Marketing Via Internet (Fine Jewelry field via website: www.hoover-th.com)

by

Ms. Sirintorn Raglowsakul

A Final Report of the Three-Credit Course
IC 6997 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

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Project Title          Marketing via Internet (www.hoover-th.com)

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The Graduate School of Assumption University has approved this final report of the six-credit course, IC 6997 E-commerce Practicum, submitted in partial fulfillment of the requirements for the degree of Master of Science in Internet and E-Commerce Technology.

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# ABSTRACT

Businesses in the 21$^{st}$ century are expected to respond quickly to customer demands. Many companies have been able to meet consumers' demand for immediate service and fulfillment and, in doing so, have transformed industries, changing the way consumers think about purchasing products, essentially bringing the pricing process into the consumer's home. Through information technology, many companies have been able to attract consumers. The successful interaction of all business functions, kept customers returning to the companies as loyal and repeat users.

Internet marketing also allows customers to receive their orders or further information more quickly. Not surprisingly, the internet has worked wonders for customer service. Electronically fulfilling customer requests for technical support can dramatically improve customer satisfaction.

As we know about the advantages of the internet technology we desired to increase more marketing channels for the customer satisfaction by distributing the information about the company and products to global customers, both existing customers and new customers via internet technology, website and e-mail. Marketing can be done on the Internet. Indeed, the amount and percentage of goods and services sold on the Internet are increasing rapidly. In doing the project, the marketing via internet is one of the marketing strategies to reach the goal. The website www.hoover-th.com is developed into the method to reach the goal.

The report conducted several analyzes like, the SWOT and marketing plans included analyzing the e-commerce base on the www.hoover-th.com

This project can be useful for the marketer or anyone who is interested in operating the marketing via internet as well as to improve the company (Hoover International Co., Ltd) situation.

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## 1.1  Background of the Project

Businesses in the 21$^{st}$ century are expected to respond quickly to customer demands. Many companies have been able to meet consumers' demand for immediate service and fulfillment and, in doing so, have transformed industries, changing the way consumers think about purchasing products, essentially bringing the pricing process into the consumer's home. Through information technology, many companies have been able to attract consumers. The successful interaction of all business functions, kept customers returning to the companies as loyal and repeat users.

Internet marketing also allows customers to receive their orders or further information more quickly. Not surprisingly, the internet has worked wonders for customer service. Electronically fulfilling customer requests for technical support can dramatically improve customer satisfaction –keep customers as loyal and who will give repeated orders. This will help us to meet our goal, and increase sale volume and income.

One of the main jobs of marketing is to be the voice of the customer, to let the rest of the company know the needs and wishes of customers. With the Internet, the voice of the customer becomes a shout. Whether through visits to a web site, email to customer support, instant messages to friends, postings on a company intranet, or discussions on a community bulletin board, the days of one way information flow from marketer to customer are over. Millions of new Internet users come online each month, in countries around the planet. These millions of Net users want to communicate.

Marketers have been leaders in this new online world. First, efforts were experimental, simple publishing sites with not much more than brochures and technical

manuals. These sites evolved rapidly. Marketers and customers learned the power of real-time information, such as order-tracking, online account information, and catalogs with exact inventory details. Usage soared. Now web traffic is an asset, a valuable marketing opportunity. Even traditional marketing methods, from television commercials to ads on the side of a bus, have web and email addresses.

Sophisticated online marketers go further. They think both globally and individually. A web site is a global platform, but one-size definitely does not fit all. Never before has globalization been so obvious - with customers around the world able to see what is available to users in different countries. At the same time, personalization is a battleground in markets as widely separated as computer retailing, banking, news publishing, and online music.

This breakdown in barriers means Internet marketing is a serious concern for the corner bookstore and local insurance agent as well as the latest ". com". Internet start-ups need to understand what benefits they bring to customers, and where they are weak. Traditional companies must decide how best to live and compete in a world where location is less important and the consumer is used to twenty-four hour service. Customers want to do business online, according to their schedule. The goal of this book is to help marketers understand this new world. Its format is as a text, but one intended for both classroom use and as a guide for anyone interested in these issues. First it develops a framework for understanding the forces driving the Internet revolution in marketing and business. From this foundation it is much easier to see how the many new tools, challenges, and techniques fit with the marketing approaches we already understand and use. These themes, such as customization and community-building, are the Internet marketer's toolkit. The Internet causes organizational challenges as well, especially in successful companies. These include distribution

channel conflict, legal problems from marketing decisions and new skills for an Internet age.

At present, there are many competitors in the jewelry businesses and industries. Hoover would like to market its Company and products to worldwide customers and to well-known markets and purchases or orders the fine jewelry from us via the internet. Hoover's choice is marketing via the internet, developing the existing marketing system, which has a manual process into an attractive website which can present our new collections and information to the visitor who visit our site.

## 1.2 Objectives

(1) To develop the existing website into a more attractive website.

(2) To market the company and its products (Fine Jewelry) via the internet website www.hoover-th.com

(3) To be aware and introduce the company (Hoover International Co., Ltd) to be well-known in the Jewelry industry.

(4) To promote or present the collections and information to worldwide customers via the internet. (E-catalog)

(5) To increase 20 percent of sale volume via orders from the internet.

## 1.3 Scope of the Project

(1) Marketing the company and product via the internet.

(2) Conducting the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis to know how the company is performing.

(3) Creating the usable website www.hoover-th.com

(4) Effective management of the website to support customers who are looking for information effortlessly.

The website will present the collections and information about the company and jewelry. There are databases which will contain the information of the merchandise. The collections will present pictures and details, stone weight, diamond weight, gold weight and dimension size. Similar to a catalog, but it is an E-catalog. It is one of strategies of the internet market, to promote or present the product to reach worldwide customers and to save cost and time.

As we know, the fine jewelry is luxury goods, which is as costly as a car or any brand name such as Chanel, Cartier etc. Most of customers will not decide to buy without touching or seeing the merchandises. If any of our products make the customers interested and they need more information, they will contact us via the E-mail to ask for further information or may place orders. We will send the customers the information and price for their reference and confirmation. After receiving their confirmation we will provide the product by delivering to them. Customers will settle the amount via transfer through the bank account, before the shipment is sent.

(1)    Visit www.hoover-th.com

(2)    Interested in some product.

(3)    Asked for information or price quotation.

(4)    Hoover gave the requested information or replied to the question.

(5)    Customer confirmed orders + transferred the payment.

(6)    Send shipment.

**1.4    Deliverables**

(1)    Analysis of the existing system.

(2)    The creation of a useful website for Hoover International Co., Ltd. www.hoover-th.com.

(3)    The formulation of promotion plans and future plans.

(4)    Project Report.

## II.  LITERATURE REVIEW

### 2.1  The Impact of the Internet on Business Practices

The Internet, and especially the World Wide Web, has exploded onto the world scene in just a few short years. Companies like Amazon.com, CDNow, eBay, Peapod, Travelocity, and Wine.com are stores without walls that did not exist ten years ago. These companies saw opportunities based on innovative ways of running their businesses. Looking back at what they did, we can see some of the characteristics of successful Internet businesses and describe the marketing role on the Internet.

To appreciate the full impact of the Internet, however, it is necessary to also examine how it is changing traditional businesses like Barnes & Noble, Staples, Dell, and Wal-Mart. For these companies, the Internet offers new opportunities to encourage, enhance, and expand customer relationships, create customer loyalty, and build brand equity. To fully exploit these opportunities, marketers must develop an understanding of the electronic marketing channel and learn new skills in customer relationship management.

2.1.1 Electronic Marketing Channel

Upon their first exposure to the Internet, new Web surfers often relate being overwhelmed by the amount and variety of material they encounter. In addition to the information overload they face, it is often hard to find what they want in the maze of the Web. Banner and pop-up ads distract their attention as well. This experience leads the "newbie" to think the Web is just another way for advertisers to try to get their attention.

For marketers the Web is much more. It represents a new, electronic channel to conduct all sorts of marketing activities, including advertising, customer service, marketing research, transactions, and even distribution. They think of it as a new

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business franchise--one that is open 24 hours a day, 365 days a year. People who stop in a virtual store can do many of the things they would do in a brick-and-mortar store:

(1)    Find out about the products and services for sale

(2)    Get answers to commonly asked questions

(3)    Leave messages for people in the firm

(4)    Solve problems they may encounter

(5)    Even make purchases

Excellent opportunities for customer relationship marketing are possible through the Internet. Web-based companies can build a personalized rapport with customers; much like a salesperson does with his or her clientele. By capturing information about the purchases of individual customers, a Web merchant can build profiles of their likes and dislikes. When the company stocks a new product that matches an individual's profile, the merchant can automatically e-mail the customer to let him or her know about the product's availability.

Many customer service activities also can be conducted on the Internet. Some dealings, such as inquiring about the status of an order, work just as well or better over the Web as they do in person. Other customer service activities require personal attention. If you were experiencing an allergic reaction to a prescription medication, would you feel comfortable asking a computerized Web advisor what to do? Probably not!

Many people find the online shopping experience similar to mail-order shopping, only better! You sit down at your computer, connect to the Internet, and find a company selling products you are interested in buying. Much like mail-order buying, when online you browse through a catalog, mark items to buy as you go, and finish by providing

shipping and billing information. All that is left is to receive the merchandise in the mail.

2.1.2 Marketing Research through the Web

The Internet is having an electrifying effect on the ways we conduct research. Nearly every college graduate can recall spending many hours in the library searching out information for a project or term paper. The Internet puts a vast amount of information on a wide variety of topics at your fingertips.

(1)   Accessing secondary data electronically offers many advantages over print media:

(2)   Easier access to information from around the world.

(3)   Information content that is more current.

(4)   The ability to make complex searches.

(5)   Incorporation of multi-media.

(6)   Lower publication costs

The Internet also revolutionizes primary research techniques. For example, even organizations without a Web presence can use e-mail to conduct surveys. It is easier, faster, and less expensive for people to participate in an e-mail-based survey than in conventional mail surveys. Furthermore, the response rate is typically higher.

Web-based surveys are even better! A greater variety of questions can be posed on a Web page than is possible through e-mail. Graphics and multimedia may be used to expand or enhance the survey tool. Response data are immediately available once the respondent completes the survey.

2.1.3 Integrating Conventional and Internet Marketing Strategies

Companies like Amazon.com, eTrade, and Travelocity began on the Internet, and their businesses continue to be almost entirely Web-based. These companies are the

exception rather than the rule. For most companies, Internet marketing should be used to complement and augment existing marketing programs. This is particularly important in light of recent evidence suggesting that many online customers use the Internet to shop but ultimately make their purchases offline.

Taking advantage of cross-channel synergies can lead to enhanced customer satisfaction *and* increased sales and profits. For example, major retailers that offer multiple channels (store, Internet, and catalog) can integrate these channels and cross-promote them to customers. The result? Customers who shop in the three channels offered by JCPenney spend four times the amount that single-channel shoppers spend; Eddie Bauer shoppers using all three channels spend more than four times as much as single-channel shoppers and are three times more profitable.

One way to encourage cross-channel awareness and loyalty is through an integrated marketing communications strategy. An organization's Internet promotion efforts should project a consistent and coherent presence. Every venue where consumers encounter the company--whether broadcast, print, or Internet media--should reinforce past experiences. Consistency in slogans, appearance, and other cues serves to strengthen consumer familiarity with the company. When customers have to resolve differences between messages, it weakens their confidence in the company.

In implementing integrated, cross-channel strategies, the Internet should be used to enhance marketing programs that are already working--not to replace them. If a marketing program is not working, implementing a flashy new Internet promotion will succeed only in making the marketing program fail faster. It is better to find out what is wrong with a marketing program before taking corrective action.

## 2.2 The Internet Marketing Environment

The Internet and the ways it is used are changing at a blinding speed, and the Internet environment will continue to be turbulent for many years to come. Because of this, no single person can claim to be an expert about the entire Internet. Nevertheless, people who are well-informed about Internet marketing can often cope with its dynamics better than people who are less informed. Individuals who can combine diverse information together in innovative ways can discover and develop new business opportunities.

At the beginning of the 21st century, we are witnessing the most dramatic and rapid changes in the history of humanity. This situation is largely due to the development of the Internet and the creation of the World Wide Web. What makes these innovations even more exciting (or scary) is that the Internet and its uses are only in their infancy. Few people are willing to guess what will happen in the foreseeable future, let alone in the long term. What can we say about the Internet marketing environment, knowing that these statements may be outdated by the time you read them?

It should be safe to say that marketing will employ new technologies to improve the exchange process in order to satisfy individual and organizational goals. And we can make useful general observations about the current Internet marketing environment.

### 2.2.1 Basic Forms of Virtual Business

Internet marketing to consumers has received much attention in the media. This form of marketing is referred to as **business-to-consumer ("B-to-C" or "B2C") electronic commerce**. For many consumers the Internet alters the way they make purchase decisions. Once a person recognizes the need for a product or service, information about it can be readily obtained through the Internet. Manufacturers,

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suppliers, and retailers are anxious to provide information that can influence purchase decisions in their favor. Consumers are not only more informed but have more alternatives to choose from. In some instances, the Internet makes the actual purchase easier and more convenient. A customer can shop for many items 24 hours a day, 7 days a week, without leaving home--and have the items delivered as well. Even financing for expensive purchases such as automobiles and houses can be arranged for over the Internet.

The use of the Internet to facilitate activities between companies is called **business-to-business ("B-to-B" or "B2B") electronic commerce**. Currently, B2B commerce represents one-third of all Web revenues, and these revenues are expected to double each year through 2002; at that time, one-half of all B2B revenues will be generated via the Web.[5] The products or services a company buys from another company may be the same as those bought by individual consumers. One basic difference between consumer and company purchases, however, relates to the intended use of the products. Another difference between consumer-targeted and company-oriented business is the relationships established between the parties involved. For consumers, the Internet makes it easier to do comparative shopping and to switch between retailers. In a business situation, relationship marketing redefines the fundamental roles of buyers and sellers by establishing ongoing partnerships among participating companies. The Internet can be used to improve relationships between companies and help to build strategic alliances. As a result business markets are becoming more and more competitive.

2.2.2 Internet Demographics and Trends

A vast amount of information exists on and about the Internet: the number and growth rates of Web sites on the Internet; traffic rates of individual Web sites; the

number of Internet users and their demographic characteristics; the scope of Internet businesses and their products or services, and so on. Similar information may be derived from multiple sources, each offering its results in a different way. It should be no surprise to find sizable differences in future projections for Internet markets.

For high-velocity developments like the Internet, using historical data for making projections is questionable. Demographics for the toy industry showed Toys"R"Us executives that less than 10 percent of their target market, mainly young parents, currently shopped online. What the historical data did not show is how many *will* shop online and when. The company can expect a higher acceptance for online buying as the mainstream goes online.

In fact, the potential consumer base for every company is a combination of all three categories of adopters. The most important determinant for a company is the proportion of their customer base that corresponds to each of the three categories. Once this is known, the company can devise a targeting strategy that reflects its customer base. Well-placed magazine advertisements may be more effective for targeting early adopters. Broadcast media may be more effective for targeting a mainstream audience.

2.2.3 The Virtual Community

Most people have decided to be part of groups that share common interests. Individuals living near one another in towns, cities, or communities derive social, cultural, and economic benefits from being in close proximity. Labor unions and professional organizations form because they have work-related interests. Members of these groups benefit by sharing information and other resources. In **virtual communities**, people do not physically come into contact with one another. Members of virtual communities have a common interest such as a hobby, sport, or other avocation, and they interact with each other through the Internet. Individuals contribute content to

the communal Web site, which over time may build a deep reservoir of information. Loyal members who visit the site frequently can develop a sense of ownership and trust through their involvement in the community. Such people may be more comfortable making a purchase in their virtual community than someplace less known.

Virtual communities can be established using bulletin boards, chat rooms, newsletters, or discussion lists. Yahoo sponsors chat rooms for topics ranging from politics to movies and hosts online clubs with interests ranging from business and finance to sex and romance. Online newsletters are targeted as electronic magazines, or **e-zines**. E-zines are in concept similar to paper newsletters: they are focused on a particular subject area or topic of interest; they provide a means to stay in touch with clientele; and they can inform current and potential customers of new products and services.

## 2.2.4 The Global Village

One of the best opportunities for company expansion and growth is in the international arena. The six billion people on the earth live in about one billion households. More than half of those do not have a telephone, let alone a personal computer. Worldwide, more than 400 million individuals can access the Internet.

As business and commerce expand into the global arena, the Internet is helping to overcome the physical distance that separates peoples of the world. Numerous factors will contribute to greater diversity and sophistication in the marketing environment. Conflict between social, cultural, economic, political, demographic, resource, infrastructure, and legal factors may increase due to the accelerating rate at which these factors interact. The effect the Internet will have on this changing environment is unknown, but certainly the Internet acts as a catalyst in this change. In order to survive

and prosper, organizations will need to develop a vision that strikes a balance between local and global factors.

## 2.3 Global Perspectives: Internet Penetration and Growth of Online Households

With more than 160 million consumers accessing the Internet from home, the United States represented slightly less than 40 percent of the online consumer market as of mid-2001. Although the United States still represents the world's largest Internet market, analysts predict that by 2003 the Western European market will catch up and the Asia-Pacific market will surpass the United States market. To some extent, these trends can be explained by technology diffusion rates and current penetration levels.

Table 2.1.    The growth of Internet.

| | # Households with Internet Access (Millions) | Internet Penetration as of Spring 2001 | Growth of Online Households: January - June 2001 USA |
|---|---|---|---|
| USA | 160 | 58% | -.2% |
| Denmark | 3 | 58% | 3.5% |
| United Kingdom | 24 | 46% | 9.3% |
| Germany | 28 | 35% | 5.6% |
| France | 11 | 22% | 14.1% |
| Spain | 7 | 20% | 25.3% |
| Taiwan | 12 | 50% | 1.7% |
| Hong Kong | 4 | 58% | 27.9% |
| Singapore | 2 | 56% | 12.9% |

Internet technology has penetrated 58 percent of American households. Diffusion theory tells us that innovators, early adopters, and the early majority have all adopted Internet technology in the United States. The rate of Internet adoption will likely slow now that the skeptical late majority is the target market for additional growth. It is not too surprising that growth of online households was stagnant in the United States between January and June 2001.

Why are double-digit growth rates continuing in Asia-Pacific? One reason might be that Internet technology is more compatible with existing values and product knowledge in some Asia-Pacific countries. In support of this thesis, Jupiter Media predicts that growth in mobile e-commerce ("m-commerce") over the next few years will be concentrated in Asia, with Europe lagging behind slightly and the United States lagging behind significantly. Thus, whereas the United States was at the vanguard of Internet diffusion, Asia appears to be at the vanguard of m-commerce diffusion. And perhaps this "technology readiness" will affect adoption rates across a variety of related e-commerce technologies.

2.3.1 The Digital World

A bigger change is about to take place as products transition from atoms to bits. We are accustomed to processing and delivering tangible goods and services. For a business to grow in a physical world, it must expand its production, storage, transportation, and other tangible resources. But as we move into the information age, non-physical product features will increase in value. Video, sound, and computer data will be captured as digital bits. Furthermore, value can be added to the bits by combining, enhancing, and manipulating them. Development of these intangible products will still require physical resources and people, but even now the marketing, sales, and distribution of these items no longer rely on physical mechanisms. The

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Internet is ideally suited to perform these functions, and this will eliminate the need for their physical counterparts.

Currently, the two-way communication of the Internet can be accomplished--and more fully achieved--on the telephone. When people talk on the phone they use various aspects of nonverbal communication to help express themselves. Speed, loudness, tone, and inflection are used to enhance a conversation. As the use of audio becomes more common on the Internet, it will be comparable to having a conversation on the telephone. And video will give Internet communications a richness that exceeds the capability of conventional phones. Multimedia techniques on the Internet will eclipse any other conventional media and challenge broadcast television.

Futurists foresee a day when today's diverse electronic technologies will converge and combine into a single high-speed communication and distribution channel. This channel will carry broadband content to telephones, televisions, and computers. By 2003, half of this broadband content will likely be directed to living room televisions. This content will be on-demand digital video with minimal interactivity. The remaining broadband content will be directed to PCs, and will feature highly interactive content enhanced with visuals.

## 2.4 The ON-LINE BUSINESS STRATEGIES

The business environment and climate on the Web are changing so rapidly that companies must be agile and prepared to grasp new opportunities to stay profitable. Small businesses hold a definite advantage over large companies in this regard. It can take months, if not years, for a large company to change a strategy that is not working—it is like turning an aircraft carrier. Small businesses are more like speedboats--they can turn quickly and dart in a promising direction.

Building a business on the Internet involves more than putting up a Web site and expecting the world to beat a path to your URL. Achieving success in this arena requires the same basic ingredients as starting any small business. Only some 20 percent of all small businesses survive beyond five years, and the life expectancy for Web businesses is proving comparable. What does it take for a company to survive and prosper on the Web?

(1)    Offer products that fulfill customer needs, wants, or decisions.

(2)    Sell your products at a fair price to customers.

(3)    Use promotions to make potential customers aware of your Web site and products.

(4)    Make your products available to customers when and where they want them.

2.4.1 Internet Goals

All good strategies start with a clear statement of purpose or with a recognizable goal. An Internet strategy should start with a meaningful goal--for example, to optimize organizational performance--and consider ways the Internet can be used to achieve that goal. For example, the Internet can

(1)    Increase or enhance company exposure.

(2)    Improve customer service.

(3)    Provide new products or services.

(4)    Add value to existing products or services.

(5)    Lower overall costs for the company.

(6)    Create one-to-one relationships with customers

Many other possibilities could be added to this list. Careful consideration of one or more of these options should lead to achievable Internet goals that are stated in

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general terms. These goals guide the design of the Internet presence. And more precise statements are later used to define objectives that can be evaluated or measured.

2.4.2 The Internet Presence

Well-executed Web sites can be persuasive marketing tools. To achieve that, it is a good idea to formally state the decided online positioning. Online positioning statements identify the most important target market or markets, each market's most vital online need, how the company's Internet presence can meet that need, and how the online presence can be better than the competition. To appeal to consumers, a Web site should be intuitive and easy to use. Well-designed programs can be deceptively difficult to develop and run. Establishing an Internet presence can be a daunting task that takes more time and money than some people might think.

Besides incurring many of the same costs as conventional marketing programs, Internet marketing also can entail significant technological costs. Because costs can easily spiral out of control, it is essential to delineate major cost elements and approximate those costs. A short few paragraphs can provide enough information to estimate the significant costs associated with establishing an Internet presence. Each of the following factors must be considered:

(1) Prior experience in developing and running an Internet marketing program.

(2) Degree of program sophistication.

(3) Magnitude of the program.

(4) Dynamics of the program

Marketing on the Internet can employ a variety of techniques ranging from simple e-mail to a full-service electronic commerce Web site. E-mail is the least sophisticated and can be readily accomplished using a third party organization such as an Internet Service Provider (ISP).

Web sites that permit two-way communication between an organization and its customers are sometimes referred to as **interactive** or **transactional Web sites**. Most e-commerce efforts require the use of interactive Web site technology. This type of Web site can be very powerful and sophisticated but also expensive to develop and operate. Even though an organization may have sufficient internal resources to develop and operate an electronic commerce Web site, many choose not to do so due to the difficulty in attracting and retaining qualified technical staff. People are needed to develop, manage, and update the content throughout the life of the program--which may be indefinitely!

2.4.3 Direct Selling

The Internet direct selling model can be very appealing for manufacturers that wish to increase direct contact with their customers and intensify their focus on service. Because this model can mean the elimination of complex distribution networks, many companies are hesitant to convert to Internet selling for fear of angering distributors and dealers. Nonetheless, manufacturers often must offer a direct selling channel or lose market share.

2.4.4 Internet Retailing

Why is there so much interest in retailing on the Web, or **e-tailing**? Online purchasing did not even exist several years ago yet retail revenues from the Internet for the 2000 holiday period exceeded $10 billion, more than double the same-period sales for 1999. That is worth paying attention to!

The consumer sees three basic differences between shopping on the Internet and purchasing items in a brick-and-mortar store.

For many people it is more convenient and less expensive to shop online than in a store. Unlike buying in a store, you can not actually feel or touch products you purchase over the Internet.

Finally, neither lavish surroundings, strolling crowds, nor salespeople exist on e-tailing sites. For some people, store-hopping is an entertaining and social experience. Others may welcome the pure functionality of shopping on the Internet.

The convenience of purchasing through the Web will likely translate into increased levels of online retail purchases. Buyers do not need to drive to the store during normal business hours because they can shop 24 hours a day, 365 days a year from home. It is easy to window shop by moving from one retailer to another on the Web. Consumers can more easily compare prices over the Internet than in brick-and-mortar stores. Purchased items can be delivered directly to customers' homes at a time convenient to them.

The relative lack of tactile and social interaction during an online purchase is a major challenge facing e-tailers. Many people like the experience of going to the mall to shop, even if they do not buy anything. There is a social experience and personal attention that you can not quite get sitting in front of your computer. What does the fabric of a suit feel like? Can a computer compliment you on how the color of your eyes is enhanced by the color of the jacket you chose? By building an individual rapport with their customers, merchants add value that increases customer satisfaction. Relationship marketing seeks to create long-term partnerships between companies and their customers. In return the company can gain repeat sales and referrals from its customers.

2.4.5 Internet Marketplaces

The Internet has fostered the creation of online marketplaces, sometimes referred to as e-marketplaces. An **e-marketplace** acts as a channel intermediary that brings

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together buyers and sellers to form a virtual exchange community. At the minimum, the creator of the e-marketplace works as an agent or broker that charges a fee for each transaction and provides efficiencies associated with search and procurement costs. The e-market producer also may provide value-added services ranging from logistics and delivery guarantees to complete supply chain management services that streamline and consolidate ordering, bidding, delivery, and inventory management.

Although the term e-marketplace usually denotes a B2B marketplace, there are several variations of e-marketplaces in B2C and consumer-to-consumer ("C-to-C" or "C2C") contexts as well. For example, Travelocity is a B2C e-marketplace. The online community of travel companies, including airlines, hotels, and car rental agencies, offers travel information and services to consumers who share an interest in travel. eBay is a largely C2C e-marketplace that brings together individual sellers and buyers in an auction format that parallels an old-fashioned flea market.

Other variations of B2C e-marketplaces also exist. Online malls bring together e-tailers at one location so that consumers can conduct one-stop shopping. To further support this one-stop shopping approach, online malls are frequently organized by portals like Yahoo or AOL. These diversified portals create communities that act as entertainment and shopping destinations.

# III.   EXISTING SITUATION ANALYSIS

## 3.1   Background of the Organization

In 1962, Hoover Jewelry was the exporter and manufacturers of fine jewelry, which was established on Mahesak Road, the heart of Bangkok's gem and jewelry industry. Since then, the company has emerged into a complete jewelry manufacturer with teams of professional designers and craftsmen. Hoover jewelry presently consists of 60-80 specialists confident in producing the best available product.

Hoover is proud to say that the jewelry which Hoover produced has near perfection and satisfies our clients worldwide. Hoover Jewelry manufactures a range of products made to fulfill the tastes of our various customers. Hoover's range of fine jewelry and invisible settings includes rings, earrings, bracelets, brooches, pendants, and necklaces. Hoover's gems are carefully selected and cut using only pure quality stones. Hoover's products are carefully made by experienced craftsmen and then quality controlled by several specialists.

Hoover's jewelry is ideal and elegant. Each collection has an extensive variety consisting of several unique pieces. Consumers can be sure to be satisfied with every purchase made.

## 3.2   Company Profile

| | | |
|---|---|---|
| Capital | : | 10,000,000 Baht. |
| Employees | : | 60 |
| Office Space | : | 70 square meter. |
| Factory Space | : | 80 square meter |
| Annual Sale | : | 80,000,000 Baht. |
| Business Address: | | 140 Mahesak Rd., Bangrak, Bangkok 10500, Thailand |

| | | |
|---|---|---|
| Telephone | : | + 662 2668103 upto 5 |
| Fax | : | + 662 2369816 |
| E-mail | : | invis@hoover-th.com |
| Website | : | www.hoover-th.com |

Hoover is the exporter and manufacturer, and there are many methods to launch the products to reach the global customers;

Showroom: Hoover has a showroom. It is a store front and one of the channels to distribute the collections and products to present to customers, both new customers who walk into the showroom and the existing customers who may have a trip to Bangkok and take some time to visit Hoover at the showroom to see the collections or have discussions about the jewelry business as well.

Mailing catalog: When the new collection is finished, then the Company takes photographs to produce the catalog and brochure to present or mail to customers to re-view and consider.

Participation in the international jewelry shows: Hoover always participates in the international jewelry shows. First, Bangkok Gems & Jewelry Fair, in Bangkok Thailand, twice a year. Second is the Hong Kong Jewellery and Watch Show, in Hong Kong, twice a year. Third is Basel World, in Basel Switzerland. Others are jewelry fairs in Korea, including the Middle East. The new collection will be exhibited in the show. Customers and buyers who visit these shows may order or purchase the collection from Hoover. Participation in the international jewelry shows in many countries is costly. Hoover has to pay at least US$ 10,000 per show. Some shows may not be successful. The management decided to cut some shows off and concentrate only on the potential shows that are in Bangkok and Hong Kong to save cost.

Participation in the international jewelry shows is the best method to launch the product to reach customers. And most of the customers and jewelry buyers visit the show to see the collection and place orders at the show. When Hoover would like to cut some show off that means it cuts the way to present or show the collection or product to customers too. Therefore to solve this problem, Hoover develops the website to promote its business and products to global customers instead. It is one way to increase the marketing channel to reach the customers.

### 3.3    Mission of Hoover International Co., Ltd

Create fine jewelry with high quality gemstones to reach the global market, and to be the best of the invisible setting jewelry in Thailand.

### 3.4    Objectives of Hoover

(1)    Increase 10% sale volume from getting orders or purchasing from wholesale customers, who visit us at the Jewelry fair.

(2)    Increase 5% sale volume  from the customer order via the Internet.

(3)    Improve customer service, create customer satisfactions with product and service.

(4)    Provide new products to launch into the market like 10 designs per month.

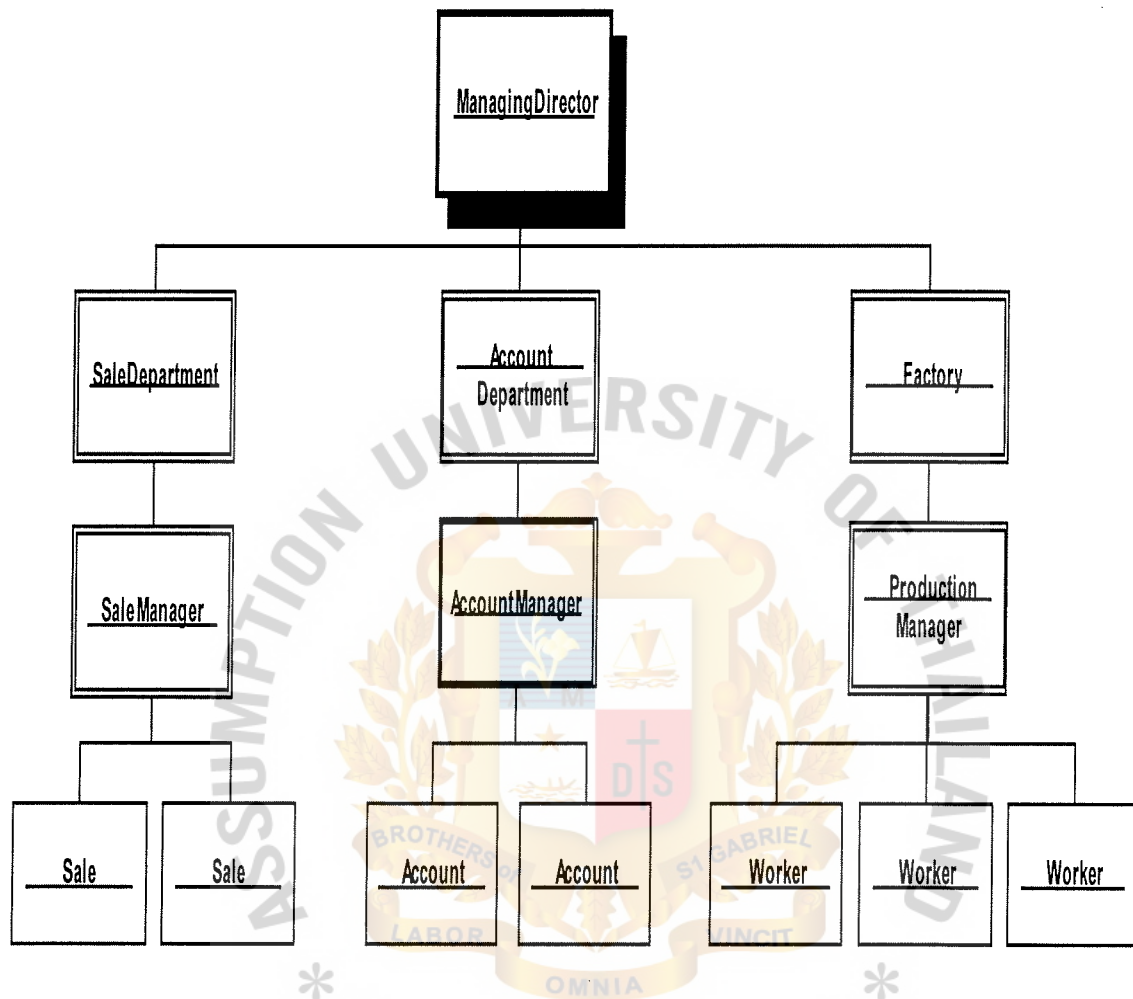(5)    Lower overall costs for the company.

# Organization Chart



Figure 3.1. The Organization Chart.
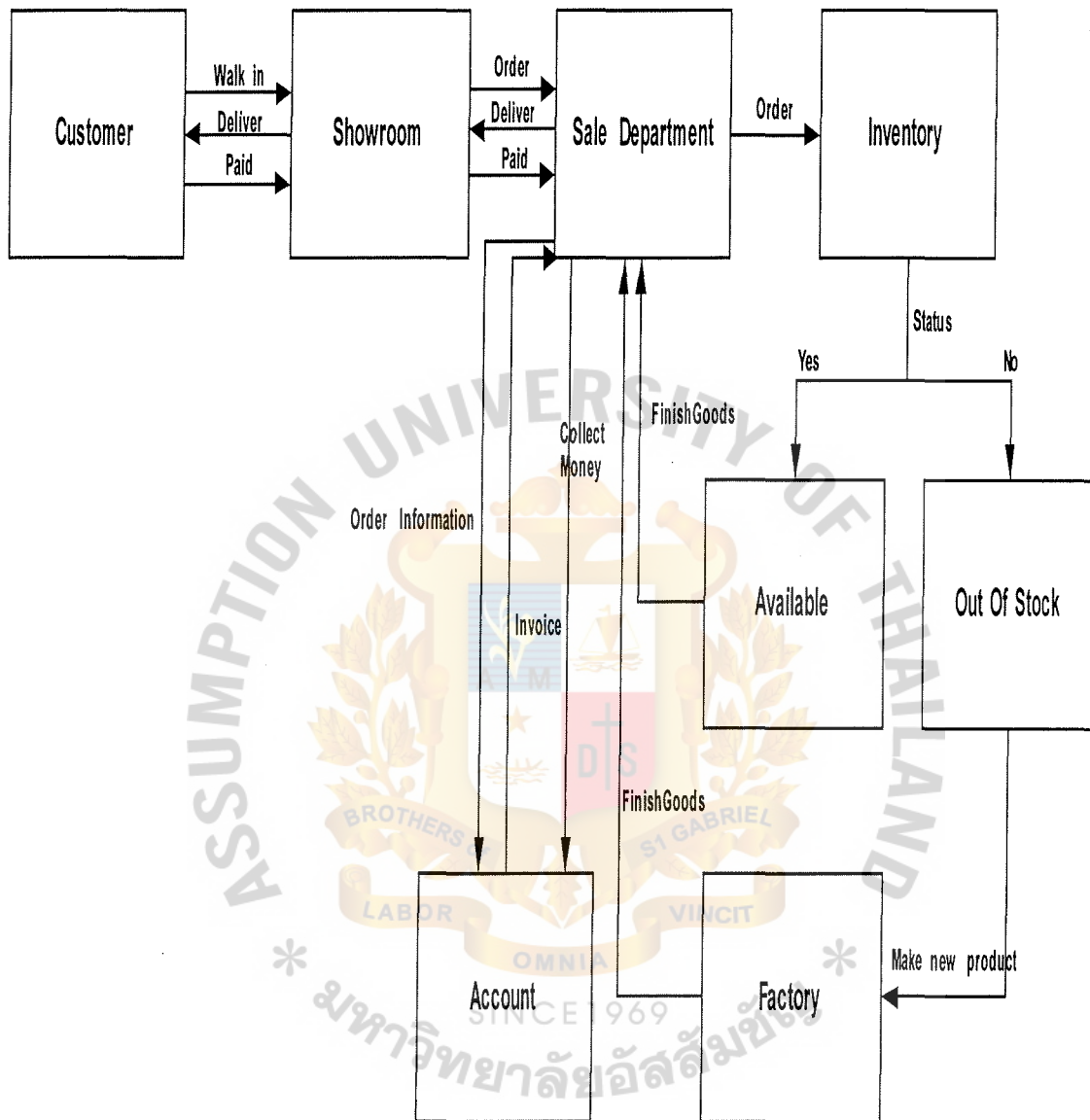
**System Flow Chart**



Figure 3.2.    The System Flow Chart.

### 4.1 Market Target

Actually we can segment our target into 2 types.

(1)   Wholesaler: We do business with them as B2B; the customers order and

purchase our product to sell to other customers or end users.

(2)   Retailer: The customer ordered or purchased our product to use by

themselves or to give as presents.

Then we consider a factor as geographic profile of customers to divide our market

target:

(1)   Local: Emphasizes on Thailand.

(2)   Asia: Hong Kong, Taiwan, Korea. Middle East

(3)   America: USA.

(4)   Europe: Italy, France, Spain, Switzerland.

### 4.2 Market Strategy

Introducing a Web site is a way to expand more of its market share, but at first we

have to create awareness among our customers and make them understand the benefits

of the e-catalog via the website. We will use some media both online and offline in

order to advertise our web site.

### 4.3 SWOT Analysis

Strengths

(1)   Because Hoover has operated many years in the jewelry industry, it is

accepted in the invisible setting jewelry, so it is well known to customers as

well.

(2)   Hoover's design and model are classic and has traditional jewelry.

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(3) Hoover's uses only good-top material to produce the jewelry, which is mostly served to high end jewelry market.

(4) Hoover's craftsmanship is perfect. Each process will be double checked by Production Control. The customers are quite certain that they will be satisfied when they receive the merchandise from Hoover.

(5) Hoover in manufacturing, the operating expense will be lower than the other competitors; also we have close relationship with our suppliers. So we are able to compete in the price war with other competitors effectively and efficiently.

(6) The merchandises will be processed in-house only, and every process will be in control. The status of every order will be reported to the director of sales to inform customers as well.

(7) Hoover has its own showroom to present the collections and product to the customers, both who walk in and the existing customers who visit Hoover to see the new collection or discuss jewelry business.

(8) The showroom is located in the center of the jewelry business. It will support us to make customers confident in our company and product.

(9) As Hoover is a medium sized company, it is easy to manage or re-organize.

(10) By using the internet we can serve customers 24 hours a day and 7 days a week.

(11) Hoover's website is usable, easy to use and user friendly. The customer can find the specification of our collection easily. The new collection will be updated every week.

(12) Our website is attractive, with a very beautiful design. It has been created by the professional web master to enhance the images of the brand itself and it is trustworthy.

(13) Our website is created for using interactively with our customers. For any further information customers can e-mail to us anytime.

(14) English Language: Our website provides information in English to serve international customers.

(15) Direct advise is given to customers by the specialists, with certificates from GIA.

(16) We could reduce our inventory cost by made-to-order product.

Weaknesses

(1) The name Hoover is the same as the electronic machine. Customers may be confused about the name. Is it a jewelry shop or an electronic machine?

(2) We do only fine jewelry, and use good quality material to produce the jewelry, therefore the cost will be higher than others. Customers may not understand when they compare our selling price with other competitors'.

(3) Invisible setting jewelry takes some time for completion. Some took more than 3 months to complete. Because it takes times, customers cannot wait, and they may change their mind and go to others.

(4) The nature of invisible setting is that the stone may come off, which can be caused if the customers is not careful when putting it on. Or when the jewelry drops on the floor the stone may easily come off. This may cause customers to lose confidence in our product.

(5) As 80% of our collection is invisible setting jewelry, it means that there are few choices for customers who are looking for other settings, such as pave

setting, prong setting. Therefore we have to add more product lines to serve customers.

(6) Some customers do not know about the invisible setting jewelry, and mostly complain that the price is too high.

(7) Our website might take a few minutes to load because there are many graphics.

(8) Our website will not provide full information about the product, such as how many pieces of stones are set in this brooch and the selling price. Because the selling price that we offered to each customer is different. It depends on the quality of material that is used and the business relationship.

(9) Low expertise in the online business.

Opportunities

(1) A growing number of users online, due to its online capabilities to serve people around the clock everyday.

(2) New markets and distribution channels. E-commerce is one of channels to launch products to reach the global market with effective cost.

(3) The government regulation was released for protecting transaction online.

(4) The government regulation also supports some expense when the jewelry manufacturer would like to participate in the jewelry show in other countries. Moreover, a free website to support and promote the brand made in Thailand is provided.

(5) The social lifestyles change, people are easy to change and become open minded for the new things and new technology.

<u>Threats</u>

(1)  A high competitive situation in the jewelry business, there are many competitors both locally, in Thailand and globally.

(2)  The specialists in invisible setting, the workers who have good craftsmanship always change job to upgrade their income. Some even become the owners of small size jewelry factories to supply to other companies.

(3)  The price war seems to be more serious in this area. So it will make us lose more profit in the competition. Many competitors invest in China, which has very low labor charges.

(4)  The high cost of Internet Technology, Hardware, Software, People ware. The Internet Technology should be up-to-date. The most important is the system security.

(5)  Continuous attacks of terrorism and SARS virus make customers or buyers afraid to visit us both at our showroom and in the jewelry shows.

## 4.4  Market Trend

A convergence between fashion and jewelry, the portal is designed to complement jewelry with fashion, style, color and trend advice. Today 64 percent of women state that their purchase decisions are influenced by fashion magazines, broadcast TV, movies and the entertainment community. In addition to offering information that women can get from fashion magazines, we offer professional service and support from us. Our merchandising strategy is to introduce the latest fashion and jewelry trends to our customers and let them know what we sell. Our site is updated regularly just like the fashion press.

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As we all know, jewelry is fashion, it always changes in any season and every year. Mostly it concentrates on the color, design or style. Hoover may follow this trend to serve the customers who would like to follow the fashion trend. Therefore, we produce our collection variety, but still keep the concept of fine jewelry. So that there is more choice for customers to chose for sales and for use by themselves.

## 4.5  Marketing Strategies that Contain the 4Ps

Marketing plan is the essential part from the starting point. To overcome the competitors or to be the leader of the market and gain the targeted market share are all based on the well-prepared marketing mix and how effectively the company can achieve them.

Product :

Eighty percent of Hoover's product is invisible setting jewelry, and 20% is others setting, prong setting, pave' setting etc. There are 7 categories of Hoover's collections;

(1)  Ring

(2)  Earring

(3)  Brooch

(4)  Bracelet

(5)  Necklace

(6)  Pendant

(7)  Cuff link.

One of the biggest differences between the Internet and conventional retail channels is in the physical contact consumers have with actual products. Some items are well suited for marketing and sales on the Internet. Many people feel comfortable purchasing books, golf balls, vitamins, airline tickets, or video movies over the Web. These items are near-commodity, physically small, and relatively inexpensive, so

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consumers are generally indifferent about the channel they use to purchase them. They could just as easily buy these items in a store, through the mail, or on the Internet. For many customers, the Internet may offer greater convenience.

Certain products require direct sensory experience to fully appreciate them. This kind of contact with the product cannot be achieved in the virtual space of the Internet. For example, many people may be reluctant to buy a car, or jewelry through the Web. One way to overcome this shortcoming is to provide personalized service and virtual product trials online.

Branding is another powerful tool that online companies can use to reassure reluctant consumers and to distinguish their products from those of their competitors. The brand identity customers associate with a company's products is often more important than the utility gained from using the products themselves. Because the Internet involves two-way communications, each consumer actively participates in a dialogue that may build a strong relationship with the company. Therefore, well-conceived Internet strategies can reinforce and enhance brand identity.

Price

The Internet has meant increased pressure on prices of a wide variety of products and services. It is easier to engage in price comparison shopping on the Web than offline; that goes for customers and competitors. With the help of shopping bots, price comparisons of multiple sellers can be conducted simultaneously. It is also easier to change prices on the Internet.

The extent to which online businesses will implement flexible pricing is a hot topic among Internet observers. Some analysts have predicted that the technical ability to implement flexible pricing on the Internet would lead to the widespread use of this pricing strategy. To date, however, online flexible pricing strategies have been limited

to industries with perishable inventories (like airlines and hotels) that tend to implement flexible pricing offline as well. As with offline pricing decisions, the online pricing strategy must support the company's overall business strategy and objectives. In many cases, flexible pricing may not be the best pricing strategy.

At present, there is a pricing war situation. The competitors in the same business who produce the fine jewelry and invisible setting jewelry, may visit our website to see or compare our selling price (If we provide the selling price on the website), then they may cut the price to attract the customers in the same target market.

Our price range is US$ 200 – US$ 30,000 per piece. But our website will not provide or show the selling price. When customers visit our website and are interested in some of the collection, the customers may call or e-mail to us to ask for price quotation or the status of that collection whether it is available or not. In this way we will have communication with the customer. The two way communication will let us know more information about the customer who contacts us; if he is a wholesaler or a retailer. And then we can quote the price to the customer for consideration. Because the selling price to wholesalers is different from retailers. We have to keep a good business relationship with the wholesaler; also we would like to get the retailer to be our loyal customer for a long term.

Place

There are many places for Hoover to launch its collections and product to reach the customers.

Showroom: Hoover has the showroom to present or show the new collections and product to customers, both local customers and foreigner's customers. As well as wholesalers and retailers.

Participation in the international jewelry show: in the show customers or buyers would see our new collections and product which would be exhibited in our booth.

Web site: Hoover will provide new collection and product to present to customers via the website the same as the e-catalog to the customers who visit its site.

Promotion

One might think that by simply putting up a Web site, an organization will attract potential customers--"If you build it they will come." Nothing could be further from the truth. Conventional media, such as television, radio, and print, gain greater reach by *pushing* their message out to the general public. For the most part, the Internet relies on potential customers actively seeking out and *pulling* information about products or services. More and more, we see companies implementing integrated marketing communications strategies that use conventional media to make customers aware of the company's online business channel.

Promotion on the Internet differs from conventional channels in the basic way consumers encounter promotions and in the substance of those promotions. Whereas broadcast and print media can be used for reaching diverse or highly targeted audiences, the Internet is well suited for providing information-rich content and enabling two-way interactions between a company and its customers. Because the Internet enables a two-way exchange, customers actually play an active role in the promotion.

The top two reasons for implementing online advertising are to drive traffic to a Web site and to build brand awareness and recognition. To accomplish these objectives, online marketers use a mix of banner and button advertisements.

**Banner advertisements** have been the mainstay of Internet advertising since their inception. A full banner ad is rectangular and runs the entire width of the Web page, typically positioned at the top or bottom of the page. A popular variation is the half-

banner ad. The ad is usually "clickable" to drive visitors to a Web location designated by the advertiser.

Although banner ads remain the industry standard for online advertising, **button advertisements** are becoming increasingly popular. Buttons are smaller than banners and come in medium, micro, short, and tall variations. The different sizes make it easy to place button ads in a variety of locations, including the bottom of a Web page or on the left or right margin.

**Interstitial advertisements** appear in separate browser windows while you wait for the main Web page to appear. These small windows, known as "pop-up" ads, may use sophisticated graphics or other special media effects to attract your attention. Users are more inclined to click on interstitials than on banner ads, but they also can be irritating to users.

According to Jupiter Communications spending on e-mail promotions will grow from $164 million in 1999 to $7.3 billion in 2005. The key reasons for this growth are the high response rates and the cost effectiveness associated with e-mail campaigns. E-mail marketing falls into two categories-untargeted e-mail marketing and targeted e-mail marketing.

Untargeted e-mail marketing on the Internet usually takes the form of unsolicited bulk e-mails sent to unqualified addresses (that is, to people who have not asked for such information).[2]This "online junk mail" is often called spam and is considered poor netiquette. It is tempting to use this type of promotion because it has little or no cost. Although the thought of sending an ad to thousands of recipients for free is appealing, mass e-mailing is usually as ineffective as conventional junk mail. Furthermore unsuspecting recipients may complain to the Internet provider from which the e-mail was sent, and reputable providers will discontinue the account of an offender.

On the opposite end of the spectrum from massive junk e-mailing is *targeted e-mail marketing* . Recipients of targeted e-mails have been "qualified"; they have indicated their willingness to receive the e-mail before it is actually sent. Just like using mailing lists to target conventional mail, you can rent e-mail lists of people who are interested in specific topics. These are referred to as "opt-in" e-mail lists.[23] Besides qualifying themselves on topics of interest, these people have pre-approved e-mail on those topics. Companies that provide these lists typically charge 15 to 30 cents per address and will even send the e-mails for you. Targeted e-mail marketing services are available from BulletMail, HTMail, and PostMasterDirect.

Businesses spent an estimated $13 billion on Web promotion in 2000, but online marketers rank search engine registration--which is usually free--as the most effective form of online promotion.[24] Reviewing search engine registration and submission tips provided at sites like Search Engine Watch can improve the likelihood that your site will be found when conducting key word searches through the top online search engines, and that will drive traffic to your site.

To promote our Website for awareness in the global market, we decided to:

(1)     Submit our URLs to search engines, Alta Vista, AOL Netfind, Excite, Google, Hot Bot, Lycos, Yahoo etc,

(2)     Submit our URLs to the directories and other listings such as the government which support export department. www.depthai.go.th.

(3)     Send press releases to magazines and online publications.

(4)     Trade reciprocal link with other sites.

## V.    THE PROPOSED SYSTEM

### 5.1    System Specification

The proposed scheme is that the company should use the website to promote its business and products and use the Internet medium as a way to promote and advertise to attract global customers. With the use of the Internet Technology, the company could lower is expenditures and could gain more profits. It becomes more convenient to handle the process online as everyone can access the website from anywhere, anytime.

The system will facilitate the various process of the physical shop as well and support the company to promote its business and product to the global market. Hooever desire to offer the effective response to the customers' requests with the computerized database and information system, in order to gain more customer contentment which will lead to more sales.

This is what customers call freedom and not attached with anything. Moreover, the customers who search or look for the jewelry that they are interested in, make the decision to purchase or order the jewelry online, rather than come to the physical stores which might be very far from their residence.

The proposed plan is that the company should use the website to bolster its product and use the Internet agent as a way to promote and invite more clients. With the use of a Computer System, which includes the use of Computer and Internet Technology, the company may well lower its expenses and make bigger profits.

### 5.2    Objectives of www.hoover-th.com

(1)    Increase or enhance company exposure.

(2)    Improve customer service.

(3)    Provide new products or services.

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(4)    Add value to existing products or services

(5)    Lower overall costs for the company

(6)    Create one-to-one relationships with customers

## 5.3    Define the User Experience and Audience

The Audience of the web site will be the existing customers who have been doing business for long terms or sometimes including new customers who are interested in jewelry, and would like to make a purchase order of the jewelry from us. The website will provide knowledge about the jewelry, gold, stone, and diamond to service the customers to let customers have some knowledge about the jewelry.

## 5.4    Hardware and Software Requirements

Table 5.1.    Server Specification.

| CPU Type | Pentium 4 2.8GHz. 800 MHz. FSB |
| --- | --- |
| CPU L2 Cache | 1 MB. |
| Memory | 512MB. PC2700 DDR SDRAM 333MHz. |
| Graphics | 16MB SDRAM (SVGA/ATI 7000M) |
| HDD | 36.4 GB. Ultra320 10k rpm |
| HD Controller | SCSI Controller Single Channel Ultra 320 SCSI |
| CD-ROM | 48X |
| Network Interface Card | Integrated Gigabit (Wake on LAN) |
| Monitor | 15" CRT |
| Printer | Dot Metrix |

** Server 49,969 Baht. + Monitor 4100 Baht + Printer 21,000 Baht

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Table 5.2.    Software Specification.

| OS | Windows 2003 Server with 5 Client |
|---|---|
|  | Internet Information Service V.5.1 |
| MS-Office | Office Pro 2003(Word,Excel,PowerPoint,Access) |

** OS  29,000 Baht + Office 23,000 Baht

Table 5.3.   Client Specification.

| CPU Type | Pentium 4 2.8GHz. 400 MHz. FSB |
|---|---|
| CPU L2 Cache | 512 KB. |
| Memory | 256MB. PC2700 DDR SDRAM 333MHz. |
| Graphics | Intel Extreme Graphics 2 ,32 MB. |
| HDD | 40 GB. 7200 Rpm |
| CD-ROM | 48X |
| Network Interface Card | Integrated 10/100 Ethernet |
| Monitor | 15" CRT |

**  Server 49,969 Baht. + Monitor 4100 Baht + Printer 21,000 Baht

Table 5.4.   Software for Client.

| OS | Windows XP Professional |
|---|---|
|  | Internet Information Service V.5.1 |
| MS-Office | Office Pro 2003(Word,Excel,PowerPoint,Access) |

** PC  29,000 Baht + Office 23,000 Baht

Table 5.5.  Network Equipment.

| Hub | 16 Port 10/100 Base-T |
|---|---|
| Modem | OfficeConnect Dual 56K LAN Modem |

## 5.5    Cost and Benefit Analysis

This part will compare the cost and profit of the organization before and after having the web site. This part will also show the increasing profit after having the site also.

## 5.6    Payback Period

Because Hoover has been running its business in jewelry industry for a long time, therefore there is not much problem when we increase other channels to reach our customers. To develop a website to promote our collection and product is our choice. Moreover, to cut off to participate in some jewelry show would reduce our cost. The website is also cost effective to support us to promote our product in the global market in the same way as participation in the show. The most revenue is derived from customer order, when some customers visit us in the show, then make a purchase or order. Some customers walk into our showroom and also some saw our e-catalog which was presented on our website. Then they asked for price quotation and if they accept the price, then we can start to run business together.

Table 5.6.  Manual Cost (Existing System).

| MANUAL COST (EXISTING SYSTEM) | | Year | | | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | Total |
| Income | 6,000,000.00 | 8,400,000.00 | 11,760,000.00 | 16,464,000.00 | 23,049,600.00 | 65,673,600.00 |
| | | 14,400,000.00 | 26,160,000.00 | 42,624,000.00 | 65,673,600.00 | |
| | | | | | | |
| Cost Items | | | | | | |
| | | | | | | |
| Fixed Cost | | | | | | |
| Typewriter (1 unit) | 15,000.00 | | | | | 15,000.00 |
| Calculators (5 unit @ 500) | 2,500.00 | | | | | 2,500.00 |
| Personal Computer (3 unit @ 40,000) | 120,000.00 | | | | | 120,000.00 |
| Total Fixed Costs | 137,500.00 | | | | | 137,500.00 |
| Operating Cost | | | | | | |
| Salaries | | | | | | |
| Manager (3 @ 30,000 per month) | 1,080,000.00 | 1,134,000.00 | 1,190,700.00 | 1,250,235.00 | 1,312,746.75 | 5,967,681.75 |
| Saleperson (3@10,000 per month) | 360,000.00 | 378,000.00 | 396,900.00 | 416,745.00 | 437,582.25 | 1,989,227.25 |
| Accountant (3@12,000 per month) | 432,000.00 | 453,600.00 | 476,280.00 | 500,094.00 | 525,098.70 | 2,387,072.70 |
| Worker (40@ 7,000 per month) | 3,360,000.00 | 3,528,000.00 | 3,704,400.00 | 3,889,620.00 | 4,084,101.00 | 18,566,121.00 |
| Total Annual Salary | 5,232,000.00 | 5,493,600.00 | 5,768,280.00 | 6,056,694.00 | 6,359,528.70 | 28,910,102.70 |
| Participation in the Jewelry shows | | | | | | |
| Show ( 8@ 400,000 show) | 3,200,000.00 | 3,520,000.00 | 3,872,000.00 | 4,259,200.00 | 4,685,120.00 | 19,536,320.00 |
| Total Annual Jewerly show | 3,200,000.00 | 3,520,000.00 | 3,872,000.00 | 4,259,200.00 | 4,685,120.00 | 19,536,320.00 |
| Office Supplies & Miscellaneous Cost | | | | | | |
| Utilities (per annum) | 200,000.00 | 230,000.00 | 264,500.00 | 304,175.00 | 349,801.25 | 1,348,476.25 |
| Stationary (per annum) | 100,000.00 | 115,000.00 | 132,250.00 | 152,087.50 | 174,900.63 | 674,238.13 |
| Perper (per annum) | 100,000.00 | 115,000.00 | 132,250.00 | 152,087.50 | 174,900.63 | 674,238.13 |
| Miscellaneous (per annum) | 80,000.00 | 92,000.00 | 105,800.00 | 121,670.00 | 139,920.50 | 539,390.50 |
| Total Annual Office Supplies | 480,000.00 | 552,000.00 | 634,800.00 | 730,020.00 | 839,523.00 | 3,236,343.00 |
| Total Annual Operating Cost | 8,912,000.00 | 9,565,600.00 | 10,275,080.00 | 11,045,914.00 | 11,884,171.70 | 51,682,765.70 |
| Total Manual System Cost | 9,049,500.00 | 9,565,600.00 | 10,275,080.00 | 11,045,914.00 | 11,884,171.70 | 51,820,265.70 |
| | | | | | | |
| Profit | - 3,049,500.00 | - 1,165,600.00 | 1,484,920.00 | 5,418,086.00 | 11,165,428.30 | 13,853,334.30 |
| | | - 4,215,100.00 | - 2,730,180.00 | 2,687,906.00 | 13,853,334.30 | |
| Profit % | -50.83% | -13.88% | 12.63% | 32.91% | 48.44% | 21.09% |

| MANUAL COST (EXISTING SYSTEM) | Pay Back Period | 3.83674 | |
|---|---|---|---|
| | | | |
| | Year | Total Manual Cost | Accumulated Cost |
| | 1 | 9,049,500.00 | 9,049,500.00 |
| | 2 | 9,565,600.00 | 18,615,100.00 |
| | 3 | 10,275,080.00 | 28,890,180.00 |
| | 4 | 11,045,914.00 | 39,936,094.00 |
| | 5 | 11,884,171.70 | 51,820,265.70 |
| | | 51,820,265.70 | |

Table 5.7. Computerized Propose System Cost.

| COMPUTERIZE PROPOSE SYSTEM | Year | | | | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | Total |
| Income | 6,000,000.00 | 8,400,000.00 | 11,760,000.00 | 16,464,000.00 | 23,049,600.00 | 65,673,600.00 |
| | | 14,400,000.00 | 26,160,000.00 | 42,624,000.00 | 65,673,600.00 | |
| | | | | | | |
| Cost Items | | | | | | |
| | | | | | | |
| Fixed Cost | | | | | | |
| Hardware Cost | | | | | | |
| Computer Server with UPS | 55,000.00 | 55,000.00 | - | - | - | 110,000.00 |
| Workstation (5 @35,000 ) | 175,000.00 | 175,000.00 | - | - | - | 350,000.00 |
| Laser Printer | 50,000.00 | 50,000.00 | - | - | - | 100,000.00 |
| Dot Matrix Prineter | 12,000.00 | 12,000.00 | - | - | - | 24,000.00 |
| Digital Camera | 12,000.00 | 12,000.00 | - | - | - | 24,000.00 |
| Token Ring Hub | 5,000.00 | 5,000.00 | - | - | - | 10,000.00 |
| Modem | 3,000.00 | 3,000.00 | - | - | - | 6,000.00 |
| Total Hardware Cost | 312,000.00 | 312,000.00 | - | - | - | 624,000.00 |
| Network Cost | | | | | | |
| Domain Name Registration | 1,500.00 | 1,500.00 | 1,500.00 | 1,500.00 | 1,500.00 | 7,500.00 |
| Website development | 30,000.00 | | | | | |
| Internet Service Charge | 24,000.00 | 24,000.00 | 24,000.00 | 24,000.00 | 24,000.00 | 120,000.00 |
| Total Network Cost | 55,500.00 | 25,500.00 | 25,500.00 | 25,500.00 | 25,500.00 | 157,500.00 |
| Software cost | | | | | | |
| Window XP Professional | 10,000.00 | 10,000.00 | | | | 20,000.00 |
| Office Pro 2003 | 23,000.00 | 23,000.00 | | | | 46,000.00 |
| Total Software Cost | 33,000.00 | 33,000.00 | - | | - | 66,000.00 |
| Implementation Cost | | | | | | |
| Training | 20,000.00 | 20,000.00 | | | | 40,000.00 |
| Setup | 32,000.00 | 32,000.00 | | | | 64,000.00 |
| Total Implement Cost | 52,000.00 | 52,000.00 | - | - | - | 104,000.00 |
| Total Fixed Cost | 452,500.00 | 422,500.00 | 25,500.00 | 25,500.00 | 25,500.00 | 951,500.00 |
| Operating Cost | | | | | | |
| Salaries | | | | | | |
| Manager (3 @ 30,000 per month) | 1,080,000.00 | 1,134,000.00 | 1,190,700.00 | 1,250,235.00 | 1,312,746.75 | 5,967,681.75 |
| Administrator (1@10,000 per mon | 120,000.00 | 126,000.00 | 132,300.00 | 138,915.00 | 145,860.75 | 663,075.75 |
| Saleperson (2@10,000 per month) | 240,000.00 | 252,000.00 | 264,600.00 | 277,830.00 | 291,721.50 | 1,326,151.50 |
| Accountant (3@12,000 per month) | 432,000.00 | 453,600.00 | 476,280.00 | 500,094.00 | 525,098.70 | 2,387,072.70 |
| Worker (40@ 7,000 per month) | 3,360,000.00 | 3,528,000.00 | 3,704,400.00 | 3,889,620.00 | 4,084,101.00 | 18,566,121.00 |
| Total Annual Salary | 5,232,000.00 | 5,493,600.00 | 5,768,280.00 | 6,056,694.00 | 6,359,528.70 | 28,910,102.70 |
| Participation in the Jewelry shows | | | | | | |
| Show ( 5@ 400,000 show) | 2,000,000.00 | 2,200,000.00 | 2,420,000.00 | 2,662,000.00 | 2,928,200.00 | 12,210,200.00 |
| Total Annual Jewerly show | 2,000,000.00 | 2,200,000.00 | 2,420,000.00 | 2,662,000.00 | 2,928,200.00 | 12,210,200.00 |
| Office Supplies & Miscellaneous Cost | | | | | | |
| Utilities (per annum) | 150,000.00 | 172,500.00 | 198,375.00 | 228,131.25 | 262,350.94 | 1,011,357.19 |
| Stationary (per annum) | 70,000.00 | 80,500.00 | 92,575.00 | 106,461.25 | 122,430.44 | 471,966.69 |
| Perper (per annum) | 70,000.00 | 80,500.00 | 92,575.00 | 106,461.25 | 122,430.44 | 471,966.69 |
| Miscellaneous (per annum) | 80,000.00 | 92,000.00 | 105,800.00 | 121,670.00 | 139,920.50 | 539,390.50 |
| Total Annual Office Supplies | 370,000.00 | 425,500.00 | 489,325.00 | 562,723.75 | 647,132.31 | 2,494,681.06 |
| Total Annual Operating Cost | 7,602,000.00 | 8,119,100.00 | 8,677,605.00 | 9,281,417.75 | 9,934,861.01 | 43,614,983.76 |
| Total Annual Operating Cost (Fi | 8,054,500.00 | 8,541,600.00 | 8,703,105.00 | 9,306,917.75 | 9,960,361.01 | 44,566,483.76 |
| | | 16,596,100.00 | 25,299,205.00 | 34,606,122.75 | 44,566,483.76 | |
| | | | | | | |
| Profit | - 2,054,500.00 | - 141,600.00 | 3,056,895.00 | 7,157,082.25 | 13,089,238.99 | 21,107,116.24 |
| | | - 2,196,100.00 | 860,795.00 | 8,017,877.25 | 21,107,116.24 | |
| Profit % | -34.24% | -1.69% | 25.99% | 43.47% | 56.79% | 32.14% |
| | | | | | | |
| | | Pay Back Period | 2.92680 | | | |

| | Year | Total Computerized | Accumulated Cost | | | |
|---|---|---|---|---|---|---|
| | | | | | 270,000.00 | |
| | 1 | 8,054,500.00 | 8,054,500.00 | | 55,500.00 | |
| | 2 | 8,541,600.00 | 16,596,100.00 | | 21,000.00 | |
| | 3 | 8,703,105.00 | 25,299,205.00 | | | |
| | 4 | 9,306,917.75 | 34,606,122.75 | | | |
| | 5 | 9,960,361.01 | 44,566,483.76 | | | |
| | | 44,566,483.76 | | | | |

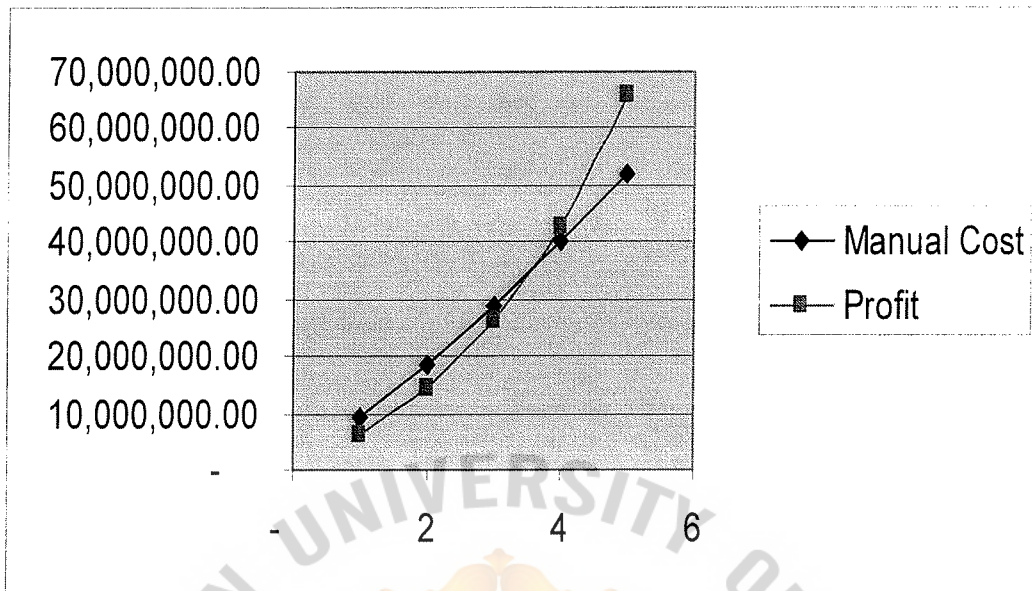Pay Back Period for the Manual Cost (Existing System) = 3.84 Years.



Figure 5.1.    Pay back Period for the Existing System Cost.

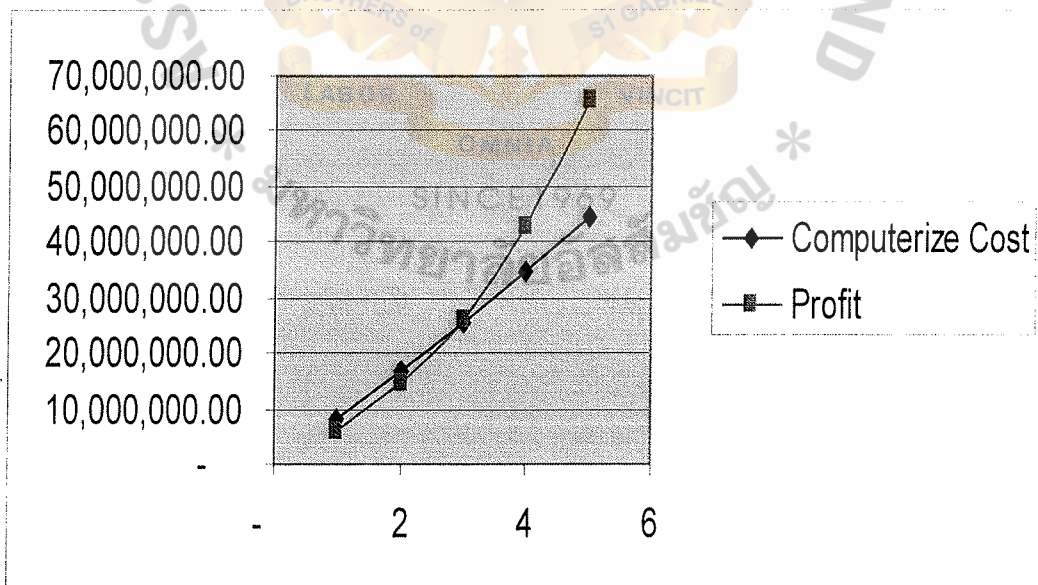Pay Back Period for the Computerize Propose System = 2.93 Years.



Figure 5.2.    Pay back Period for Computerize Propose System.

## 5.7 Web Design

Hoover will focus on the design of the web site and the web site that is going to be designed will become the first impression to everyone who visits this site at any time. Moreover, some other useful tools and updated information have to be added and function well also. The appendix A will present some interface of the web site.

Table 5.8.    Web Structure and design.

| Menu Name | Description | Type | Format |
|-----------|-------------|------|--------|
| Home page | Provide the short description as the welcome page | Text and Image | Adobe Illustrator, and Adobe Photoshop |
| About Us | Provide company history and business, including what kind of business that we do. Moreover, present the picture of the physical store and the map to reach the store | Text and Image | Adobe Illustrator, and Adobe Photoshop |
| Collection | Provide the collections which have 7 categories, ring, earring, brooch, bracelet, necklace, pendant and cuff link | Text and Image | Adobe Illustrator, and Adobe Photoshop. ASP. And script programming. |

Table 5.8. Web Structure and design. (Continued)

| Menu Name | Description | Type | Format |
|---|---|---|---|
| Event | Provide information about the international jewelry fair that we are going to participate | Text | HTML |
| Contact Us | Provide information about, how to contact us, giving e-mail address and the customer form for customer to submit any request to us. | Text | HTML |
| Admin | Provide the page for authorized person, that is admin to add or remove and update data information about the collection via the website | Text | HTML, ASP and script programming |

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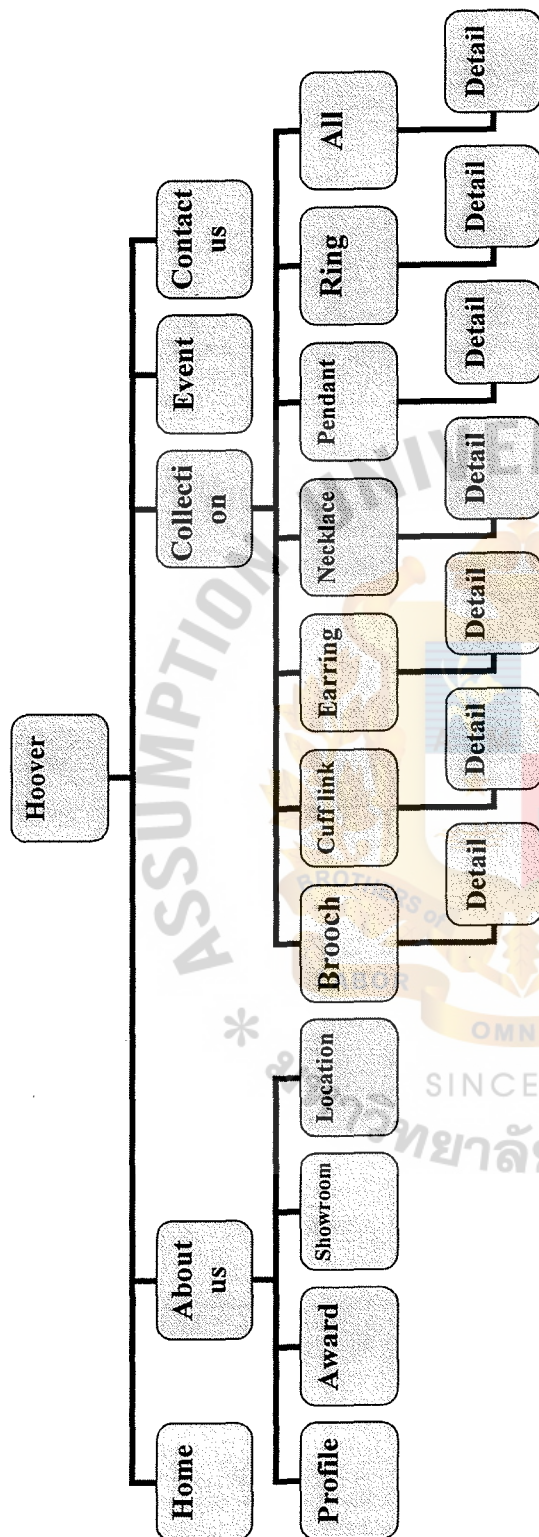
## 5.8 Site map



Figure 5.3. Site Map.

## 5.9 Home Page

Figure A.1. Shows Home Page of Hoover. This page is the welcome page for the visitor. There is not much content and picture. This page is to catch the customer's eye.

## 5.10 About Us

Figure A.2. Presents the information about the company, what kind of business that we do, what kind of jewelry that we produce, and the map and location of our showroom.

## 5.11 Collection

Figure A.2. Shows the pictures and descriptions of our collections, which are separated into 7 categories: ring, earring, brooch, bracelet, necklace, pendant and cufflinks.

## 5.12 Event

Figure A.3. Presents the international jewelry show that we are going to participate; there is information about our booth number, date and time for each show.

## 5.13 Contact Us.

Figure A.4. When customers would like to asked for more information, they can contact us via the E-mail provided in this page.

## 5.14 Security

Security of the website is a very important consideration of the company who has an online presence, for the hosting service and individual users of the website. Firewalls are security measures designed to prevent hackers from gaining access through a server to a Web site. For promotion-only sites, the most that may happen is that the page design could be changed, but when the Web site is the access point to an intranet, extranet, or e-commerce application, the implications are much graver. Web sites can be hacked, or broken into. This can result in information being changed or stolen. Firewall

software is designed to limit entry into a network to authorized users and content. Entry is controlled through registrations and passwords. Firewalls by themselves are not enough to prevent attacks, however, because employees represent the greatest threat to networks. Employees have access to security procedures and computer terminals and they know what important types of statistics are stored.

## Network Diagram
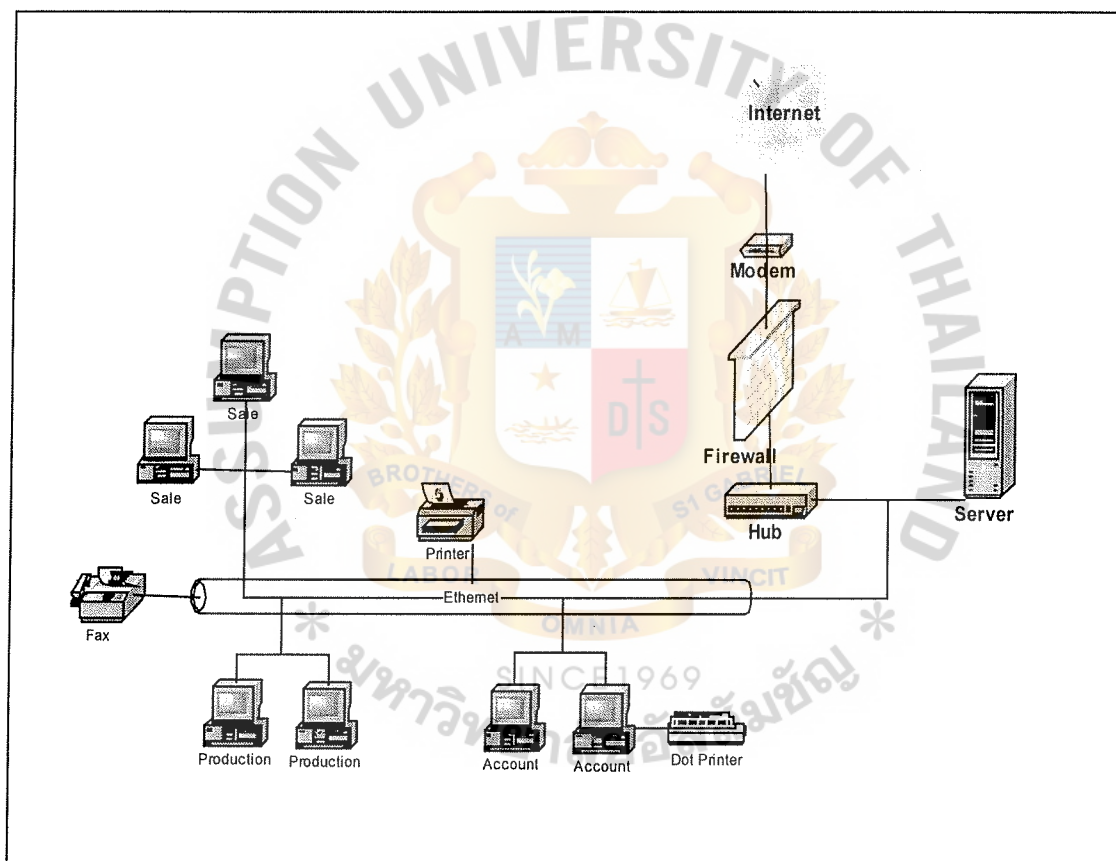


Figure 5.4. Network Diagram.

## 5.15 Database design

Hoover web site, a database will need to store customer information as well as update some new collection to present to the customers who visit our site. When customers visit our site and they would like to ask for some information about the company or product, they may send the request through the form that we provided. This form lets us collect the customers' information to arrange to the customer database. When we receive the request from customers, then we provide the information to reply to them as soon as possible. Also the collection will be updated every week by our administration to control the database as well as the security of the system.

The information for the collection will be created in the database in MS Access by the administrator who is authorized.
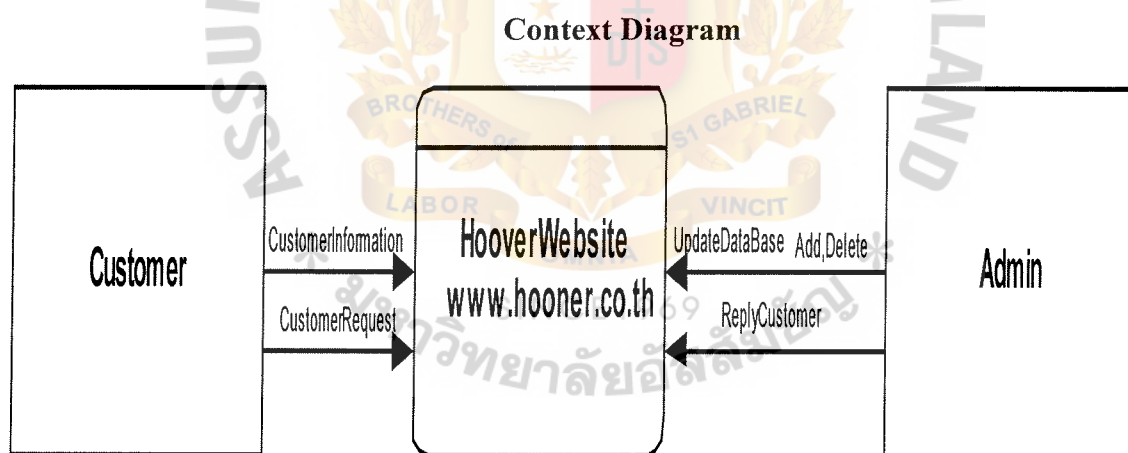
**Context Diagram**



Figure 5.5.    Context Diagram.

50
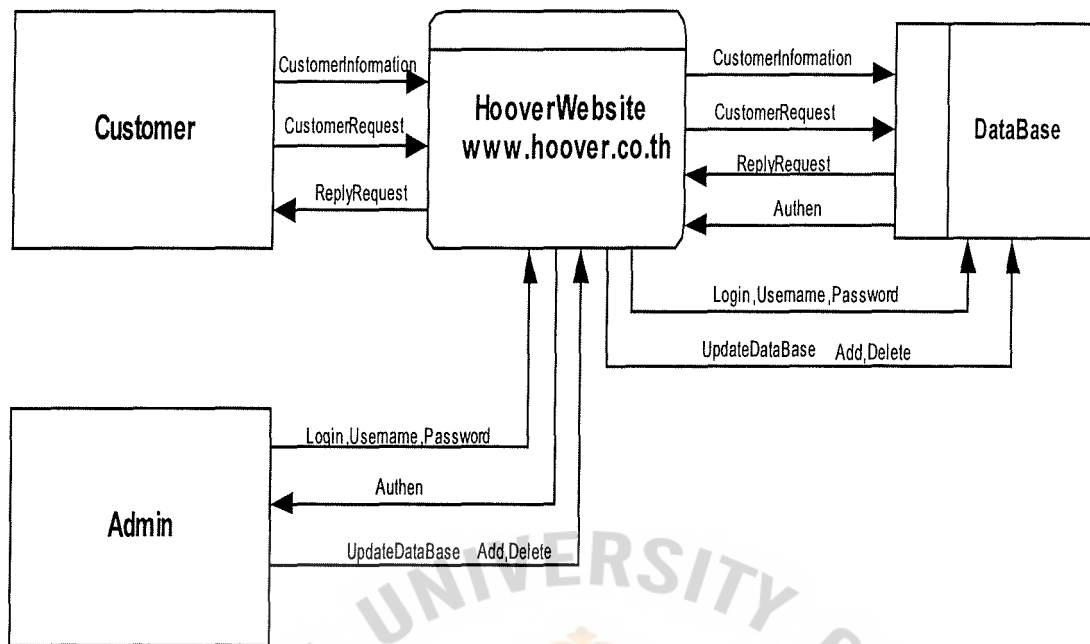
Figure 5.6. Data Flow Diagram Level 1.
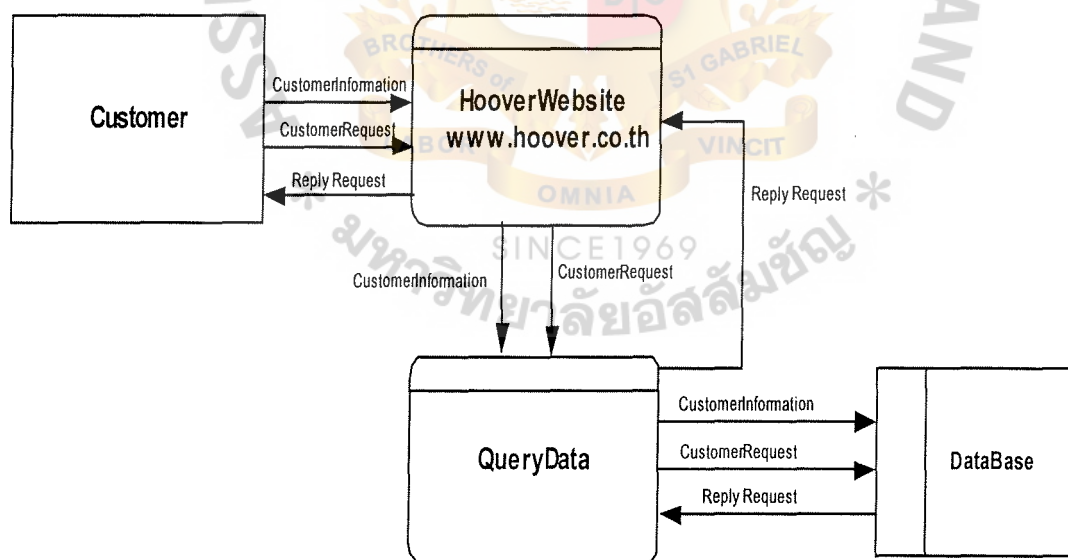


Figure 5.7. Data Flow Diagram Level 2.

51
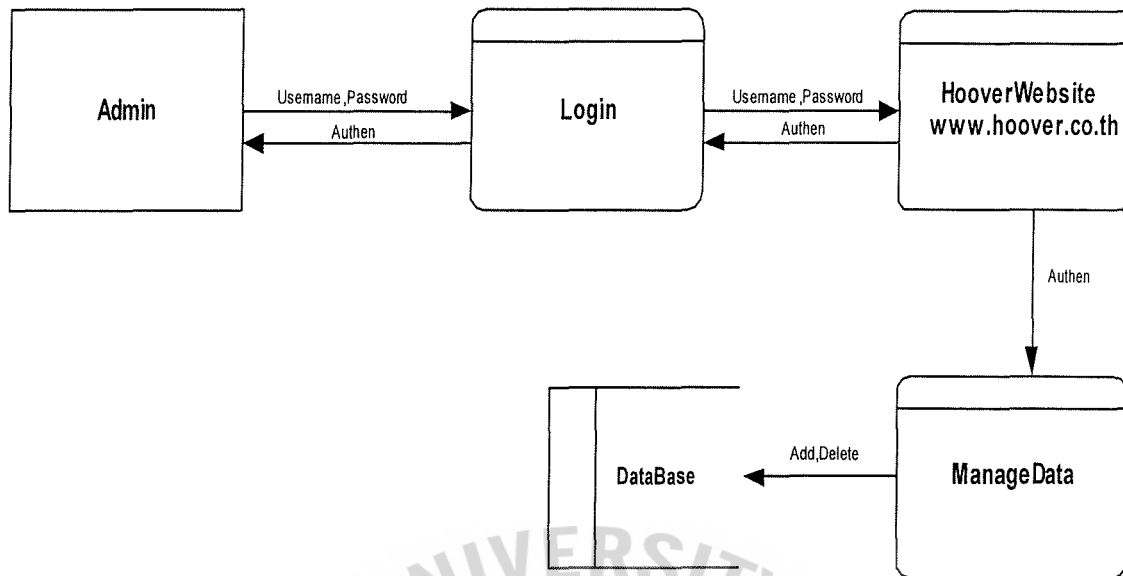
Figure 5.8.    Data Flow Diagram Level 3.

**E-R Diagram**
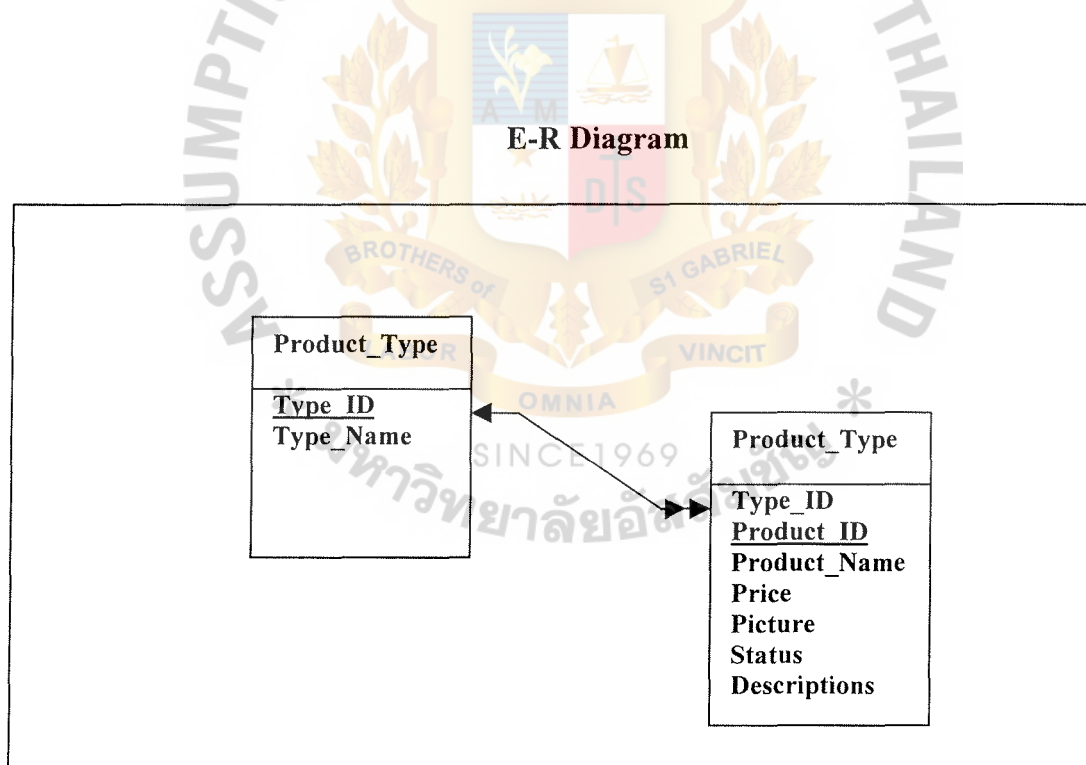


Figure 5.9.    Database Design.

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**Data Dictionary.**

Table 5.9.    Product _Type.

| Seq | Field Name | Data Type | Field Size | Index | Example |
|-----|------------|-----------|------------|-------|---------|
| 1 | Type_ID | Text | 50 | Primary Key | 1 |
| 2 | Type_Name | Text | 50 | - | Brooch |

Table 5.10.    Product.

| Seq | Field Name | Data Type | Field Size | Index | Example |
|-----|------------|-----------|------------|-------|---------|
| 1 | Type_ID | Text | 50 | - | 1 |
| 2 | Product_ID | Text | 50 | Primary Key | 1-400008 |
| 3 | Product_Name | Text | 50 | - | Ruby Diamond |
| 4 | Price | Number | Long Integer | - | 0 |
| 5 | Picture | Text | 50 | - | radE8217.jpg |
| 6 | Status | Text | 50 | - | S |
| 7 | Description | Memo | 50 | - | Emerald :0.47 Ct |

# VI.   CONCLUSIONS AND RECOMMENATIONS

## 6.1   Conclusion

Hoover International Co., Ltd is the exporter and manufacturer of fine jewelry. After the SWOT analysis, Hoover knows its own weaknesses and threats, so it will have to form other new strategies to cover those threats and weaknesses. Because Hoover also has some opportunities and strengths, so it will be much easier to form the new strategies.

Because of the rapidly changing business environment, and competitor's strategies, Hoover has to improve itself to survive and grow in the jewelry industry. As Hoover knows the benefits of the internet technology, it has decided to use the internet technology to increase its market channel. We are trying to enhance our product to the global market through the website www.hoover-th.com The website will be usable, easy to use and meet customers' expectation.

Actually, this website served the existing customers to see the new collections and other products which we produced. Moreover, we would like to promote ourselves, both the company and product to be well-known in the global market. We provided the website as the channel to promote the company and product to be well-known worldwide.

This website is not 100% e-commerce web site because our product is fine jewelry which is costly, the customers, especial new customers may not be confident in our product and may not make a purchase without seeing and touching the actual product, the same as car or other luxury goods.   The important thing is we are new for the internet technology, and we do not feel confident in the internet security. We are just trying to use this technology. Also the cost for this technology, Hardware, Software and

People ware are costly. We would like to try step by step, and then we may jump to the goal.

## 6.2 Recommendation

This project is our first experiment to try a new channel to promote our products to reach global customers by effective cost and budget.

In order to follow the quickly changing business environment there is no strategy that can be invented forever for this world. The strategy life is just like the product lifecycle; after they reach maturity, for sure they will have to decline after becoming obsolete. Although, at present our web site is a website for promotion about our business and product, we have plans to improve our web site and system step by step into 100% e-commerce business. We will add more capability to our web site and let customers purchase our product online.

(1)  Increasing payment online.

(2)  Increasing one-to-one marketing, to serve individual customers. We will provide some web pages to present our special collection to special customers. Customers will get the password to track this page.

(3)  Increasing the capacity of the web site: the customers can track the position of their orders, what is the position of their order and the delivery date etc.

(4)  Changing frequently the interface of the web site in order to attract customer attention.

(5)  More recommended places have to be added to the web site.

(6)  Increasing customer satisfactions by providing FQA menu to serve online customers.
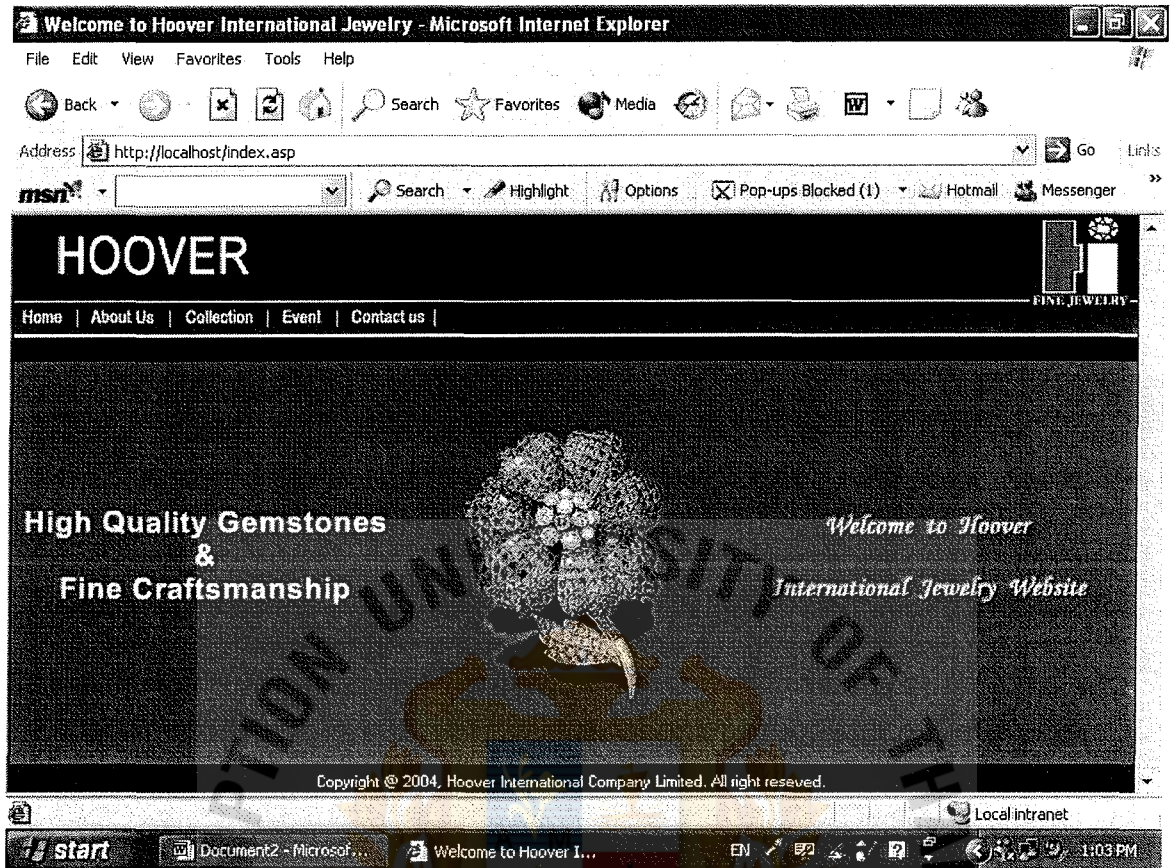
Figure A.1.    Home Page.

Home page is welcome page for visitors who visit www.hoover-th.com , there is

not much detail to show the attractive picture and our mission.
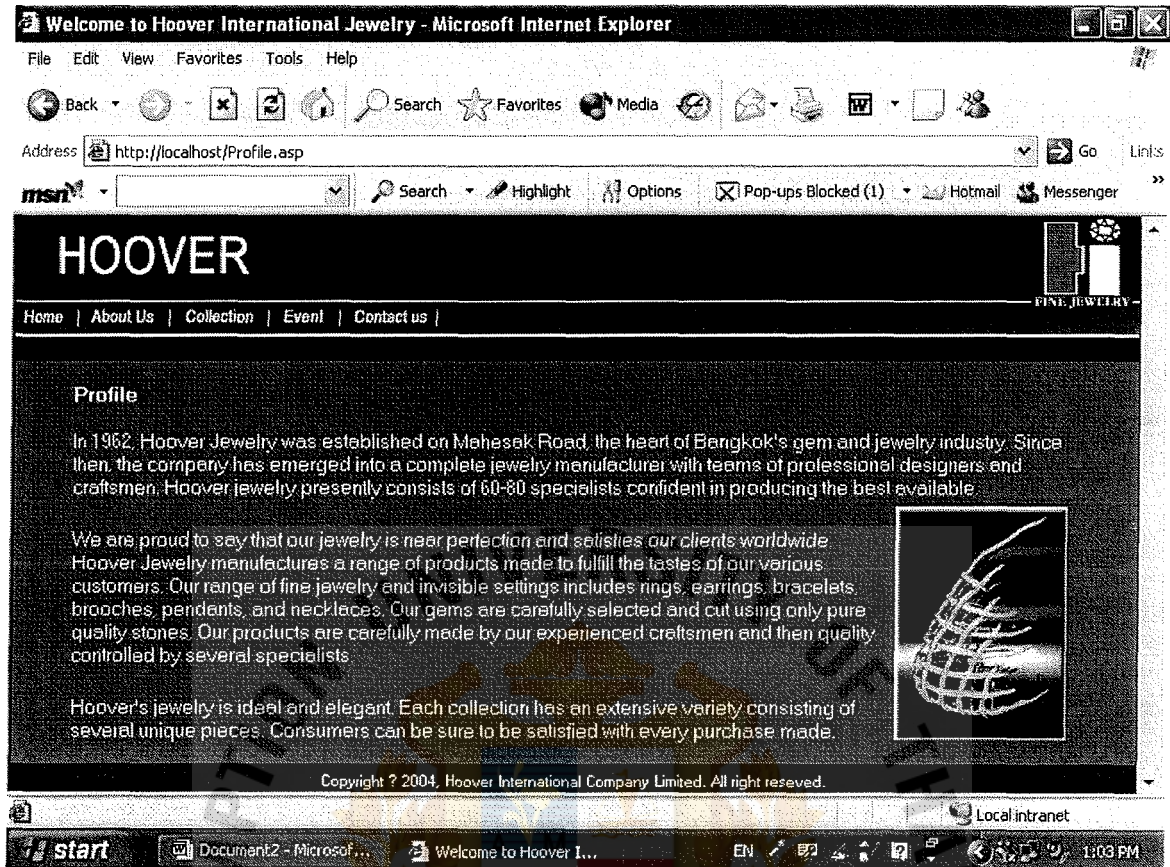
Figure A.2.    About us.

There is some sub menu inside the main menu About us. The page presents Hoovers' profile, inform what kind of business that we did and how long we stayed in the jewelry industry. Includes what kind of jewelry we produced.
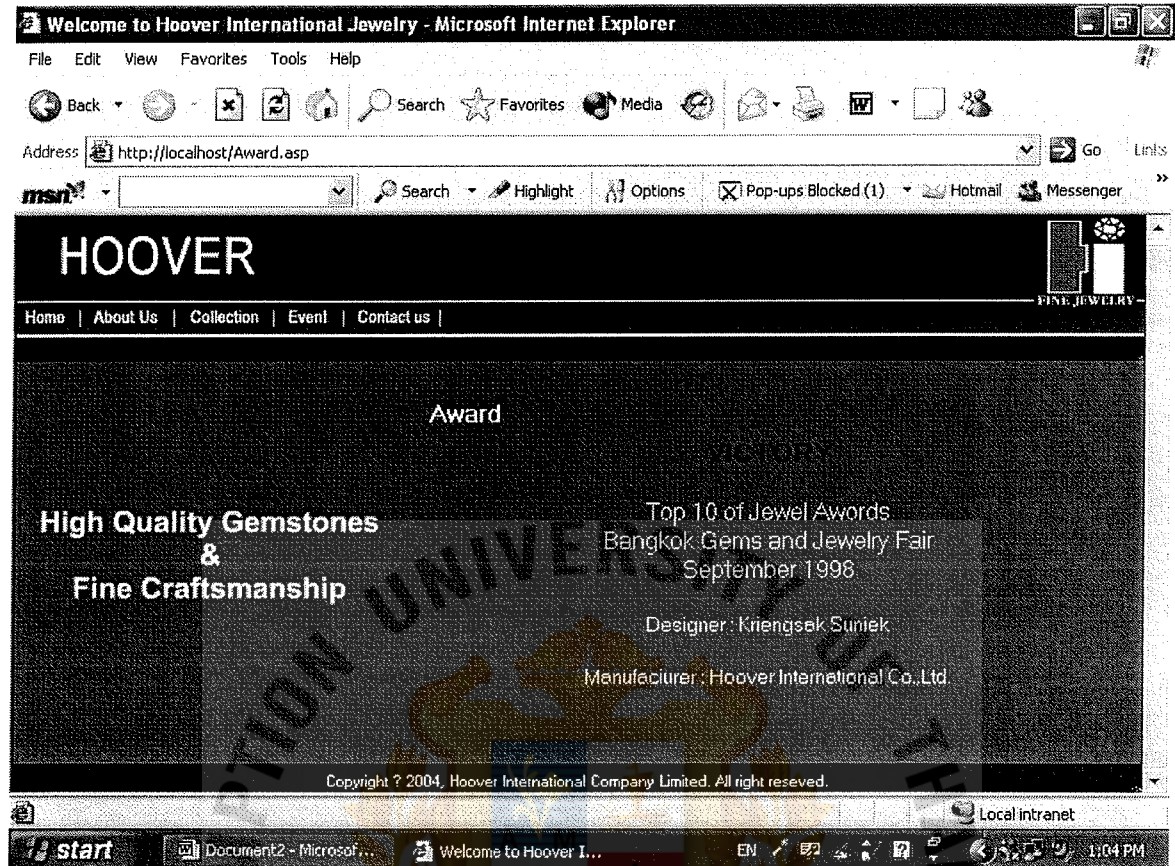
Figure A.3.    Award.

This page is the sub menu inside the main menu About us. This page presents

Hoovers' award, to certify our product and good craftsmanship to the customers.
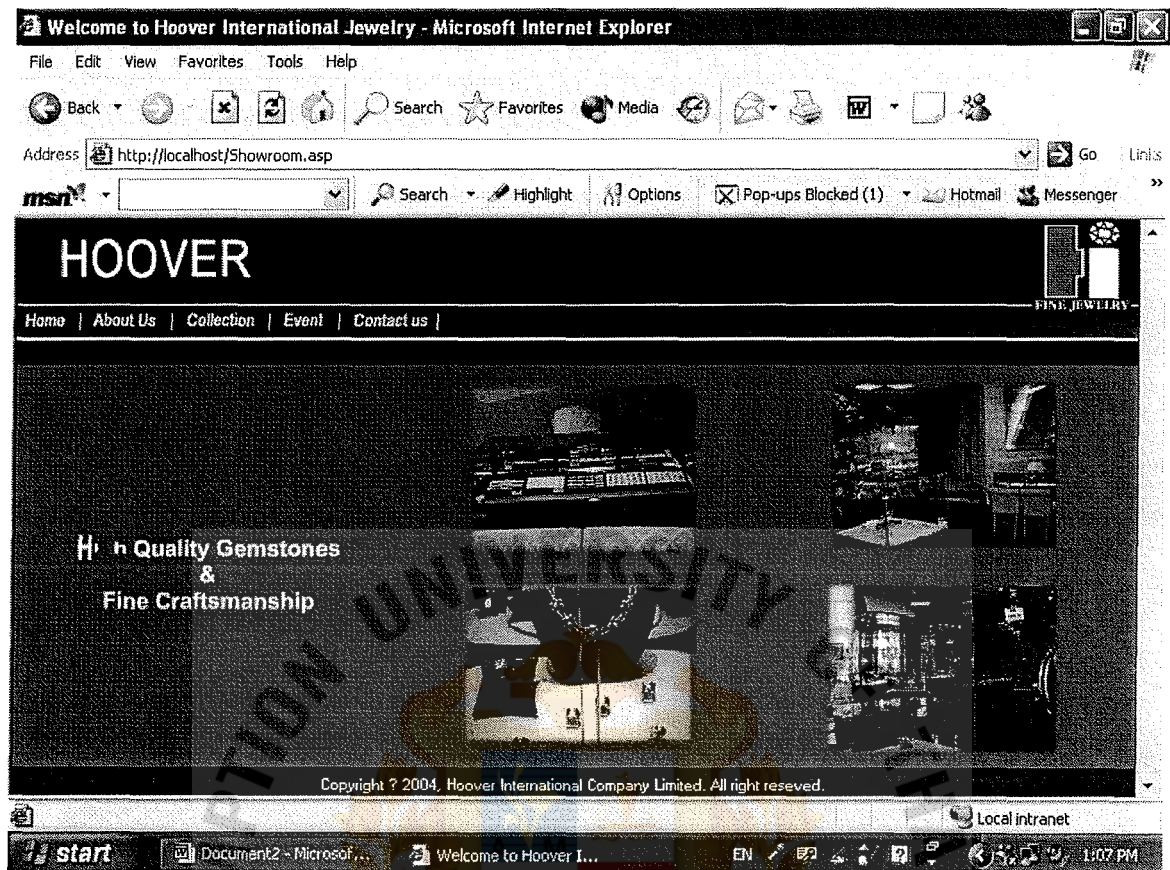
Figure A.4.    Showroom.

This page is the sub menu inside the main menu About us. This page presents Hoovers'

showrooms, that present the collection to the customers who walk in or visit the

showroom. This page will let customers feel trustworthy.
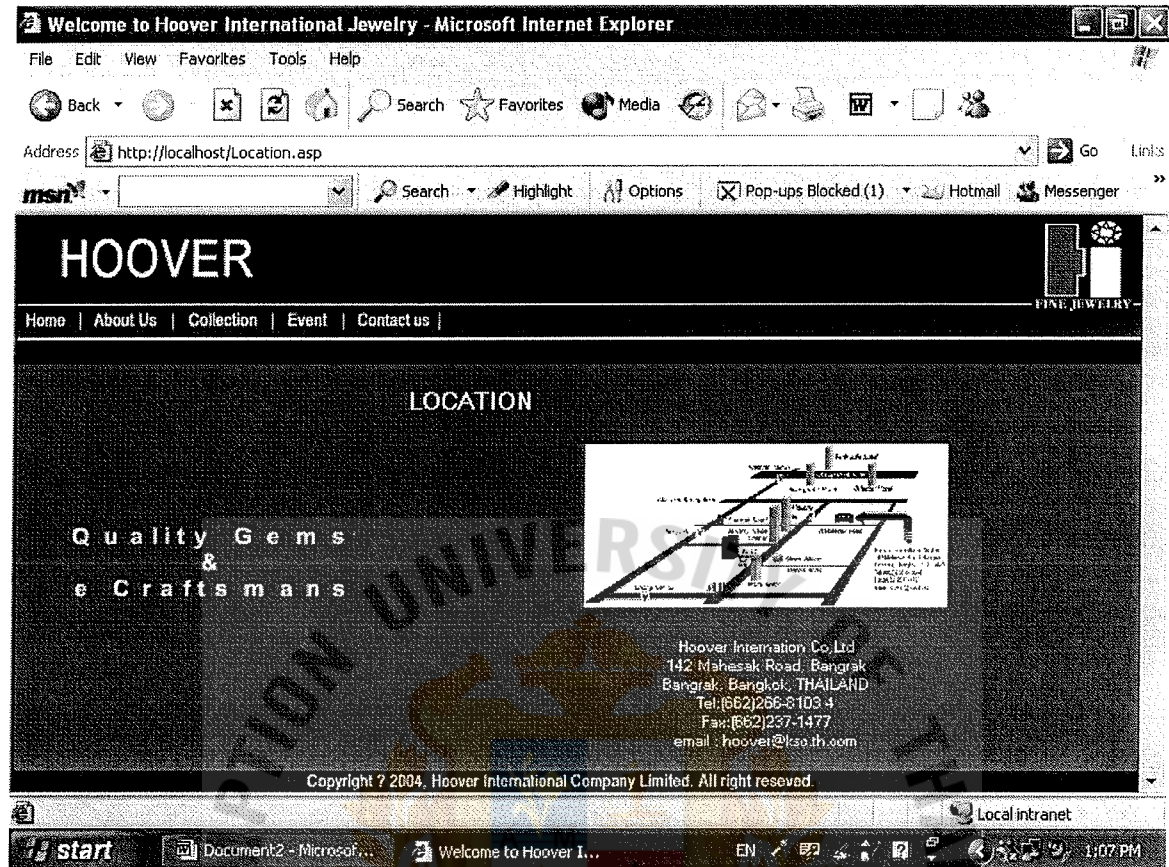
Figure A.5.    Map.

This page is the sub menu inside the main menu About us. This page presents the location of Hoover, and the map to the customers who would like to visit our showrooms.
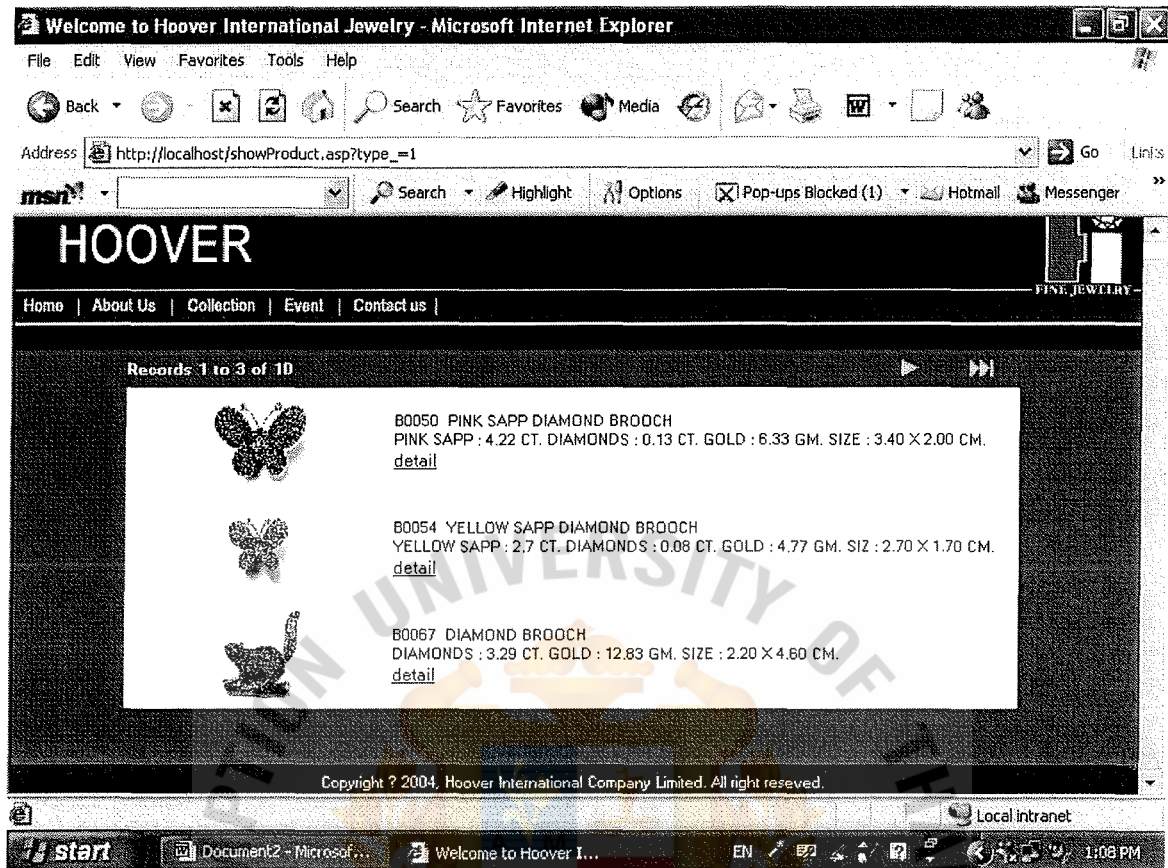
Figure A.6.    Brooch Collection.

This page is the sub menu inside the main menu collection. This page presents our collection in the brooch categories. It presents: picture, model number, description, stone type, stone weight, diamond weight and total weight. It will not provide the selling price.
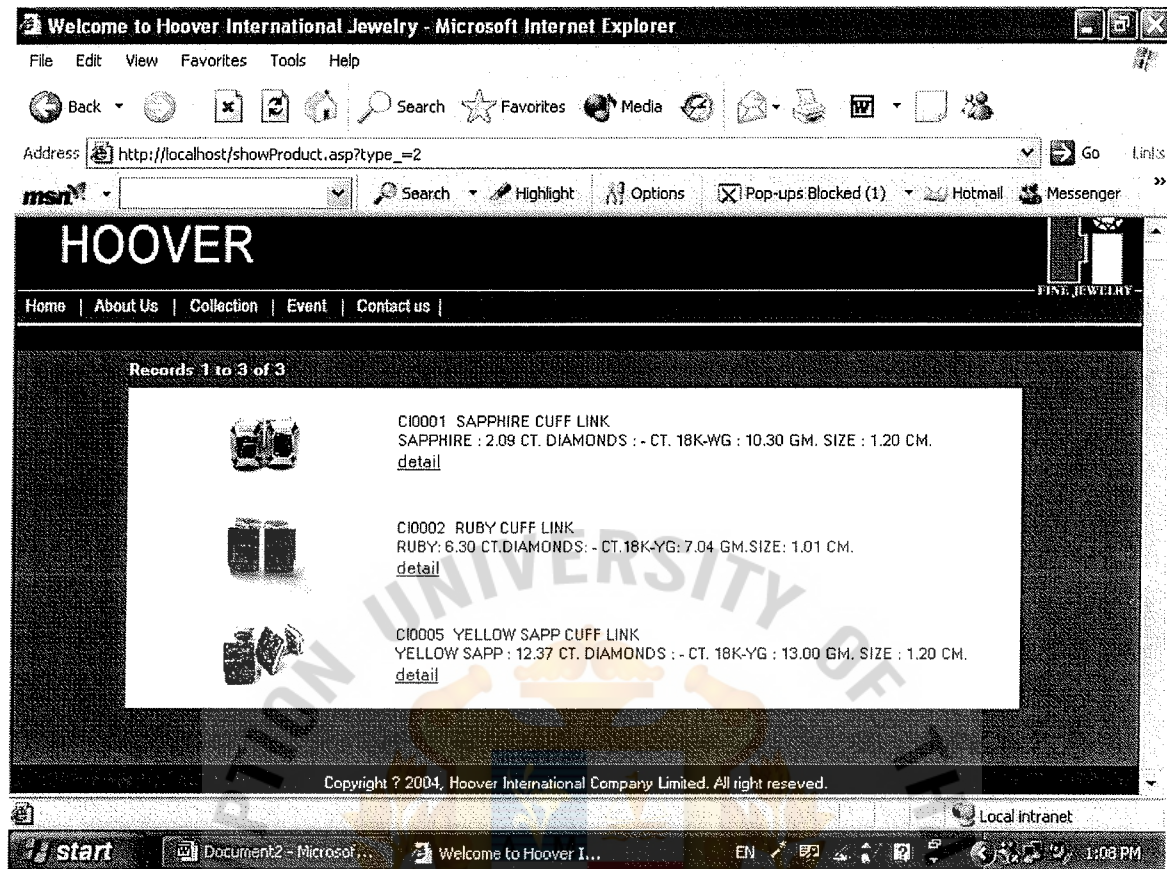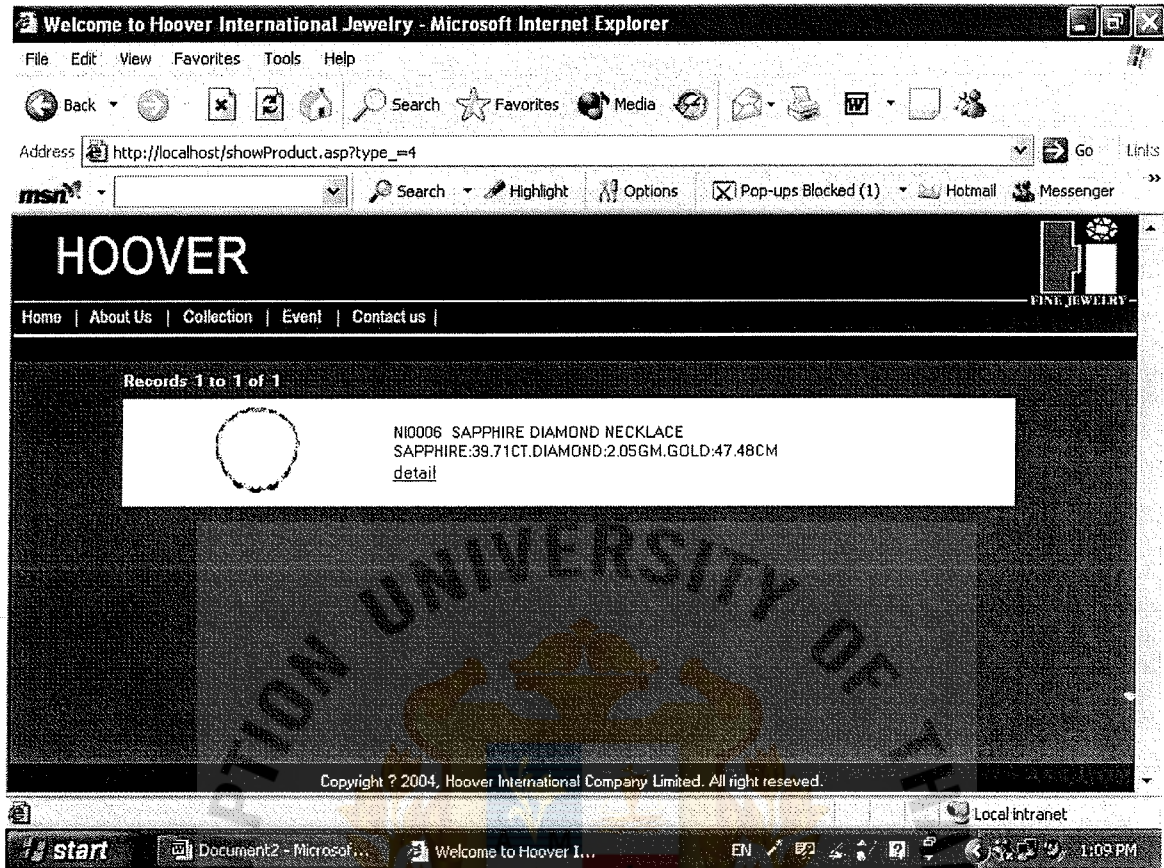
Figure A.7.    Cuff link Collection.

This page is the sub menu inside the main menu collection. This page presents our collection in cufflinks categories. It presents; picture, model number, description, stone type, stone weight, diamond weight and total weight. It will not provide the selling price.
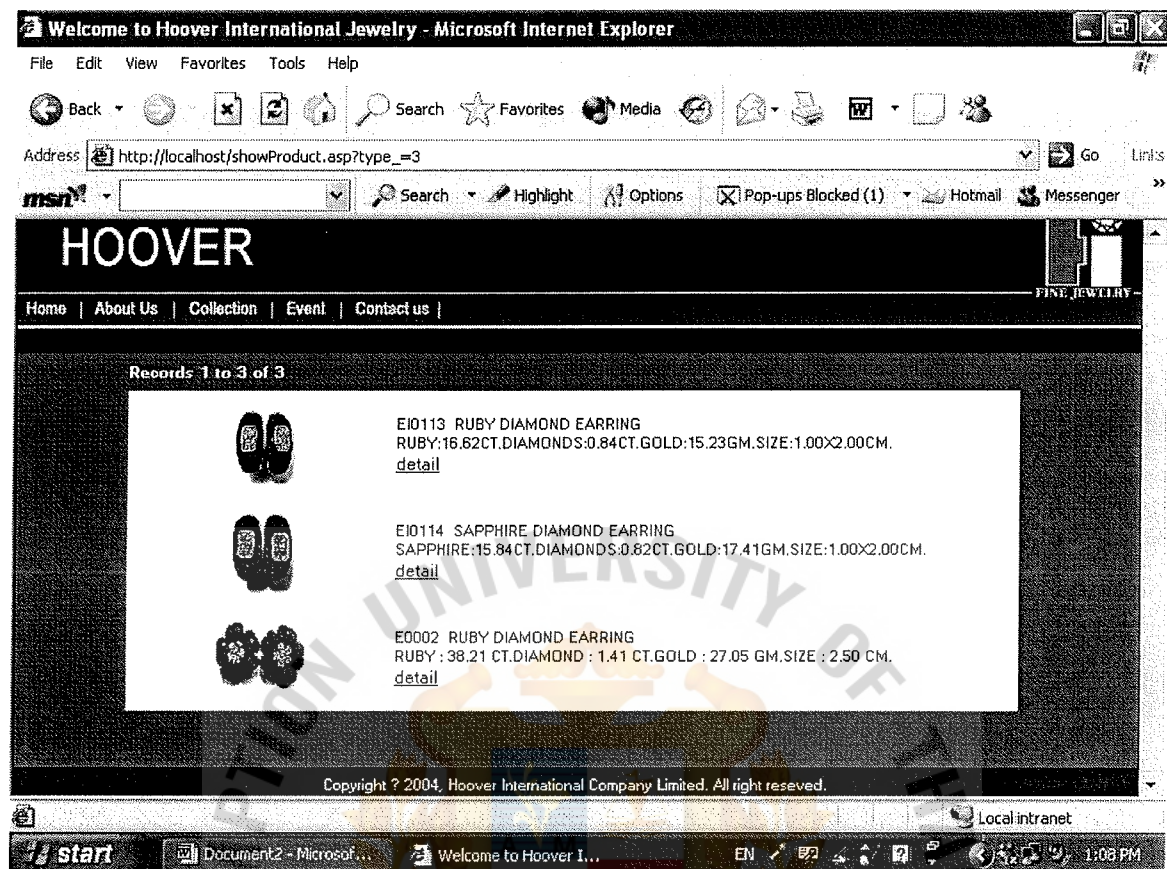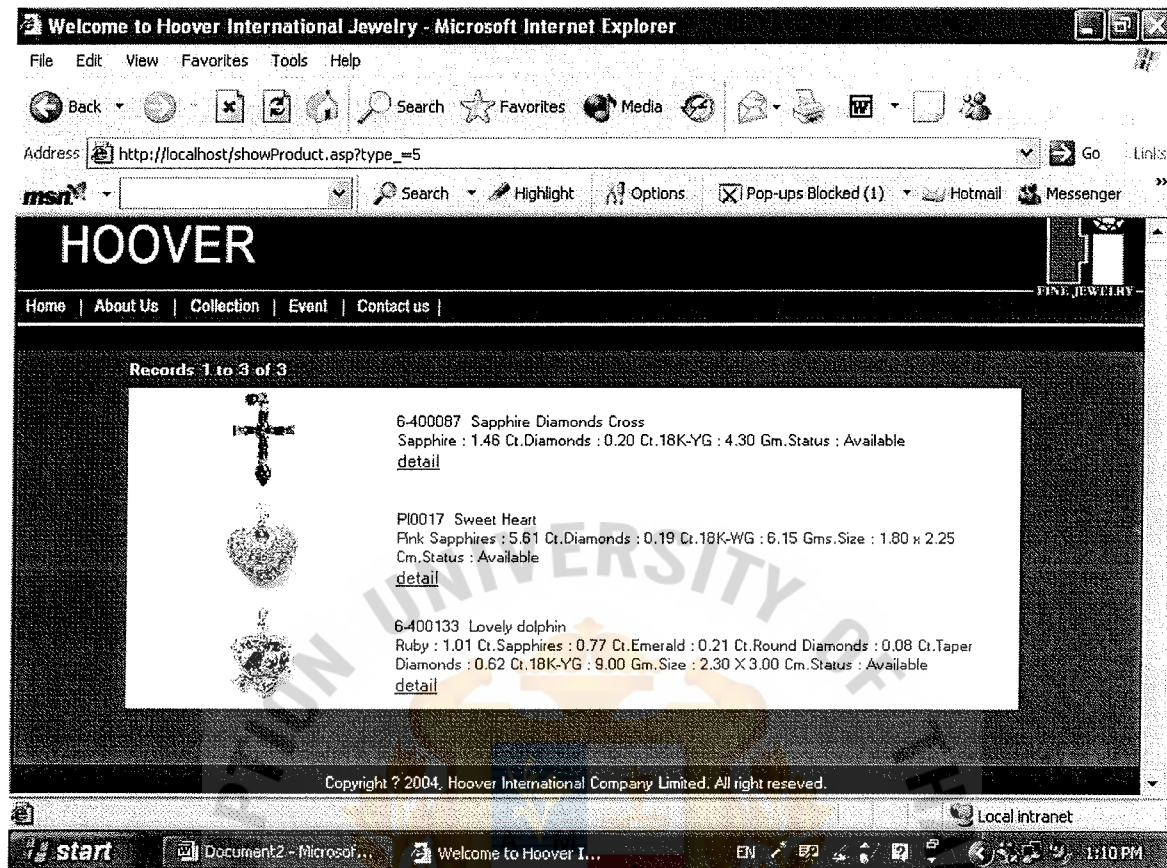
Figure A.8.    Earring Collection.

This page is the sub menu inside the main menu collection. This page presents our collection in earring categories. It presents; picture, model number, description, stone type, stone weight, diamond weight and total weight. It will not provide the selling price.
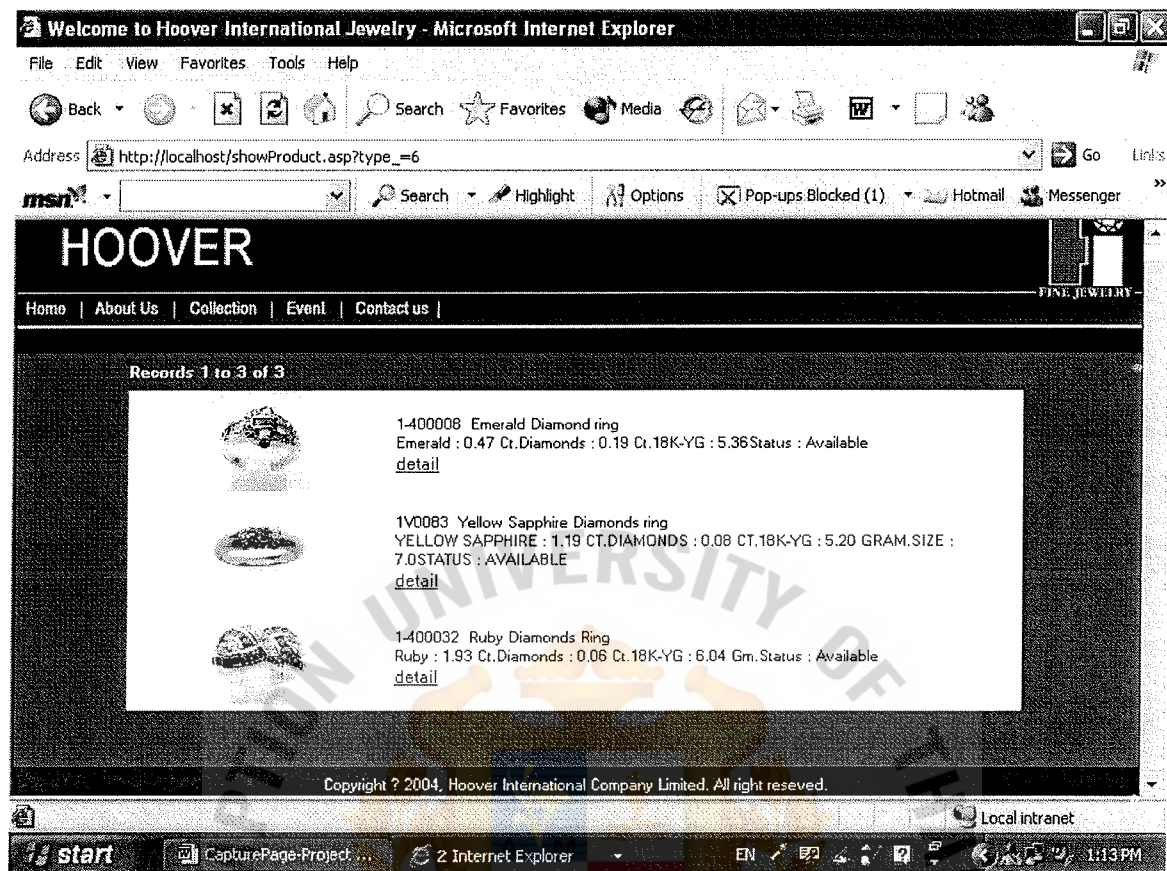
Figure A.9.    Necklace Collection.

This page is the sub menu inside the main menu collection. This page presents our collection in necklace categories. It presents; picture, model number, description, stone type, stone weight, diamond weight and total weight. It will not provide the selling price.

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Figure A.10.  Pendant Collection.

This page is the sub menu inside the main menu collection. This page presents our collection in pendant categories. It presents; picture, model number, description, stone type, stone weight, diamond weight and total weight. It will not provide the selling price.

65

Figure A.11.   Ring Collection.

This page is the sub menu inside the main menu collection. This page presents our collection in ring categories. It presents; picture, model number, description, stone type, stone weight, diamond weight and total weight. It will not provide the selling price.
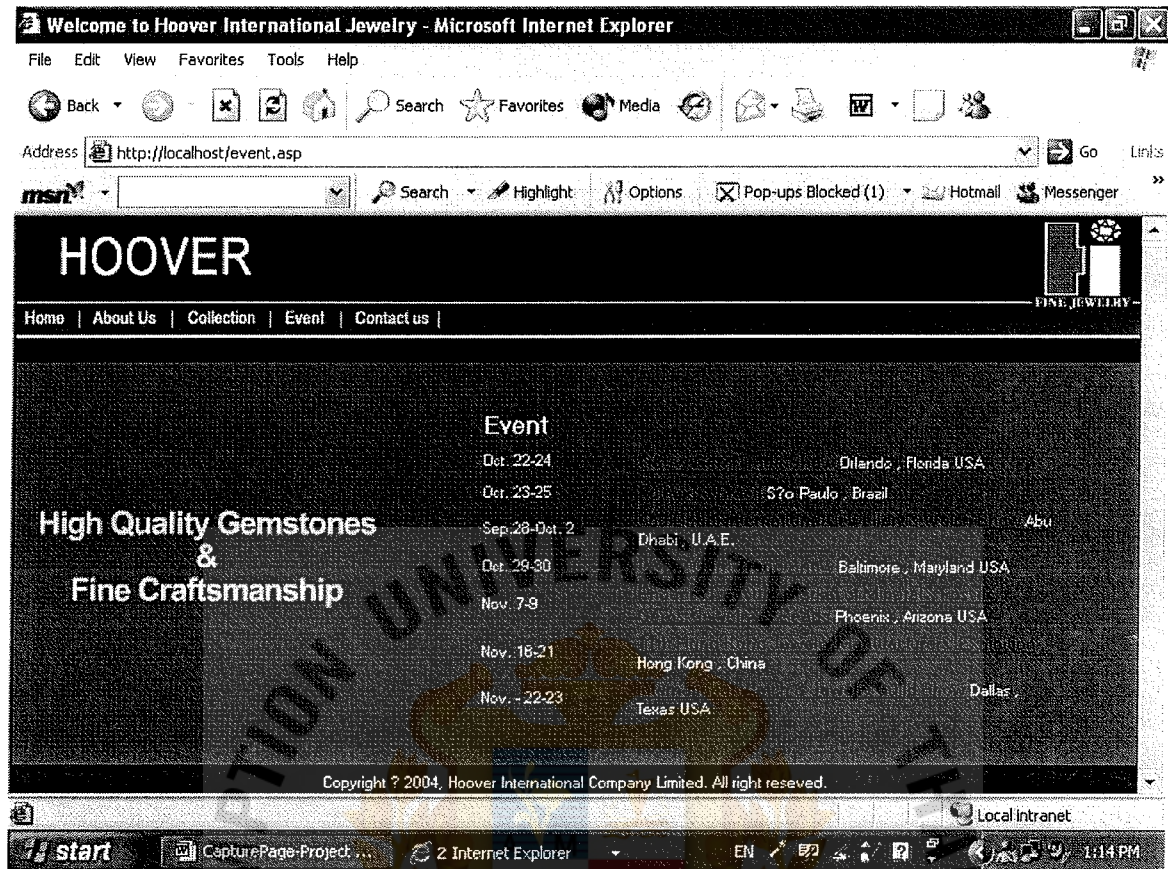
Figure A.12.   Event.

This page contain the event menu; it presents the lists for international jewelry fairs that we will participate in. The customers may know which fairs that they can see us. Moreover, there are some links to the page of jewelry show that we participation in.
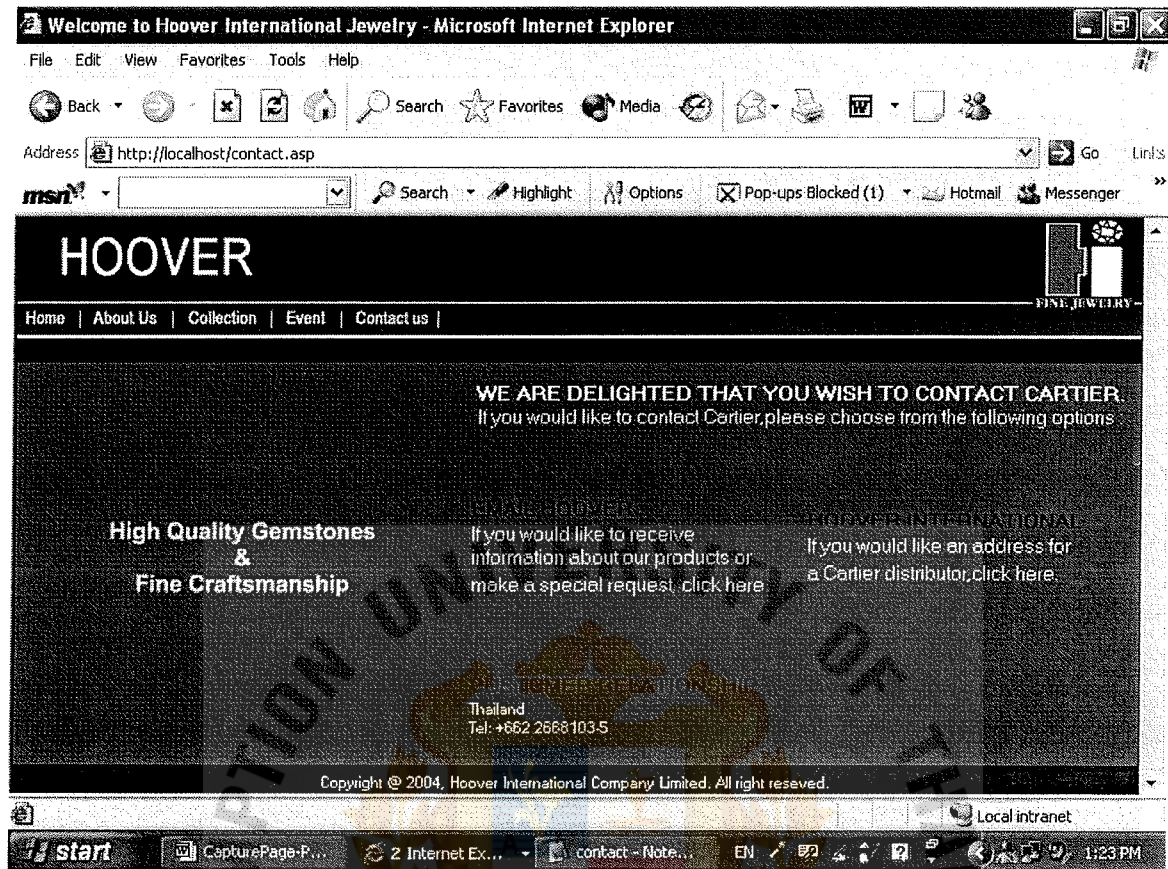
Figure A.13.   Contact Us.

This page contains the ways that customers can reach us. It provides our e-mail address and the form that customers may fill in to ask for price quotation or further information about our company and collection.
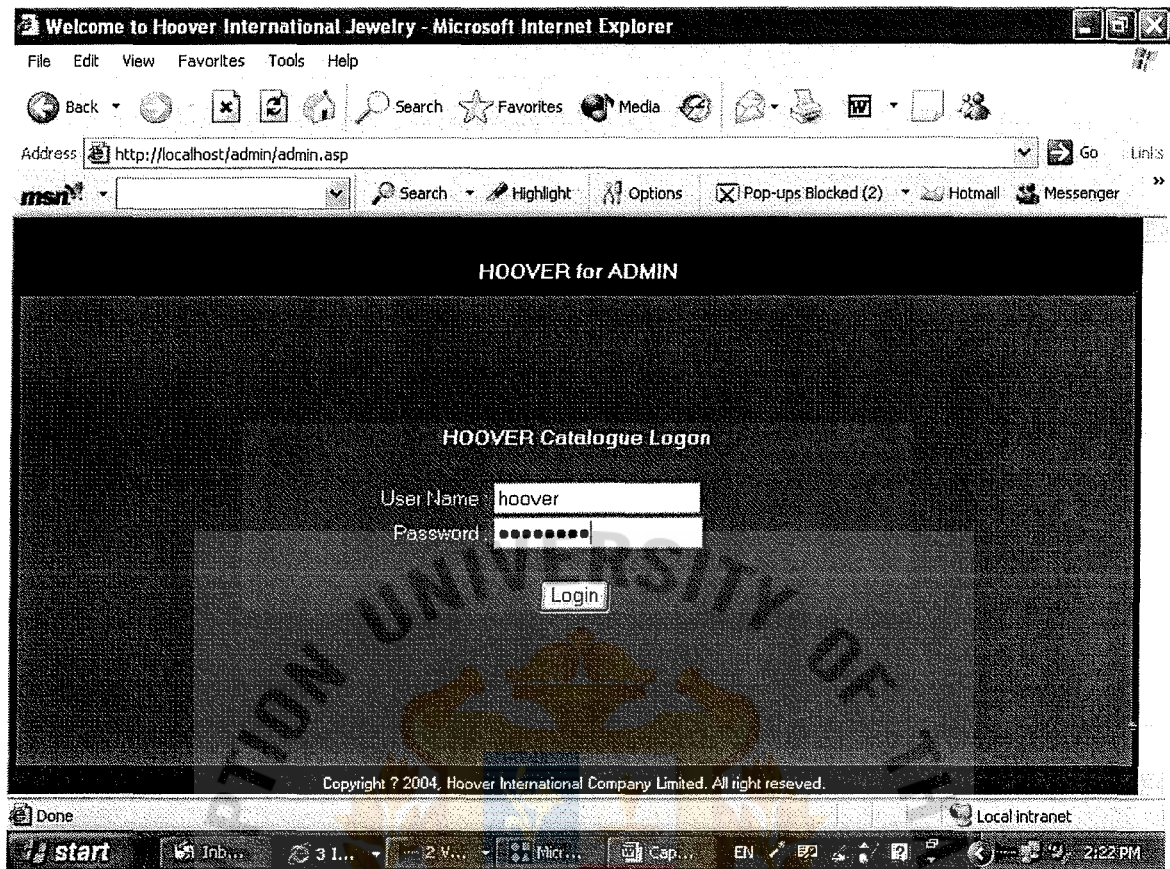
Figure A.14.   Admin Logon.

This page will not be shown in the web, this page is authorized for the administrator to add or remove the data or information from the database.
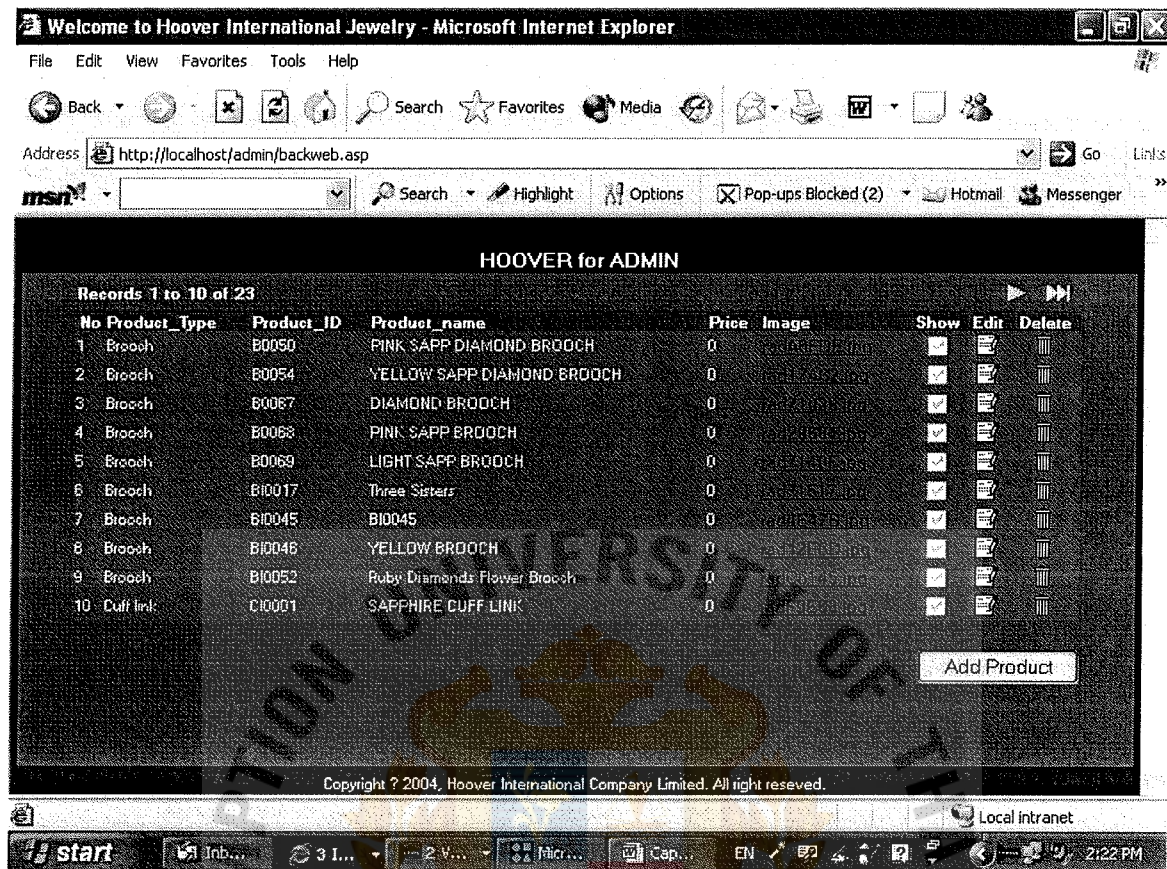
Figure A.15. Admin Output.

This page will not be shown in the web, this page is authorized for the administrator to add or remove the data or information from the database. This page shows the report information of our database.
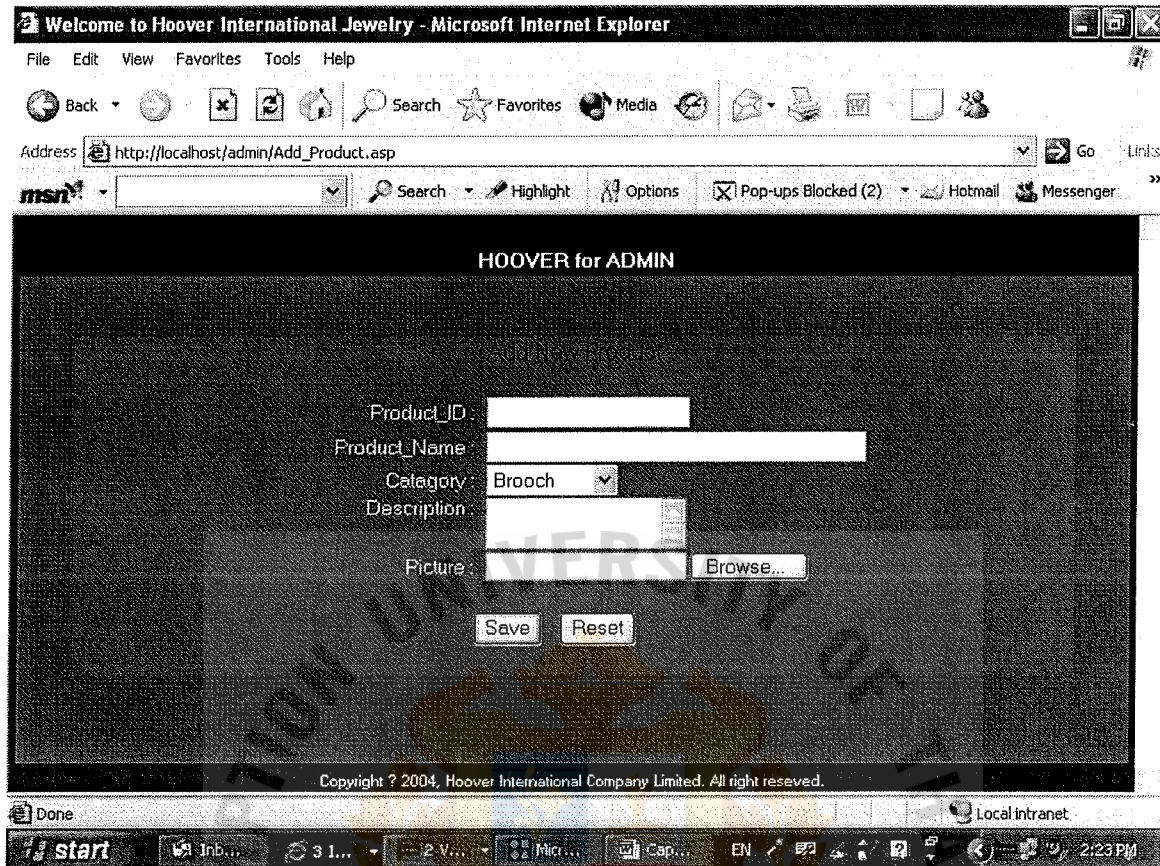
Figure A.16. Admin Input.

This page will not be shown in the web, this page is authorized for the administrator to add the data or information for the new collection to update the website.

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