internet instead of visit the shop directly. Target group is anyone who visits the site to find some information, existing and potential customers of the company. It is easier for customers to contact the company via web site. The Information of creating the web site is based the knowledge related to Internet and E-Commerce study course.

In conclusion, to complete this project, the full report and prototype (the web site) will be provided. The main seven chapters in full reports are;

(1)   The first chapter will provide information about the overview of project, the objectives and the scope of the study.

(2)   The second chapter will focus on the growth of Internet and E-Commerce

(3)   The third chapter will discuss the analysis of effective web site

(4)   The fourth chapter will discuss on the marketing of the web site.

(5)   The fifth chapter will discuss web design.

(6)   The sixth chapter will discuss the financial analysis of this project.

(7)   Final chapter will present the conclusions and future plan.

1.4 Source of Information

This paper has looked at the issue of the growth of Electronic Commerce in Thailand in order to establish a web site related to the study of Internet and E-Commerce Course. I could find some useful textbooks and related articles to use as a guideline to conduct a project.

The study would be based on primary and secondary source of information. The articles in the academic journals and the news, which related to the topic of study, will be collected as the secondary data. Also the SWOT analysis of this market will be done. In addition, the Internet data also plays as an important role for source of information.

1.5 Limitations

Not only advantages, but the project also confronts some limitations. The first limitation is the growth of technology of the Internet is so fast. It is difficult to follow the growth. This limitation is the cause of the next one that is the budgeting.

The next limitation is the time constraints that can reduce the accuracy of the information. Finally the last limitation is the lack of knowledge in Software system field that can cause the less ability to design and create the web site.

II. THE GROWTH OF INTERNET AND E-COMMERCE

2.1 The Growth Rate of Internet and E-commerce Worldwide

As we are in the second millennium, one of the most important things in life is the move to an Internet-based society. Almost everything will be changed at home, in school, at work, in the government even in the leisure activities. Some changes are already here and they are spreading around the globe. Others are just beginning.

Table 2.1.   The Amounts of People Are Online Worldwide (Year 2000).

World Total	304.36 million
Africa	2.58 million
Asia/Pacific	68.9 million
Europe	83.35 million
Middle East	1.90 million
Canada and USA	136.86 million
South America	10.74 million

Source: NUA Internet: http://www.nua.ie

In today's fast growing demand of electronic transactions, with more people accessing the internet worldwide, online shopping becomes an increasingly profitable but risky business. Electronic commerce could become a significant global economic element. The infrastructure for EC is networked computing, which is emerging as the standard computing environment in business, home, and government. Networked computing connects several computers and other electronic devices by

6

telecommunication network. This allows users to access information stored in several places and to communicate and collaborate with others from their desktop computers.

Electronic commerce (EC) describes the manner in which transactions take place over networks, mostly the Internet. It is the process of electronically buying and selling goods, services, and information. Certain EC applications, such as buying and selling stocks or books on the Internet are growing at a rate of several hundred percent every year. Electronic commerce could have an impact on a significant portion of the world, on businesses, professions, and of course, on people.

Therefore, one of the most important to concern for businessmen is in the manner how to conduct business especially in how to manage the marketplace and commerce. In addition the importance of global competition, partnerships, and trading is rapidly increasing. Electronic commerce could facilitate those exports and imports, managing multinational companies, and trading electronically around the globe.

In the past few years, ".com" business establishments have flooded the information superhighway and there is a common goal to change the way consumers shop. The advantage brought about by e-business is obvious. The cost of running a business can be driven down significantly because location is no longer a concern, with the added advantage of not having to demonstrate physical products and to keep a large quantity of unsold stocks.

2.2 The Growth Rate of Internet and E-Commerce in Thailand

As same as the growth of Internet worldwide, the growth of Internet and E-Commerce is Thailand also increased during these ten years. According to the research of NUA, the estimated of population who are online in year 1998 is around 131,000 people. And the rate is increased in year 2000 is up to one million people, or 1.65% of population.

7

)

As you can see, many companies in Thailand have concentrated in the Internet technology. More companies related to Internet set up and organizing are increased. In addition, a new channel for marketing is established based on selling online. There are many web sites that are owned by Thais such as, http://www.thaisecondhand.com, http://www.mshandheld.com, and etc.

The government is also concentrating on this technology. It has set up some agencies to support these businesses online. The government also tries to teach young generation to learn more about the Internet Technology. In addition, the government has also improved the basic infrastructure to support E-Commerce in Thailand.

2.3   SWOT Analysis

2.3.1 Strengths

The primary business of e-business are global accessibility and sales reach, the prospect of increased profits from new markets and electronic channels, improved customer service and loyalty, shorter time to time and supply chain integration.

An e-business can receive orders from just about any country in the world. The global reach of local companies that have become e-businesses may startle some firms that thought they were established in their markets.

An e-business can open its critical information systems to entirely new groups of users, including employees, customers, suppliers, and business partners, who formerly did not have business processes and extend them to anyone of their choosing, inside or outside a company, at any time of the day or night.

With e-business, companies reach more and different customers and gain exposure in new market not covered by existing physical channels. Since the Internet is both a sales channel and a distribution channel, companies can sometimes leverage their existing customer relationships to offer new products and services.

)

e-business enables a company to be open for business whenever a customer needs it. This level of convenience is a differentiation today, but eventually it will be expected by customers. Up to date information about products can be offered on the web, making it easier and more convenient for customers to serve themselves.

In addition, combining the interactive nature of the web with a proper understanding of a customer's need helps a merchant to provide products and services built to order for each customers and thus to build long term relationships, increase loyalty, and sustain a competitive edge. Furthermore, customers with questions about products can locate information themselves and solve their own problems, thereby reducing support headaches and costs.

e-business makes for fast and flexible execution and response to market opportunities. The web enables a company to introduce a new product into the market, get immediate customer reaction to it, and refine and perfect it, all without incurring huge investments in a physical distribution infrastructure or buying shelf space at a retailer or distributor. When the product is right, the company can launch it through traditional channels with much greater assurance of its success.

Finally, e-business enables the full integration of a business, making the entire supply chain more efficient from the point of customer contact all the way back through physical distribution, warehousing, manufacturing, resource management, and purchasing. The resulting efficiencies reduce expense, increase margins, facilitate flexible pricing strategies, and reduce costs by keeping inventories more in line with demand.

2.3.2 Weaknesses

The companies have to invest more money on the internet technologies, and it is not sure whether all companies will succeed with this modernized way. It is not suitable

9

for the new company to invest the huge budgets. Finally it is not sure that the investment that already invested will be worth.

2.3.3 Opportunities

Information systems and their application play a major role in today's business. In addition to the introduction of new technologies which help to streamline processes within companies, electronic commerce has become the most recent trend. These new information technologies provide new opportunities and mechanisms to cooperate or to compete, taking advantage of computer power, the communication possibilities of the network, and the fact that millions of people and businesses are simultaneously online (Martin 2001).

Internet based electronic marketplaces can increase the level of Market-Based Coordination. Martin (2001) wrote that market play a central role in the economy and facilitate the exchange of information, goods, services, and payments. They create value for buyers, sellers, and for society at large. Markets have three main functions: matching buyers to sellers, and facilitating the exchange of information, goods, services and payments associated with a market transaction and providing an institutional infrastructure, such as legal and regulatory framework which enables the efficient functioning of the market (Y 1998). Therefore information technology and internet can perform these functions efficiently.

In addition, it is simple and cheap marketing when compared to the offline marketing.

2.3.4 Threats

The Internet technologies are changed so fast. It is difficult to follow all of them. In addition, the increase in of e-commerce can increase the competitive level for the companies, not only domestic competition, but also the global competition.

The securities and privacy still have problems for the e-commerce, companies should be aware. In addition, not all customers have computers and knowledge how to use, especially in less developed countries.

Finally we cannot conclude that the traditional marketing is worse than e-marketing. Customers are still pleases with the traditional marketing or offline marketing, they can contact directly with the sellers. The personal relationships between the customers and sellers will be reduced.

2.4   Future Trend

Internet users are increasing as more people are using the Internet. Though only a few years old, electronic commerce (e-commerce) has the potential to radically alter business to business, business to consumer as well as consumer to consumer transaction. In the future business, the inter-organizational systems, efficient consumer response, and supply chain management are challenge that companies have to meet.

III. THE ANALYSIS OF AN EFFECTIVE WEB SITE

3.1 Introduction

To succeed in the competitive market of e-business, a well-structured web site becomes a vital trading tool. The web site itself can be very complex, depending on its functions, features, and more importantly, the level of securities provided to customers. The worth scenario is to make the web site unnecessarily complicates that yields to undesired consequences such as incurring extra costs and making troubleshooting much more difficult. This is a consequence of not having a well-documented plan in place.

A number of factors that can influence the effectiveness and quality of the web site have to be address. Effective planning at initial stages should be examined. Bernard et al discussed in their articles that project planning identifies uncertainties associated with the project. We should search what we should provide in web site by study from potential factors such as customers' want and reliable. So, project planning is an important step to work on.

The starting point of the projects can move from gathering information that leads to understand of what the project should have and draft the detailed plan of the e-business web site, including objectives, marketing plan for web site. These all factors are important to create and develop any web site.

In between there are many factors that may affect the project such as time, risks, financial resource, human resources and access to certain necessary materials. All these are potential obstacles of a project and must be managed to minimize the unwanted results during project period. Therefore, the project management can help forecast events that may affect the progress.

Bernard et al. had suggested some potential factors that might impact to an e-business project including:

(1) Technological obsolescence due to improvements in technology and performance

(2) Change in economic environments

(3) Change in consumer buying sentiments

(4) Change in legislative trade agreements

(5) Inappropriate management in risk prioritization

(6) Increase in operational costs

The next step after planning the project, the risk should be concerned. We can divided into two main factors; external and internal factors. The external factors include technology obsoletes, economic regression, political instability, laws and regulations and others factors. The internal factors include finance, ineffective market plan and others factors might happen. All of these may have insignificant impact to any project developments.

Certain risks are inherent in an e-business project (Bernard et al.) include;

(1) Inter-platform compatibility: certain technology may only be accessible by certain platforms. Thus, e-business web sites may be subject to certain limitation of features and performance.

(2) Company restructuring: business alliances become increasingly more popular as they are often perceived to offer more effective modes of operation. Such company merger may impact the requirements and specifications of an e-business web site.

13

(3) Securities: data stored on the web site (server) is not the only data that must be protected, all business transactions must also be protected in order to ensure that all transactions are carried out in a permissible manner.

(4) Competition: there have been many innovative features offered by different operators. There are many web sites offering very similar or identical products and services. Customers in turn become the obvious key that distinguishes between success and failure.

(5) Market saturation: the amount of business opportunities may not be proportional to the number of service providers on the market. Historically, the number of new trading establishments increases at a faster rate than the growth of online trading transactions. Risk transfer can serve as a means of risk reduction by offering a wider range of products and services so that business opportunities can be expanded.

(6) System reliabilities: customers demand an easy-to-use and reliable system. While security issues are closely related to reliability, providing a service that is available at all times is necessity to provide round-the-clock services to customers worldwide. E-business dealing globally is fast and simple. Contingency planning is useful since certain risks are unavoidable and it reduces the impact in the event that the system fails or needs to be shut down for maintenance.

3.2 Web Site Planning

It is likely other management, project management also follow the step of planning, implementing and evaluating. As the first of the project needs is a series of web pages that deliver concise and appealing information including product or service descriptions and others that you want to put on web site.

14

Therefore, it is necessary to gather user requirements before the web site is designed. A feasibility study has to be conducted to ensure that all set objects can be made with available resources.

After we have known what we want, we should schedule the task. A set of basic task cab be identified for a project

Table 3.1.   Basic Task Schedule for E-business Project.

System analysis
Design
Site construction
System integration
System Test
Final evaluation

Source: Bernard et al. e-business project management

A common methodology should be drew up include all activities involved in the project. The duration time is also important to control the project because it can help us to keep track of any progress made, as well as task dependencies. Control plan enables recognition of any possible unexpected deviations that may take place.

Evaluation and review are also commonly considered. There is a program called PERT (Program Evaluation and Review Technique) that we can use to evaluate the e-business project and risk to schedule. PRET is a widely used tool in project management because it can be used for estimating the probability of meeting or missing scheduled dates. In addition, PERT is used to estimate progress of various tasks and it

can generate the degree of certainty expected in the task performance by taking the difference between the most pessimistic and optimistic estimates.

3.3 Software System

In order to create any e-business web site, we have to be concerned with the software system because it is an important thing to implement the web site. An e-business project involves more than writing a piece of software. So, it can be considered as a sub-task of software development, too.

Some main software that should concern;

The World Wide Web (WWW): the web has become an umbrella for a wide range of concepts and technologies that differ in purpose and scope, such as hypertext publishing and client-server concept.

(1) The WWW is built on a number of essential concepts;

(2) A simple network protocol; hypertext transfer protocol (HTTP) used by the clients and servers, and based on the TCP/IP.

(3) A mark-up language (HTML), which every web client is required to understand.

(4) An address scheme known as a uniform resource locator (URL) that makes the hypermedia world possible despite many different application-level protocols.

The architecture of a typical web-based information system: made up pf three main primary entities; web server, web client and third party services such as ISP, database or payment system. Web server can connect to database by gateway program (CGI).

Electronic Date Interchange (EDI): that allows electronic data exchange between web sites.

16

Security: we should concern about integrity and authentication, requiring secured channels for transmission. Security Electronic transaction is universally used in e-business. Security has, historically, been a major factor in e-business risk monitoring. Corporate networks commonly involve separation of an Internet site for external trading and company intranet site for sensitive company data.

Human-Computer Interface (HCI): that is a tool that allows users to make use of an e-business web site. The user friendliness and reliability of HCI has direct impact on whether or not customers will use appropriate response from the site.

Response time: concern about how fast a business transaction can be performed by the system. The customers all wants to fast as possible to receive information fast. The ISP and traffic are the main factors to be considered here.

Graphic: it is a main factor to appeal the web site. In order to be an attractive, we should provide appealed graphic to grab the interest from visitors.

3.4 15 Steps of Information Architecture (IA)

According to the study from Web Publishing Design subject, there are 15 steps guide for planning and creating a web site.

Define the site goal is the first step we have to think. Establishes the clear idea what we are doing about.

Ask questions to yourself. What is the main mission or purposes of the project? What are the short or long term goals of the web site? Who are the intended audiences? And what reasons that visitors will come to the site?

The next step is to define the users' experience. Ask yourself who are the audiences? And what to you want them to see on your web site?

17

The forth step is define the audience. Up to this point, we can know who might be possible audiences both current and potential audiences that we can design the matched design to those groups.

The fifth step is to create scenarios that are stories to tell people to experience the site and help to visualize site and users. Bring the users to life and give them name and task to accomplish the site.

The sixth step is to analyze the competitive web sites. Make a list of competitive web site; generate a set of feature and criteria to evaluate each site such as site design, navigation, bookmark, layout, and look and feel.

The next step is to create a site content. At here, the gathering of piece for creating the structure and organization of the site are included. What pieces of content does the site need? What sort functionally will be received? Each piece represents the functionality.

The eighth step is to identify content and functional requirement. What contents are needed in the web site? What functions are required in those contents?

The next step is to group and label content. After the list of content is created, it is time to group them into the same categories that can create the clearly and sequenced structure of web site.

The tenth step is the organizational metaphor. In order to create the attractive web site, the images can be instead of words. It is like a metaphor that does not mentions the meaning exactly the words. However, using images as symbols have to be concerned with the meaning. It should be the same meaning as the expected.

The next step should concern about the site structure and Architectural blueprint. Think of it as a skeleton that holds the body together, visualize representations of the

site structure. They are diagrams showing how elements of the site are grouped and how they link or related to one another?

The twelfth step is to define navigation. How will user use the site? Or how will they get from one page to the next? How do you prevent them from getting lost?

The next step is the visual design, to provide users with a sense of place they need to know where they are on the site, where they have been and how to get to where they want to be. Users are able to construct a mental map of the site.

The fourteenth step is to design the layout grids. It is like a draft of template. And the last one after finish the previous step, design sketches are concerned, establish the look and feel of the site by putting some image, word or color.

IV. INTERNET MARKETING PLAN

4.1 The URL

The URL of the web site is http://connect.to/tandrcollection. This name is from T&R Company Limited, which is the real name of the existing company that produces casual and sport clothes for over 20 years, both as manufacturer and wholesaler. The reason why it uses this name is because this company has already existed and is well known to wholesale, retail and business partners. In addition, it is easy to remember. Therefore, the corporate name web site is a communication medium that provides information on the company's background, profile, products and contact places.

4.2 Mission Statement

The mission of online web site is to be informative, to provide more information to customers. Customer can receive the basic information about company and how to contact them. It is an effective way to promote the shop because the company also establishes the store for the customers to contact. Text is the main tool at an informative site. Customers can go to there to get certain types of information and it usually comes in text form. In addition, graphic design and product images will be provided to attract customers. Type content at this web site includes product view, company profile, contact place, term and condition, other information that might be advantages to both company and customers.

4.3 The Internet Marketing Objectives

Many companies are using Internet as a medium to communicate with customers. Internet can facilitate company to inform and contact their customers. The following points are the objectives of this web site.

(1) To expand the market to worldwide. It is easy for the customers to contact the company via the Internet technology.

(2) To increase the channel to contact the customers

(3) To advertise the brand and create awareness to potential customers

(4) To increase profits form new markets and electronic channels, even though it can not be estimated directly from the web site

(5) To build brand loyalty by offering immediate and convenient the quality of product and services

(6) To build the image of company in modernized business

(7) To strengthen the relationship with existing customers

4.4 SWOT Analysis

Strengths

(1) Provide complete information about the company and brand

(2) Clear contents and design, easy to access

(3) Easy to download the web site

(4) Easy for the customers to contact the company

(5) Establish the good image to the company

(6) The online web site can be opened to these customers 24 hours a day, seven days a week, and 365 days a year

Weaknesses

(1) Do not provide online shopping and payment online. Customers need to contact the company in order to conduct the business.

(2) Do not specific the price of products because the price also depend on the quantity of products and type of products.

Opportunities

(1)   When comparing with other companies which do not have web site, the company can reach to customers more than others.

Threats

(1)   Technology and business environment are changing very fast all the time.

(2)   Confront with some external factors, geographic location (delivery), economic factor (exchange rate, inflection and deflection), cultural factor (custom, and religion) and legal factor (laws and regulations) and etc.

(3)   Compete with both physical and online competitions

4.5   Competitive Advantages

Differentiation is the act of designing a set of meaningful differences to distinguish the company's offering from competitors' offering. The company could gain market share by achieving a competitive advantage over the competitors.

4.5.1 Product Differentiation

Physical products vary in their potential for differentiation. The differentiation can be in form, features, performance, conformance, durability, reliability, reparability, style and design.

According to the project, the product differentiation is based on the form, feature and design. Many products can be differentiated in form, the size shape, or physical structure of a product. In addition many products can be offered with varying features, characteristics that supplement the product's basic function. We provide variety of products that customers can choose. In addition, customers can design their own style; we can do it for them as a special made (depend on the size and style).

4.5.2 Service Differentiation

When the physical product cannot easily be differentiated, the key to competitive success may lie in adding valued services and improving their quality. The main service differentiators are ordering ease, delivery, installation, customer training, customer consulting and maintenance.

In order to gain this advantage, the company will provide the easy order via e-mail and confirm back by e-mail and fax or contact personally. It is easy way that customer can place an order with the company directly and the delivery service will include the speed, accuracy, and care attending the delivery process. We do not charge the extra fee for delivery services, all prices based on the delivery company.

4.5.3 Personnel Differentiation

Companies can gain a strong competitive advantage through having better-trained people including competence, credibility, reliability, responsiveness and communication.

The company can create personal differentiation through hiring and training better people than their competitors do. The employee should have the competence in skill and knowledge. Employee should be friendly, respectful, considerate and trustworthy. Likewise, employees can respond quickly to customers' requests and problems and make an effort to understand the customer and communicate clearly.

4.5.4 Image Differentiation

Buyers respond differently to company and brand images. Identity and image need to be distinguished. Identity comprises the ways that a company aims to identify or position itself or its product. Image is the way the public perceives the company or its products. Image is affected by many factors beyond the company's control.

The image of the company should be modernized. We are the company that responds to the world of digital. We can mix up between the traditional business and modernized business. Customer should be perceived this differentiation.

4.6 Target Marketing

In the early years of the Internet, some of the first entrants into the market were small companies offering specialist goods. This trend caused some industries observers to predict that the low cost of entry into the world of cyberspace trading at last provided a mechanism that could threaten the long-term existence of large companies that had achieved market dominance through mass marketing.

However, over the last few years it has become apparent that many major brands are now effectively exploiting the Internet to consolidate further their market position. An analysis of this situation makes clear that e-commerce is a purchase channel that tends to favor the brand leaders in many market sectors.

It is important to all businesses to identify the market segmentation, choose the right target market and positioning for the company in order to design and create the outstanding web site.

4.6.1 Segmentation Bases

The purpose of segmentation is to divide a market into group of buyers with differences who require or prefer different marketing mixes. There are many segmentation bases to use as criteria to segment target group such as demographic, geographic, psychographics and behavioral variable.

There are some different segmentation bases between business and consumer market. Business market can be segmented with some variables employed in consumer market segmentation, such as geography, benefit sought, and usage rate. Yet business marketers can also use several other variables.

24

)

Table 4.1.   Major Segmentation Variables for Business Markets.

Demographic Variable
1.   Industry: Which industries should we serve?
2.   Company size: What size companies should we serve
3.   Location: What geographical should we serve

Operating Variable
4.   Technology: What customer technologies should we focus on?
5.   User or nonuser status: Should we serve heavy users, medium, light or nonuser
6.   Customer capabilities: Should we serve customers needing many or few services?

Purchasing Approaches
7.   Purchasing Function organization: Should we serve companies with highly centralized or decentralization purchasing organization?
8.   Power structure: Should we serve companies that are engineering dominated, financially dominated and so on?
9.   Natural of existing relationships: Should we serve companies with which we have strong relationship or simply go after the most desirable companies?
10. General purchase policies: Should we serve companies that prefer leasing? Service contracts? System purchases? Sealed bidding?
11. Purchasing Criteria: Should we serve companies that are seeking quality? Service? Price?

Situation Factors
12. Urgency: Should we serve companies that need quick and sudden delivery or service?
13. Specific application: Should we focus on certain application of our product rather than all application?
14. Size of order: Should we focus on certain applications of our product rather than all applications?

Personal Characteristic
15. Buyer- Seller similarity: Should we serve companies whose people and values are similar to ours?
16. Attitudes toward risk: Should we serve risk-taking or risk-avoiding customers?
17. Loyalty: Should we serve companies that show high loyalty to their suppliers?

Source: Kotler, Phillip (2000)

The table lists major questions that business markets should ask in determining which segments and customer to serve. According to the project, the table below is the segment and target group of the company.

Table 4.2. The Market Segmentation and Target Group.

DEMOGRAPHIC	
Industry	Any industries that want to purchase the casual sport wares, and special uniform. Wholesale and retail in clothing
Company Size	Company serve the small to medium scale of business
Location	Throughout the Thailand, and some neighboring countries such as Singapore, Malaysia, and Hong Kong
OPERATING VARIABLES	
User Status	Company serves small to medium uses
Customer Capabilities	Company serves customers with few services, related to clothing, and delivery service to destination
PURCHASING APPROACHES	
Purchasing-Function Organization	Not necessary, the company can serve both highly centralized and decentralized organizations
Nature of Existing Relationship	Company prefer to serve the customers and establish long term relationship
Purchasing Criteria	Company serve customers who are seeking the quality of product and the customer service
SITUATION FACTORS	
Urgency	Company serves the customer who can give the company a period of time to product the product based on order. However, the company can serve the customers who want quick product (they can choose from the stock)
Size of order	Company focuses on medium size of orders
PERSONAL CHARACTERISTICS	
Attitudes toward Risk	Company serves only risk-avoiding customers in term of finance
Loyalty	Company has focused on the loyalty.

4.6.2 Segmentation Coverage Strategies

In order to manage the resources effectively, we will focus on concentrated (Niche) Marketing strategy that we will provide one marketing mix for one segment. We focus on the B2B with small to medium enterprises, both wholesale and retailers. This is suitable for the company with the limited resources. Even we are in business for

26

20 years, we are new for Digital technology. So we will focus on one marketing mix for web site first. For the future we will expand more level of marketing mix.

4.6.3 Target Market

The target group of web site is B2B including wholesale and retailers, or and organizations which are interested to order the specific orders (such as schools, restaurants and etc). Characteristics of Business markets should be the following this:

    (1)   Fewer but larger buyers

    (2)   High level of customization

    (3)   Longer and closer relationship

    (4)   Derived Demand

    (5)   Relatively inelastic demand

    (6)   Several buying influences

    (7)   Direct channel

    (8)   Reciprocity

4.6.4 Market Positioning

The objective of market positioning is to arrange for the product to occupy a clear, distinctive and desirable place relative to competing products in the mind of target market. In addition, it uses to formulate competitive positioning for a product and detailed marketing mix.

The business positioning of the company is as a medium size manufacturer and wholesaler of sports and casual wares. We provide only the good quality products and services with the suitable prices. In addition, we also provide some level of customization to customers.

Positioning Bases of the Web Site:

(1) **Scope**

    (a) Comprehensive: broad information about the company and products

    (b) Vertical: we provide full range of services for customers; design to delivery

(2) **Product attributes**: both products based on company stock and tailored made

(3) **Benefit**

    (a) Access 24 hours a day

    (b) Easy to contact with the company

(4) **Type of web site**: Informative webs site, provide information to customers

4.7 Marketing Mixes

E-commerce marketing is usually based around applying established marketing management principles as the basis for defining how new technologies are to be exploited. Additionally, in many organization e-commerce proposals involve building upon existing off-line activities as the basis for providing new sources of information, customer-supplier interaction and alternative purchase transaction channels. In addition, the format and content of marketing plans depend upon the size of the organization.

There are four approaches of marketing mix for delivering strategy including product, price, place (distribution) and promotion. This strategy can be applied to Internet marketing mix strategy.
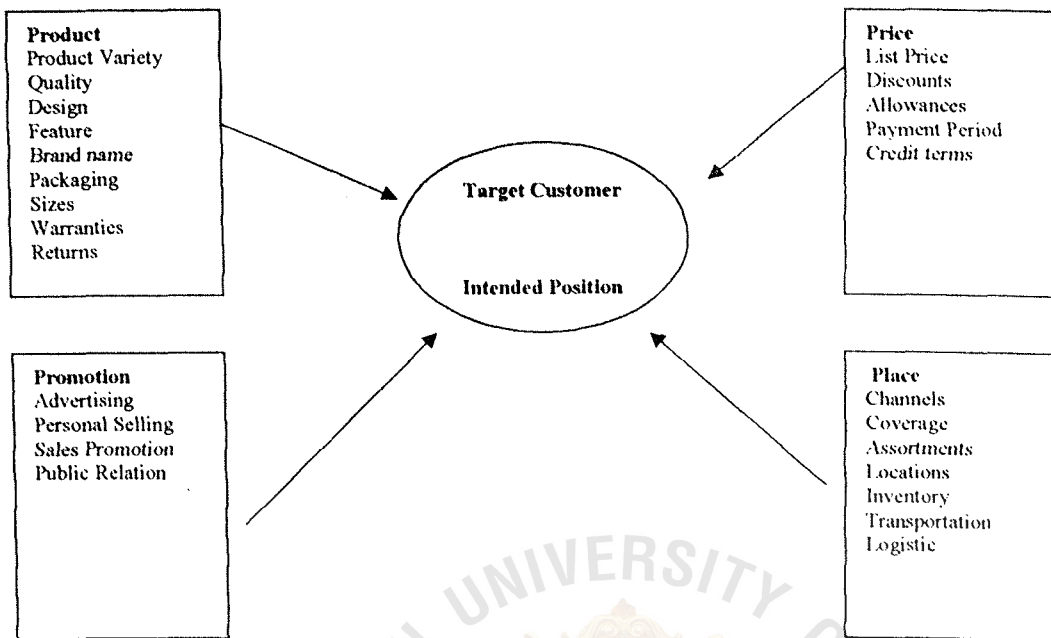
Figure 4.1. The Four Ps of Marketing Mix.

4.7.1 Product

A product is anything that can be offered to a market to satisfy a want or need include goods, services, experiences, event, persons, places, properties, organization and ideas. In planning effective product strategies, five product levels can be guided.

```
┌─────────────────────────────────────────────┐
│              Potential Product                │
│  ┌───────────────────────────────────────┐   │
│  │            Augment Product             │   │
│  │   ┌───────────────────────────────┐    │   │
│  │   │        Expected Product        │    │   │
│  │   │   ┌───────────────────────┐    │    │   │
│  │   │   │     Basic Product     │    │    │   │
│  │   │   │  ┌─────────────────┐  │    │    │   │
│  │   │   │  │   Core Product  │  │    │    │   │
│  │   │   │  │                 │  │    │    │   │
│  │   │   │  └─────────────────┘  │    │    │   │
│  │   │   └───────────────────────┘    │    │   │
│  │   └───────────────────────────────┘    │   │
│  └───────────────────────────────────────┘   │
└─────────────────────────────────────────────┘
```
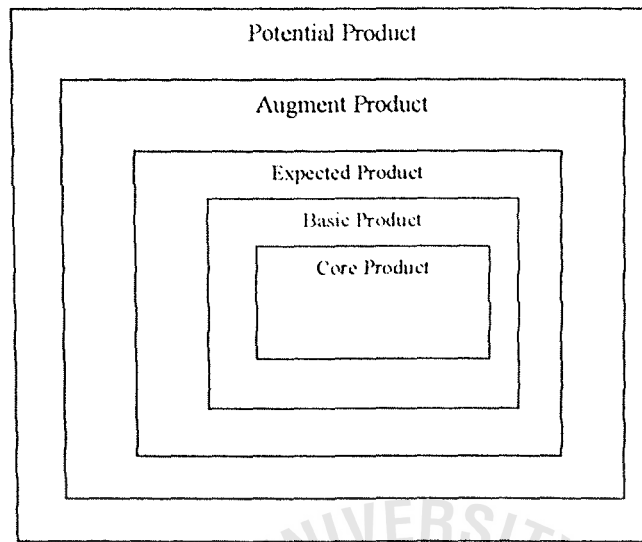
Figure 4.2.   Five Product Level.

In order to set up the product set up product strategies, the product characteristics should be clear. These five basic measurements can be analyzed: Superiority, Compatibility, Complexity, Trialability and Observability.

Branding is a major in product strategies. On the one hand, developing a branded product require a great deal of long-term investment, especially for advertising, promotion and packaging. In essence, a brand identifies the seller or maker. It can be a trademark, logo, or other symbols. Therefore, "Malance" and "Sugar House" are brand names belong to the T&R Company.

Most physical products have to be packaged and labeled to cover the product. It can be a promotion technique. The package and label should match with the products.

Under the products of T&R, there are two main product categories. Company focuses on the quality products at reasonable prices.

(1) Brand

Under this category, company has already produced and stocked. Customers can order and company can send the products within 1 to 7 days based on geographic location. There are two sub categories:

(a) Main products include; Casual T-shirts, Shorts and pants

(b) Accessories include; sport socks, alphabets and number that can be put on the shirts or shorts

(2) Tailored Design

Company also produces the products based on customers' wants as a sub-contract manufacturing or just special agreement. However, the quantities, design and material should be discussed in detail.

In addition, company also provides cheap products under other brands in order to catch up the lower markets. However the qualities of products also lower than premium products.

4.7.2 Price

Price is another important factor that is also related to product positioning. In order to set up the price, we should consider both internal and external factors. For internal factor, we should consider the marketing objectives of company, product positioning, and cost of production. For external factor, we should concern about, type of market, competition, market demand customers' perceived value, other environmental factors.

Pricing Method

Since the market is close to pure competition, many brands are launched to this market, however, it is easy to be substituted. Customers do not have high loyalty to

31

brand. They are price sensitive. However, company still focus on the quality in order to create the loyalty to brand.

The company has focused on profit maximization together with Product-quality leadership. Therefore the methods that we use to set up the price are cost based pricing (Mark up) and competitive based pricing.

We have a set of standard prices. However the price can be discounted based on volume of order and design (tailored made).

Payment and Credit Term

Because the company just launches the web site, the payment online will not be served. However, customers can pay by many methods such as transfer money via banks or ATM, cash, cashier check, postal or depend on the situation.

For the new customers, company does not provide credit period. However, the credit term can be discussed based on conditions.

4.7.3 Place (Distribution)

Distribution of products usually involves form of vertical system in which transaction and logistic responsibilities are transferred through a number of levels. In terms of distribution management, Chaston (2001) purpose that the following factors will need to be considered in the selection of an appropriate system:

(1) The capability of intermediaries in the logistics role of sorting goods, aggregating products from a variety of sources and breaking down bulk shipments into saleable lot sites.

(2) The capability of intermediaries in routinizing transactions to minimize costs

(3) The capability of intermediaries in minimizing customer search cost.

32

Most producers do not sell their goods directly to the final users. Between them stands a set of intermediaries performing a variety of functions. These intermediaries constitute a market channel. Marketing channels are sets of interdependent organizations involved in the process of making a product or service available for use or consumption.

The company is the manufacturer and wholesaler. So we do not send product directly to final customers. It is difficult to serve final customers because of fraction of needs. For the distribution system, company both delivers product directly to customers (business customers) and hire agencies to deliver products based on geographic location of destination. We contact with the well-known distribution companies.

There are four levels of distribution channels:

(1)   Bangkok and city: directly delivery with free of charge

(2)   Suburban areas: delivery by delivery companies, company is not responsible for delivery fee but no extra charge of delivery.

(3)   Provinces around Thailand: delivery by delivery company, company is not responsible for delivery fee but no extra charge of delivery

(4)   Foreign Countries: delivery by delivery company, company is not responsible for delivery fee but no extra charge of delivery

4.7.4 Promotion

Today there is a new view of communications as an interactive dialogue between the company and its customers that takes place during the pre-selling, selling, consuming and post-consuming stages. There are many communication platforms to choose such as advertising, sales promotion, public relation, personal selling, and direct marketing that should be matched with the marketing objectives.

To communicate effectively, marketers need to understand the fundamental elements underlying effective communication. Figure 4.3 shows a communication model with nine elements. Two of them represent the major parties in a communication, the sender and the receiver.
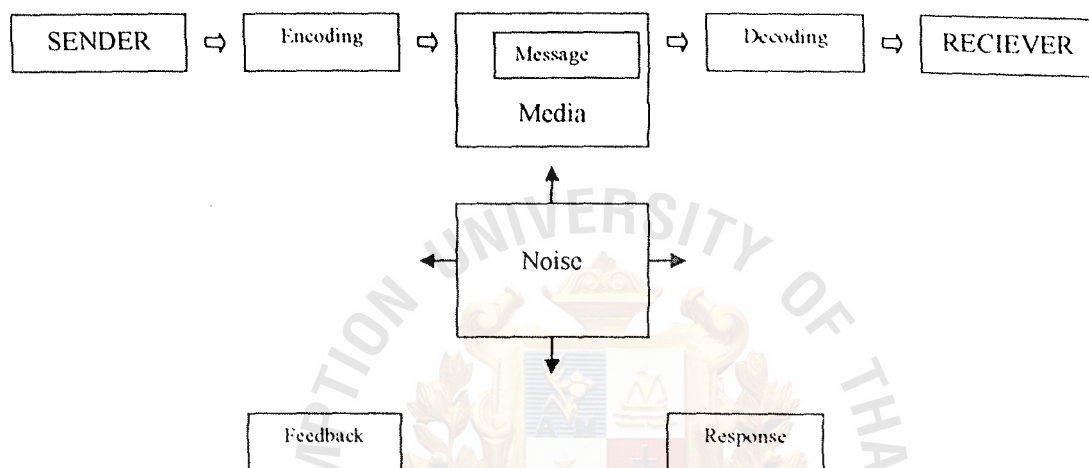
Figure 4.3. Elements in the Communication Process.

The company uses a few methods for promotion such as sales promotion, advertising, and personal selling.

Sales Promotion

Sales promotion is an activity designed to offer higher temporary value to the customers. Example of sales promotions includes price packs, free products, money-off coupons and competition. Sales promotion tools vary in their specific objectives.

The chosen sales promotion tools include special discount, coupons and premium. Coupons are certificates entitling the bearer to a stated saving on the purchase of a specific product. Premiums or gifts are offered at a relative low cost or free as an incentive to purchase product.

34

Customers can print the coupons from the web site, we will give customers discount up to 10% from the prices. Also, special gifts that the customers can receive if they buy up to the level of a certain price. In addition, customers who purchase a greater quantity will get a lower price. We will use sales promotion just for a short period, during the introduction of web site and non-peak time.

Advertisement

<u>Banner Swapping</u>

It means the company agrees to display a banner of another company in exchange for the same thing done for the company by the other company. It is direct link between web sites. Every time another company's web page is accessed the company's banner will be displayed, giving the viewer the opportunity to click on it and be transferred to the company's web site.

This is probably the least expensive form of banner advertising to establish and maintain, but it is also difficult to arrange. One is to locate a site that one believes could generate a sufficient amount of quality traffic and a match between the swapping parties is a must. Then, one must contact the owner or webmaster of the site and inquire if they would be interested in a reciprocal banner swap.

<u>Banner Exchange</u>

Frequently banner swapping does not work because a match is not possible. If there are several companies involved, a multi-company match may be easier to find. For example, out of three companies, A can display B's banner, but B cannot display A' banner optimally. However, B can display C's banner and C can display A's banner. Such bartering may involve many companies. It works similarly to that of a regular bartering exchange.

URL (Universal Resource Locators)

The major advantage of using URL as an advertising tool is that it is free. Anyone can submit its URL to search Engine and be listed. Also, by using URL the targeted audience can be locked and the unwanted viewers can be filtered because of the keyword function. There are main search engine web site both Thai and foreign; such as Sanook, Yahoo, Excite, Lycos and so on.

E-mail (Electronic Mail)

E-mail is emerging as a marketing channel that affords cost-effective implementation and better, quicker response rates than other advertising channels. A list of e-mail addresses can be a very powerful tool because you are targeting a group of people you know something about.

Promotional Techniques

These promotional techniques will be used for the company to promote the corporate web site to existing and potential customers. The company will use both passive pull and active push strategies. Passive pull strategy is to establish the attractive web site for the customers to visit. However it is not enough, so active push strategy will be planned. We also promote the web site to others in order to create awareness. The methods will be concerned include:

(1) Register to search engine

(2) Tell to anyone, by e-mail, brochures, and type the URL to all company name cards

(3) Add links

(4) Add the URL to the e-mail signature

36

Personal Selling

In developing tactics for face-to-face selling, it requires decisions having to do with the own sales force to sell for the company. From the use of this tactic, there are several advantages of its over other promotional methods that will be shown in these following:

(1) More flexible those salespersons can tailor the sales presentation to fit customer's needs, behavior and motives in special situations.

(2) Immediate feedback from the customer that this will let the company know when the company appeal is not working and must be adjusted.

(3) Flexible time to make the sale and additional services to be rendered at time of the sales call.

4.8 Feedback Measurement

Counter

Add customizable counters to the site. A counter is a great way to show how many times the web site has been viewed. We ask counter from the counter.com.

Statistic

The statistics includes everything from visitors to forecast to hourly/daily/monthly his statistics and all statistics are displayed in nice graphs to create a better overlook.

Comment

Customers can give comments and suggestions to the company via Electronic form mail which the company has provided in the web site. Form mail will be sent to company's e-mail. Company will consider all comment mails and use as suggestions to improve web site and strategic plan.

V. WEB DESIGN AND DEVELOPMENT

5.1 Define Site Goals

Internet plays an important role to communicate with customers. In order to improve image of company, web site can be a tool to implement the goal. In addition, to developing web site, site goals have been set up.

The first one is to communicate with the customers. Customers can access to find some basic information such as detail, image of product, price, and how to contact us from web site 24 hours a day, when physical shop has already closed at the night time. In addition, web site can be used as a promotional tool via Internet.

So, we can say that the main goal of this web site is to communication to customers by providing information and answer them what they want to know. This way we can cut some cost of physical communication such as phone call and facsimile cost. In addition, it can reduce psychic cost and customers can find what they want to know privately.

Finally, company can increase the market share via Internet. We have a new channel of communication to customers that is matched to this century

5.2 Web Design

Main design of web site is html, however in order to make it attractively, we also use JavaScript, and cgi. We also provide form mail for customers to write some comment, or questions that send directly to us via E-mail. The following lists are example of the pages that are created base on this project (Also see Appendix A)

   (1)   Welcome page

   (2)   Home page

   (3)   What's new!

(4) Company profile

(5) Products

(6) Contact us

(7) Comment

5.3 Ask Questions and Filter Answers

(1) What are the short-term plans?

    (a) Promote B2B e-commerce web site

    (b) Create awareness of company web site

    (c) To use as a communication channel to customers

(2) What are the long-term goals?

    (a) Adjust the web site to be more effective and efficient

    (b) Provide full options of e-commerce web site (payment online and available stock)

    (c) Get the revenue from trading online

    (d) Get the revenue from online advertisement

    (e) Establish the site to become well known locally and neighboring countries.

5.4 Design the User Experiences and Audiences

(1) Who are the intended audiences that will come to this site?

    (a) The existing customers

    (b) The middlemen (wholesale and retail)

    (c) The potential customers (any organizations who want to order for special pattern clothes)

    (d) Domestic and foreign customers

39

(2) Experience require for the audience

    (a)   Basic Internet Knowledge

(3) Why do they come back to this site?

    (a)   To do business with company

    (b)   To get updated information

    (c)   To search for some business information

5.5 Create Scenario

In order to explain what we provide in the site, the example process that a customer can visit this web site. Mr. A is a government officer who responds for a campaign. He had to buy amount of shirts for him and their colleagues to wear in those days for campaign. Therefore he decides to visit the site http://connect.to/tandrcollection to find some information about the order.

When he visits to this site, he could see the homepage firstly. He can click at company profile in order to know about the company, who we are. After that, he can click at products to know about the detail of product that the company provide. This way can reduce the cost of communication between the customers and company. Customers can get the basic information about the products and services. Or they can leave some message via e-mail; officers always checked the messages and try to respond as soon as possible.

5.6 Site Content

The content of the site is based on the web objectives which can be categorized into the following parts.

(1) Welcome Page: present with flash and animation to attract customers and lead them to homepage.

(2) Home Page: As the audiences enter into the home page, they may not know what products we offer or reasons why they have to visit the site or what they want to buy. Then, we provide welcome note or attractive images and navigation to guide them. The following contents are:

(a) **Welcome** provide information related to company and products

(b) **Reasons to visit web site** presents with an attractive design to establish impression, this also aim to retain the audiences in the site and give the reason to the audiences why they have to visit our site.

(c) **Navigation (Main Menu)** locate on the top part of the page for the audiences to navigate the site more easily, including home, company profile, product, contact us, comment and site map.

(d) **Logo of product and company name** is placed on the top left of the page to draw the audiences' attention and increase the audiences' awareness towards the site as we aim to achieve on the objectives.

(3) Company profile: As we are aware of the consumer's behavior that people do not like to communicate or even buy the products with the unknown person. Web sites that present as representative to company should be clear and clarify as person can do. We have to make web site to have an identity and as the result we decided to establish this section with the following categories.

(a) **Profile:** The audiences are able to know who we are. Information related to the company is presented here to make to audiences know more about company.

(4) What's new: Public Relation is also important for creating the good company image and we can also build the community on the site as well.

41

The audiences also keep updating on what is going on with company such as news, and sponsorship or discount periods. Pictures and associated content is provided.

(5) **Contact address**: Physical contact address is placed on here to confirm the company background. Customers can contact us here. The online web site is just the additional channel for the customers to contact us.

(6) **Product:** We provide product catalogs for the audiences to view what we are offering, all products related to sport ware and casual clothing. We also make order that base on what customers want. Products are categorized into two categories based on the type of product and production including, main products (existing products) and special order (customize base on customers).

Main products are the products items that company is currently producing and selling. Product catalogues are subdivided into different types of products for easy searching. A brief description is also provided for each product.

Special order is the order that customers order to the company to produce based on what they want within the terms and conditions of the company and agreement between the company and customers.

(7) **Comment**: We provide Form-mail to customers to type information and send us directly from web site.

However, please note that we may not provide all type of data or information of this section since we need to gather information and we want to develop the community on the net so it takes time to develop.

5.7 Identify Content and Function Requirement

In this project there are approximately 23 pages. The following table shows the detail of each page, including description and type of pages.

Table 5.1. Identify Main Contents and Function Requirement.

Number	Page name	html name	Description	Type
1	Welcome page	index.html	welcome audiences attract customers	html flash
2	Home page	index1.html	frame1 and frame2	html,frame
3	Navigation	menu.html	provide menu link to other pages	html, navigation
4	Home	home.html	welcome note, Ads	html
5	Company profile	profile.html	company info	html
6	Contact us	contact.html	address	html
7	Product	product.html	show product categories	html, JavaScript
8	Comment/Mail us	mail.html	provide mail form to customers to write us	cgi-mail
9	Web Master			mail to
10	What's new	news.html	news	html
11	Singlet	singlet.html	product catalog	html, JavaScript
12	Pants	pants.html	product catalog	html, JavaScript
13	Polo	polo.html	product catalog	html, JavaScript
14	Collar	collar.html	product catalog	html, JavaScript
15	crewneck	crewneck.html	product catalog	html, JavaScript
16	Delivery service	delivery.html	description	html
17	Payment term	payment.html	description	html
18	Product size	size.html	description	html
19	Material	material.html	description	html
20	Thank you	thanks.html thankyou.html	confirmation, thank	html

43

)

5.8 Site Structure

The structure of this web site composes of two frames. Frame 1 is posted on the top of the page. Logo, banner, and main navigation are on this frame. Frame 2 is below frame 1. This frame is content frame. Information is shown here, based on navigation that audiences have chosen. (See Appendix A)

5.9 Layout Guide

There are two main groups based for this web site.

(1) Company name and logo and Navigation Menu: Home, Company profile, Product, Contact us, Comment and Site map

(2) Content is shown based on with navigation that audiences have clicked.
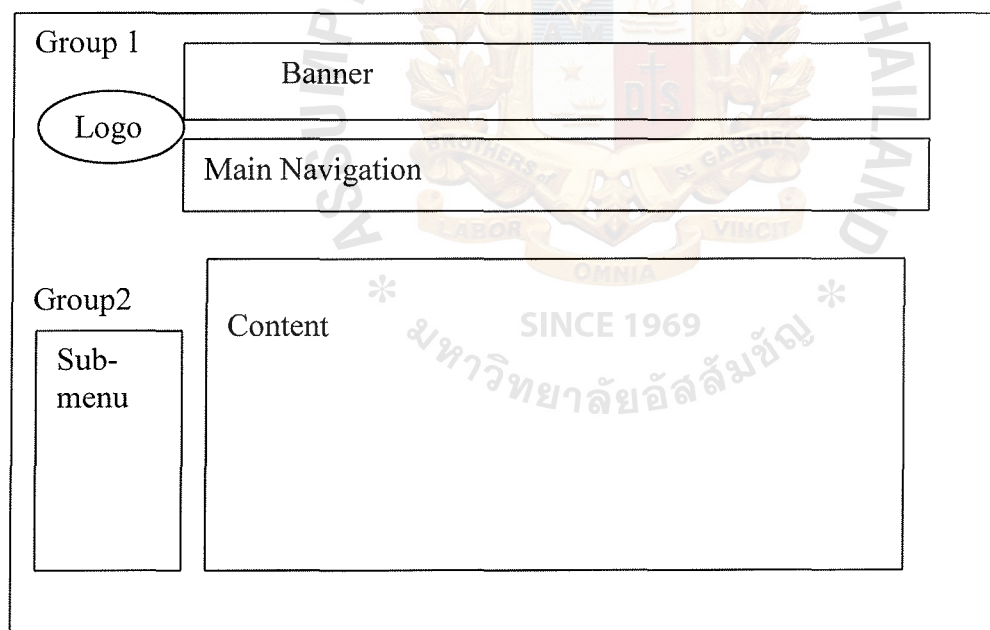

Figure 5.1. Layout Guide.

There are 2 main frames for each web, every page follow the same format because of the work of frame.

Frame1: Include group 1, logo, company name and main navigation bar are not moved. This is shown even page is changed.

Frame2: Include group 2 and group 3. Content is changed based on each page. However group 3 is not changed, it always be on the bottom of the page.

```
+--------------------------------------------------+
|                                                  |
|                    Frame1                        |
|                   Navigation                     |
|                                                  |
+--------------------------------------------------+
|                                                  |
|                                                  |
|                                                  |
|                    Frame2                        |
|                    Contents                      |
|                                                  |
|                                                  |
|                                                  |
|                                                  |
+--------------------------------------------------+
```
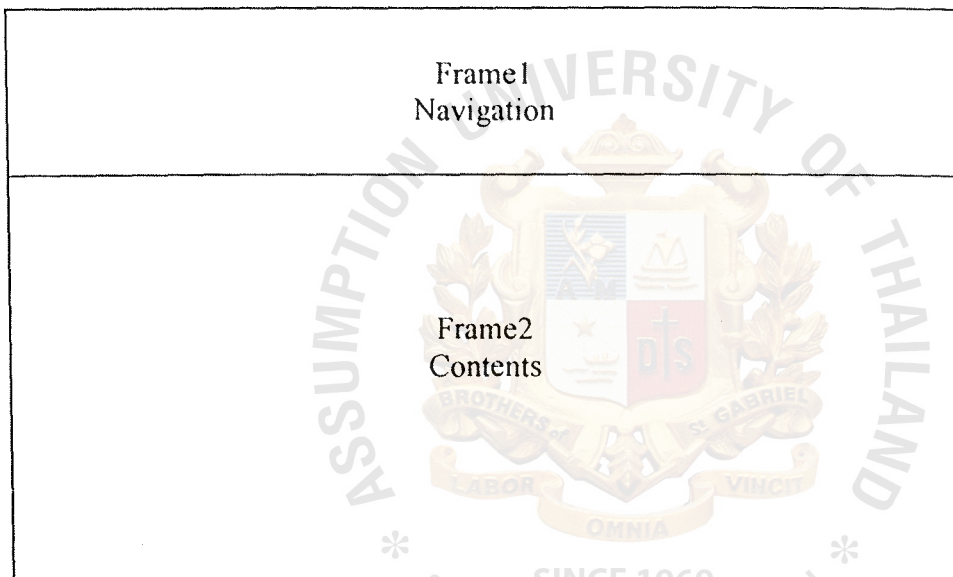
Figure 5.2.   Frames.

Most of pages use this layout. Only layout of welcome page is different from the rest of pages. No frame is used. This page presents the animation logo image, a link to home page, web master and counter.

There are three main colors I have used for this web site including red, black and white. I also used some additional colors such as yellow, pink and related color tone. The reason I use red, black and white because these three colors are matched to color of logo.
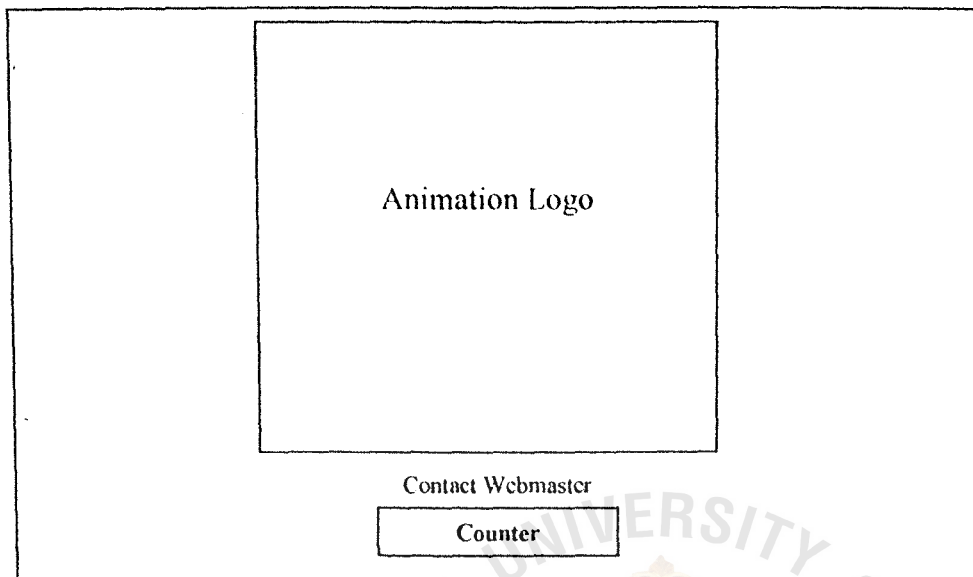
```
┌─────────────────────────────────────────────────┐
│        ┌───────────────────────────┐            │
│        │                           │            │
│        │                           │            │
│        │                           │            │
│        │      Animation Logo       │            │
│        │                           │            │
│        │                           │            │
│        │                           │            │
│        └───────────────────────────┘            │
│              Contact Webmaster                   │
│        ┌───────────────────────────┐            │
│        │          Counter          │            │
│        └───────────────────────────┘            │
└─────────────────────────────────────────────────┘
```

Figure 5.3.   Welcome Page Layout.

5.10 Packaging Software

In order to implement this project, I have used a lot of packaging software
including Photoshop, Image ready, Flash, Golive, and Frontpage. It is difficult to create
a web site by write from only notepad. These programs can help us to develop web site
and save time. In addition, download JavaScript is also used. CGI-Mail is provided by
server.

46

VI.   FINANCIAL ANALYSIS

6.1   Costs-Benefit Analysis

This chapter offers a financial overview of tandrcollection.com as it related to web site, presenting for the 5 years period; starting in 2003 to 2007. The details of investment cost, operating cost, and benefits will be presented.

Table 6.1.   Budget Planning of the Project.

Web Site Project Budget

Cost	Y2003	Y2004	Y2005	Y2006	Y2007	Total
1 Investment Cost						
1.1 Hardware	100,000.00					100,000.00
1.2 Web development	30,000.00					30,000.00
2 Operating Cost						
2.1 Operations	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	50,000.00
2.2 Maintenance	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	50,000.00
2.3 Advertisment	50,000.00	40,000.00	30,000.00	30,000.00	30,000.00	180,000.00
Total Cost	200,000.00	20,000.00	20,000.00	20,000.00	20,000.00	280,000.00
Benefit of the Project	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	500,000.00
Profit/Loss (benefit-cost)	- 100,000.00	80,000.00	80,000.00	80,000.00	80,000.00	220,000.00

NPV Cost (13%)	229,637
NPV Benefit (13%)	351,723
NPW	122,086.47
Benefit to cost Ratio	1.53
IRR	70.54%

According to this table, the investment will be high only in the first year because of a high initial investment of approximatly 200,000 baht in the following year, the expected budget should be around 20,000 baht per year including operating and maintenance costs.
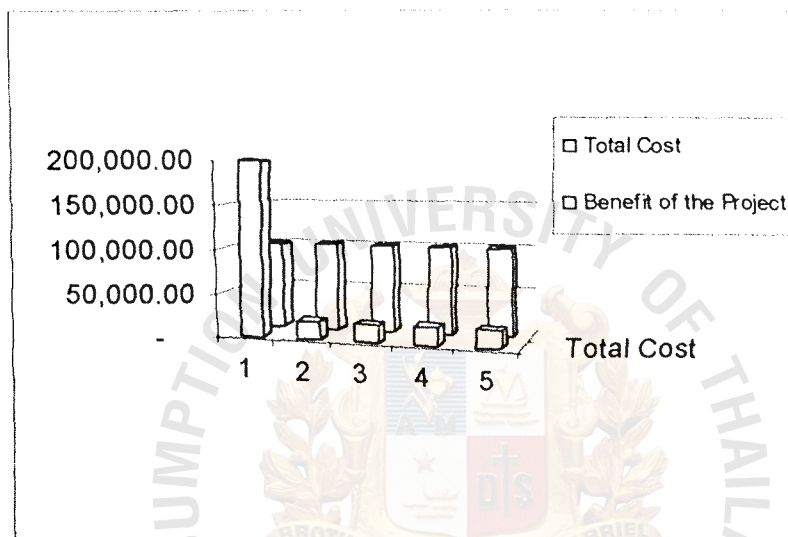

Figure 6.1. Cost-Benefit.

The main objective of this web site is to provide information and communication with customers. So, this web site itself does not generate income. However, the benefit of this project can calculate from cost that can be saved after we launch this web site, benefit of the project is from the saved cost of marketing communication. The approximated benefit is about 100,000 baht each year. Therefore, only in the first year, company will lose profit. The reason is because of high initial investment. After the first year, company will get benefit about 80,000 baht each year. The total benefit for five years is about 220,000 baht.

6.2 Break-Even

To break even in the first year, we will need an income of at least 100,000 baht per year to cover the cost of the web site. However, in the first year, Gains of the company cannot reach the break-even point. The company can reach break even in 2 and half years.

Finally, the cost and benefits can change because of other factors such as cost of adjustment and sale volume. Company will adjust the budget based on the real situation.
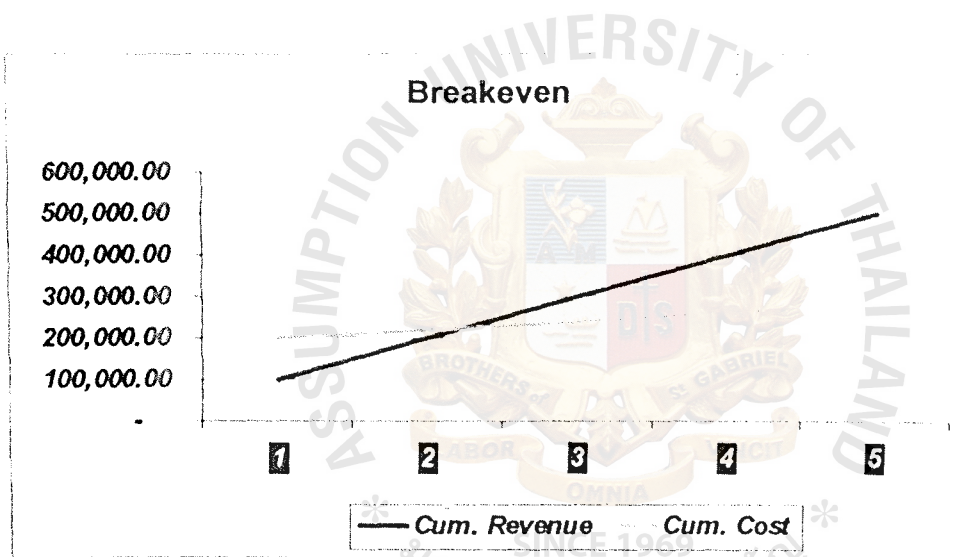

Figure 6.2. Break-Even.

VII. CONCLUSIONS AND FUTURE PLAN

7.1 Conclusions

In conclusion, this web project has focused on creating an informative web site to present to customers, just provide information related to company profile, products, services, contact address. In addition, this web site acts as public relation to company. Therefore, it can be concluded that this web site has established to enhance customer values and reduce customer's costing in several ways.

At the present, this prototype (web site) is not fully operational for e-commerce. It just provides information to audiences to create awareness of the company. Main targets of web site are small and midsize business, web site aims to offer company's products and provide some services as physical stores.

This project has followed some steps to develop web site. The first step, I have analyzed the growth or E-Commerce both world wide and domestic (Thailand). After that I also conducted SWOT analysis of the market (related to web project). I also studied what points that web site should have, and what criteria to develop effective web site and then, I have developed marketing plans. The strategies have been set up for both offline and online to implement this project.

Packaging Software is used to implement this project such as Photoshop, Image Ready, Flash, Golive, and FrontPage. Regarding the prototype of the web site, user friendly is considered to be a major concern since customers are mainly business customers who need convenience and effectiveness. The web site will be updated frequently to keep the information current. Many measurements are used to measure that web site can reach the goal or not. Problems and solution will be defined when objectives are not met or after we launch web site for a period of time.

Moreover, financial analysis or cost-benefits have been analyzed. As previously mentioned, this web site does not generate direct income; therefore just cost-benefit is analyzed. The factors are based on saved cost and cost of investment.

Finally, at this period, web site emphasizes on the ways to make audiences aware of the web site on the ways to promote as a new promoting channel. Company has both short term and long term plans to implement this project. The development is continuing. Past experiences will be used to develop future effective strategies.

7.2 Future Plan

This web site has planed to develop to be the fully e-commerce that will provide online shopping and payment online, in the future. This way, customers can conduct payment online. More variety of products will be provided to web site. We are also more concerned about the security level. In the future, security will be improved as well as other infrastructures which will help make e-commerce more acceptable in the business world. In addition, we will provide FAQs (Frequency Ask Questions) for customers to ask some questions on problems they might have.

In order to set up and increase the efficiency and effectiveness of the web site, the following parts will be considered.

   (1)   Increase Securities system

   (2)   Develop shopping and payment online (credit card)

   (3)   Provide more variety of products and services

   (4)   More promotion for web site

   (5)   Set up FAQs or online service center

   (6)   Set up Thai/English programming language

APPENDIX   A

SITE MAP
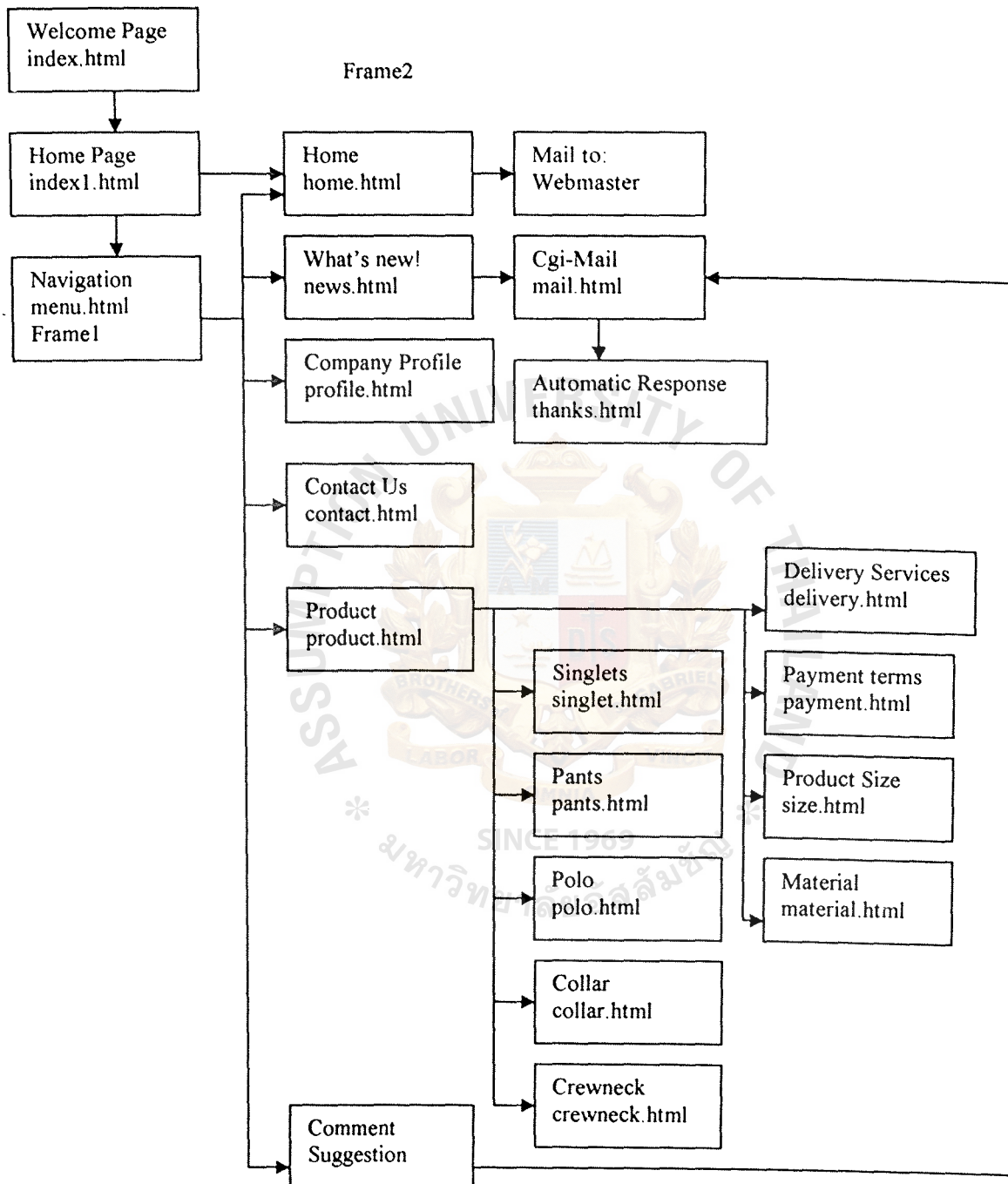
Figure A.1.   Site Map
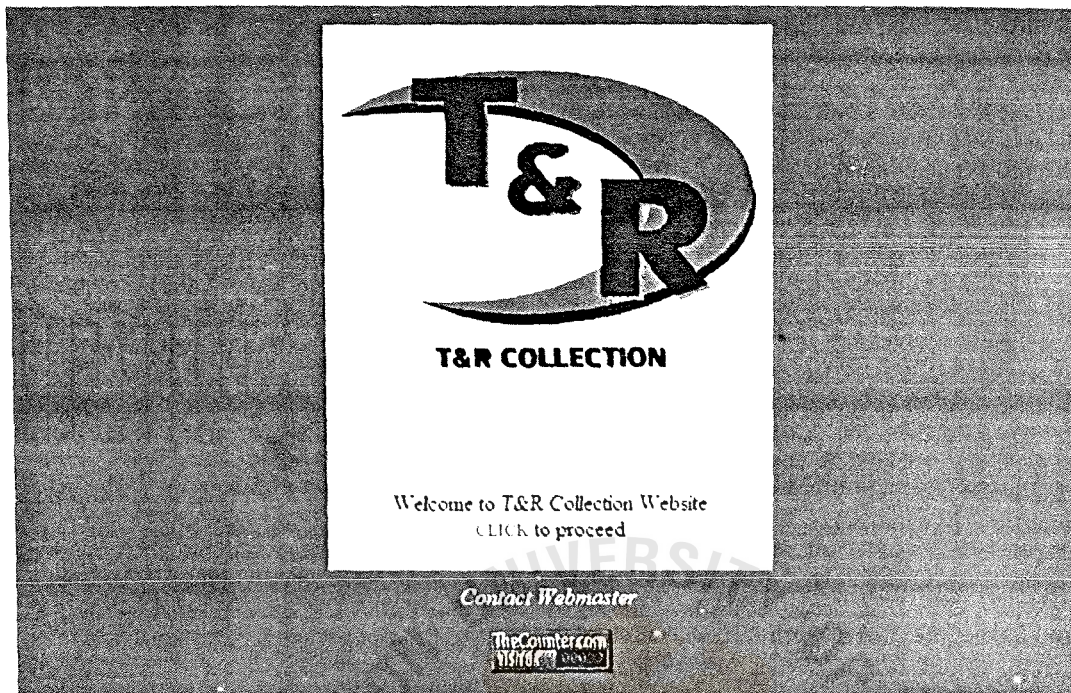
APPENDIX   B

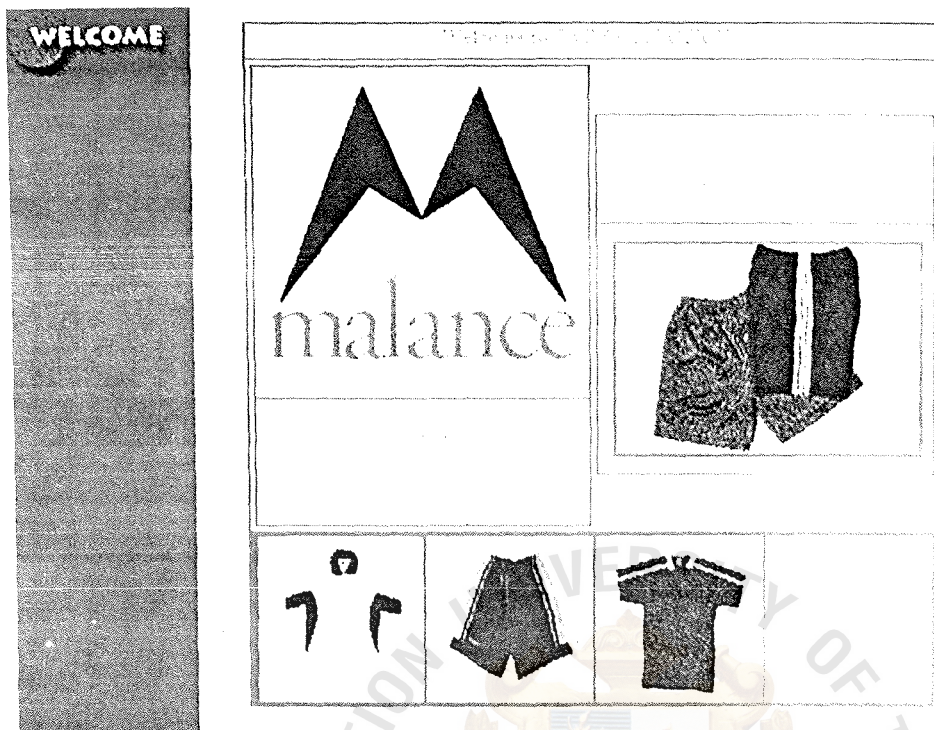SAMPLE OF THE WEB SITE

Figure B.1.   Welcome Page

Figure B.2.   Navigation

Figure B.3.　Home

Figure B.4.　Product

Here ! You can write down what you want to contact us

Your Name

Your Surname

Gender

Your contact Address

City   Thailand

Your Telephone Number

Your Fax Number

Your E-mail Address

What topic do you want to
contact ?

Please write down   Please write down

How you favour us to contact you   Telephone
to ?   Fax
                                    E-mail

☑ Please send me further information

[Send] [Cancel]

Figure B.5. Comment/Suggestion

57

BIBLIOGRAPHY

1. Bayne, Kim M. The Internet Marketing Plan: The Complete Guide to Instant Web Presence. USA: Wiley, 2000.

2. Chaston, Ian. @-Marketing Strategy. UK: McGraw-Hill, 2001.

3. Ellsworth, Jill H. and Matthew V. Ellsworth. Marketing on the Internet. UK: Wiley, 1997.

4. Fong, Bernard C., ACM., and Catherine H. Y. Chan. "E-business Project Management," Managing the Planning Process, 2000.

5. Gutterman, Alan S., Robert Brown, and James Stanislaw. The Professional's Guide to Doing Business on the Internet. USA: Harcourt Brace Professional, 2000.

6. Holtz, Herman. The Consultant's Guide to Getting Business on the Internet. UK: John Wiley & Sons Inc., 1998.

7. Kelly, Jason. The Neatest Little Guide to Making Money Online. USA: NB, 2000.

8. Kotler, Philip. Marketing Management. New Jersey: Prentice Hall, 2000.

9. Martin, Bichler. @ The Future of e-Market Multidimensional Market Mechanisms. UK: Cambridge University Press, 2001.

10. Rohner, Kurt. Marketing in the Cyber Age the Why, the What, and the How. USA: Wiley, 1996.

11. Shurety, Samatha. e-business with Net.commerce. New Jersey: Prentice Hall, 1999.

12. Stephen, Chen. Strategic Management of e-Business. UK: John Wiley & Sons, 2001.

13. Turban, Efraim, et al. Electronic Commerce: A Managerial Perspective. USA: Prentice Hall, 2000.

14. Y, Bakos. "The Emerging Role of Electronic Marketplace on the Internet," Communication of the AMC, 41(8), 2000: 35-42.