



STRATEGIES FOR A SUCCESSFUL WEB PORTAL

by

Mr. Thunyawee Songsoonthorn

A Final Report of the Three - Credit Course
CE 6998 Project

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Master of Science
in Computer and Engineering Management
Assumption University

July, 2000

MS (CEM)

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Project Title Strategies for a Successful Web Portal


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The Graduate School of Assumption University has approved this final report of the three-credit course, CE 6998 PROJECT, submitted in partial fulfillment of the requirements for the degree of Master of Science in Computer and Engineering Management.

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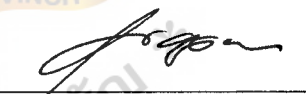
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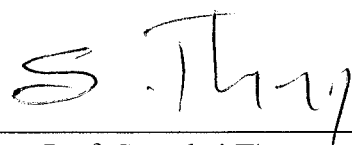
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ABSTRACT

This project describes the strategy for a successful web portal as a tool to increase the benefit on any business for assisting planners in improving the quality strategic design in e-commerce business.

The introduction of the project mention about e-commerce in general to make you see the whole picture of this business. You will see the opportunity to enhance your business via the new technology.

In the part of analysis of this project specifies the product or service that can make the benefit by using the new technology to create the new method of commercial which the most people know in the name of “e-commerce”. This part also mentions every factor that is necessary to create this business such as infrastructure, government law and regulation, system and security, logistic center, content and information.

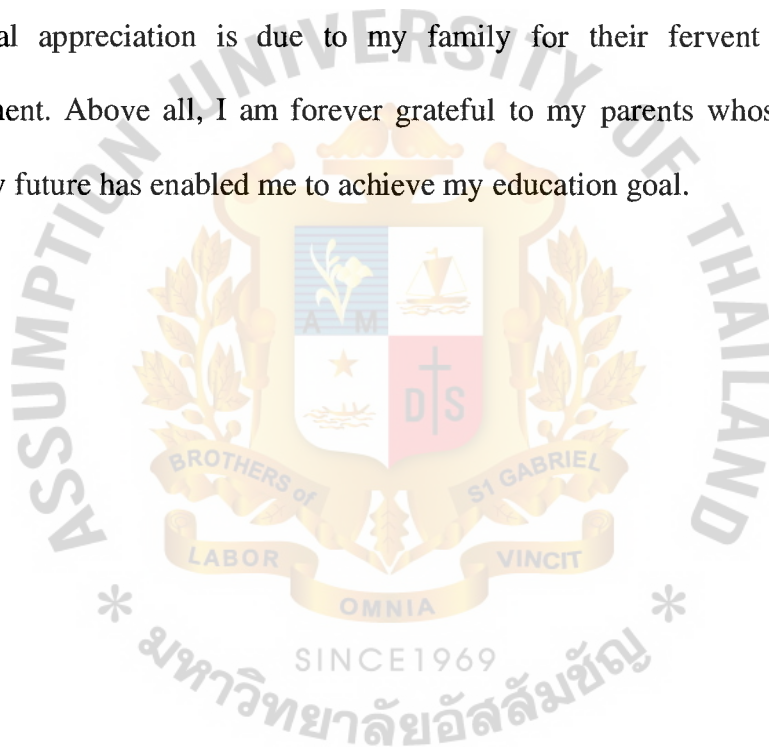
In the last part of the project was conducted to identify the major strategy to implement in terms of marketing, technology which you can use for implementing your project easily by using this project as reference to accomplish your business via internet.

ACKNOWLEDGEMENTS

I am indebted to the following people and organizations. Without them, this project would not have been possible.

I wish to express sincere gratitude to my advisor, chairman of Thailand.com and employees. Their patient assistance, guidance, and constant encouragement have led me from the research inception to the research completion. I would like to express appreciation to every employee of Thailand.com.

Special appreciation is due to my family for their fervent and continuous encouragement. Above all, I am forever grateful to my parents whose willingness to invest in my future has enabled me to achieve my education goal.



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I. INTRODUCTION

1.1 Background

The Internet is the largest network of mankind. You can view the Internet as nothing more than a worldwide extension of your hard disk. If you are connected to the Internet, you can access data or information from other computers or any servers (also connected to the Internet) as if they were on your own hard disk. The Internet was created about 25 years ago by the US military as a computer network capable of withstanding partial network failures such as bomb attacks. Later on, the network became available to education institutes. In recent years, the vast number of new Internet applications and software have become indispensable tools for business and commerce. Today, as many as 250 million people around the world are connected to the Internet.

The growth rate of the Internet is exponential. The number of Internet users almost doubles every two or three years. And the growth of website is incredible also.

So far, Internet has a lot of role in business and communication and can change many things to be more efficient and effective as follows:

Space change because Internet can destroy barrier of region because the network covers nearly every area in the world. Therefore, there is no geographical barrier.

Speed change because tomorrow delivery, order and change shop as fast as the customer mouse click, you can reduce time and cost for transaction.

Time change because Internet system that can work all the times, 7 days 24 hours.

Once any user wants to create the new website, at first, you have to register domain name (.com, .net, .org, .edu, .co.th), provide software to create and design the website. Currently, there are many potential software which are easy to use and can

website like the one created by professional. When the website is ready, the next step is looking for hosting in order to get access from world-wide user that is not difficult to obtain your web site. Therefore, website is increasing everyday and has variety of patterns.

Unfortunately, the most of website are fail because nobody or few of user know them and access to them or the users ever visit them but don't think to come to visit them again. There are many reasons such as poor content, lack of media plan, poor design, lack of knowledge, and etc. On the other hand, there are many kind of website models which can make a lot of benefit on the Internet.

In this project, I would like to analyze the website and provide information about how we make a successful website, study and gather information about website and business on Internet, and also methods of creating the successful website on Internet.

1.2 Objectives

- (1) To gather information about the successful website.
- (2) To analyze and to eliminate problem of failing website.
- (3) To implement an effective website by realizing on demand of user and the marketing strategies.

1.3 Scope

The project aims at analyzing web portal and gathering information and component in order to succeed in this business.

1.4 Deliverables

- (1) To use for decision making whether to invest in web portal.
- (2) To know the advantage and disadvantage of web portal.
- (3) To implement the web portal step by step.
- (4) To emphasize the users who are recommended for web portal.

II. LITERATURE REVIEW

In the modern world, we can contact the people on the other side of the world easily via the Internet. The growth of Internet user is dramatic because they can take a lot of benefit on the Internet such as searching information, creating community, e-mail, and also doing the business on the Internet. Once you do the business on the Internet, you have to use something as a tool for operating or communicating. Web portal is one of solution. Currently, there are many web portals in the Internet, but most of them fail by the main reason that is few people or nearly none of the people access them. Less web portals in the internet are successful such as amazon.com, yahoo.com, ebay.com., etc. All of them have to research a lot of information about how to handle and succeed in this kind of business: not only about how to make web portals, but also nearly everything which concern in this business such as behavior of on-line customer, e-commerce, system and security, etc.

The information in this part concerns with the method of creating web portals. When you start to do this business you should know the following information:

2.1 What Is E-Commerce?

Electronic Commerce refers generally to all forms of transactions pertaining to commercial activities, involving both organizations and individuals, that are based upon the processing and transmission of digitized data, including text, sound and visual images. It also refers to the effects that the electronic exchange of commercial information may have on the institutions and processes that support and govern business activities. These include organizational management, commercial negotiations and contracts, legal and regulatory frameworks, financial settlement arrangements, and taxation, among many others.

Electronic Commerce is part of an evolving approach to business that could eventually involve the application of information and communication technologies (ICT) to the production and distribution of goods and services on a global scale. Some elements of Electronic Commerce are “non-transactional” – geared to the provision of information about products and services, the delivery of information-based (“intangible”) products to customers, and the support of supply chains. The completed process, however, is “transactional” – geared directly to processes of trade in goods and services.

Firms engage in Electronic Commerce in order to achieve better management of commercial transactions and transaction-generated information, and to increase business efficiency. In today’s boundless and timeless globalized economic environment in combination with the information technology era, only offering the differentiated and innovative products in light of the customers’ satisfaction is not sufficient. Also, the most overriding incentive is the opportunity to create whole new business areas for information and knowledge-based “intangible” products.

Electronic Commerce can be used to support fully automated transactions, but for the immediate future at least, it also encompasses many partially automated transactions involving human and physical interfaces and intermediaries of various kinds. In some circumstances, telephone, fax machine, and face-to-face contact can be as much a part of an Electronic Commerce transaction as computers and broadband data networks. Moreover, many non-transactional Electronic Commerce elements – catalogues, advertising and so forth – are oriented towards an eventual face-to-face transaction. Furthermore, Electronic Commerce interacts not only with electronic distribution systems, as in electronic publishing or financial services applications, but also with the physical infrastructure for the distribution of manufactured products.

Electronic Commerce can occur within and between three basic participant groups – business, government, and individuals (See Figure 1.1). At present, and by a large margin, most Electronic Commerce occurs on a business-to-business level. Currently, Electronic Commerce at the business-to-individual and individual-to-individual levels, and at the business-to-government level, occurs on a comparatively small scale.

2.2 Why E-Commerce?

The technology breakthrough allows the Internet to play an integral role in the electronic commerce. The communication devices such as facsimile and computer themselves have not been linked with digital system; meanwhile, the Internet can interconnect the network of computers systematically. Quite incredibly, the great thing about e-commerce is that it can take you to anywhere you want in an instant. It's not the region, or the ultimate in high-tech, it's simply the best way ever to sell stuff.

In recorded history, there has never been a medium that has grown as fast as the World Wide Web. Internet usage had exploded from only 9 million users in 1995 to anywhere between 150 and 300 million users that are predictably by 2001, depending on the source.

2.3 Types of Electronic Commerce

In the most part, e-commerce can be categorized into 4 types which are:

2.3.1 Business-to-Business Electronic Commerce (B-to-B EC)

In business-to-business electronic commerce, businesses use the Internet to integrate the value-added chain, which can extend from the supplier of raw materials to the final consumer. In other words, business-to-business electronic commerce is the use of computer networks to communicate, deal, and perform business transactions electronically. This new medium will allow companies, even in different parts of the world, to contact each other and continue dealing at any time.

Each company can link with their suppliers through a computer network and place orders online when they want products. This reduces the need for companies to stock products for long periods, thus reducing inventory costs and helping companies have better cash flow.

Actually, electronic links between businesses are not new. They have existed for decades, in the form of electronic data interchange (EDI) supplied by value-added networks (VAN) operated over leased telephone lines. Adoption of Internet protocols and use of the Internet infrastructure are expected to transform EDI from a set communication system, based on dedicated leased lines, between large firms with an established relationship to a flexible system that draws in a much wider range of firms, many of whom may not know each other. EDI over the Internet costs about one-tenth that of a VAN and greatly lowers the barriers to adoption.

In addition to EDI over the Internet, there are three other major forms of business-to-business e-commerce:

- (1) Use of the Internet, WWW pages and browsers;
- (2) Deployment of “intranets” (networks internal to the firm that the IP protocol), which streamline the firm’s internal “business” functions; and
- (3) Extension of a firm’s Intranet to select business partners (“extranets”).

While all three are important aspects of business-to-business electronic commerce, estimating their impact on sales or economic growth is difficult. Furthermore, their greatest effect is often on transaction costs, firm organization, employment, and product quality.

In business-to-business e-commerce, three factors are likely to lead to quick adoption of e-commerce:

- (a) A reduction in transaction costs and improvement of product quality/customer service;
- (b) A defensive reaction to competitors engaging in e-commerce; and
- (c) Insistence by large businesses that all of their suppliers link into their e-commerce system as a condition of doing business. There will be a significant increase in business-to-business e-commerce as it draws in smaller second- and third-tier suppliers.

The largest impact of business-to-business e-commerce is likely to be on small and medium-sized enterprises (SMEs), because many large businesses already have EDI systems in place. The accessibility of the Internet makes electronic commerce a realistic possibility for SMEs and is likely to lead to its widespread diffusion. As businesses move to “build-to-order” processing and just-in-time inventories, a premium is placed on timely, accurate inbound and outbound logistics. In addition, there is greater demand by final consumers for fast order fulfillment and the ability to track an order as it is being processed and delivered.

2.3.2 Business-to-Consumer Electronic Commerce (B-to-C EC)

Although business-to-business electronic commerce represents the bulk of all electronic commerce, most attention and speculation about e-commerce has focused on the business-to-consumer segment. With household transactions typically accounting for over half of all domestic final demand, this is not surprising.

Moreover, as business PCs and networks are saturated, it is natural for the focus of attention to turn to the household. The popular press has largely focused on e-commerce merchants that sell tangible products (e.g. books, wine, flowers, computers). However, with the possible exception of computers, the largest segments involve

intangibles (e.g. entertainment, software). However, we can divide the type of products transected via this B-to-C into:

(a) Intangible Products

The largest segment of business-to-consumer e-commerce involves intangible products that can be delivered directly to the consumer's computer over the network. It is composed of five broad categories: entertainment, travel, newspapers/magazines, financial services, and e-mail.

- (1) Entertainment includes adult entertainment, online games, music and video is the largest category of products sold to consumers.
- (2) Travel services, particularly airline reservations, are another major category of business-to-consumer e-commerce.
- (3) Newspaper / magazines.
- (4) Financial services are an important business-to-consumer category, because many firms engaged in online activity also provide traditional financial services.
- (5) E-mail.
- (6) Computer software.

(b) Tangible Products

At present, the main tangible products sold electronically have been electronics (including computers), books, clothing and food-drink. Traditional retailers that have established electronic commerce operations dominate many of these categories. Behind these broader categories are specialty-item merchants (books, flowers, and music CDs) that add value by providing a wider selection, more information about a product, or convenience.

Factors influencing growth in business-to-consumer electronic commerce differ significantly from those that affect business-to-business electronic commerce. They are more likely to limit its growth and to hold it to 10-20 per cent of the overall total in the near term. While competition may force businesses to engage in business-to-business e-commerce, the business-to-consumer segment faces barriers such as concerns about security of payment, potentially fraudulent merchants, privacy of personal data, and difficulty and expense in accessing e-commerce merchants.

In addition to these legal and psychological barriers, three economic factors will have a large impact on the growth of business-to-consumer electronic commerce, ease and cost of access, convenience, and the appeal of mass customization.

(1) Ease and Cost of Access

Many observers feel that the cost and complexity of the PC, which is currently the primary access device, is a key factor shaping the demographics of the e-commerce consumer (IDC 1997B). In addition, there is the cost of getting on line and finding the site with the products of interest. Even when the site is located, navigating it can be a challenge even to the experienced user. It may be that only when there is a very simple – what John Landry of Lotus calls a “brain-dead easy” – access device, something like a TV with very simple controls, will business-to-consumer e-commerce reach massive scale. While such devices are available now and are being refined (e.g. Web-TV), it remains to be seen whether or not a broad spectrum of households will quickly adopt e-commerce. Even then, the economic impact may not

be large, as the current demographic profile of e-commerce shoppers – high disposable income, young, well-educated – is what most retailers target and the profile attributed with generating most sales. Nonetheless, a simplified access device should stimulate e-commerce shopping. The finding that the longer shoppers use the Internet, the more likely they are to buy online and the less likely they are to shop in traditional stores supports this view (Active-Media 1998)

(2) Convenience

Once consumers have access, the main drivers of business-to-consumer electronic commerce appear to be convenience, choice, personalization, amusement, and savings. Of these, the near-term importance of convenience is frequently singled out.

(3) Mass Customization

After convenience, a characteristic frequently cited as a spur to business-to-consumer e-commerce is the possibility of forming a one-to-one relationship between merchant and consumer which allows products to be customized. Current examples include the PC configuration, custom stock portfolios, personalized greeting cards, made-to-measure jeans, and custom-made CD compilations. Many e-merchants that do not offer customized products provide a huge variety of products with niches so small that they begin to approach custom-made products: bookstores offering millions of titles, general merchandise sites offering 90 percent of all household needs, and car sites with links to every major manufacturer.

This increased choice is a feature that consumers value, especially for locating specialty or hard-to-find items. Likewise, well-designed sites guide the user, remember consumer preferences, and in some cases reconfigure themselves to reflect past behavior.

2.3.3 Business-to-Government Electronic Commerce (B-to-G EC) Charmonman, S.
“How to run effective E-commerce,” July 1999: 30-32)

It involves the government and business communications (such as licensing vehicle fleets, submitting VAT claims, electronic procurement). It also exists to reform the government’s bureaucratic system. The government needs to have information to take action in the trade negotiations with other countries.

2.3.4 Consumer-to-Consumer Electronic Commerce (C-to-C EC)

This kind of commerce transactions taken place in the Internet include selling and buying the second-hand products, auction, exchanging the goods among the consumers themselves. So as to ameliorate the C-to-C activities, cyber-specific companies thereby exist to act as the intermediary, creating the web pages for distributing and publicizing related news, announcements, notifications, advertisements, sales of the used or second hand merchandise and alike.

2.4 Main Instruments of E-Commerce (Durongkaverroj Pichet Dr., “Thai E-Commerce-From Dream to Reality,” seminar, Jumbojantip Room, Chulalongkorn University, January 19, 2000.)

The entire e-commerce system requires critical mechanisms as:

2.4.1 User Interface

- (a) Computer: This is the most common tool using in e-commerce for the intermediate between the customers, website, bank and e-trader.

- (b) Television: In the communications, information, and content technologies, consumers currently are able to roam the cyberspace via Internet not only through PCs but also evolving medium what is called WebTV. It requires fewer installation devices. With its internal modem, telephone socket for dialing into the Internet, and set-top box, consumers can access the Internet; browse the Web with text and graphics as they do on the PCs.

Internet: The Internet is a key means of helping e-merchants reduce operating costs. It now is used to communicate with customers and suppliers, helping to reduce communication costs by around 90% while getting responses much sooner.

- (1) Telephone: The telephone especially the fixed line one is still the indispensable infrastructure interconnected to the cyberspace.

- (2) Fax: Facsimile will remain major tool for order confirmation

2.4.2 Payment Technology

Electronic Payment and Transfer: any of several payment schemes that allow a person to pay for goods or services via Internet including e-cash and credit card, electronic wallet, electronic check and so forth. Electronic transfer includes computerized systems that process financial transactions and information about financial transactions; specifically, the exchange of value between two financial institutions.

2.4.3 Security System

- (a) Electronic Data Interchange (EDI): EDI is a common document structure designed to let large organizations transmit information over private networks. EDI is now finding a role on corporate Web sites as well.
- (b) SSL (The secure sockets layer): the encryption process has been normally used from e-commerce websites throughout the world.
- (c) SET (Secure Electronic Transaction) is secured online payment system standard developed by a group of international financial institutions, including VISA, MasterCard and American Express. The standard is designed to support secured Web-based transactions between sellers and buyers. S.E.T. will enable merchants to verify the identity of buyers. It will also protect buyers by providing a mechanism for their credit card number to be transferred directly to the credit card issuer for verification and billing, without the merchant being able to see the number.

2.4.4 Delivery System

This is the most important instrument of e-commerce process. In online merchandising, it is a company's responsibility to send products to customers, once the consumers are making purchase. Therefore, e-business company should take this big issue into consideration, which types of delivery suit products at the lowest cost.

2.5 E-commerce Transaction Process

The purpose of conducting business is to make a profit. The way to make a profit is to stimulate demand for a product and facilitate the exchange of goods to increase profit margins. This is where E-Commerce steps in. E-Commerce puts entrepreneur's products at his/her customers' fingertips. Buying online is a growing reality in today's markets. The company's E-Commerce site is its online store, where customers can

browse a virtual store and decide on a purchase directly instead of relying on hard copy catalogs or resellers.

Besides being a convenience for many customers from ordering to selling. Finally, E-Commerce can be tied to an electronic mail system to support transaction tracking and notification.

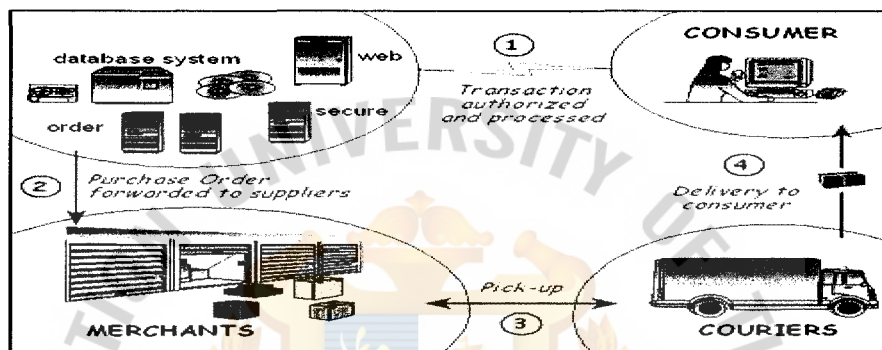


Figure 2.1. E-commerce Transaction Process.

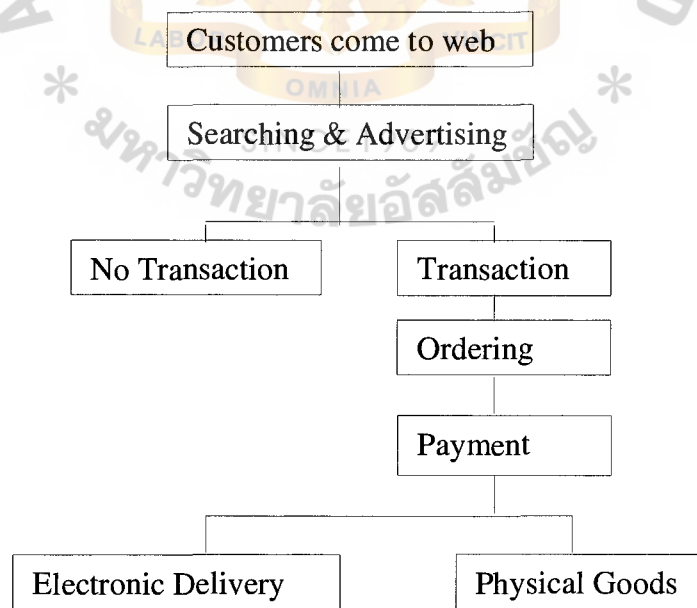


Figure 2.2. Purchasing Transaction Process.

- (1) Consumer comes to the website.
- (2) Searches for a product and
- (3) Takes an order by adding it to their shopping card

The shopper fills out forms and clicks Check-out. Purchases are totaled, shipping charges are calculated, taxes are levied, and the total bill is presented.

- (4) Payment Shopper approves the purchase;

The credit card is authorized, is checked against a fraud database. If the card is approved, transaction continues, if it is denied, the message is sent to the consumer for further action. Consequently, order is sent to the supplier, confirmation is sent via e-mail to the consumer and the order is sent to the supplier for fulfillment.

- (5) Delivery Digital and non-digital item is shipped to consumer

2.6 The Advantages and Disadvantages of E-Commerce

2.6.1 Advantages for E-Commerce Entrepreneurs

Every single day, hundreds of new businesses are launching onto the Internet aiming to win new customers and new global markets. These are a few of the benefits that this business can exploit this powerful new medium.

- (a) Attract new customers: online trading allows the entrepreneurs to expand their customer's bases. That means they do not target the customers only domestically but with the technology breakthrough of the Internet, the entrepreneurs can knock the customers' doorsteps no matter where they are. Hence, it is no wonder that the e-merchant can use the new channel of seamless cyberspace to access new customers.

- (b) Improve Customer Service: e-traders are easily able to interact with customers via their websites; e.g. By providing customer specific information, technical support, newsletters, product updates, questionnaires and e-mail - again 24 hours a day, seven days a week. This helps maintain a long-term automated relationship.
- (c) Penetrate new markets: the electronic trade creates opportunities for the large-, medium-, and small- sized entrepreneurs to expand their distribution channel into new marketplace around the world. In particular, the more you can differentiate your products, the easier and more advantageous to grab new target market.
- (d) Boost sales: with over 260 million internet users at virtual doorstep, an e-commerce site enables you to market and sell more of products and services to a greater number of customers at a much lower cost 24 hours a day.
- (e) Cut costs of transactions and overheads: applied intelligently, e-commerce can reduce the costs of many business processes, ranging from the obvious such as advertising and marketing to printing and transaction processing.
- (f) Ability to open 24 hours: time zone is not a barrier for the cyber-merchants to make the transaction with their customers. The traditional store has opening and closed hours, meanwhile the virtual stores on the Internet allow them to trade timelessly without wasting their money to hire employees; only the e-commerce infrastructures that they want.
- (g) Sell more products: in the website it can display thousands of products with detailed descriptions and prices - much more than what can be advertised in a newspaper or magazine ad, TV commercial, radio spot or even a paper based catalogue.

- (h) Respond to Market Conditions: E-merchants can quickly, easily and cost effectively communicate and update information through their websites. This could be anything from new prices to new product launches, or simply a good news.
- (i) Improved Competitive Positioning: An e-commerce enables web site will to give e-trader the vital edge over the competitors - and positions firm on a level playing field with the largest companies in the world.

2.6.2 Disadvantages for E-commerce Entrepreneurs

- (a) Conflict with investment in physical stores: The so-called “cannibalization” possibly takes place when traditional merchant sells identical products as he does on the Net. Sometimes the entrepreneur needs to be aware of this issue. Do not forget that prices of the products sold on the Net have to be added with that of delivery. If customers perceive that they can buy this item from the traditional shop with the cheaper price, e-commerce is meaningless. For this reason, the e-merchant should be cautious in selecting products to sell. The company may pick up the products that complement the company’s ones. For example, if the company sells computer hardware at its physical store, it may sell computer software or peripherals as well as digitized products.
- (b) Some products not appropriate for online sales this is of also prime concern for the e-trader who would like to run business online. If the product sold is light-weighted and small-sized, such as book or CD-Rom, e-trader will not face with the problem of delivery costs. On the other hand, if e-trader aims at selling the products such as antiques, furniture or household items, e-

merchant has to carefully study the possibility of his e-project and conduct business plan before deciding to sell it.

- (c) Lack of technology: Technology seems to be the significant impediment for the merchant who wants to set up e-business. At this moment, Thailand lacks the people who can develop the right technology to match with the existing e-business. That is why e-businesses in Thailand lag behind the foreign ones. Currently, technological infrastructure in Thailand is not ready and full-implemented. These cause Thai businesses occasionally to acquire the technology from abroad, which requires much of capital investment.
- (d) Lack of distribution network: Distribution network is acutely necessary for the online businesses that make a lot of transactions annually. Having own logistics system will reduce cost of delivery a lot in the long term when compared with sourcing out delivery service company. However, due to the fact that, at present, not many businesses' revenues do not meet the expectation at the desired level that the companies can establish the distribution channel by their own, a few e-investors are hardly to invest a lot in setting up the distribution network.⁹

2.6.3 Advantages for Consumers

- (a) Variety of products over the Internet: Due to the fact that the cyber-traders competing among one another on the basis of the uniqueness in order to conquer, the exclusive beneficiary falls into the consumers. Just winking, they can enjoy an array of products and services.
- (b) Comparative shopping with little efforts: In case that many online shops offer some identical products, the consumers can find the best virtual store giving them the most reasonable price through just one “click”.

- (c) Lower prices: The more value chains cyber trader can bypass, the more reasonable price of goods the consumers can gain.
- (d) Convenience, lack of need to travel: Simply thinking, if you are occupied with your work in front of the computer monitor or are looking for some scarce books that you cannot find at the offline stores, you will be able to order the food via Internet as well as select your favorite books without traveling to those places.
- (e) 24-hour shopping: With its easiness to access, the customers can visit your site, read your published information, buy your products, pay you, check up on orders and even send you letters and documents 24 hours a day, 365 days a year.

2.6.4 Disadvantages for Consumers

- (a) Cannot see the product before purchasing: The conspicuous pitfall of online purchasing is that the consumers cannot touch the product quality and perceive its freshness especially in case of the non-consumer and strange ones. The consumers see only one-dimension thumbnail picture, perhaps, nothing; therefore, they may get more risk buying these goods.
- (b) Perceived risk of sending credit card information over the Internet: Convenience can convert into insecurity at the same time. Frankly speaking, even in the traditional stores, no security measures guarantee the customers' using credit card, neither do their online purchasing. Deprivation of clear-cut security and law protecting the consumers' rights deter them from purchasing decision.
- (c) Not enough product information: Due to the limit allocation of space and too much concentration on technology without considering the marketing

plan that must be applied to the electronic business, a lot of entrepreneurs overlook the product features and contents, core mechanisms spurring their sales. Only attractive pictures, graphics and price tags cannot lure the customers' interests. Thousands of thousand stores act as virtual retailing stores on the web, no actual front stores; in other words, they are like "mirage". The customers thereby have to know as much as information about the potential products as possible in order to complement their decision to buy these goods.

- (d) More choices, less decisive to buy: The premium placed on convenience can work against strategies that emphasize choice as making decisions takes time. While e-commerce sites are helpful for finding the proverbial "needle in the haystack", too many choices can confuse and irritate the customers. As choice increased so did the possibility that the consumers would not buy anything. If the consumers are asked to make too many trade-offs they become anxious.

III. THAI BUSINESS-TO-CONSUMER ELECTRONIC COMMERCE ANALYSIS

Instead of immediately jumping into the market, getting to know industry analysis is recommended for Thai entrepreneurs. To understand current external and internal situation of Thai B-to-C market, in this part, we will start with Internet consumer profiles and Internet service providers in Thailand. Then, it is followed by the key economic features as market size, market growth, key success factors that could benefit the Thai entrepreneurs who are interested in running this business.

3.1 Thailand's Internet User and Consumer Profiles

Before entering into the overall Thai B-to-C e-commerce analysis, we should portray the key elements of this web-based tool that is the "Internet". With reference to the SG Securities Research and NECTEC dated January 10, 2000 Thailand now has around 800,000 to 1 million users compared to 1998 and 1999, we can see that the numbers of Thai Internet users have increased exponentially and substantially. Nevertheless, when thinking in percentage terms, 800,000 Thai Internet users account for only 13% of the total population of 62 million. (SGCC, "Internet in Thailand: Communicating with the Internet," Emerging Markets Equity Research (January 2000: 3-18.) Compared with other countries in Asia, Thailand is ranked as having fallen behind, being no. 9 out of 14 countries in the Asia Pacific region. Compared to the Internet pervasiveness of neighboring countries like Malaysia, the number of Thai Internet users now lags behind.

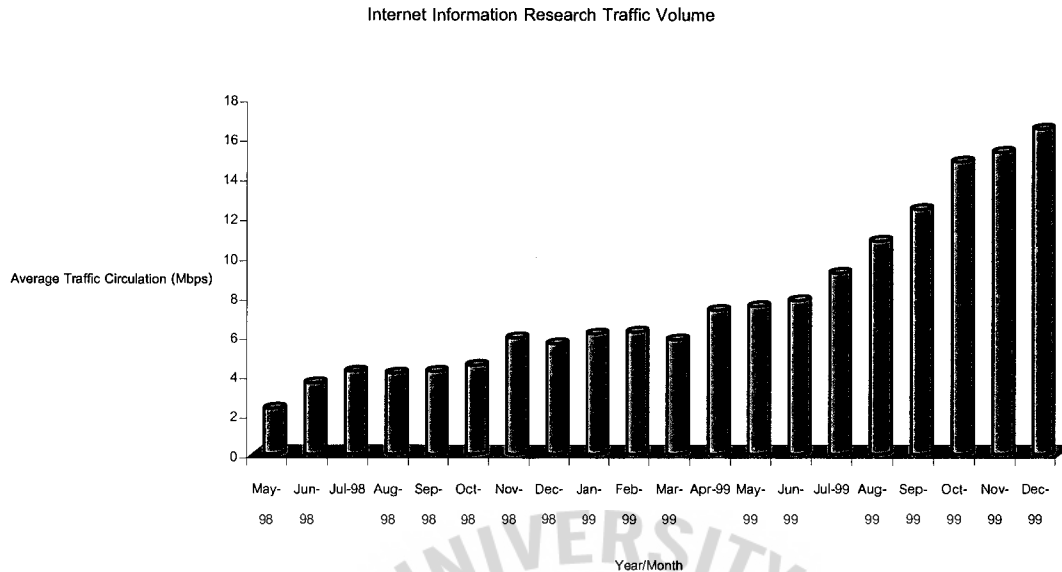


Figure 3.1. Growth of Internet Information Research Traffic Volume.
(Tangkitanich, September 1999)

As mentioned above, on the whole, Thai Internet usage is still in a lethargic position in the Asian Pacific and European context. However, the Thai Internet market has begun to take off. As can be seen from the traffic circulation chart, the volume of incoming Internet traffic to Thailand is now accelerating dramatically, doubling every 180 days.

3.2 Internet Service Providers in Thailand

Because of the large number of players and the competitive nature of the business, it is difficult to estimate reliably the number of subscribers with each operator. One way to estimate is to examine the proportion of traffic that an Internet provider pulls off, or contributes to, NECTEC's Internet exchange. This indicates that Internet Thailand and KSC are the largest and the market share for other players are as shown in the following table.

Table 3.1. Major Thai Internet Service Providers.

Major Internet Players in Thailand

ISP	Brand	Subscribers	Shareholders(%)
Ksc Commercial Internet	Internet KSC	100,000	Internet KSC (65), CAT (35) NSTDA (34), TOT (33), CAT
Internet Thailand	Inet	80,000	(33)
Loxley Information Services	Loxinfo	35,000	Loxbit (65), CAT (35)
C.S. Communication	C.S. Internet	27,000	Shin Satellite (51), CAT (49) Advanced Research (65), CAT
A-net	A-Net	20,000	(35) Telecom Holding (65), CAT
Asia Infonet	Asia Infonet	10,000	(35)
Samart Infonet	Samart. Com	10,000	Samart Corp (65), CAT (35)
JI net	JI net	10,000	Jasmine (70), CAT (30)

**source: Merrill Lynch estimates

However, it is remarkable that although there are increasing ISPs each year in line with increasing Internet users, the Thai ISP Club reports that only six of the 15 commercial ISPs are profitable. This includes the four largest (KSC, Internet Thailand, Loxley Info, A-net) along with two small ones that have less than 1% of the market, SGA and Idea Net.

One bottleneck creating uncertainty for Thai e-commerce entrepreneurs is that most of Thai Internet users used the Internet to search for information, as a personal communication tool and as non-personal communication tool (for work, etc) ranging from the most to the least. This survey was titled “the Thailand Internet User Profile”

surveyed by the National Electronics and Computer Technology Center (NECTEC). For this reason, not many investors dare to invest in this modern trade; people still do not use Internet as a commerce purpose. Another supporting input that can be the obstacle for Internet commerce usage is about age. Referring to research from many sources, 50% of the users are students at different levels. These students have low or no purchasing power. For the rest of the users who are working people, it is very difficult to surmise the proportion of the ones holding credit cards, whether they will be able to buy by this means or other payment methods, whether they will be reliable enough to buy products online and so forth.

What's more is that the majority of Internet users' around 70% percent are in metropolitan areas; therefore, a diffusion of Internet usage to rural areas is an opportunity that ISPs and online merchant cannot miss.

All in all, the number of Internet users is the most significant factor used to indicate the feasibility of implementing e-commerce In Thailand. From the Internet service providers' perspective, they have to develop and introduce new technology, devices and the network needed to stimulate the number of subscribers. From the entrepreneurs' point of view, they have to exercise this technology to open trade window to the global extent and reap as much market share as they can before the newcomers follow and eventually dominate the incumbents. However, unless relevant organizations coordinate to handle issues relating to the new trading system, the number of Internet users is meaningless.

3.3 Industry's Dominant Economic Features

3.3.1 Market Size and Growth Trends

Market size: With the Internet, electronic commerce somewhere in the world is swiftly expanding into a fast-moving, opening global market with an ever-increasing number of participant (SGCC 1998) The open, and potentially global, nature of electronic commerce is likely to increase market size and change market structure, both in terms of the number and size of players and the way in which players compete on international markets. Digitized products can cross the border in real time; the consumers can shop 24 hours a day, seven days a week, and firms are increasingly faced with international online competition.

3.3.2 Asia's B-to-C Outlook

According to the Boston Consultant's Net Biz Asia report, currently, Asia's 66 million Internet users and 106 million Internet shoppers are only the tip of the iceberg, with year-on-year growth of 25 percent to 35 percent.

The study also reveals that the total online business-to-consumer revenue in Asia could be up to \$25 billion by 2003, growing from only about \$3 billion in 1999.

Thailand presently contributes only around 1.5% percent of the total revenue in Asia. According to the Boston Consulting Group report, the number of Internet users is projected to rise from around 800,000 now to 9 million in 2005.

Compared to Singapore where 20 percent of Internet users show interest in shopping online, in the Thai market, 15 percent of respondents to Boston Consulting survey said they intend to buy online, is not far behind.

3.3.3 Thailand's Industry Highlights

For Thailand, electronic commerce is an emerging trade avenue. The concept has been around for a few years now, but fully-fledged electronic commerce has yet to leave the ground.

The value of direct Thai electronic transactions between sellers and end users across the Internet or B-to-C e-commerce transactions now account for only 20 percent of the total volume. Retail business is just a small part of the electronic commerce system. At this moment, business-to-business electronic commerce, accounting for 80 percent, is the major driving force for Thai electronic transactions and other countries at every corner of the world as can be seen from the graph below.

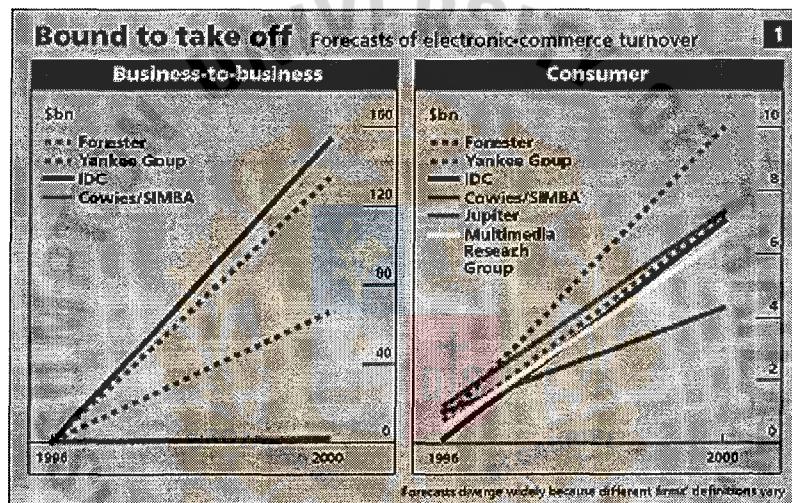


Figure 3.2. Forecasts of Electronic Commerce Figure Turnover (Economist 1999).

In 1999, the Ministry of Commerce announced the first steps in its plan to encourage the country to participate in the new trading system. This project was aimed at boosting both business-to-business and business-to-consumer electronic commerce. The project now has around 3,100 local participants and everyone hopes that these figures would rise in the future.

According to an estimate by Thammasat University, the value of B-to-C electronic commerce transaction in Thailand in 1998 was Bt78 million bahts and will increase to 640 million bahts by 2003.

The retail consumer product side of the e-commerce business in Thailand has also been slow due to the reluctance of the consumers to release credit card information over the Internet. In fact, most e-commerce websites currently operating in Thailand are still targeting the consumers outside the country who want to buy special Thai items. It's really a marketing issue rather than a technical issue.

In early 1999, there are around 150 websites in Thailand ready to sell products and services today. Only 20 or 30 local firms actively use full e-commerce functions in creating online shopping, from product display via online catalogues to online ordering and payment, according to BCG's report on "E-tailing in Asia", which studied the electronic commerce market and opportunities for online consumer purchasing. (Kamjanatawe 1999)

However, by October 1999, the market has increased continually to 8,000 websites (Bangkok Post, 03/03/00) These can be categorized into 4,264 non e-commerce websites, 2,552 offline e-commerce websites, and 1,184 full e-commerce websites. According to the Electronic Commerce Resource Center of the National Electronics and Computer technology Center (NECTEC) in October 1999, there are estimated Thai websites classified in categories as shown by Figure 2.3.

Websites in Thailand

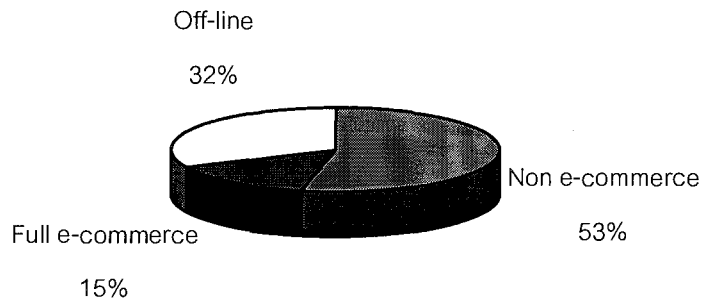


Figure 3.3. Websites in Thailand.

The survey indicates that e-commerce is used most extensively by the computer industry, including the Internet, hardware, software, and web-hosting firms, accounting for 17 percent of the total websites. Next are service businesses, including consulting information providers and research companies, with 16 percent. The tourism and hotel industry represents 12 percent of the websites that have adopted e-commerce followed by the food, health and hospital industries, which account for 7 percent.

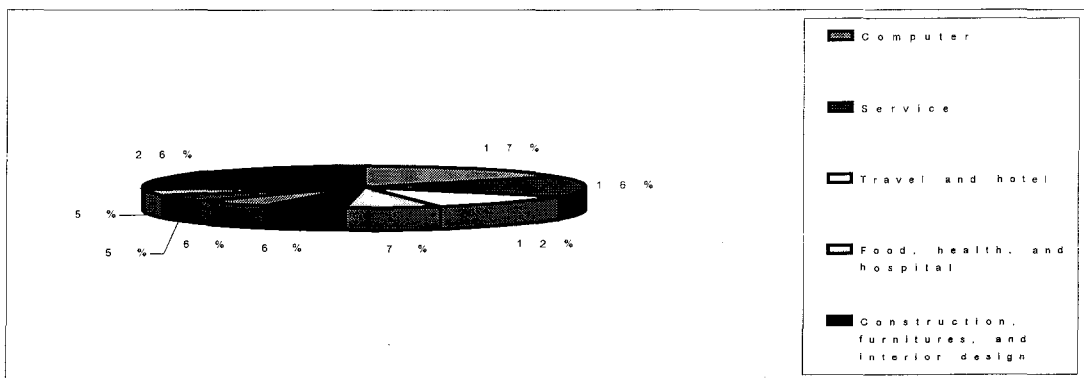


Figure 3.4. Categories of Business on Internet.

Dataquest analysts estimate the worldwide business-to-consumer e-commerce market will reach \$31.2 billion in 1999, up from \$11.2 billion in 1998. Considering the B-to-C e-commerce in Thailand, the study projected that revenue generated in 1999 would be some US\$7 million (273 million bahts) up from US\$2 million (78 million bahts) in 1998.

To conclude, the small number of e-commerce websites shows that the new marketing channel has just got off the ground in Thailand and needs close nurturing from the state authority.

3.3.4 Growth Trends

Many would say it is difficult to predict what the future hold for e-commerce. The forces that determine the Web's winners and losers are just taking shape and technological advances could add even more uncertainties.

On the downside, some predict that it will be increasingly difficult for smaller companies to establish their presence. Public companies and traditional brand name retailers have deep pockets and a name recognition that will make it difficult for smaller sites and mom-and-pop shops to attract customers, thereby forcing them to compete with the big boys.

The increasing number of users represents the growth of e-commerce in Thailand. The trading value of e-commerce transactions in Thailand is expected to reach 25 billion bahts by 2002, up from 22 billion bahts in 1999, according to a survey by the Department of Business Economics.

According to the survey, e-commerce trading value for 1998 totaled 22.09 billion bahts, before dropping slightly to 22.05 billion bahts in 1999. The service sector contributed 35.26 percent of the transactions.

Despite 1999's decline, the value is forecast to reach 23.045 billion bahts in 2000, then 24.175 billion bahts in 2001, before surging to 25.361 billion bahts in 2002.

On the upside, it is widely believed that overall e-commerce will increase exponentially in coming years. By and large, the greatest percentage of Thai e-commerce is still business-to-business transactions while the remainder is business-to-consumer transactions. The ratio is still 80:20 but transaction values of b-to-c will escalate on the back of many issues surrounding Thai new commerce paradigm including economy, legislation, telecommunication structure, banking system, privacy, security and more as described later.

"E-commerce is here to stay. If you don't go online, your rivals will."

3.4 SWOT Analysis of the Conducting of B-to-C E-Commerce

The development of electronic commerce must be built on Thailand's strengths. Its present weaknesses must be recognized and acted upon. In the meantime, to exploit fully the opportunities created, there is a need to identify platforms to reduce and minimize the potential threats.

3.4.1 Strengths

- (1) Thailand's own unique and delicate products.
- (2) High quality products at competitive prices.
- (3) Low labor costs in developing website.
- (4) Easy for the new entrepreneurs to set up their own business.
- (5) Low maintenance costs compared with the offline business.

3.4.2 Weakness

- (1) Weak support and commitment of the government.

- (2) The government does not rapidly improve the infrastructure to facilitate electronic commerce and does not provide importance for electronic business as well as adjust it to the Information Technology Age.
- (3) Relatively poor IT infrastructure for electronic commerce activities.
- (4) Shortage of IT professionals.
- (5) Low Internet competence and R&D capability in schools and universities.
- (6) Inadequate delivery system for physical goods. Using international parcel service causes the delivery costs sometimes double the price of the products.
- (7) Inadequate level of safeguards for the consumers. Two out of six e-commerce-related laws required to protect the consumers have just been approved.
- (8) Relatively high price of computers and Internet service charge compared to income.
- (9) Shortage of English literacy on web sites. It causes Thai e-commerce to lag behind the neighboring countries because it's disadvantageous to target foreign customers.
- (10) Restriction of bank regulation in support of credit line extension and approval for e-commerce activities.
- (11) Increased consumption of foreign products may intensify trade deficit.

3.4.3 Opportunities

- (1) The infancy of electronic commerce and the room to learn from the experience of others. It is undeniable that the proportion of Thai B-to-C transactions is relatively low representing 15-20 percent but the chance of increasing transaction value is significantly higher despite the same

growth percentage. The greater the consumption and buying online, the greater market share existing virtual shops can gain.

- (2) Liberalization of the telecommunication sector will bring down the price of using key telecommunication services. Especially, telephone, mobile phone and the Internet, thereby allowing businesses great participation in e-commerce, and providing the majority of people access to IT.
- (3) Private venture capital funds such as those of Adventure Club of Shinawatra are becoming realistic sources of funds for entrepreneurs.
- (4) Opportunities for local SMEs to access the global markets by using Internet channel.
- (5) Opportunities for local producers to strengthen linkages with overseas consumers.

3.4.4 Threats

- (1) Developed nations are in more advantageous position, especially in the technology.
- (2) Intermediaries, such as brokers and travel agencies, will lose their relevance. Internet activities are likely to adversely affect competitiveness of conventional industries.
- (3) Internet activities are likely to adversely affect competitiveness of conventional industries.
- (4) Static economic growth.
- (5) No prominent IT role in regional context; for example, representing a regional hub for electronic commerce activities.
- (6) Increased the consumer's choice for products and services. So web owners will face the increasing competition.

- (6) Increased the consumer's choice for products and services. So web owners will face the increasing competition.

3.5 How E-Commerce Influences the Competitive Forces

The competitiveness of an industry can be evaluated based on the forces, which act upon it. We will be using this framework to evaluate Thai e-commerce entrepreneurs as a whole.

3.6 Barriers to Entry for the Online B-to-C Entrepreneurs

E-commerce can reduce the cost of entry to new markets. Traditionally, it has taken a major investment for a company to enter a new market or to start up in business. Now companies can take advantage of the relatively low cost of setting up a Web presence on the Internet.

Hence, the market entry barriers for conducting b-to-c e-commerce are lower because products and services can be marketed and sold directly to individuals at a relatively low cost. No matter whether they are incumbents or newcomers to the market who are using the Internet and electronic commerce to facilitate the establishment or growth of a business.

Nevertheless, net entrepreneurs can protect their position in the marketplace by creating barriers to prevent other companies from entering the market, such as raising the cost of entry to the market through differentiation and the use of technology.

3.6.1 The Level of Competitiveness within the Industry

The b-to-c online trade shows intense competition both in country and internationally. Competition among e-vendors is fierce because the number of strategic online merchants continues to grow. Each vendor is adding more customization features.

fast. Established firms adopt electronic commerce solutions at various rates and along industry-specific paths. It is the “scalability” of the Internet that offers small niche players many of the same advantages enjoyed by large diversified firms in terms of expanding the range of e-commerce customers and transactions (Hawkins 1998). This may be particularly important for small innovative firms trying to enter the market. In other words, brick-and-mortar corporations stand a better chance for success.

Increasingly, new entrants compete in setting standards and providing the interface, and Web-based alliances will play a strategic role in the emerging standard. Online firms also compete to capture customer information, and virtual communities could play a role in striking the balance of market power among consumers and suppliers. Work can be performed from a variety of locations and firms are increasingly exposed to global competition.

E-commerce increases competitive intensity by allowing business customers to consider every available alternative to every offering. Virtual organizations no longer compete with two or three familiar competitors but with every company in the world that has a website and a comparable product or service.

But even as e-commerce intensifies competition and undermines traditional sources of advantage, it also makes new ways of competing possible. In particular, the Internet's two-way flow of information, from as well as to the customers, provides companies with a powerful means to expand the richness of their offerings.

Competition will cause prices to drop and the balance of market power to shift from producers to consumers.

3.6.3 Supplier Power

Supplier's bargaining power seems to be moderate, dependent largely on each kind of business. In case of rare or unique products, suppliers certainly have strong power. If there are many suppliers producing the same product, then this force must be low. In electronic commerce today, more and more firms either horizontally integrate or form strategic long-term strategic alliance, this strategy could decrease competitive pressures for the suppliers (not in all markets/industries).

3.6.4 Consumer Power

The power of the customers is increasing as they have more choice. They dictate the business, but their power is limited to which products/ brands are purchased and in what quantity. This is significant yet not so much as to make the industry unattractive from the consumer's perspective.

Already, various search engines or directory services are available to Internet users to help them find websites containing the information they seek among the more than 200,000 websites worldwide. Consumers can compare information from various commercial sites in order to find the offer that best fits their needs. Moreover, in terms of convenience, the Internet is accessible 24 hours a day, seven days a week and can be accessed from home or office.

Finally, consumers may be able to group their purchases; this might give them greater negotiating power and allow them to deal more effectively with suppliers. Consumers will be able to search among thousands of merchants for the lowest prices, thereby increasing the downward pressure on prices and leading to a shift in market power from producer to consumer.

3.6.5 Substitution

It is quite low for electronic commerce industry. What an entirely replacement could be, since e-trade is considered an evolution of traditional business. Emergence of technology can assist company run business easier and faster with lower cost. Enterprises will gain benefits as such by developing e-business in support of their offline stores or starting up their entity as a pure player.

Still, weak points may drag this business backward, in particular, the security issues. Once making transactions online is perceived as insecure and vulnerable, people may turn back to use the conventional ways instead. Clearly, no complete e-commerce business will be replaced, but some malfunctioned features will.

3.7 Factors Influencing Growth in Thai E-Commerce

While electronic commerce on the Internet offers the potential for global markets, certain factors, such as language, transport costs, local reputation, as well as differences in the cost and ease of access to networks, attenuate this potential to a greater or lesser extent.

3.7.1 Demographic Trend and Demographic Changes Can Drive the Demand for Internet Commerce in Thailand

(a) Changes in the habits of consumers:

Consumers are increasingly open to conducting business electronically due to being more aware of the Internet and the benefit of e-commerce in selling to a larger market at lower cost. The role of consumers has shifted in that they are increasingly implicated as partners in product design and creation.

(b) Increased awareness and education of using computer:

The results of SG Securities and AC Nielson research show that the propensity to access the Internet is greater for both who have higher educational level and lower education level who perceived the importance from using Internet. At higher educational levels, almost everyone wants to use the Internet; at least they have to perform their academic duties through the Internet. For the lower level education, research companies expect that some individuals will either have to use it because of their work or will want too because they have picked up the skills outside of the educational system. An increase in the quantity and quality of Thai language Internet content will also be critical for attracting those with lower educational levels. As a result, it will lead these people to have more chance to purchase goods online.

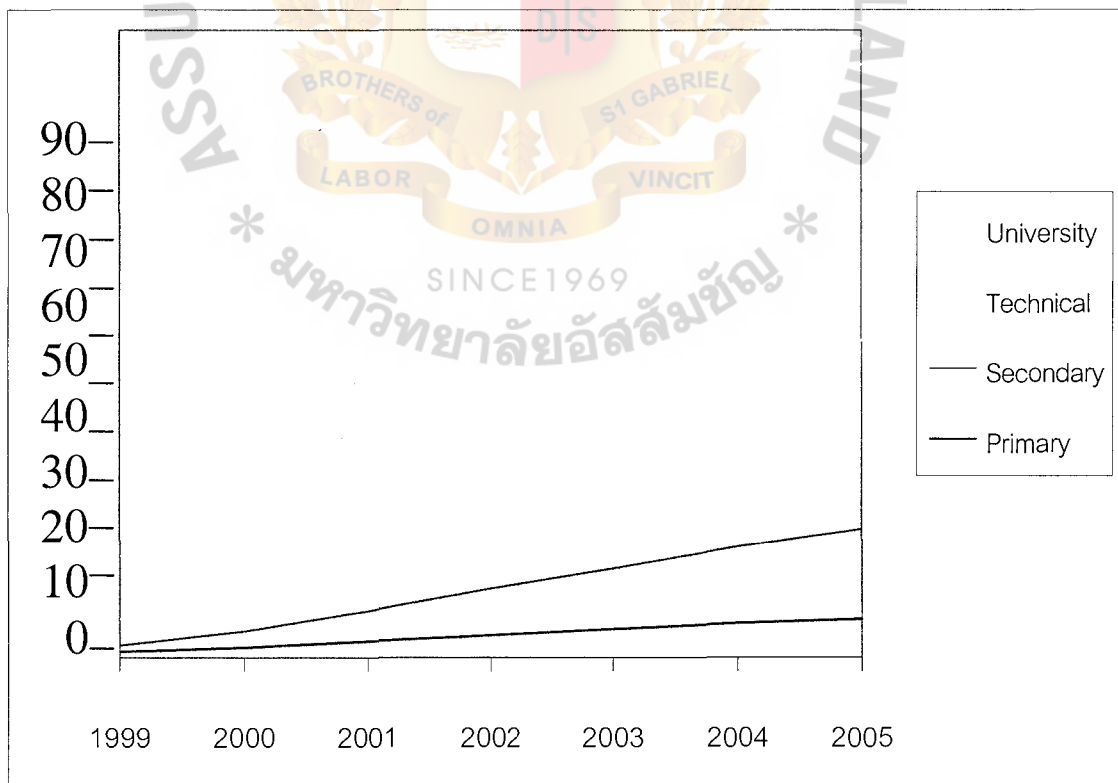


Figure 3.5. Trend of Educational Levels in Thailand.

(c) User confidence in a secure payment system:

Concerns over the security of transactions are also a barrier to the growth of Internet commerce. Consumers fear that their financial information may be manipulated and misused either by the intended recipient of a credit card number or by a hacker who intercepts the card number before it reaches its final destination.

3.7.2 Consumer's Resistance to Change: The traditional consumer behavior in that they get what they pay for them right away is an obstacle for online companies to survive in Thai e-commerce, most of which pursue the payment "pay first, product second".

3.8 Technological Change

Technology drives E-commerce: It is likely that as the E-commerce market becomes more widespread and complex, technology competence will become a critical differentiator between those companies that will succeed on the Internet and those that will fall behind.

3.8.1 Payment Technology:

Credit card and off-line payment, or a combination of the two, are by far the most used means of payment. Only very few SMEs conducting b-to-c in Thailand – those that are technology developers themselves – support credit card, and electronic cash, and the like.

3.8.2 Security Technology:

A high proportion of the e-companies that allow credit card as a payment tool use SSL. Only a few use SET due to the higher cost and expenses. It is definitely true that online consumers show their concerns on the security of payment the most, so do the web merchants. How they can be sure that they will not get woes on the transactions they have interactively made should be unveiled. Therefore, Thai e-commerce websites

systems. Once Thai online transactions are perceived as no risk, Thai e-business certainly has a long way to go and grow.

3.8.3 Technology Innovation:

E-commerce is in place and expanding. Much of this innovation has been the actual development of new technology and products. Other key areas of innovation have been in reduced costs and dramatic performance improvements. Technology innovation has itself become a driver for electronic commerce. As new technologies become available, they make new types of applications and systems more readily available.

The process of innovation and technology diffusion is undergoing substantial change. Genuine innovative efforts, such as organizational and managerial changes, are often required to exploit fully the potential of new technologies.

Innovation has become a complex activity, involving many different types of knowledge and actors. To reinforce their innovation competence, many firms are investing heavily in new ICTs and increasingly in “intangibles” (e.g. skills and qualifications, purchase of technologies and know-how, and organizational restructuring in order to realize the potential of the new ICTs).

3.8.4 Growth of the Internet and World Wide Web (WWW):

The arrival of the World Wide Web, browsers and innovations that greatly subscriber line technologies, satellites. The Internet opens up certain proprietary relationships, extends relations between sectors, makes the electronic market accessible to smaller businesses and allows them to address international markets.

By its very nature, the Internet acts as a spur to the imagination and promotes entrepreneurial initiative. Companies will be the main architects in the development of e-commerce.

To summarize, the Internet has become the driver for E-commerce, thanks to the invention of the World Wide Web as a principal means of sharing information and of the browser as the universal front end. The Web has turned the Internet into a global, distributed, and hyperlink multimedia database. Internet communities can carve out and shape the space that suits their purposes (Armstrong & Hagel 1996).

3.8.5 Drastic Improvements in the Telecommunication Infrastructure: including broadband, bandwidth, network, leased lines and fixed line can stimulate the amount of consumer purchasing online. A high capacity of the infrastructure is a major requirement for driving Thailand e-business to grow larger. The government of Thailand has to deregulate the telecommunication sector, letting other expert enterprises to improve it. The development as such will give lots of benefits to Thai e-commerce market. For example, a higher capacity of bandwidth will make it easy for both local and international consumers accessing the Internet anytime even in peak periods, it also facilitates Thai web-merchants to put more graphics or other useful applications on their websites in order to draw consumers' attention and making their storefronts look more reliable to the consumer viewpoints.

3.8.6 Lower costs in Technology and Internet Access

(a) Computer hardware and software:

Dynamic technology continually brings the cost of both hardware and software down on a consecutive basis. As the expense of buying a computer with the Internet is lower, we notice that many computer agencies currently offer a lower price of computer that everyone can own. Many Thai households then have the purchasing power to easily broaden their vision via computer due to the competition in price of computer suppliers.

(b) Dial-up access costs:

At present, monthly dial-up Internet access is expected to drop as the market expands. Competition will generally reduce prices, although some subscribers will pay a lot more for high-speed services. Many users now access the Internet with pre-paid packages that allow them to use a fixed amount of Internet time over several months. However, if ISPs in Thailand highly compete in the future, it is possible that there are some ISPs offering free Internet to the customers.

3.8.7 Regulatory Influences and Government Policy Changes

Electronic commerce raises many issues regarding the application of existing regulations and issues such as tax law, commercial codes and consumer protection that have received a lot of attention. In many cases, these regulations need to be re-examined in light of the realities of electronic commerce.

(a) Tax

No levying of tax on e-commerce transactions can persuade entrepreneurs to open virtual stores and convince customers with more competitive price than at offline stores.

(b) Electronic Commerce and Related Laws

As mentioned above, trustworthiness and reliability is a critical factor for electronic transactions today. Thai electronic Laws will support the e-business industry in that they can build and reassure both consumers and vendors particularly in case “who will take responsibility on frauds?”

The Electronic Commerce and related laws in Thailand comprise 6 acts: Electronic Transaction, Electronic Signatures, Computer Crime, Electronic Funds Transfer, Data Protection and Universal Access. National

IT Committee (NITC) is the representative who will draft them to the Parliament.

Until now, NITC has proposed the final drafts of the first two IT laws, which are the Electronic Transaction and Electronic Signatures. It is possible that these two regulations will be in force by June 2000. The next phase is to finish a draft of the Universal Access Law, which is expected to be complete in mid-year of 2000.

(c) Certification Authority (CA)

CA is a significant organization for the emergence of electronic commerce in Thailand. The CA is a third party to verify identities of both vendors and buyers who do business on the Internet. It is necessary that Thailand has its own CA to make certifications for people who want to do business virtually on the network. This authority will help create trust and reliability and boost the use of electronic commerce here. To be a CA required at least three components—technology, budget and the right structure. CA can in fact be implemented at many levels—the application level, the organizational level and the national level. It is a must for Thailand to establish a CA since the country is becoming more involved with trade across the Internet.

(d) Government Endorsement

Familiarity with and basic competence in the use of computers and networks like the Internet are necessary for involvement in electronic commerce and in the digital economy in general. It is widely recognized that emphasis must be placed on ensuring a solid universal base for developing computer skills and Internet awareness among grade school students.

For this reason, to close the gap between those with access to Internet technology and those without, there must be a far-reaching initiative. It is necessary that the state government promulgate computer literacy of all 12-year-old as a requirement for entering high school and encourage the private sector to boost efforts to hook up schools both in Bangkok and provinces so that the students can have equal opportunity to access the Internet.

(e) Bank Deregulation and Value-Added Service

The deregulation of credit card approval is desired by many entrepreneurs in a certain extent. Now that the bank unties the rules and regulations as well as charges the lower rate per transaction, there will be more competition in Thai B-to-C electronic marketplace and hence the e-commerce bandwagon will emerge.

(f) Economic Situation

Thai economic factors inhibit the speedy development of e-commerce, particularly at the B-to-C level. Thai economic recession has caused a declined consumer purchasing power. The consumers think that there is no need to use the Internet as a tool for buying online products and services during the cash-strapped economy at this moment. Furthermore, the cost of the Internet access is rather expensive, as a consequence, no online transaction occurrence can dwindle the potential of Thai B-to-C e-commerce.

(g) Competition among ISPs Will Lead to Benefits for Internet Users

Each company tries to attract its customers by seeking the best technology, network, and software. For instance, Internet Thailand, formed by three state-owned enterprises is dominant in terms of the national

transmission network; KSC Connect has quickly boosted their subscriber numbers with the Internet at the speed of 400 Kbps or 4 Mbps for cached content. Telecom Asia is well known for its fiber optic transmission network. C.S. Communication differentiates itself via a satellite transmission network. There are currently 15 commercial Internet operators in Thailand. The Thai ISP club reports that in 1999 collective revenues jumped 35% to 13 billion bahts. The club expects this rate of revenue growth to continue.

3.9 Key Success Factors for Implementing E-Commerce in Thailand

Key factors for competing in online markets include the ability to create strong brand recognition, to build user communities and attract advertising, to provide ease of use, variety of value-added services, functionality and features and quality of support, to establish strategic alliances and to expand on international markets.

3.9.1 Market Opportunity

Market opportunity is the first issue prospective business owners need to consider. They need to think about whether the products they plan to sell are suited to this new medium. While almost every service and product, if not all can be offered on the Internet, only some have strong potential for success. Suitable for sales online are soft products like software and services because they can be delivered electronically, removing a whole range of conventional delivery problems.

3.9.2 Strong Marketing Strategy

Brand names: When purchasing goods over the Internet, customers are unable to inspect the products, so it is essential they carry brands that guarantee quality. A good brand name will increase the confidence of potential buyers. Products without recognized names would find it harder to attract buyers. If your products do not have strong brand names, it is very hard to gain customer trust. For example,

Thaiperfume.com decided to sell international well-known brands, which can help company not to invest a lot in advertising. Also consumers can make the decision easy without the necessity to know the additional product information.

- (a) Promotion: Unique websites make them easy recognizable by their customers.
- (b) Domain names: The name of the website should be striking and easy to remember so that customers can remember it without digging into millions of websites, where sometimes they find nothing.
- (c) Features: Besides a well designed and good organized, the websites should have user-friendly characteristics by providing customers with useful and fast access to the virtual shop. If access is slow and customers have to wait, this will discourage them from return visits to the site. Having search engine as a tool to aid customers in navigation the products they require.

3.9.3 Cost Management (Competitive Price and Lower Cost)

All goods sold over the Internet must be competitively priced and their costs low enough to sustain business. Because the Internet seems to be the cheapest retail channel, customers expect rock-bottom prices.

- (a) Payment system

Every step in a business transaction—all the way from ordering the product to the last process of making a payment—should be conducted entirely over the network. The development of standardized electronic payment system is a crucial step to support online transactions. As one of key success factors, the 2 crucial aspects should be mentioned are.

(b) Convenience

The company should offer as many payment systems to the customers. By letting customers choose the tools that are convenient for them could build customers' satisfaction once they perceived shopping online is easy and comfortable. For example, cash, check, credit card, debit card, and so on.

(c) Security

To provide a more integrated service the credit card information can be collected directly through the Internet. It is important to ensure that the communication is encrypted to ensure that the details cannot be obtained by third parties.

All in all, good payment system should have a combination of convenience and security.

3.9.4 Security System

Building user's confidence and trust in electronic transactions and secure electronic payment systems is the cornerstone for web-based companies. In order to protect important data of the company such as customers' credit card information, customers' profiles, company's profiles, and etc. The company has to develop such a qualified safety system as SSL, SET, and the like.

3.9.5 Organizational Strategy

Including a positioning strategy, an execution strategy and a deep understanding of the e-commerce impact on the external business environment and align all three elements:

(a) Re-thinking the business strategy or adopting a new one

- (b) Creating, training and enabling a new organization that embraces and encourages changes
- (c) Reengineering business processes to take advantage of new technology to execute new strategies.

3.9.6 Customer Relationship (CR)

For a chance of success in the consumer marketplace, the firm must identify an actual customer need and the firm's relationship which the customer must build on responding quickly to customer questions and requirements in order to provide a satisfactory service. In a nutshell, superior customer service, customization of products and services, interactivity, and maximum buying convenience are the must. As far as these issues are concerned, customer loyalty will follow automatically and at that time Thai online merchant is said to reach part of the success because the customer are deemed as the heart of the business-to-consumer e-commerce.

3.9.7 Delivery System

It is the cost incurred additionally from running offline business. Mostly, doing offline businesses do not need to deliver the product since the customers comes and pick up the product by him or herself. But delivering seems to be compulsory for online business. Because the basic of this type business provides the convenience for the customers who are staying in any part of the world. To be success in e-commerce, it needs to identify the delivery channel of your company. At present, there are the major two types of delivery system, which are searching out the intermediate parcel service company and setting up delivery service by its own. However, the companies should concern the most appropriated way of delivery in order to control this additional cost. For example, some Thai website chooses to deliver the product by themselves without

hiring the intermediate parcel service, finally they increase the costs instead of earning the profit.



IV. ANALYSIS FOR PRACTICAL MODELS OF THAI B-TO-C E-COMMERCE IN VARIOUS ASPECTS

To be triumphant in doing e-commerce, entrepreneurs need to clarify the choreographed objective in doing their businesses in order to simply define the competitive strategy to outstrip neck-and-neck competition in electronic market. Before leaping into online commerce, in this part, I would like to guideline would-be merchants with various basic models applied to their businesses. We will start with the current position of Thai e-commerce; this will help the e-merchants reflect on the right time to enter cyberspace. We believe that the following practical models can shore up the e-merchant perception and decision to access this cyber commerce.

4.1 The Right Time to Enter Electronic Market

Developments in recent years, of which IT has played its part, have lead to a shortening product lifecycles and a reconsideration of suitable marketing strategies. The life cycle, one of the best known of the marketing concepts, reminds a would-be Net merchant of the need for carefully orchestrating to sell products online.

Understanding its evolutionary stage of Thai B-to-C e-commerce can bring advantages to Thai firms, which can deploy the insights gained to manage their business proactively and formulate strategies that exploit market dynamics (Levitt 1965). From now on, we would like to provide basic understanding of each stage of the lifecycle and then describe how lifecycle analysis gives a good indication of the current status of Thai business-to-consumer e-commerce.

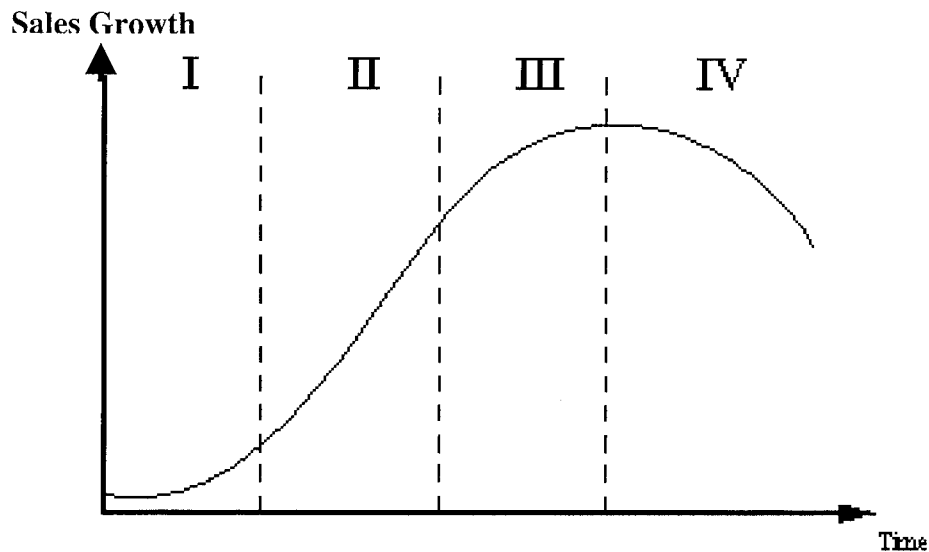


Figure 4.1. Marketing Lifecycle.

- (1) The First Stage: Introduction
 - (a) High Market and Technical Uncertainty.
 - (b) Slow Sales Growth.
 - (c) Rapid Changes in Product Design and Manufacturing.
- (2) The Second Stage: Growth
 - (a) Accelerating Demand.
 - (b) Greater Predictability in Market Demands, Technology.
 - (c) Entry of Competition.
- (3) The Third Stage: Maturity
 - (a) Low Market Growth
 - (b) Stable Technology
 - (c) Intense Competition
- (4) The Fourth Stage: Decline
 - (a) Current Growth Negative, Profits Low, cash Flow High.
 - (b) Future Poor.

Table 4.1. B to C E-commerce Lifecycle.

Characteristics	Introduction	Growth	Maturity	Decline
Sales	Low	Rapidly rising	Peak sales	Declining
Costs	High	Reducing fast	Lowest	May rise depending on market share
Profits (per unit)	Negative	Highest/unit in cycle	Average for industry	Declining
Customers	Innovators	Early adopters	Early and middle majority	Laggards
Competition	Few	Growing number of imitators	Shake out causes declining numbers	Further decline

Thai Business-to-Consumer Electronic Commerce on the Internet is still in its introductory phase where it is fraught with the high uncertainties within this electronic market in terms of the economic situation, telecommunications, and legal issues. Also importantly, Thai B-to-C will remain there until the issue such a security is satisfactory to the consumer.

Although e-commerce has been introduced in Thailand around 2-3 years ago, the real implementation and action has only been seen clearly since last year. Initially, the idea was establishing electronic presence or web presence. To crystallize, companies

Although e-commerce has been introduced in Thailand around 2-3 years ago, the real implementation and action has only been seen clearly since last year. Initially, the idea was establishing electronic presence or web presence. To crystallize, companies used the web as a tool for information dissemination about Thai products and companies to consumer or prospective consumer. The web channel at this stage behaves more as a promotional medium.

Within the next two to three years, as the infrastructure is put in place, with changing patterns of consumer behavior, and hence increasing purchasing power, Thai B-to-C e-commerce will step into the development or growth phase. This period of development will involve using the web as a point of purchase as well as an advertising tool.

Interestingly most of the foreign B-to-C e-commerce sites at present have already fallen into this phase. (Better still we can say that the industry is in the early growth phase). The growth phase also involves developing sound logistics, transaction systems to cater to online consumers, developing reverse logistics to handle returns (this has been found wanting in all e-commerce sites) and increasing the range of products offered online.

Some day in the future, both Thai Internet Commerce and those in other countries will reach the maturity stage. It is more of a distant dream at present. The characteristics at this stage are not hard to visualize. From localized (country specific) markets one can step on to a global platform. This will involve establishing developing business partners all across the globe to provide services in the areas of distribution and purchase. A reduction in the cost of services is one of the benefits it delivers. As the retailer has a broader market to choose from, he will definitely go for procurement at lower prices. (Remember, economies of scale will also act in his favor) Other services

like different payment options would also be in vogue in time to come because of standardization of the processes involved therein.

In the worst scenario, even if we throw a stone into the river, we still do not see the exact time and when Thai e-commerce will be in the decline stage as indicated by negative growth, low profits, and a poor future. However, it is most important for Thai entrepreneurs online to think carefully that if Electronic Commerce fails to take on in its current form, will it progress quickly to Maturity and eventually Decline. Because of the uncertainty and risk involved, businesses would be advised not to make Electronic Commerce its core Internet strategy. Alternatives do exist for conducting business online and these should be fully investigated.

4.1.1 Trends Emerging Using On-Line Commerce

Thai e-commerce market currently is in the embryonic stage. For an emerging industry, Thai web-based company has to prepare itself for catching up competitors' moves. With low barriers to entry, generally, the environment of Thai e-commerce industry is easy to tab in, not only companies can participate online business but also individuals like readers and us. This implies that the intensified competition viably occur in the near future.

Most of Thai buyers are quite new to this online market as well, an entrepreneur thereby must put an effort on powerful marketing strategies to draw customers' attentions. For example, web-based merchants have popularly used price cut strategy as the first selling point on their storefronts. The second necessary means for emerging market is advertising to let the customers know who and where e-merchants are.

However, Thai enterprises should exploit advantages of being the first-movers, the faster the companies access the market, the more customers are aware of those company.

(a) First Mover Strategy

It is often important to be first movers and fast adapters in the online environment, especially in relation to establishing a brand reputation, to defining standards and to exploiting new markets. The first player to enter an electronic network benefits from positive network externalities on a global scale and can very rapidly acquire an edge in terms not only of information (global reputation of certain brands) but also of economies of scale and stature (price advantage).

The international famous case study is absolutely Amazon. Amazon.com developed powerful first-mover advantages in book sales over the Internet, when it quickly occupied this space and gained mind share making it difficult to dislodge. Establishing a website address in users' minds and delivering excellent service can dramatically insulate the first-mover from competition.

Considering business-to-consumer companies doing commerce on the Internet, we would like to illustrate a few the first movers in each industry briefly starting from Thai souvenir and handicrafts industry.

Tookkatoon.com founded by Mr. Nives Waewsamana, the advertising freelance who loves Thai literature and characteristics and wants to disseminates being Thai to foreigners. Then, he did his own website without aiming at commerce activities. Surprisingly, there are many foreigners perceiving the value of Thai stories and wanting to collect the Thai art. As a result, the idea of producing Thai puppet (Hun krabok) has come up. He has had such real intention that he makes the puppets himself by learning from the traditional expertise in this field of arts. So far, he is a high flier receiving

the traditional expertise in this field of arts. So far, he is a high flier receiving orders valued of several thousands per month. He does not rely on any supplier doing puppets because he can produce them himself and also teach his colleagues and his team to make it. Unavoidably, as he succeeds very much in this business, there are several followers who want to be rich in terms of profit and information provided to their customers such as Thaicollectible.com, Thaisouvenir.com and so on.

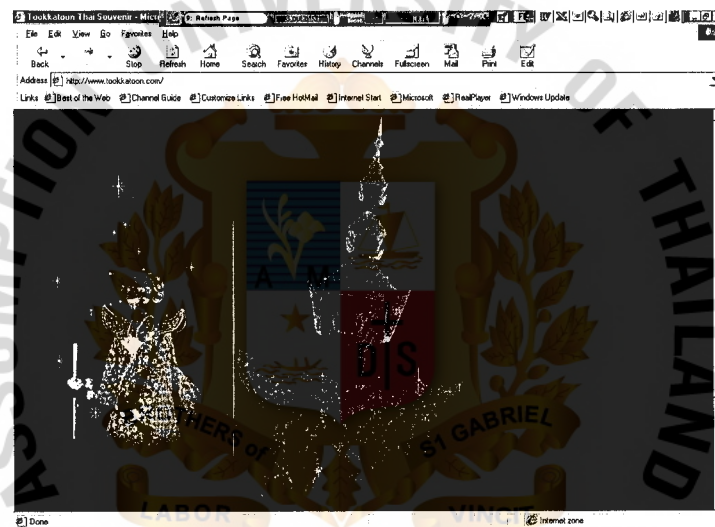


Figure 4.2. Tookkatoon.com, Thai Souvenir's First Mover, Generating a Bulk of Profit to the Business Owner and the Country.

In the supermarket sector, we see the success of Wal-Mart online today. In Thailand the pioneer of the first online supermarket is www.dstmart.com branching from its offline business in direct sales. Its strengths in running the minimarts and leveraging its resources cause Direct Sales Trading Co., Ltd to decide to run online supermarket, with the hope to expand its sales channel and customer base to nationwide.

Although he is advantageous in terms of having 6 distribution centers throughout Bangkok and metropolitan areas, call center, and experienced staff, he has to invest a lot in technology (Bt 1 million) that has to be integrated with such existing strengths. In spite of this, the company continues his real intention to be the first mover who can establish brand loyalty to the consumers. Due to the 3-month foundation which is the very short period, the overall figures and performance still cannot clearly be evaluated. The Managing Director gave us an interview commenting that the few proportion of buyers each day (1% of the visitors) does not fear his company because he sees the positive trend of Thai e-commerce and the potential of being the first company doing this line of business. He said that, currently, other companies starts doing this virtual retail stores including

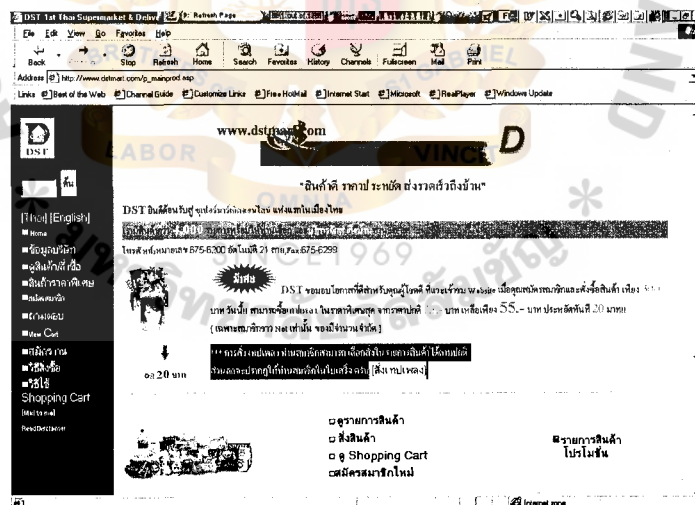


Figure 4.3. www.dstmart.com.

chowhuay.com, and latest www.tops.co.th, which is very successful in the physical supermarket. www.dstmart.com, the first mover in the online supermarket.

Thaiaamazon.com, the first mover in book and magazine sector, is the last case study we would like to pick up. It is the first Thai cyber bookshop, running for around three years. Again, the Company, AR Publishing Co., leverages its offline core competencies in publishing a variety of computer books and magazines. The company can take their business online at once without investing too much on advertising because the company can put the URLs on its media; nevertheless, the company takes one year plan before launching its e-commerce website. In addition to its existing customers the company has in hand, it create a large amount of community by proffering free web-based email to the surfers who are crazy with the current fashionable interactive era.



Figure 4.4. www.thaiaamazon.com.

Due to this fact, many Thai virtual bookshops have sprouted over Thai net, some are flat owing to lack of careful marketing plan and hastiness to

enter. Others are walking to the right path because long reputation in the physical world such as ChulaCyber bookshop.com and Dokya.com.

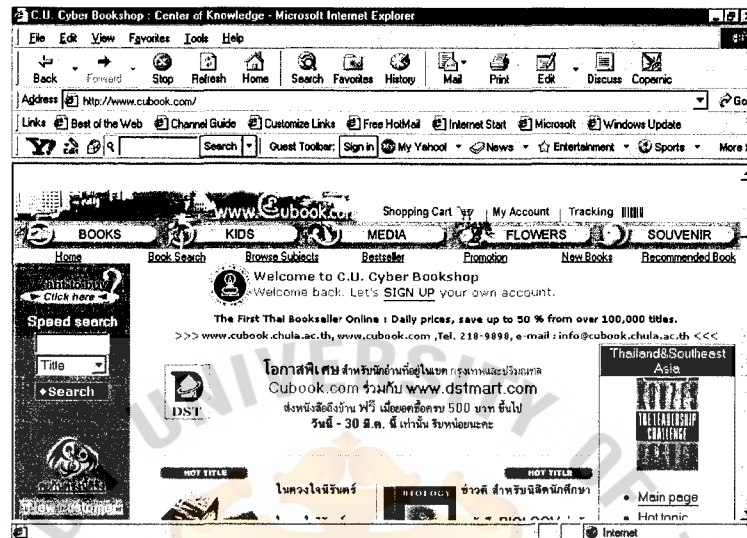


Figure 4.5. www.cubook.com.

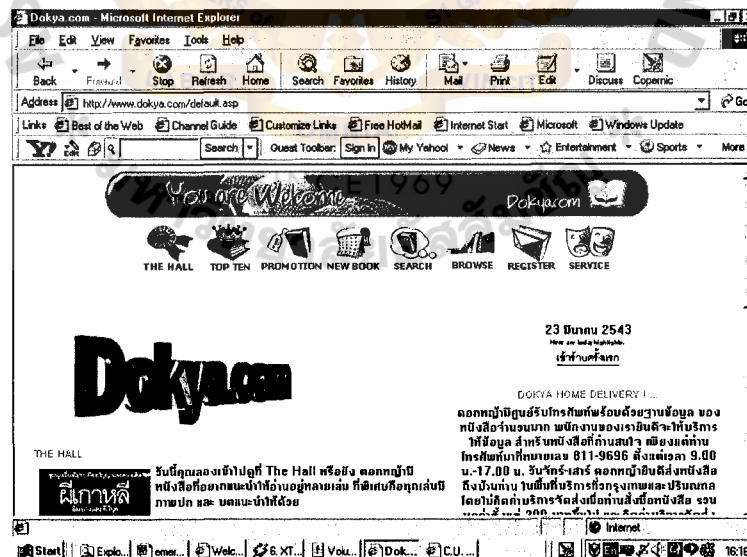


Figure 4.6. www.dokya.com.

By and large, this means that first-mover firms occupying a commercial niche in one nation such as online book retailing will have important advantages in the global economy because the Internet suffers no cost penalty for distance. Contracting or collaboration with freight delivery firms is required to simplify logistic dramatically, again decreasing cost distance. As a result, late-movers wherever they are located may be excluded from not only the global market, but even their domestic market, by the first-move

(b) Strategic alliances

In the future, businesses in e-commerce industry are more likely to form strategic alliances; the companies will gain mutual benefits by doing so covering expanding customers base, saving promotion costs, and etc.

As we can discern the western collaboration of CNN and Time Magazines, once a reader surfed CNN website, it means he can go to read the articles on Time.com right away.

Thai digital commerce is the emerging industry that must be careful to manage strategic alliance. Small and medium-sized Thai enterprises have been urged to form alliance with other businesses which have distinctive expertise, if they want to cash in on the dynamic digital economy today. If they do not think of business partnership, others will interfere and take advantage of this business. For instance, Adventure, the venture capital Company which is the affiliate of Shinawatra Pcl. has recently partnered with MWeb, the African-based company that invests a lot in web portal Sanook.com the company acquired.

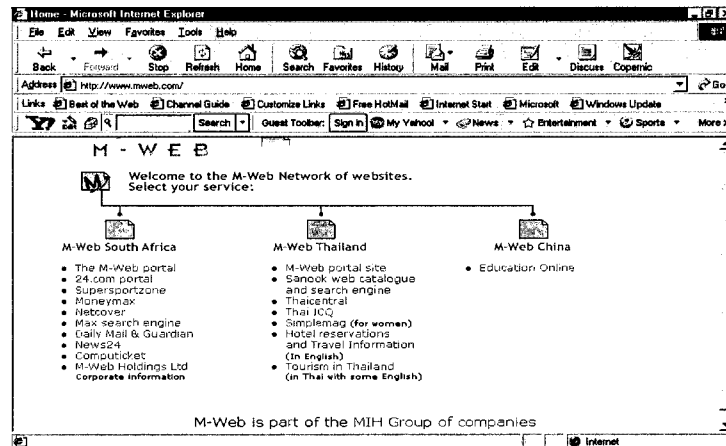


Figure 4.7. www.mweb.com & AdVentureClub by Shinawatra Is an Example of Strategic Alliances.

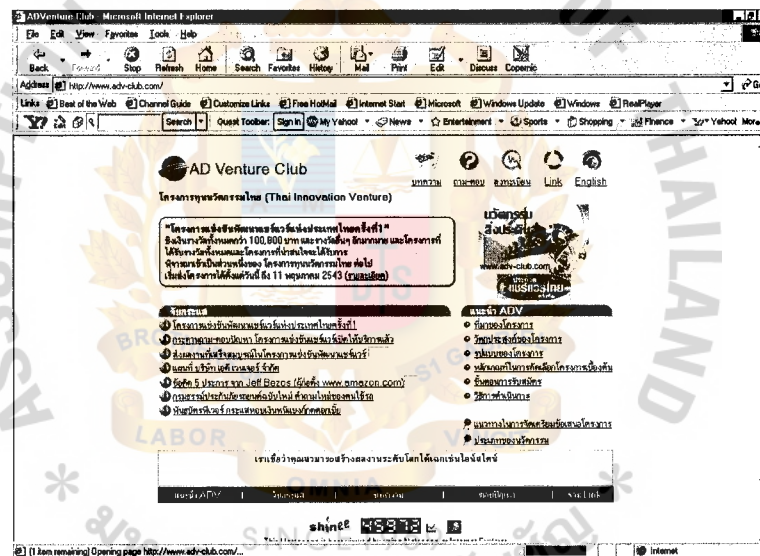


Figure 4.8. www.adv-club.com.

Even one of the leading ISPs and back office and systems integration company, they see the emergence and odor of this potential of this business, so they step up in the electronic marketplace. Recently, Metro Systems Corporation has formed a strategic alliance with Loxley Information Services (Loxinfo), reflecting a new phenomenon where IT is now being

driven by the Internet and where partnerships are appearing as a crucial strategy. These two companies will specifically focus on applications for corporate customers, recognizing the need for e-business and for effective customer management systems.



V. INSIGHT ANALYSIS OF THAI ONLINE CONSUMER & ENTREPRENEURS

Criteria for identifying success or failure of Thai B-to-C e-commerce must be based on both consumer aspects and performance of Thai e-websites. The research methodology for this study is composed of three stages of data collection: questionnaire, supporting data, and interviews with Thai online entrepreneurs.

5.1 The Analytical Framework for Consumers

Definition of Response Groups

As mentioned in the methodology section, it was necessary to separate the response group into three initial categories to facilitate data analysis. The three-week survey received 475 responses. Survey respondents were identified as:

- (1) Individuals who have made an online purchase (397 persons)
- (2) Individuals who have not made an online purchase (78 persons)

5.1.1 Individuals Who Have Made an Online Purchase

According to the data collected from questionnaire, after comparing with the other researches many results were found corresponding to the results of previous researches such as age range of majority of Internet users, their sex, and their monthly income, etc. The results are shown below:

(a) Gender Demographics

Our survey found that 70.51 percent of users are male while the major age group was between 21-30.

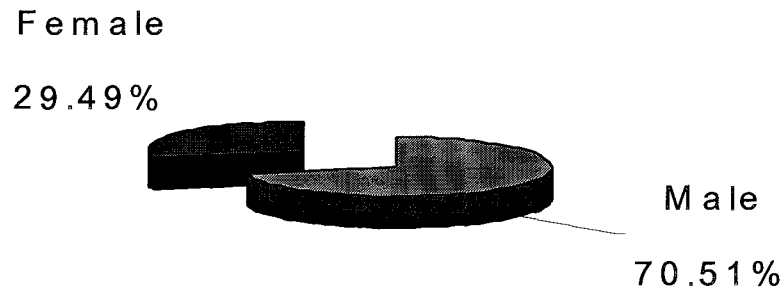


Figure 5.1. Gender Demographics.

(b) Age Demographics



Figure 5.2. Age Demographics.

(c) Thai Online Shoppers Career and Fields of Industry

The largest proportion of these Netizens is employees (66.67%), then students (25.64%) and business owners (5.13%). It is striking that most of our respondents are company staff instead of students as other researches do. This is because we see that the employees are working people who have purchasing power to try online products.

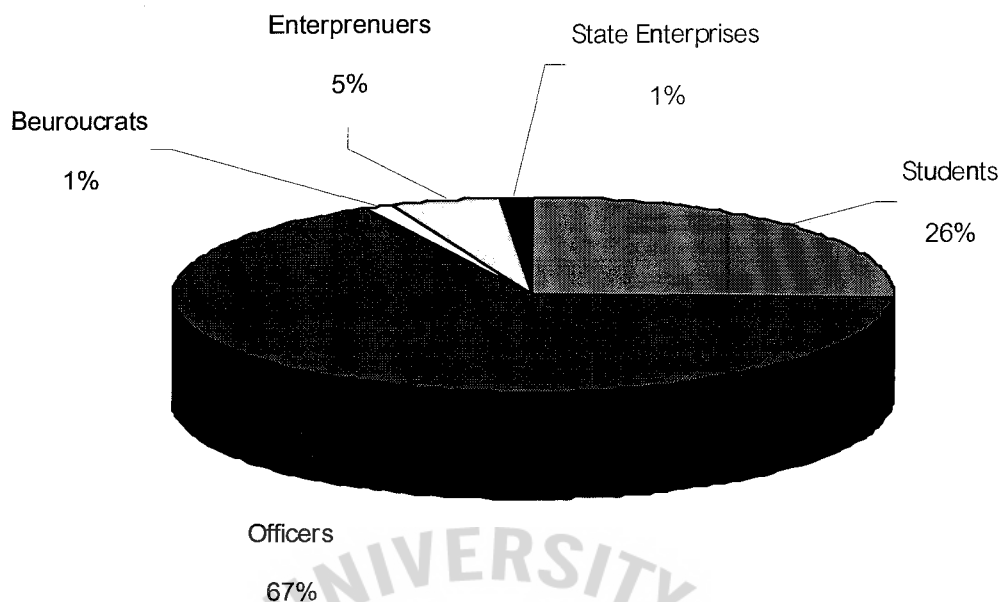


Figure 5.3. Thai Online Shoppers Career and Fields of Industry.

However, based on the Internet users in Thailand, most of them are students. The reason behind may be that they are the new generation that usually uses Internet. The field of career is IT-related staff who are accustomed to computer and Internet usage, accounting for 24.35 percent. Of equal percentage is MBA-related students who are educated and always use Internet for many purposes including buying products via Internet.

(d) Educational Demographics

Concerning the education level, 60.25 percent of respondents had Master's degree, followed by those on bachelor's degree 38.46 percent. It can be concluded that the more educated Internet users are, the more likely they have understanding and right perception in fundamental electronic transactions.

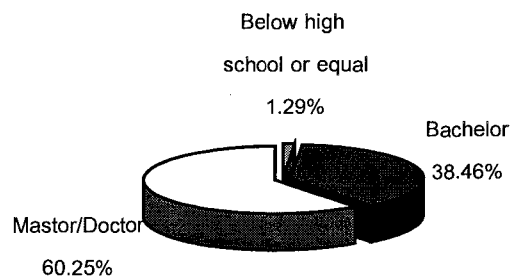


Figure 5.4. Educational Demographics.

(e) Income per Month

For the income level, only 8.97% of respondents have monthly income between 30,001-40,000 Bahts, followed by those on a monthly income of less than 10,000 Bahts (16.66%). The most common income per month was between 10,001-20,000 Bahts (35%).

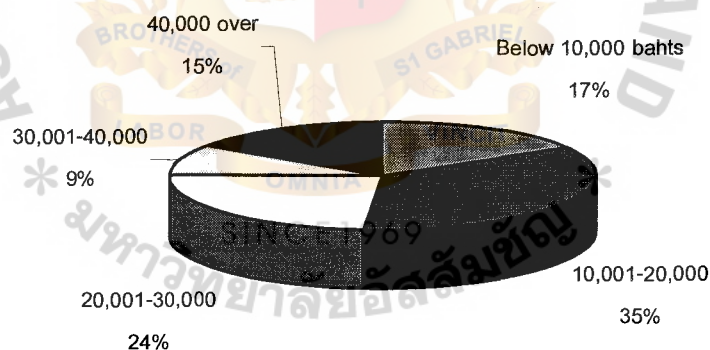


Figure 5.5. Income per Month.

(f) Period of Internet Usage

The period of Internet usage seems to be in conjunction with the educational level. Sixty-six percent of the ones who graduated with the bachelor's degree and higher have been using the Internet for more than

three years, while 30.77 percent have one to three years' experience. Only three percent of respondents were new to the Internet (less than one year).

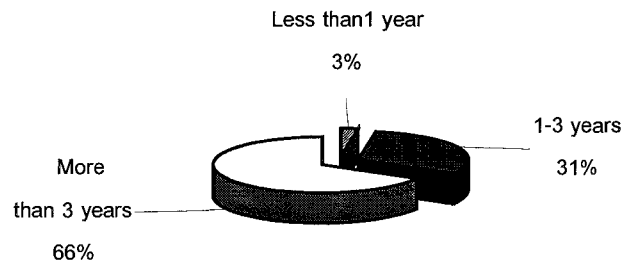


Figure 5.6. Period of Internet Usage.

(g) Point of Access

Regarding the point of access, almost half of the respondents or 44.88 percent used the Internet at home, and 30.77% used the Internet at the office. This figure is in line with most of the respondents who are working people.

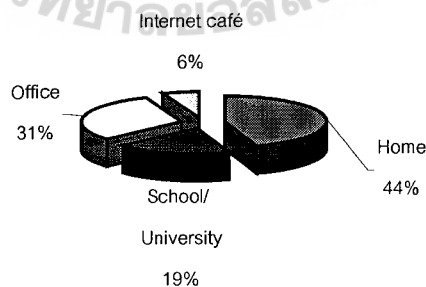


Figure 5.7. Point of Access.

(h) Types of Internet Access

Around forty-eight percent of the Internet users were cost-subsidized by a company, 35.54 percent pay for Internet package usage themselves and 14.05 percent are the monthly subscribers; that is, the consumers still consider the price and cost of access as a major concern.

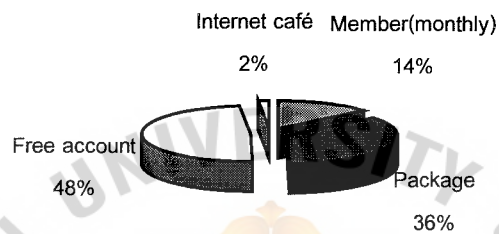


Figure 5.8. Types of Internet access.

(i) Purchasing History and Preferences

Statistical data on the frequency of purchases varied significantly. Our survey revealed that 67% of Internet purchasers had utilized the WWW for shopping for between 2-5 times; 15.38% and 8.28% have purchased on Net for 6-10 times and over 10 times, respectively. The data suggested that as the Net users try buying the first time and have no problems, they are confident and convenient to repeat purchasing.

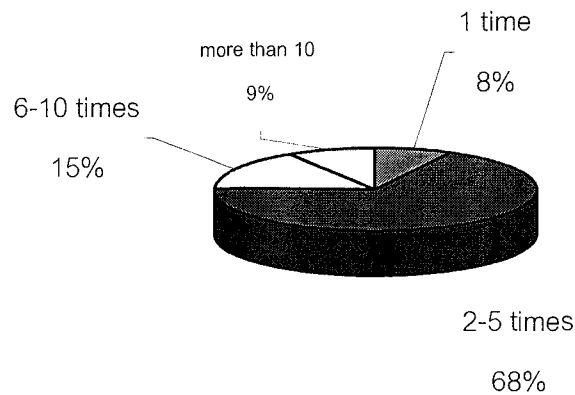


Figure 5.9. Purchasing History and Preferences.

(j) Making Purchases Through Local or International Websites

The statistics showed that 59 people out of 78 Internet purchaser (75.64%) have made online purchases via foreign websites while 15.38% have bought from both Thai and foreign ones. Only 8.97% spent their baht on Thai websites, this can be explained that the foreign e-commerce sites may offer the cheaper price and unique products that cannot be found in Thailand.

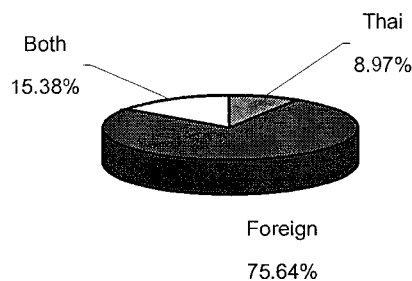


Figure 5.10. Making Purchases through Local or International Websites.

(k) Average Spending per Transaction

The survey data showed that as many as 37 online shoppers (47.44%) surveyed have spent an average of over 3,000 Bahts each transaction while the remaining three in a row accounting for 23.07%, 14.10% and 11.54% have spent 1,000-1,999, 2,000-2,999, and 500-999 Bahts per transaction, respectively.

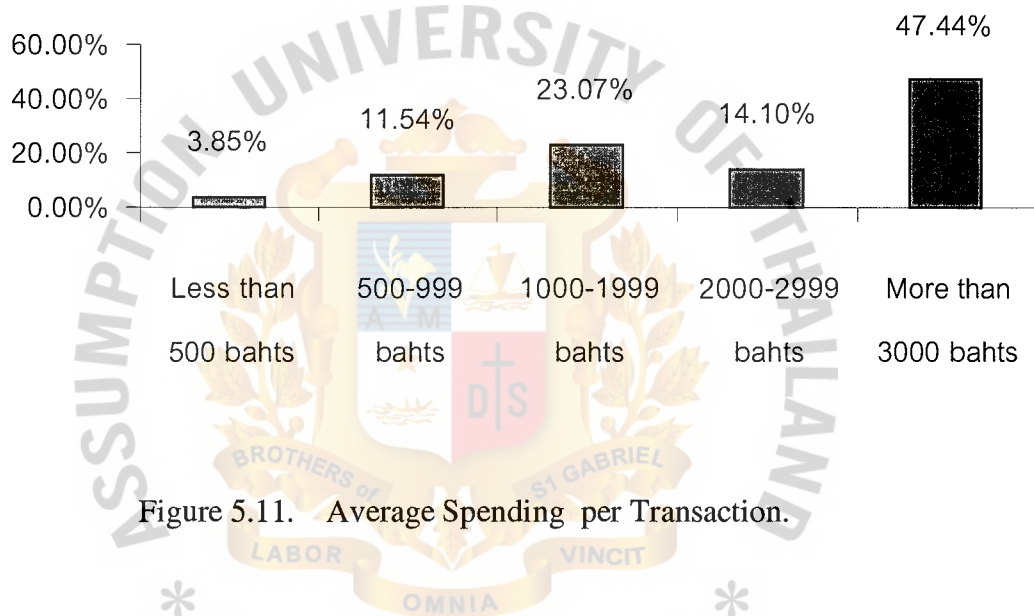


Figure 5.11. Average Spending per Transaction.

(l) Factors Affecting Decision of Buying Online

This survey showed that the transaction values are in proportionate with the consumer's confidence of the total respondents buying online, 27.05% think of the convenience as the first reason for purchasing decision. Lower price also is the main variable for them as 24.15% give the importance to this factor. Other reasons include the distinctive features of products and the rapid delivery, representing 18.84% and 18.35%, respectively. The decision motive for purchasing in terms of convenience,

price, and product features may be the key factors that make the consumers buy products from foreign websites more than Thai sites

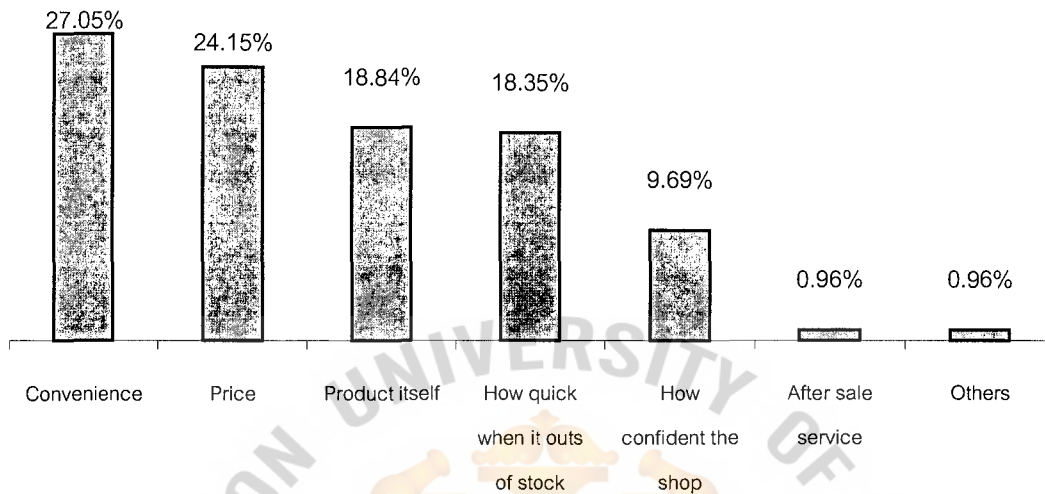


Figure 5.12. Factors Affecting Decision of Buying Online.

(m) Products / Services of Purchasing Online

The range of products and services available online continues to grow everyday. Everything from books, records, and software to pharmaceuticals, stocks, and motor vehicles can now be purchased from the comfort of your home. As depicted in the accompanying chart, the popular products that vendees make an online purchase are the book category, accounting for 24.88 percent of participants made online purchases. The three consecutive items purchased online that followed are computer software, CDs and cassettes, and hotels and traveling online booking, representing 13.39%, 12.44, 8.61%, respectively. Other products that consumers show some interest in purchasing online are computer hardware,

electrical appliances, clothes & shoes, souvenirs and flowers, each of which is shown in percentage between 3-5%.

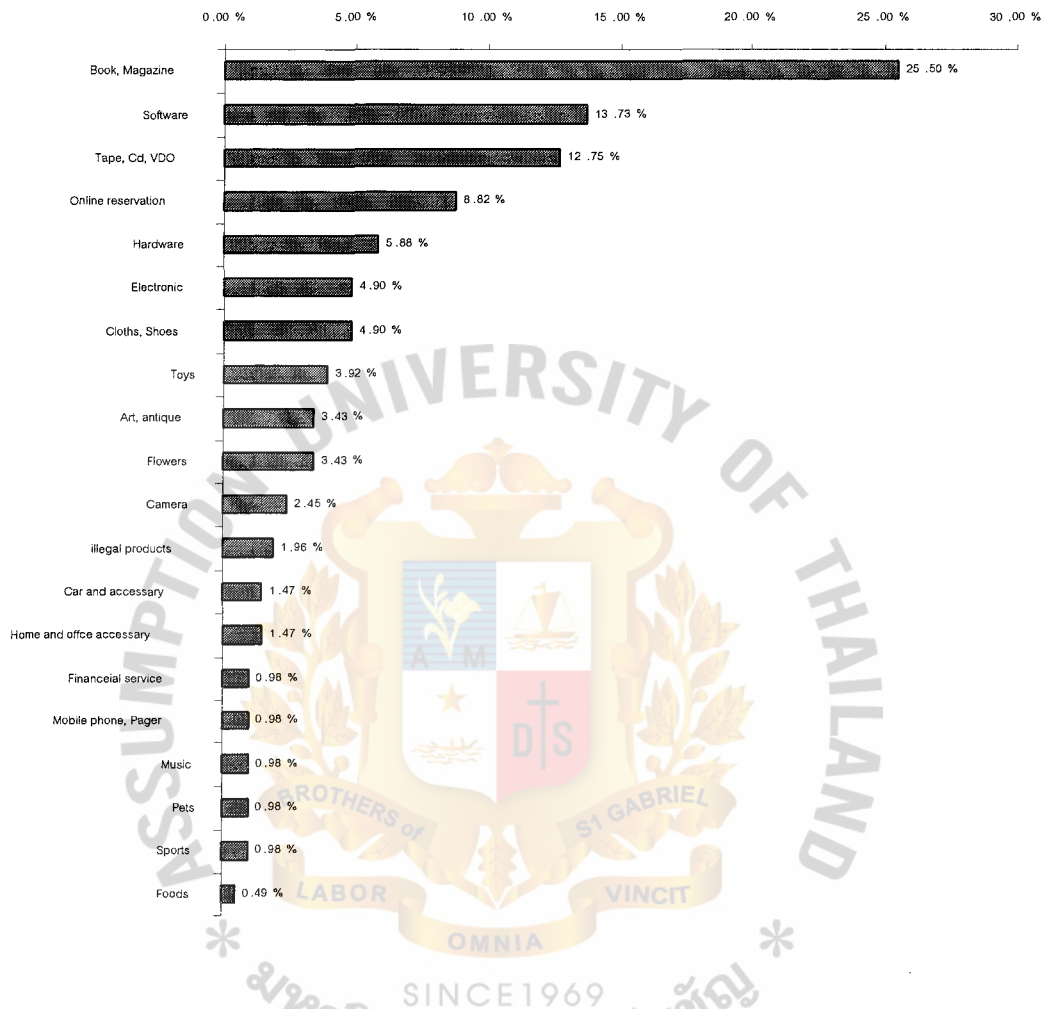


Figure 5.13. Products / Services of Purchasing Online.

(n) Payment Methods

Despite seemingly widespread concerns over the security of online transactions, consumers continue to purchase products and services at an ever growing pace. There are a number of payment methods employed by online merchants today. This study asked participants who have made purchases, what payment method they most frequently utilized. The chart

shows the relative usage of each payment method. Consistent with available secondary research, credit cards remain the predominant payment method utilized in completing online transactions, accounting for 72.34% of the response. At 13.82% and 10.63%, bank transfer and cash on delivery ranked a distant second and third as payment methods of choice. Survey responses indicated that participants were generally happy with the payment methods available.

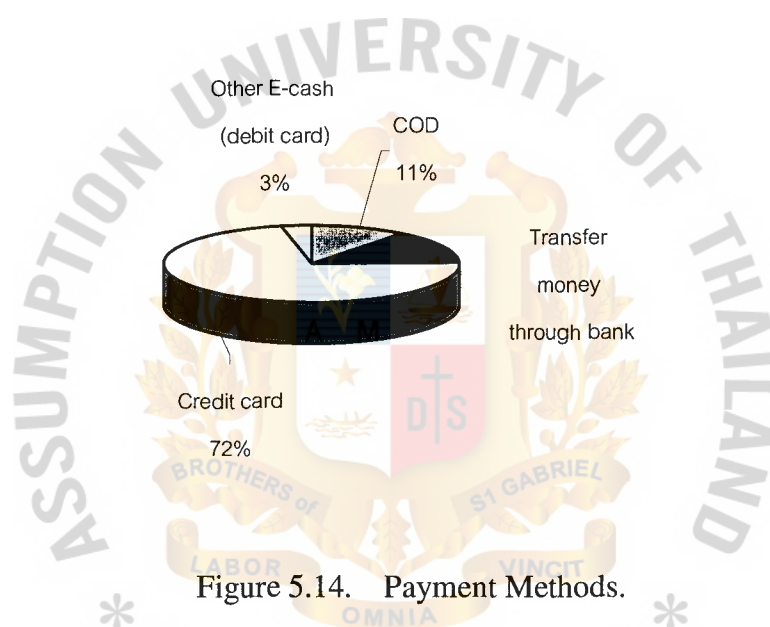


Figure 5.14. Payment Methods.

(o) Online Purchasing Problems

Survey participants were asked whether they have online purchasing problems such as delayed delivery, the delivered product does not match the ordering one and credit cards fraud; of the 78 survey responses received, a clear majority 70.51% (55 participants) never experience problems. Another 29.48% reported being affected by problems with their shopping online.

70.51% of participants never experience problems of online shopping.

29.48% of participants have experienced problems of online shopping.

(p) Potential of Repeat Purchasing

The percentage of future Internet purchasing from participants having ever bought online goods is 79.42 (62 participants). 15.38 percent are uncertain to make an online purchasing and the last 5.12 percent mentioned that they would not buy the products online anymore.

The data suggests that convenience be found to be the most important consideration in deciding to shop on the Internet. Of the 12 respondents who are not sure, security of payment is a major concern for them while the minor ones are the cost of delivery and payment methods. Not different from the unsure buyers, the remaining 4 respondents will not make purchases online in the future because of security, and inconvenience of payment methods and fear of credit card's number being hacked.

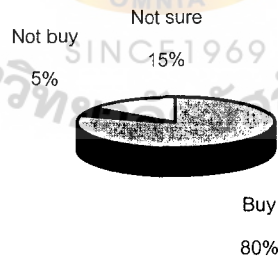


Figure 5.15. Potential of Repeat Purchasing.

(q) Quality of Thai E-commerce Websites

When asked whether Thai websites doing e-commerce are of equal quality to the foreign ones, 67.95% of the buyers said “no” while 29.48 percent commented that both of domestic and foreign ones contain equal quality contents.



Figure 5.16. Quality of Thai E-commerce Websites.

Those who said that Thai websites are not commensurate with the international ones cited that Thai web design and real-time credit card payment are inferior due to lack of competent and experienced IT human resources and worse security. However, in reality, security systems implemented in Thailand are not distinguished from the foreign ones as can be heard from current news of hacking credit card numbers at well-known websites abroad.

5.1.2 Conclusion of Online Shoppers

Although shopping via a computer network is rapidly gaining in popularity around the world, in Thailand it is a question of whether Thai customers are ready for the new "on-line" shopping. The survey conducted by our group in accordance with that conducted by the National Electronics and Computer Technology Centre (NECTEC) showed that only a small portion of the local Internet population has experience in shopping online. The survey found that of the total 475 respondents (from 495 respondents \pm 5% of error) 83.57% or 397 Netizens have never bought online products and only some 16.43 per cent (78 consumers) have done so. Both of the buyers and non-buyers' behavior patterns can be summarized here.

The majority of Thai online buyers are people at the age of 21-30 years. Most of them are working people, studying for Master Degree or above. This group of Netizens is said to have lots of purchasing power. They are young, high educated and familiar with using the Internet. This may be viewed as a good opportunity for Thai web-based merchants. An uncontrollable and rampant concern is that the consumers still have western e-life style as can be cited from the survey result that they preferred to shop from the foreign websites. They perceived that the quality of Thai e-commerce webs is inferior to that of the Western as well.

The survey found that books headed the list of products Internet users bought online, with some 24.88 percent of Thai Net shoppers making such purchases, followed by computer software, music (CD & VDO) and online reservations - with around 13.39, 12.44 and 8.61 percent, respectively. Credit card is the most popular payment method for Thai buyers. Not surprisingly, shoppers worldwide also use it for online shopping; without one, it is difficult for them to pay for products and services bought over the Net.

The online shoppers surveyed rarely face the problems of purchasing via the Internet. However, for the ones experiencing some trivial problems, they still intend to make online purchases again in the future because of the core advantage of e-commerce that is “convenience”.

5.1.3 Key Factors Driving More Purchasing Considerations

In order to determine which issues were of primary importance to consumers, survey participants were asked to select the most important purchasing consideration from a list of various factors. The result is that the security of payment system as well as more convenient payment tools is of most vital driver stimulating more purchasing online products and services, accounting for 40.53 percent of the survey buyers.

The second most important factor representing 14.28 percent is tax exemption; the consumer will perceive that if the products sold online have no tax, they can receive cheaper price than they buy at the offline stores. Of important determinant showing 13.89 percent is that the consumers want the government to enact e-commerce laws that protect the customers' rights. Some (12.74%) comment that the Internet infrastructure needs to be improved including network, bandwidth, leased lines and cost of services. The also motivating factor for making a purchase online is the better after-sale service as the statement "Web Merchants beware!"

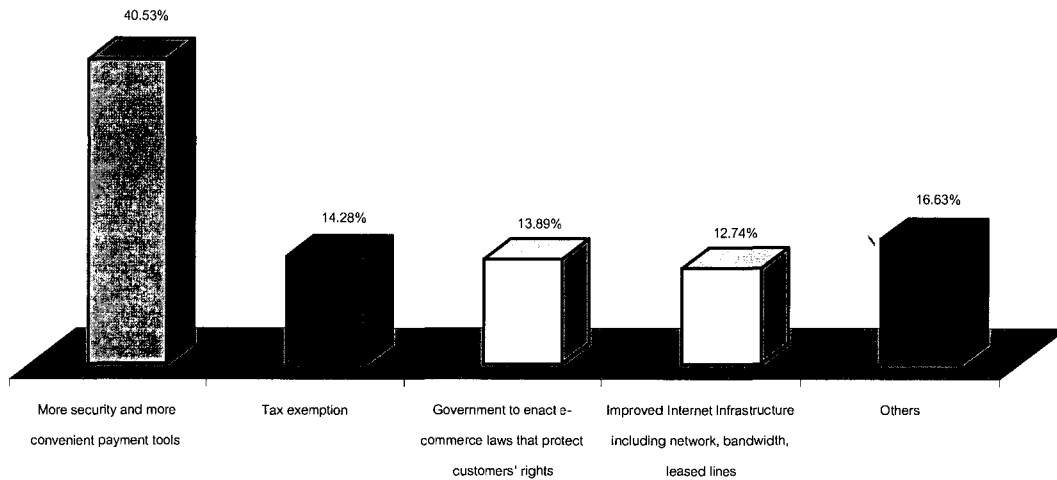


Figure 5.17. Purchasing Considerations.

Customers- don't give second chances", BBC News (1998). Economic situation comes in the scene as well.

5.2 Individuals Who Have Not Made an Online Purchase

Of total 475 respondents, 397 participants (approximately 83%) are those who have not made online purchases. The findings got from the questionnaire can be depicted below.

5.2.1 Gender Demographics

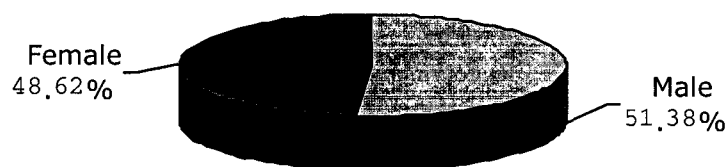


Figure 5.18. Gender Demographics.

As depicted by the accompanying chart, the response group was predominantly male at 51.38%. A total of 48.62% identified themselves as female. The number of female participants is noticeably close to male participants but this statistics is different from Internet user profile of Thailand conducted by NECTEC in 1999. The NECTEC survey of 2,404 Internet users, it reflected only 34.94% female participation. This statistical disparity is in keeping with current trend analysis that shows increasing numbers of female users.

5.2.2 Age Demographics

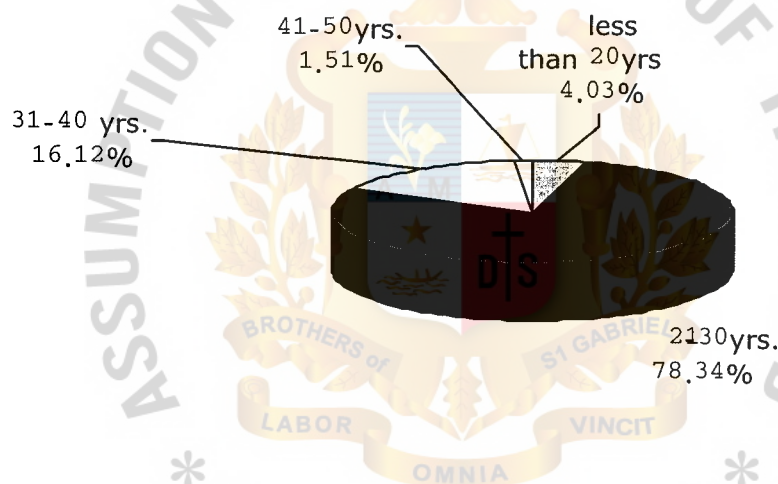


Figure 5.19. Age Demographics.

An examination of respondents by age bracket revealed a predominant age range between 21 and 30 (78.34%) with the 2nd largest age group falling between 31 and 40 (16.12%). The accompanying chart depicts response statistics for each age bracket. Age statistics for this project are consistent with NECTEC Internet user profile in 1999 which showed the majority of participants fall within 20-29 years of age and 30-39 years old.

5.2.3 Non-Shopper Careers and Fields of Industry

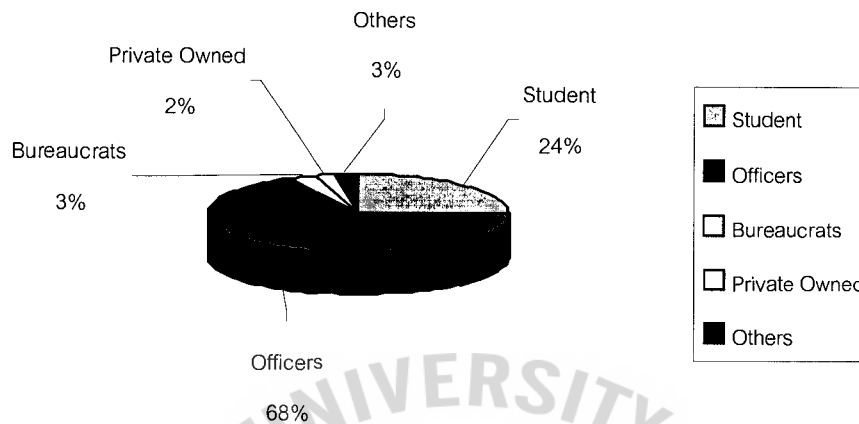


Figure 5.20. Non-Shopper Careers and Fields of Industry.

Most of the survey non-shoppers are employees representing 67.50 percent of the non-buyers surveyed. Again, this data is inconsistent with other studies finding that most of Internet users are students. This is attributed to the fact that these working people have potential purchasing power. The second largest non-buyer group is student accounting for 24.18% (96 participants). The rests include 3% of bureaucrats, 2% of private owned and 3% of others respectively.

5.2.4 Field of Careers

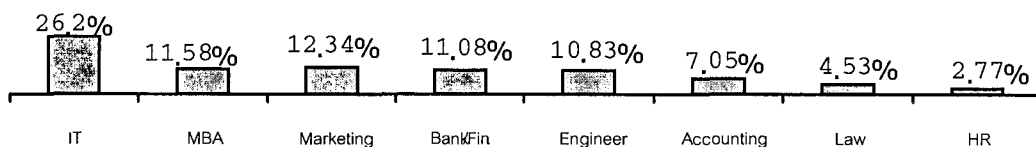


Figure 5.21. Field of Careers.

Twenty-six percent of the non-Internet user respondents are those graduating in computers, science and IT-related field. Of the second and third largest percentage (11.58% and 11.08) are MBA-related students and banking and finance staff who are educated and used to the computer technology.

5.2.5 Educational Demographics

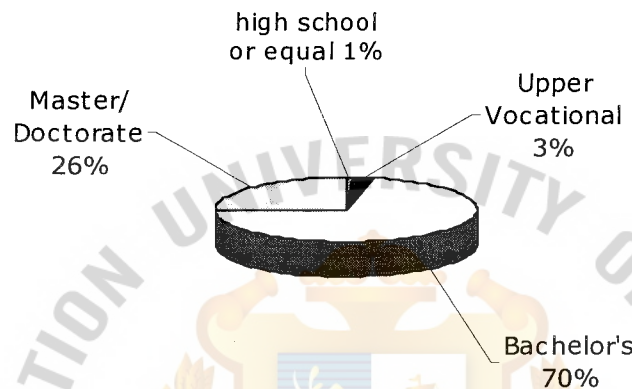


Figure 5.22. Educational Demographics.

Analysis of respondents by educational background revealed a relatively high level of education among participants. A significant number of those responding (70.78%) indicated completion of bachelor's degree, and 25.69% having attained master degree. This educational statistics are consistent with the NECTEC survey.

5.2.6 Income per Month

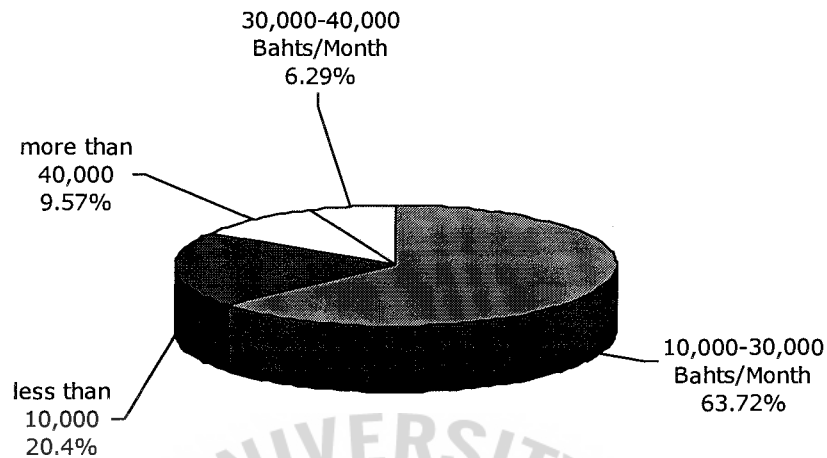


Figure 5.23. Income per Month.

46.09 percent of the survey participants who have not made online purchases had monthly income between 10,001-20,000 Bahts, followed by those on a monthly income of less than 10,000 Bahts (20.4%), and then those on between 20,001-30,000 Bahts (17.63%) as the chart showed.

5.2.7 Period of Internet Usage

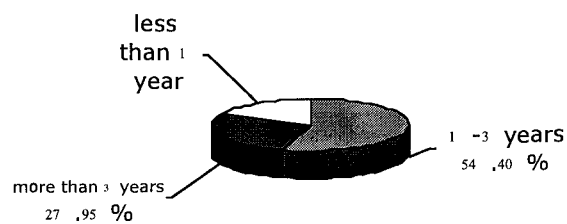


Figure 5.24. Period of Internet Usage.

54.40% of non-buyer Internet users have been using the Internet for one to three years while 27.95 percent have more than three years' experience and 17.63 percent of non-buyer respondents were new to the Internet (less than one year).

5.2.8 Point of Access

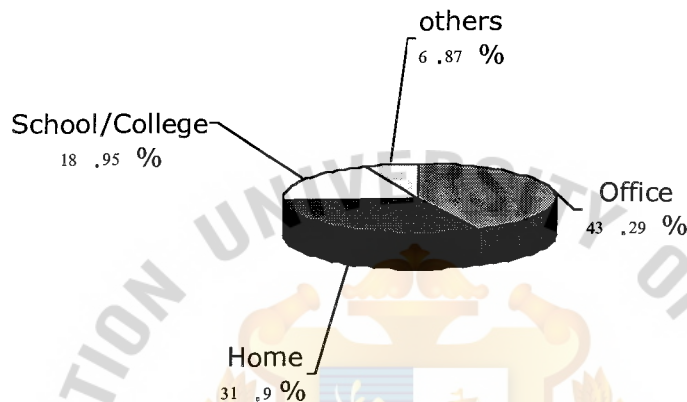


Figure 5.25. Point of Access.

Most of the respondents not buying online goods (43.29%) are accessing the Internet at the office. 31.9 percent used the Internet at home while the rest (18.95%) use it at school and university.

5.2.9 Types of Internet Access

Around Seventy percent of non-buyers use free account obtained from workplace and school, and 20.86 percent pay for Internet package usage themselves. The rest of them can be discerned in the following:

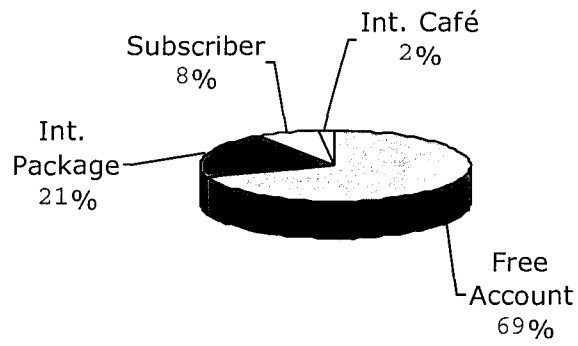


Figure 5.26. Types of Internet Access.

5.2.10 Factors Affecting the Decision in Not Purchasing

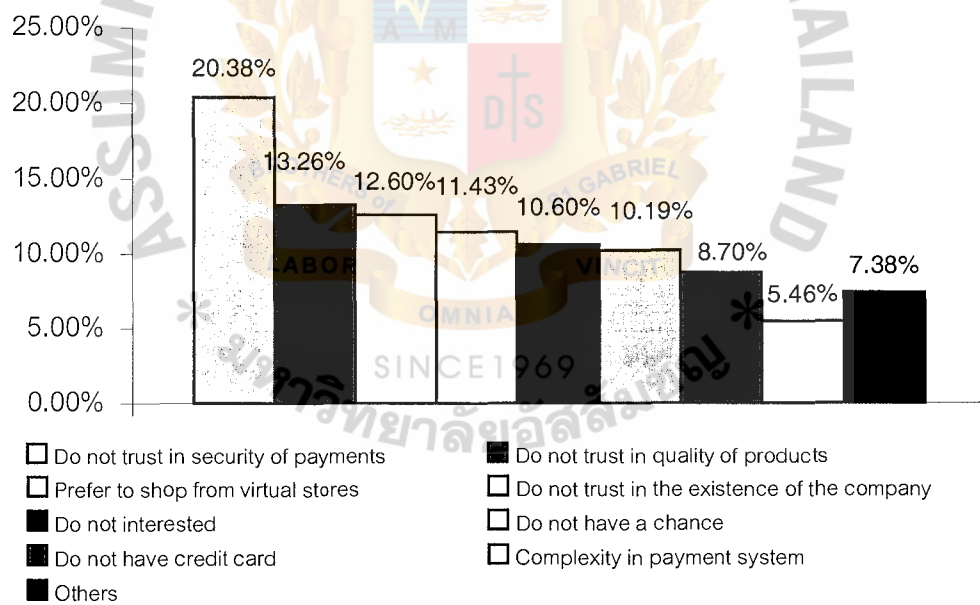


Figure 5.27. Non Purchasing Factor.

Respondents who have not made purchases online were asked what factor was most influential in their decision not to buy. The distracters were grouped into nine general response categories as follows:

- (1) Not interested.
- (2) Respondent hasn't found interesting goods/services to buy.
- (3) Prefer buying goods/services from physical or offline stores.
- (4) The purchasing process is too complex or difficult.
- (5) Do not trust virtual stores.
- (6) Concern about security of payment method
- (7) Unsuitable payment methods.
- (8) More expensive than buying offline
- (9) Concern for delivery delay.
- (10) Other reasons.

The accompanying chart shows the relative response rate for each distracter. A total of 397 respondents indicated a reason for not making online purchases. Analysis of the data indicates that the primary deterrent to electronic commerce from the consumer point of view is concern over the security of transactions and personal information. As depicted in the chart, 20.38% of participants cites a lack of security (or more accurately, a perception that online transactions are not secure) as their primary reason outlined for not buying online.

Participants cited "no trust in merchandises" as the 2nd most prevalent obstacle, "preference buying from physical store" as the 3rd most important reason, and "lack of confidence in merchants" as the 4th barrier of no purchasing online. A NECTEC survey reported the "cannot touch/feel goods" concerns as the main reason against Internet purchase, accounting for 873 participants out of total 1932 respondents (45.19%). The

second major reason found that 37.94 percent were reluctant to reveal credit-card numbers.

The data results clearly indicated that widespread perception of security flaws in electronic transactions continue to hold back growth in online shopping.

When asked if Thai websites conducting e-commerce have defects, the highest percentage (91%) accepted that there were defects existing in Thai websites.

Whether Thai E-commerce Websites have any defects comparing to the Westerns?

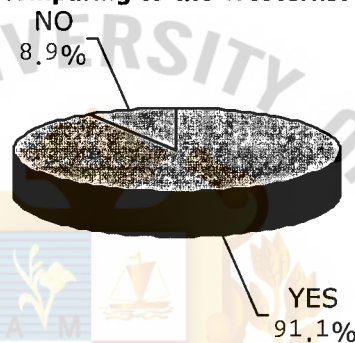


Figure 5.28. Defects of Thai E-commerce.

Subsequently, the most reasons they perceive that Thai websites are defective including inferior security system (43.42%), unattractive web arrangement and slow access (33.24%), and inconvenient payment methods (20.34%). Other reasons included no trust in product quality, unreliable and outdated websites, as well as narrow product selection.

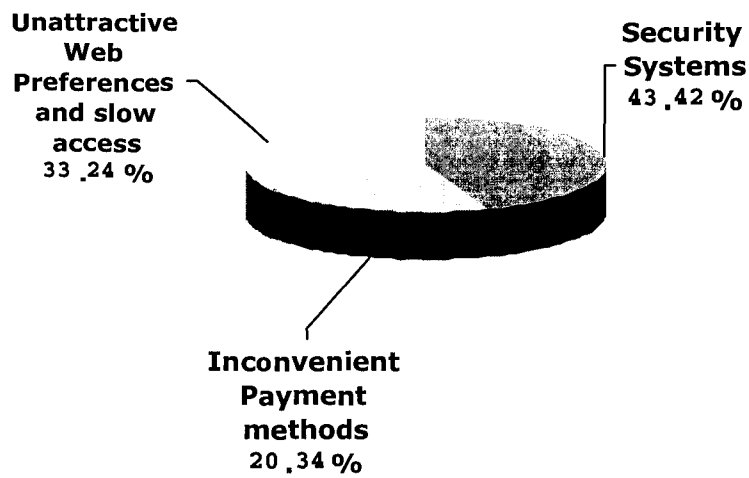


Figure 5.29. Reasons of Defect.

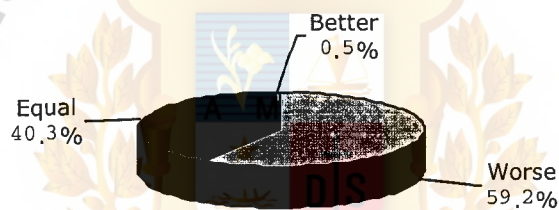


Figure 5.30. Quality of Thai Website.

Resulting from the previous question, 59.2 percent of the non-buyer participants stated that Thai websites is of lower quality than the foreign ones while 40.3 percent believe in Thai expertise, commented that both local and international web sites are equal in every aspect.

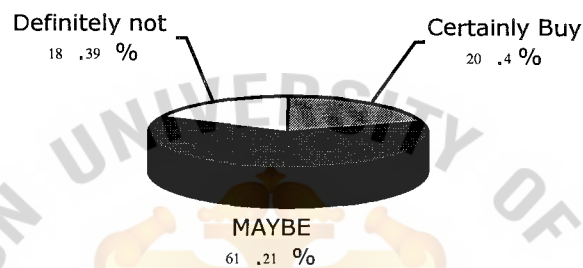


Figure 5.31. Purchasing Online.

61.21 percent of respondents are not sure whether they will make online purchasing in the near future. 20.4% are certain to buy online products and 18.39% do not have interest to purchase the goods sold on the Net.

For those who have no desire to buy online merchandises, the key reason, representing 46.5 percent, is that they cannot physically see or handle merchandise prior to a purchase. Other factors affecting consumer decision not to buy, ranked from the second most percentage to the least, included uncertainties in security of payment systems, no necessities to buy, too complicated purchasing process, no interesting goods and services, narrow range of products, and having no credit card.

Regarding those who intend to purchase absolutely, a variety of factors contribute to the consumers' decision to conduct electronic commerce. Ranging from the most to

the least, the reasons included its convenience, want to try, continually improved systems and infrastructure, more reasonable price, distinctive products and services that cannot be easily found, and the necessities.

Referring to those who hesitate buying, the factors depend on the following issues ranging from the most to the least: Fear of payment security, necessities, no interests, preference to touching the goods, waiting for the development of different systems such as payment, infrastructure, wide selection of goods/services, uniqueness, price, and availability of credit card.

Most of the unsure buyers (57.1%) tend to buy the products both locally and abroad on the equal basis. 25% want to buy from Thai websites and 17.9% from foreign sites. It is noticeable that most of the consumers who have bought the online products using foreign websites services while the bob-buyers prefer buying from Thai websites. The reason behind this is that it is convenient for the buyers to contact the company located in Thailand.

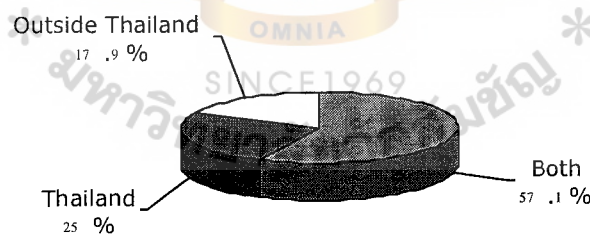


Figure 5.32. Buying the Product Online.

Desire of product is the predominant reason respondents may decide to shop online. Price ranked second as a motivational factor for consumers. This suggests that users of online services may be willing to pay more for cheaper products. Trust in the

existence of virtual shops and the convenience rated closely as the third and fourth most important decision factor, and product distinctiveness is ranked as the fifth one.

5.2.11 Items Expected to Be Purchased

Survey participants for this study were asked what products they expect to buy through store on-line or are interested in purchasing in the future. The intent of this question was to identify which product markets will generate the most interesting for prospect consumers. The following chart depicts the percentage of each item that they are interested in purchasing.

Textbooks and magazines are the very first choice (17.80 %) for them to make up their mind for buying online. Other categories ranging from the second most to the least are hotel and tour online booking, CDs and music products and digital downloads via Internet, computer software, financial services, computer hardware, electrical appliances, souvenir, households items and decorations and so forth. Study from NECTEC showed the same trend of products and services most wanted online.

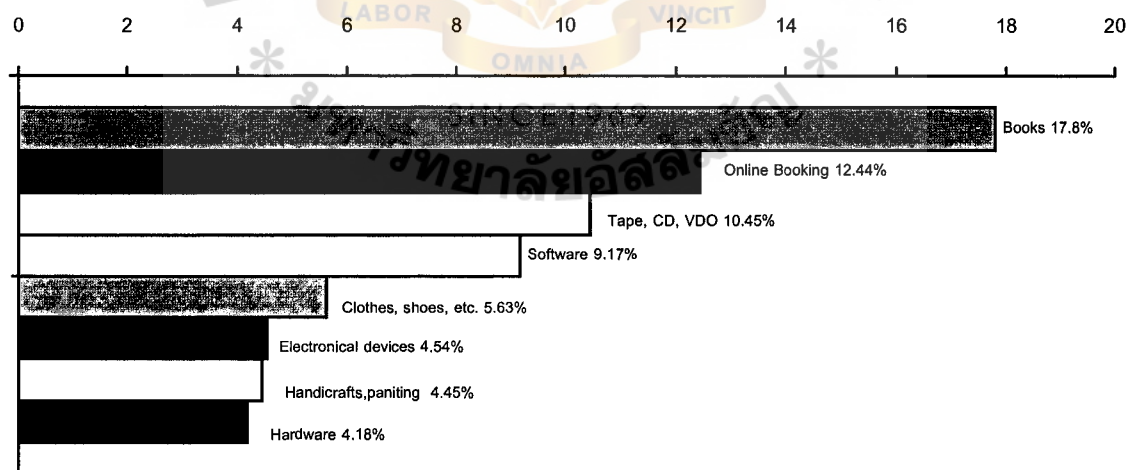


Figure 5.33. Items Expected to Be Purchased.

5.2.12 Payment

Surprisingly, most of them (51%) want to pay by credit card despite the fact that Thai people worry about the security of their credit the most. This may be attributable to the fact that this payment method is the most convenient for them and wanting to try. The security from the first time buying will give them the confidence to repeat purchasing using credit card. Moreover, it wastes the time if they have to buy via such methods as bank transfer, money order that they have to go to the bank and the post office. Lack of knowledge of other payment tools such as debit card, smart card or e-money may cause them to decide to use credit card as well. Cash on delivery (21.93%) is ranked the second popular method of payment that Thai society is accustomed to and that is always sustainable. The third expected payment tool is bank transfer, accounting for 18.8%.

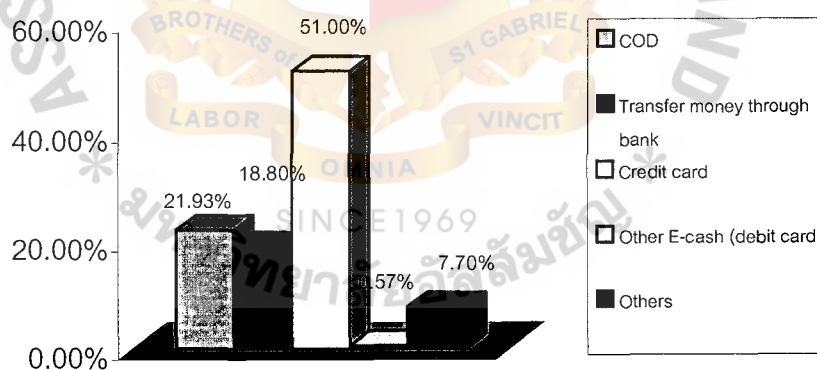


Figure 5.34. Payment.

When asked what could be done to improve Internet commerce, the highest number of recommendations was to have the electronic commerce related law enacted

to protect the consumer's benefits and rights. As the laws are in effect, the consumers will perceive more security to pay by credit card revealing personal information. Then, the second requirement comes into the scene that is the security of various payment methods available now, which accounts for 21.07%. Lastly, the improved Internet network, related infrastructure (17.15%) and after sales service (15.76%) are also the key variables that they want to see if they make online transactions.

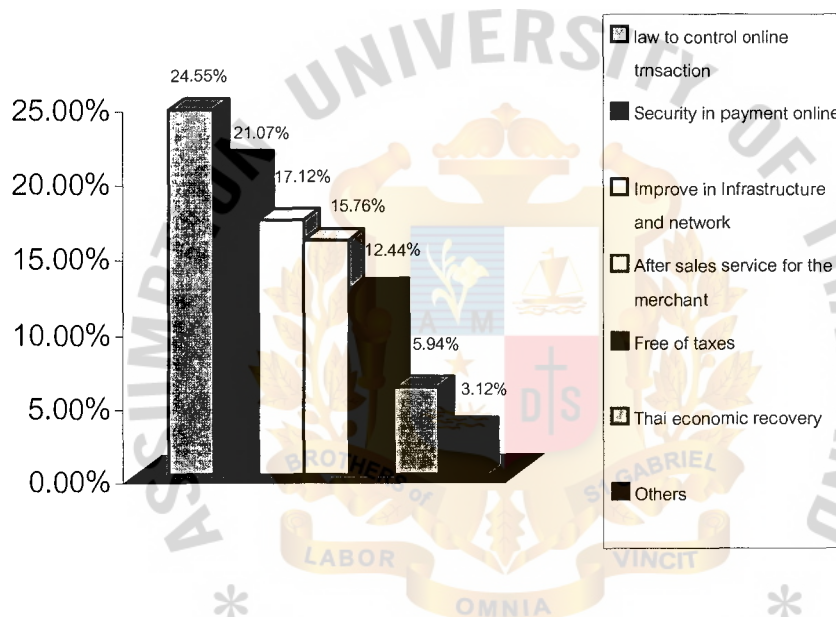


Figure 5.35. Requirement on Payment.

5.3 Conclusion for Non-Shopper

Most of the information gathered from the non-buyers concerning gender, age, education level and fields of work of non-buyers group are slightly different from that of the buyers group. The succinct difference is the period of Internet usage; the non-buyers seem to roam the cyberspace for a shorter period than the buyer groups do.

However, this can be implied that non-buyers are likely to be a beginner of today Internet Age.

The main reason identified by Thai Netizens who had not yet made a purchase of goods or services via the Internet is that they still question the security of credit-card transactions on the Net; they are reluctant to provide a credit card number over the Internet. The second reason, according to the survey, is involved with the conventional shopping behavior of Thai people; that is, the consumers are unable to touch or take a look at a real product when they are online. They prefer touching or having a closer look at it before making a decision.

Trust is another key factor. As Internet users have to buy products and services "virtually" on the network, they still feel uncomfortable about dealing with unknown merchandisers on such a basis. The survey also revealed other reasons Thai consumers are to a great extent not yet ready for the new online shopping world. These include: not possessing a credit card; nothing of interest to buy online; Net-based shopping is too complicated; concern that products might be lost or damaged during delivery; and the high cost of goods and services online.

However, there are a large amount of prospective buyers in the market since the surveyed non-buyers mentioned that they also want to try the online purchase some day in the future. The top four expected products from their viewpoints are books & Magazines, online reservations, CD & VDO, computer software. It is compelling that the products expected to purchase are exactly the same types of the products that the buyers group will try in the future.

Both the buyers and non-buyers have perspectives in common that if e-commerce websites can in the future allow other types of online payment, such as ATM or debit cards, this may lead to an increase in the Thai online shopping population.

To summarize, of the 475 persons surveyed, online purchasing proved to be a satisfying experience for the majority of participants. Even though the current technology of the Internet is struggling to meet the demands of an explosive online population, government and commercial efforts continue to improve the infrastructure that will support projected increases in electronic commerce and Internet activity. As improved networks and faster connections become more widely available to the general public, additional products and services will be offered on the electronic market.



5.4 The Analytical Framework for Entrepreneurs

Before tapping into our survey, we would like to refer to the research from Thailand Development Research Institute Foundation (TDRI) showing the number of companies conducting e-commerce categorized by business sectors. This survey is:

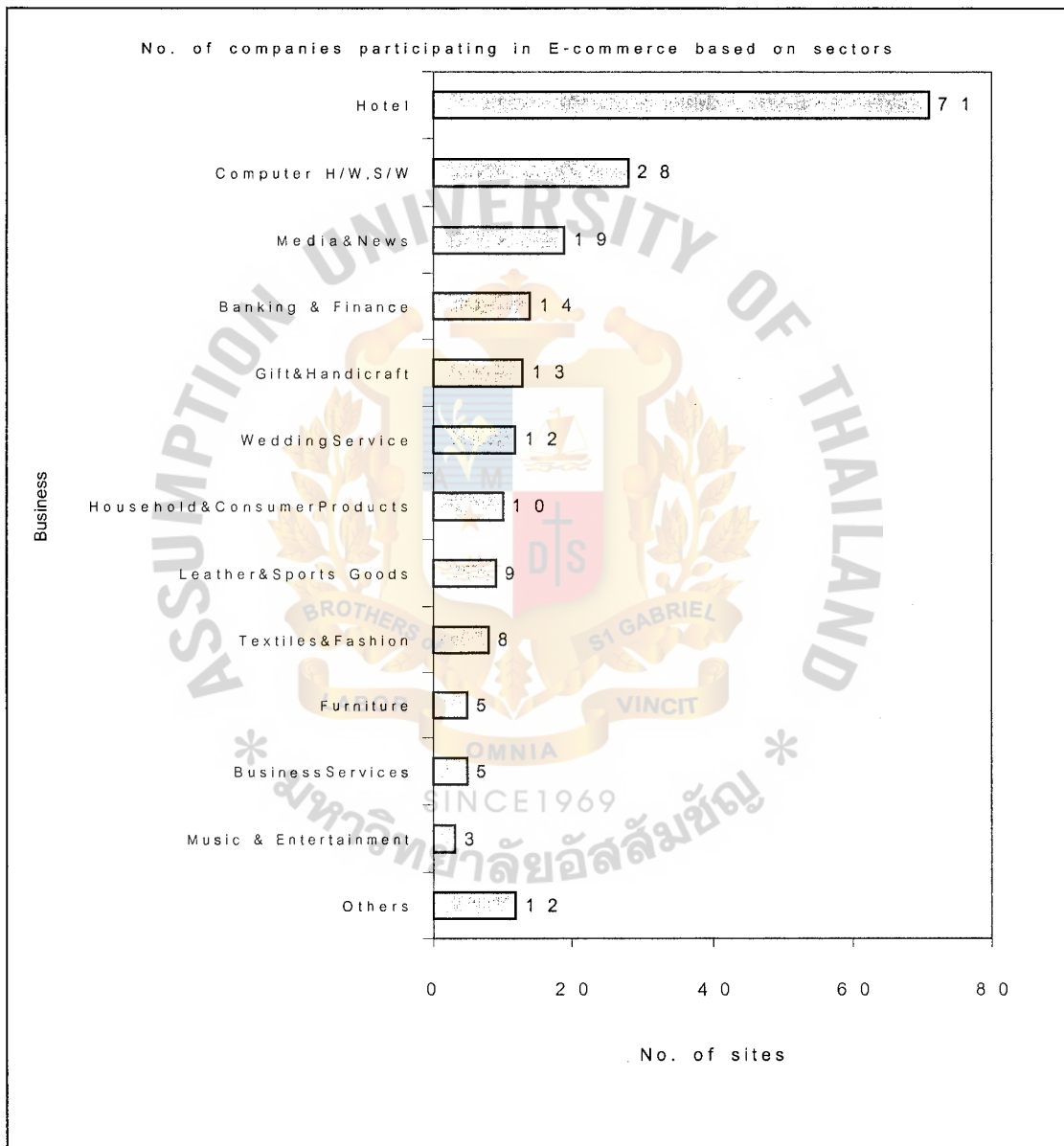


Figure 5.36. Research from Thailand Development Research Institute Foundation. Conducted in May 1999 (Tangkityanich 1999).

From the survey, it was found that the first ten industries implementing business-to-consumer e-commerce included hotel & traveling, computer hardware and software, services related to Internet such as access to the Internet, homepage application, mass media, electronics and components, finance as well as books and publishing media, souvenir, handicrafts and jewelry.

Steps of E-commerce Utilization

E-commerce websites are divided into five levels of service:

- (1) Web Advertising: This level contains static information on a website, with no payment system. It includes interaction via e-mail or company background.
- (2) E-enabled Business: A company legitimately begins to conduct business electronically with only online payment systems. They are hosted mostly by hotels or software businesses, which do not deliver physical products to customers.
- (3) Online Business: This kind of website has few e-commerce transactions. It is different from the second level in that product delivery may be offered.
- (4) Almost full E-commerce: The kind of website may raise the security concern as the additional issue to gain competitive advantage. It almost has full online perations.
- (5) Full e-commerce: Offer a complete range of integrated online services, such as online payment systems, product shipping and delivery, security and after sales service, to customers.

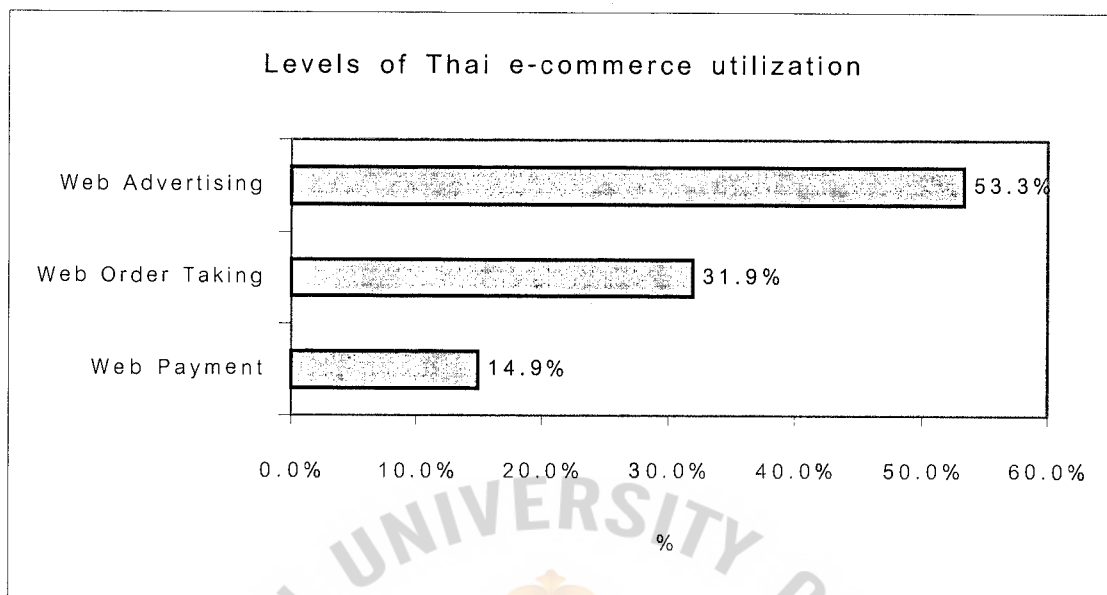


Figure 5.37. Levels of Thai E-commerce Utilization.

Based on steps of e-commerce utilization explained above, the survey indicated that 53.3 percent of the total online companies construct websites for business purposes or online advertising even no products are sold. Only 31.9 percent of them entered into product and service ordering and 15 percent of them receive payment through the Internet using SSL protocol. The following figure showed that Thai Business-to-Consumer e-commerce is poised to take off.

Our study was conducted through in-depth interviews with business executives responsible for B-to-C e-commerce activities at 20 companies covering 10 industries: computer hardware/software, flowers, books, hotels, retail, cosmetics, entertainment (tapes/CDs), car accessories, second hand products and souvenirs.

development team in the company. The rest hire the web designers to create professional beautiful websites.. The advantage of having own website development team is that the company understands its business better than the outsiders. Moreover, the firm can update contents whenever wanted.

94% of Thai e-commerce companies establish websites by their own staff

Only 6% hire other web host and design company.

(d) Frequency of Updating Websites

The interview outcomes were slightly different among all. Most of the B-to-C websites paid attention to updating their web as can be pointed out that 39% came from updating daily and 2-3 times a week. Next, 22% monthly updated its sites and 17% of them enhanced their web pages on a weekly basis. By the way, the frequency of updating for each website depends mainly on each type of products or services.

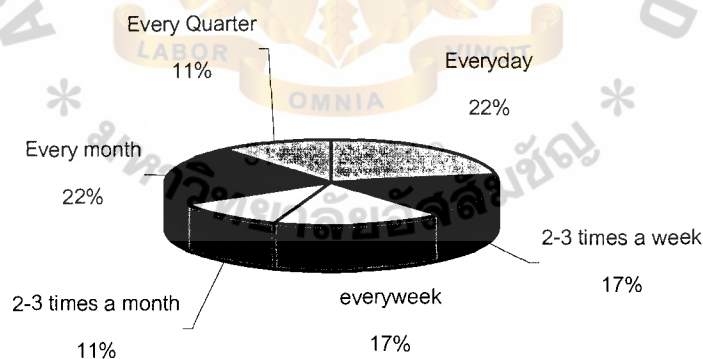


Figure 5.39. Frequency of Updating Websites.

(a) Entrepreneurs Background

In a recent in-depth interview of 20 B-to-C e-commerce entrepreneurs from different industries including books, handicrafts, consumer products, entertainments and etc., 56% are running e-business related to their previous jobs and having computerized background, while the rest develop online shops from personal interest as a beginner in the online market.

44% of interviewed entrepreneurs do not have computer related background.

56% of interviewed entrepreneurs have computer related background.

(b) Online Presence Periods

The majority of interviewed e-websites have been online no longer than 1 year (up to 56% start up from less than 6 months up to 1 year), while 33% have been established for more than 2 years.



Figure 5.38. Online Presence Periods of Interviewed B-to-C Websites.

(c) Website Development

Instead of outsourcing e-commerce solutions companies, most of the Thai e-webs prefer to establish website on its own by setting up a new web

development team in the company. The rest hire the web designers to create professional beautiful websites.. The advantage of having own website development team is that the company understands its business better than the outsiders. Moreover, the firm can update contents whenever wanted.

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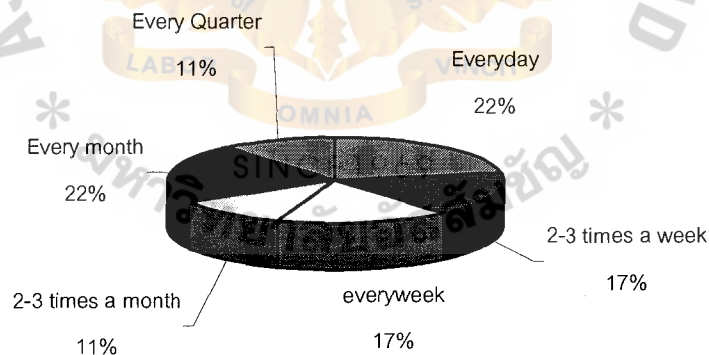


Figure 5.39. Frequency of Updating Websites.

(e) Promotion Tools

Many of entrepreneurs prefer to link their storefronts to the others as a promotion tools. According to this graph web-link is popularly used (27.5%), followed by search engines (15%), equals to the newspaper (15%), banner ad (12.5%) is the third favorite one. The rest media that have been used are magazine, brochure and others respectively.

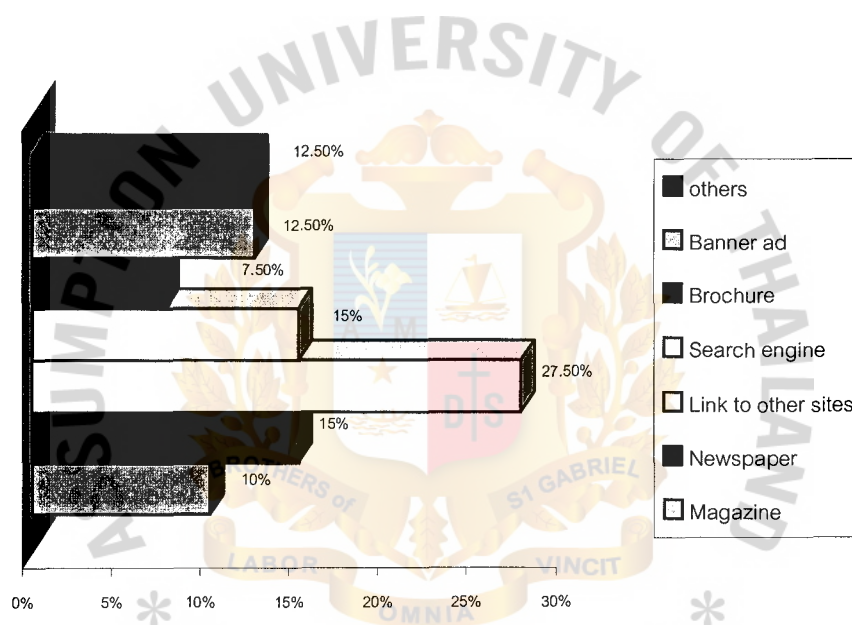


Figure 5.40. Promotion Tools.

(f) Proportion of Thai and Foreign Visitors

It was a fact that Internet can be used as a new channel for businesses to capture worldwide customers; by the way, the majority of visitors and shoppers accessing Thai websites still are Thai people (60%). This resulted from such factors as lack of web-promotions and so on.

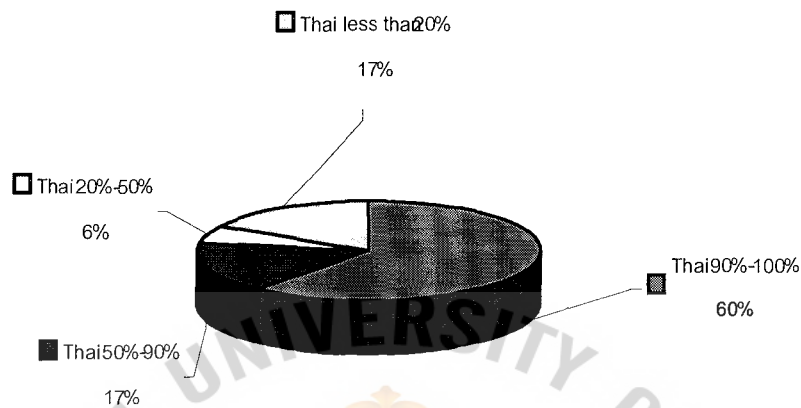


Figure 5.41. Proportion of Thai and Foreign Visitors.

(g) Is It Business Thai and Foreign Customer Behavior?

89% of Thai entrepreneurs commented that Thai consumer behaviors differ from those of the Western in certain extent such as credit card usage.

11% said there is no difference between Thais or foreigners

(h) Real Purchasers and Visitors

E-business is likely to be a new thing for Thailand; so, the rate of purchasing is far behind the amount of visitors. Our survey showed that 39% of those websites have less than one percent of purchasing rate. However, there is still an upbeat of profitability in the future. Noticed from the graph, the surging rate of consumer buying ranging from 1 to 5 percent constitutes 61 %.

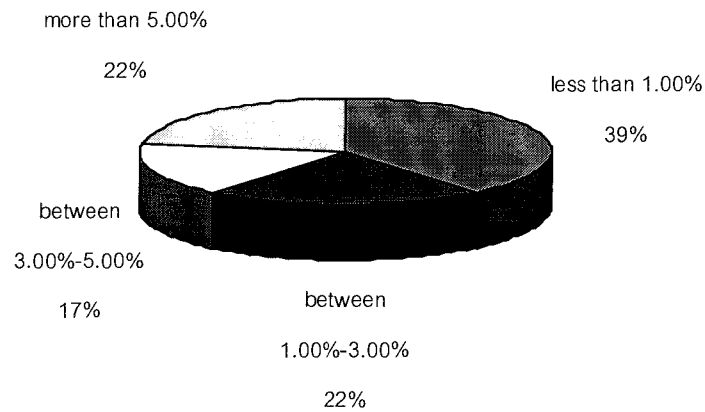


Figure 5.42. Comparing the Percentage of Real Purchasers to Visitors.

(i) Customers Repurchasing Rate

A short period of online operations reflects a repeat purchasing ratio.

At this point, the results came out that

11% of the results has repeat purchase customer greater than 70%

17% of the results has repeat purchase customer ranging from 50-70%

17% has showed its customer repurchasing approximately 20-50%

38% of the interviewed have repeated customers less than 20%

The remaining 17% could not tell exact numbers right now

In certain circumstances, the rate of repeat purchasing can explain the credibility and confidence in the virtual stores. Most of the customers repeating their purchase (70% and 50-70%) rely on those websites, which can be seen that around 28% who repeated their shopping.

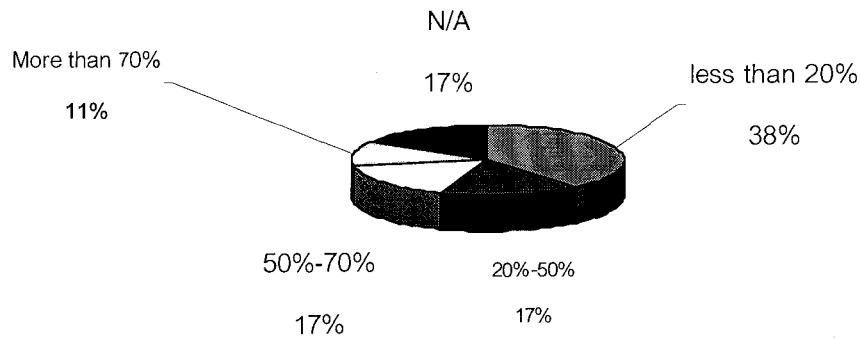


Figure 5.43. The Percentage of Repeat Customers.

(j) Does E-commerce Increase Sales?

As a consequence of the reason above; most entrepreneurs (44%) cannot specify the increase of sales at this moment. 39% of entrepreneurs stated that sales are increased after online businesses had been developed.

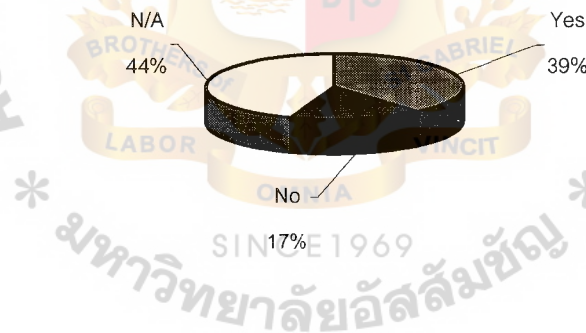


Figure 5.44. Sales Increased Once Developed E-commerce Business.

(k) Does E-commerce Really Help Reduce Costs?

Nearly all entrepreneurs (83%) reveal that when running business online, they do not have to pay a huge amount of money, as the offline do. It could be said that it can reduce cost when company has run business for a while, the maintenance costs of e-business will less than traditional business

while, the maintenance costs of e-business will less than traditional business dramatically. For example, travel agency online can reduce long distance phone calls expense. While the others said e-business still not reduce their costs yet.

Can you reduce cost when use e-commerce to run business?

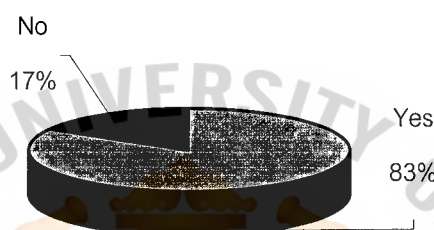


Figure 5.45. Reduce Costs When Use E-commerce to Run Business.

(I) Choices of Delivery Systems

The graph below illustrated that Thai web-based merchants commonly deliver their goods to consumers by using CAT service for the local orders, DHL or Fed Ex for the international ones. But there are some companies using the staff to deliver the products especially in the offline e-commerce company.

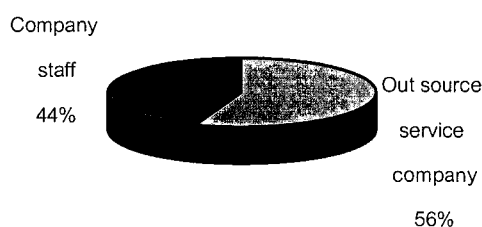


Figure 5.46. Choice of Delivery System.

(m) Choices of Payment Systems

For payment, cash on delivery (COD) is preferred among local transactions. The second popular method belongs to Bank transfers, Postal money order is the third. Obviously seen, such convenient ways as credit cards or other debit cards have not been prevailingly applied for the local transactions that much. However, credit card is undoubtedly the most common method of payment for the foreign customers buying from Thai e-commerce sites (See Figure 5.47 Payment Systems).

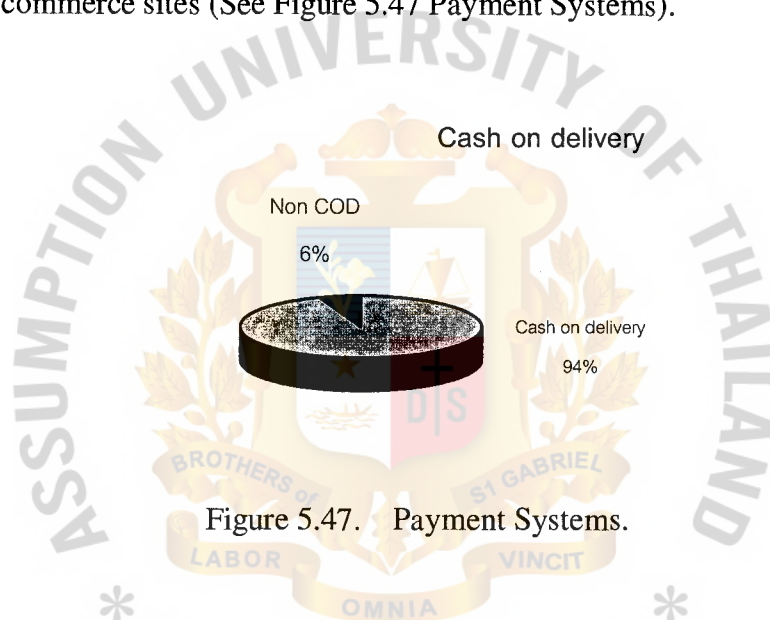


Figure 5.47. Payment Systems.

In fact, during this period, all entrepreneurs' attention concerning the payment tools are enormously beefed-up; they would like to establish full service of online payment systems to their sites as soon as possible. Nowadays, they are hurdled with such issues as tough requirements from the banks, Thai consumers' behavior, and etc.

(n) Security Systems

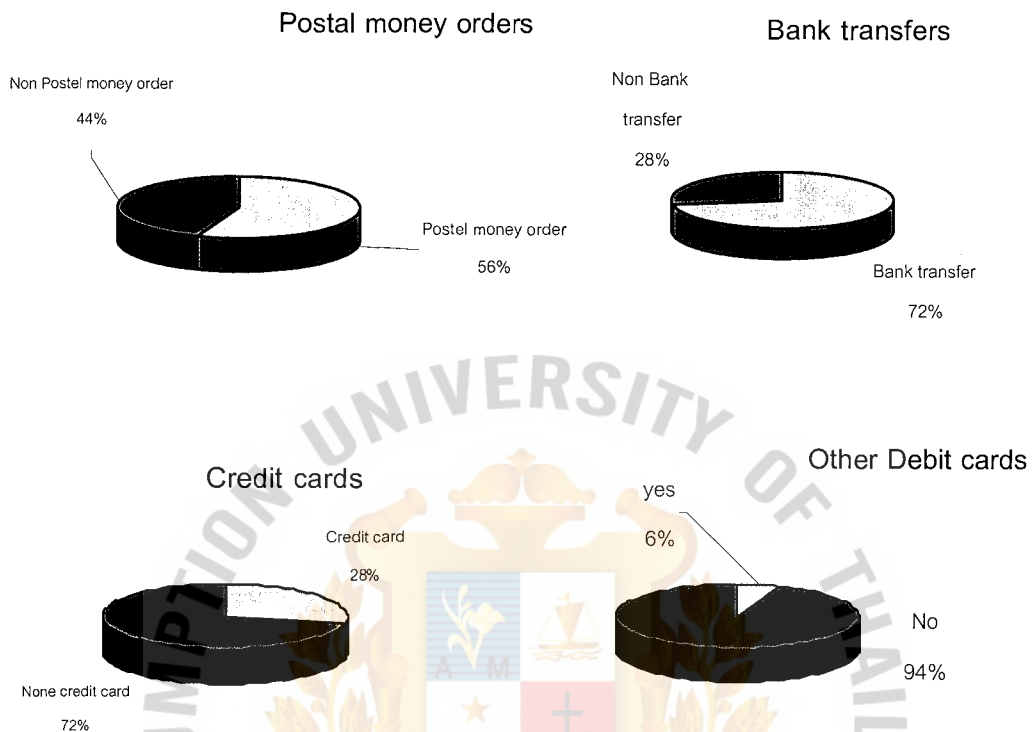


Figure 5.48. Security Systems Developed on the Websites.

From the interview, 55% of e-websites have had no standard security systems development yet, while 39% decided to use SSL (Secure Socket Layer) for assuring consumers trust and organizations safety as well. The remaining (6%) has used the other security systems. From this result, it reflects that Thai B-to-C e-commerce now prefers to use the offline system.

(o) Problems

After running online businesses, there are some problems occurring to 61% of the owners. Such problems included overdue payment of consumers, product defects, high delivery cost, poor capacity of telephone

lines caused disconnect to the Internet, below expected sales, difficult to set up online payment systems.

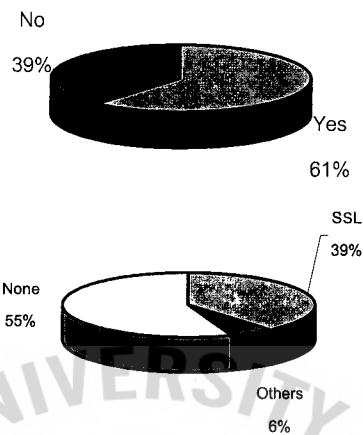


Figure 5.49. Problem of Online Business.

(p) Opinions on Thai Government

The government of Thailand intends to encourage Thai entrepreneurs to move towards online business by giving lots of support. Yet 89% of the business owners said government aids are below their expectations.

Are you satisfied with the support from Government?

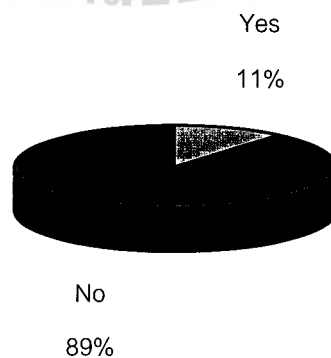


Figure 5.50. Satisfied with the Government Support.

Almost all entrepreneurs perceived laws as none crucial factor that would assist Thai e-business to go further. On the contrary, Law, especially on taxation issue, seems to be the main hinderer discouraging entrepreneurs running online business.

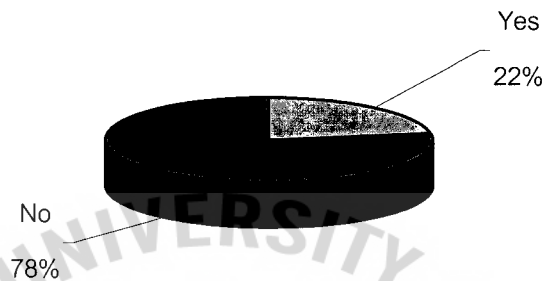


Figure 5.51. Factor of Laws.

To promote the growth of e-commerce in Thailand, the survey suggested that the government should rush through the enactment of e-commerce laws, set up a neutral body to issue licenses and build up a gateway system to monitor and record the inflow-outflow of e-commerce goods.

The entrepreneurs gave the remarkable point that this is likely to prove difficult to enforce, as the Thai government has been slow to realize the benefits of e-commerce.

(q) Key Elements for Successful E-commerce

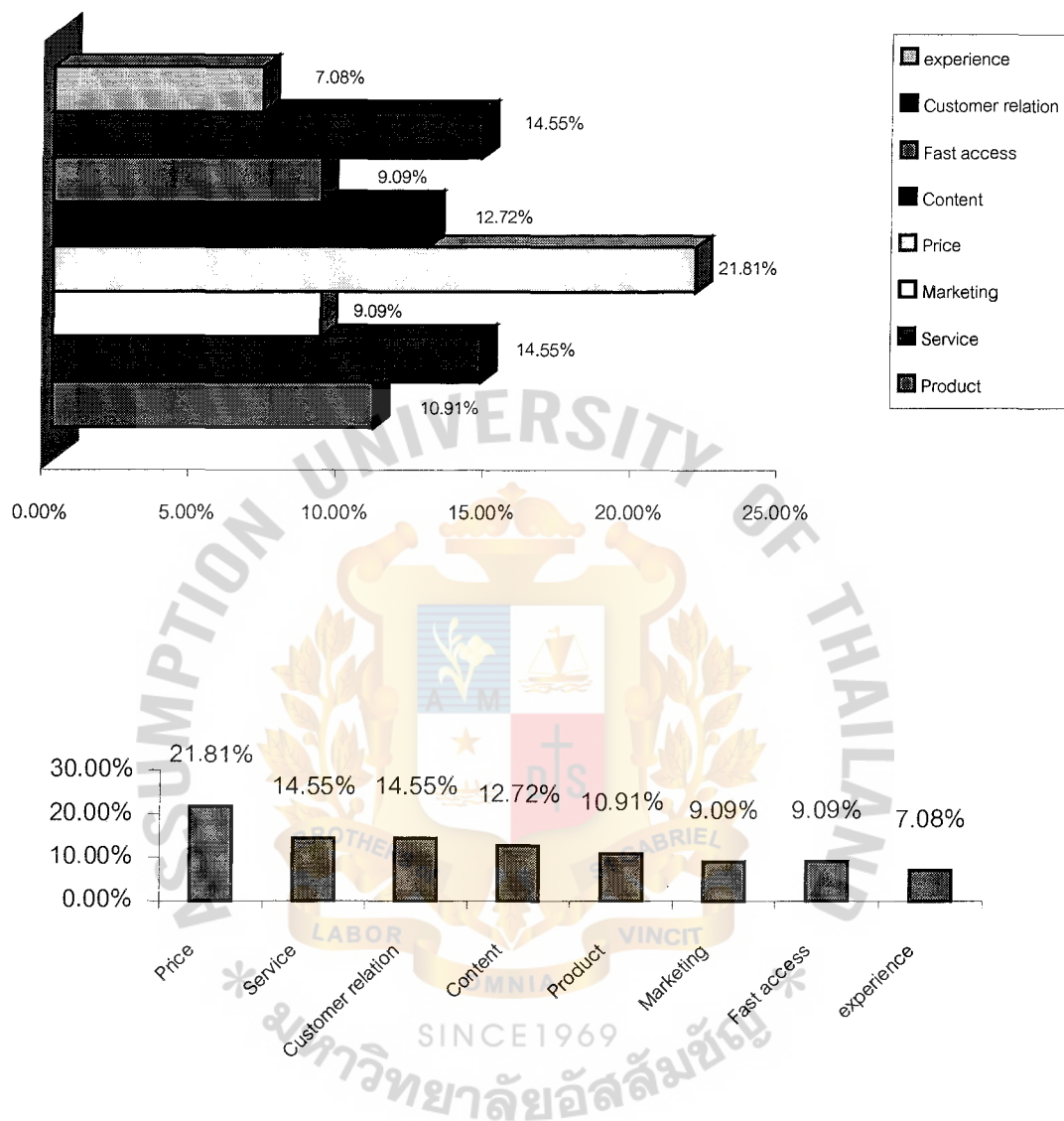


Figure 5.52. Key Elements for Successful E-commerce.

When asked what the key elements for doing e-commerce successfully are, online entrepreneurs cite prices. Service and customer relation rank second and third in the order of elements given.

Low Price is a top priority (21.81%) that Thai entrepreneurs are concerned, followed by customer relations (14.55%) and good services

(14.55%). They view the quality of contents as the third essential factor (12.72%) for web success whereas 10.91% placed on the fourth level is the outstanding of product features. The remaining issues are marketing 9.09%, fast access 9.09% and entrepreneur experiences 7.08% respectively.

5.5 Conclusion of the In-depth Interview with Entrepreneurs

In summing up the study, many companies are still at the very beginning stages of defining their e-business strategies. Companies are just starting to fully appreciate how e-business can complement and enhance their existing business mode.

From most of the interviewed entrepreneurs' vantage points, e-commerce was defined as meaning the use of websites to support trading via Internet, whether or not the order or payment was made at or outside the website. The equal proportions of them defined e-commerce as any transaction via electronic means. The reply indicated that these entrepreneurs have the rights understandings and perceptions in the new electronic markets that they have conducted so far.

Less than 10 percent of the companies interviewed reported revenues monthly more than 100,000 Bahts. Not surprisingly, Thai B to C electronic transactions have been in the inception phase while there are many barriers tied; therefore, some online merchants may get lost in the jungle and experience ups and downs moment. Anyway, if private and public sectors have settled all hindrances, Thai e-commerce absolutely shows the light at the exit of the tunnel.

Our survey stated that the three main reasons for adopting e-commerce in the business-to-consumer sector were to enhance customer services, to reduce operation cost and to boost sales.

When we posed the questions to the entrepreneurs in different sectors, we have got the answer in common that hotel and traveling online booking is a trend. However,

it is striking that of all the 140 websites for hotels and tourism in Thailand, a few of them currently allow any form of web payment. The main reason for such a low level of e-commerce implementation has been attributed to lack of proper understanding of e-commerce implementation and the high cost of IT implementation along with other reasons like lack of skilled programmers.

Interviewing with the online entrepreneurs about the direction of Thai B-to-C e-commerce, Almost all are liberal-minded and reply in common that Thai online commerce will bode well in the next 2-3 years, while some stated that Thai B-to-C will boom within five years from now. Then, we posed in the question to them why they have still run their businesses despite the estimation that Thai E-Commerce will boom within next 3-5 years. They cited that if they have been waiting until the erupting booming period, it is belated to be in mind of existing customers.

In addition, these web merchants think that Thai B-to-C can contribute to their physical business and boost sales. Therefore, to invest in a new business, it is necessary to study the behavior of consumers and the status of Internet in Thailand E-commerce policies of government and payment on-line opportunity in Thailand.

Furthermore, payment on-line problem has been still rampant both in terms of inconvenient payment on-line and less security of on-line payment. The e-commerce entrepreneurs blamed that there is the negative attitude toward shopping via Internet. They believe that is the chance of hacking credit card is very minimal representing 1%, according to NECTEC. But from the past to present, the media have tried to publicize negative pictures attributable to using Internet such as the news of hackers or even the adult website that would be detrimental to young Netizens.

Regarding other Entrepreneur's problems, these may be no consumer studying, less Internet users, much tendency towards traditional shopping of consumer behavior

than visual shopping. The e-commerce entrepreneur believe that one day in the nearly future, the e-commerce in Thailand will be successful if there is the support from both the Government and the private segment.

5.6 Causes of Failure of Thai Business-to-Consumer Electronic Commerce

- (1) Lack of vision: Several companies do not have the long term objective or goal; thereby, it is difficult to bring the issue of the vision to communicate with the staff in order to motivate them to attain the goal.
- (2) No business plan: For the traveler, if there is no map to guide him, he will never know the destination. Likewise, the online business must have the sales and marketing plan to vanquish the competition worldwide in the same segment.
- (3) Low investment: To succeed in this e-business, the company needs to have adequate capital requirement to invest in marketing, the communication, the management and the data warehouse, the content update as well as the competitive strategies.
- (4) Lack of resources: It is striking that the small proportion of Thai b-to-c firms has typically developed E-commerce and communications solutions. For several times, it has been found that most companies do not know the details of the technologies they are using, often because they have outsourced the technical infrastructure for E-commerce to a third party. The company hires an ISP or web-hosting company to assist them in marketing from production, distribution, security, web content and maintenance, including other applications and technical support services.
- (5) Too high expectation: The success of foreign e-commerce that is publicized heavily via diverse media makes many Thai companies anticipate that they

can generate a huge profit within a short period and with minimum cost and marketing plan.

- (6) One-way communication: Rethink about an email auto-response policy By and large, most of the online companies think that success on Internet market today partly stem from immediate response to their customer via e-mail; however, who will know that this Internet robot is a horrible factor that makes many companies fall down. Many of today's Internet users expect what they exactly want from the specialized expert in that area rather than very prompt responses to email. Automated email responses do not work for them because the auto response designed in the same format so it does not directly respond to their needs and cause many companies to lose their chance to create a relationship with their customer. In a recent interview with the online merchants, 90% of them did not agree with this robot policy while only 10% responded to the auto-email query. Amazingly, this means that Thai entrepreneurs still have the norm of two-way communications rather than letting computer dominate the human relationship or contact.

5.7 Thai B-to-C Online Commerce Success Appears to Depend on a Number of Factors

Word of Mouth, which is key word is very meaningful to Thai business-to-consumer e-commerce business. Customers are the determinant whether they buy products from their websites or not. The success of Thai B-to-C business interviewed has been acquired without investing a lot but “word of mouth”.

Consider www.Tookkatoon.com, founded by Khun Nivet Waeosamana, he said that his website has been reputable because of word of mouth. He gave an interview to a newspaper news reporter and then on the dawn of the next day, the success comes

overnight. The readers were interested in their overall sites ranging from the products and content. They tell this site to other people and fortunately because of this English newspaper, he can attract more foreigners who are fascinated with Thai collectibles, souvenirs, and arts.

On the dark side, if the e-businesses are unattractive in terms of information and web format, word-of-mouth will turn out to be two-sided sword because the customers will tell to others not to keep coming back to that website.



VI. MARKETING PLAN FOR THAI B-TO-C E-COMMERCE

In the cutthroat online war today, marketing strategy, one of the key success factors, take an increasingly important role in Thai electronic business. From our research and study, some B-to-C cyber entrepreneurs have already implemented effective marketing strategies. Anyhow, certain web-based companies do not have insights about their prospective customers. Therefore, it is essential that both incumbents and entrepreneurs want to climb onto the bandwagon knowing their customers' behavior patterns via classic marketing mix framework and modern Internet marketing strategies. Understanding this concept will help get the entrepreneurs to prepare for their strategic advantage. The following part will make up of classic Kotler's market management process in combination with modern diverse web marketing strategies.

Market Management Process (Kotler 1999) is not different from the offline stores, e-marketers need to have a mindset to conduct effective marketing. Five basic steps of marketing management process can be represented as:



Where

R = Research

STP = Segmentation, targeting, and positioning

MM = Marketing Mix (4Ps)

I = Implementation

C = Control

6.1 Market Research

Without research, the online company enters an electronic commerce market like a blind man. Research will lead a company to recognize that the buyers in any market normally differ in their needs, perceptions, and preferences. Men will need computers different from women's. The rapid pace of change in the Information age will drive the cost of the computer and its peripherals down and then make preferences different much more based on the income, education and tastes.

In the online world, the market researcher must follow a middle path, taking advantage of the depth of information available through communities while at the same time bringing focus to the process of data collection and analysis. On line, a plethora of data can be gathered on users' demographics: the sites they have visited; the ads they have clicked on; and, in some cases, every keystroke they have typed (on line, that is). Marketers must work with researchers to try to identify the important questions that a community alone can answer. (For example, what events or changes in product features trigger certain types of purchase? What products are traded off against one another before a purchase decision is reached?) They must then focus market research efforts on gathering and interpreting that information. If successful, the marketer will gain an advantage in its online markets that can be applied in its offline markets as well.

6.2 Segmentation, Targeting, and Positioning

Segmentation: ("segments of one") Companies that use customer information gathered from the research to provide value added to the customers are positioned to gain access to more customers (Hagel and Rayport 1997). The companies that want to win in Cyberspace have to place an emphasis on a narrow product category such as antiques, collectibles, or a one-of-a-kind product. Even the most narrowly defined user group is represented in large numbers on the Internet.

Target Market: Those businesses that can carve out an early niche in this market will maintain an edge over the competition. Bear in mind that if the company's target market is a narrowly defined niche, it is possible to have great success on the Internet. That's because the Internet has evolved to include every interest group imaginable. Many SMEs are successfully aiming their content at niche markets, which are traditionally good places for firms to experiment with new technology in new business models. Such SMEs have built up a customer base for their products or services relatively quickly, by exploiting the dynamics of an existing trading community and/or community of interest.

- (a) Positioning: First, the cyber companies especially small and medium enterprises (SMEs) should review their current sources of positioning and assess the potential of new sources of access-based positioning enabled by the Internet. The fact is that most SMEs compete in the off-line world by following a focused strategy, concentrating their efforts in the intersection of both variety-based positioning (providing specific products they understand better than the competition) and needs-based positioning (focusing on specific customers they can serve better). E-commerce enables SMEs now to start exploiting much more pro-actively the third avenue of positioning: access-based positioning. The main concept here is that SMEs can start using E-commerce to target networks of consumers that are too fragmented in the off-line world but can linked now by using the Internet. For example, a specialty foods seller that targets single high-income consumers can start now focusing also in the micro-segment of those who can access the service only at late night

By making access-based positioning easier, E-commerce can allow SMEs to create new sources of positioning for their niche strategies.

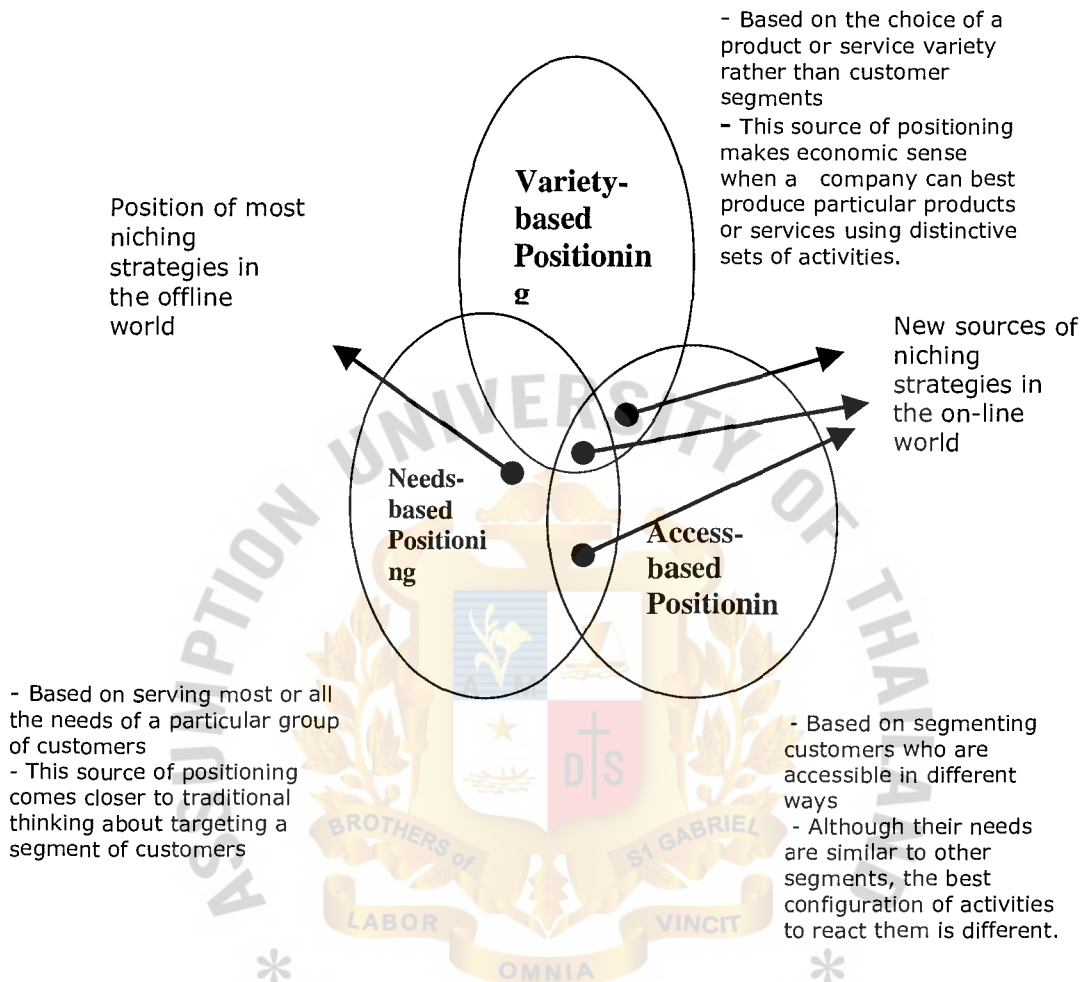


Figure 6.1. Niching Strategies.

- (b) Building a brand name for brick-and-mortar or the existing companies going online: they are somewhat advantageous from building their brand in the physical world where the distances between people are huge and the time to converse is so limited. Brands, thereby, serves as a quick way to identify product qualities and peculiarities. When online, a brand image provides them with a distinct and memorable personality for consumers to know and trust. It acts as a tangible symbol of its unique values, essence and good will.

It creates loyalty for these companies, respect for its principals and preference for its services - regardless of price. It is the most valuable asset a business can have.

Although brands dominate in the world of anonymous individual purchasing, as community purchasing becomes more common, the importance of brands will diminish. For the pure players or offline mom and pop stores facing the intense competitive market, which is bombarded with multi-players and products, trust based on communities is superior to trust on brands. That means the trust based on brands is converted to trust based on communities, the key to unlock the conventional thought. The ease of product comparison which online communities and automatic agents afford as liable make brands unnecessary because trust will come from the view of other purchasers and the richness of product information available. As a result of customer loyalty, the customers will view the virtual company as their brand name and will not easily switch to other companies.

In fact, both brick-and-mortar and pure virtual companies should integrate their brands or products and services with the online communities because it will create the maximum benefits to the customers. In other words, in the electronic market, it is easy for people to record their thoughts about products in a form, which other people can read them, so this function is especially powerful in the case of Internet communities.

All in all, for both types of the online companies to be up-and-coming, people must associate the brand name as well as products with high quality service. Use every available opportunity to put the brand name in front of

people on website and over time the online companies brand name will develop.

6.3 Marketing Mixes Framework

The 4-Ps framework is one of the most durable marketing rules, one that's been around for years. It's good advice for any business including electronic commerce. Our group will guide the entrepreneur or e-seller using the four-P concept. Each of the four Ps might be better described as the four Cs from the buyer's point of view (Lautenborn 1990)

Four Ps	Four Cs
Product	Customer Value
Price	Cost to the Customer
Place	Convenience
Promotion	Communication

Thus while markets see themselves as selling a product, customers see themselves as buying value or a solution to a problem. And customers are interested in more than the price; they are interested in their total costs of obtaining, using, and, disposing of a product. Customers want the product and service to be as conveniently available as possible. Finally, customers don't want promotion; they want two-way communications. E-Marketers would do well to think first through the customer's four Cs and then build the four Ps on that platform. With these qualifications, we would like to drag the reader's attention to look more closely at each P.

(a) Product

For SMEs and companies that have just entered the electronic marketplace and have no direction as well as do not know what product to sell, I suggest that they monitor themselves what their core strengths are,

what their vision in the long run has been. The most upward trend that the entrepreneurs desire to access and target customers worldwide falls into 2 products or services. First, unique or differentiated products cover collectibles, one-of-a-kind product, and antiques or items not readily available in ordinary retail outlets.

The other development of niche markets is that intangible products with high information content may contribute to the development of dominant long-term positions on electronic markets. The greater the information content of a product, the easier it is to buy and sell via a network. As the Internet is not yet a mass market, the "high-tech" profile of Internet users has a strong influence on business-to-consumer offerings.

Nonetheless, for the brick-and-mortar companies and the offline companies that possess core competencies, they therefore have already had products, have known what to sell, and have known how to expand their product lines. If these online companies want to sell lots of products and services or if online companies want to expand their business with loads of eager new customers--sell wide, sell deep.

Let's look at this timeless rule of good marketing. The best ideas are ones that help you work smarter, not harder. "Sell wide" means offering lots of products or services that follow a basic theme. "Sell deep" means finding lots of good variations on a successful product.

Let's say a company sells cake online that customer after customer is ready to plunk down money to buy. You start thinking "If I had ten products just like that one I'd get rich." If the company has got plain cakes with various flavors and stuff that offline stores can offer, why not expand on the

differentiated idea that can really occur in the cyberspace market? Offer an ice-cream cake, which can be frosted in the cool-kept box during the delivery. Perhaps, the e-vendor allows the customers to design the shape of the desired cake and renaming the cake via live chat program or real time interactive software. In particular, if that e-store has the technology readiness and the customers have scanner, the store may serve them by letting the customers scan the needed picture. Then the store will make the cake with that picture on the cake; this service is found not much in the offline stores; therefore, there is still the space to differentiate the e-merchant. That's selling "deep."

Now offer different kinds of cake and related items like cookies, coffee, and green tea, or give your customers choices of low-fat cake, cake donuts, and cake that commemorate an upcoming holiday and other occasions, that's selling wide."

All in all, no matter whether they are brick-and-mortar or pure players, what they sell, one thing that they have to keep in mind after real transactions occur is that they will have "communities" of their own. How "COMMUNITIES" are important to the products and services? Let's look.

As communities begin to aggregate customers with shared interests and characteristics, they will form live test beds where marketers can reach the most regular users of their products in a true market environment that no focus groups can match. Here they can learn directly about improving their products or how customers perceive them, and cull ideas for new products. Since many comments online tend to praise products, communities will also identify the products or features a marketer should think about.

Customer feedback gathered may not be statistically significant in the early years, but it will become so over time as more and more data points are collected. The feedback should generate insights and help target other market research initiatives; it may also point out simple improvements to products or customer service that require no further market research. While this feedback will generally be delivered in public online forums where any competitor can also access it, its real value will be captured only by those who use it to act on the ideas put forward by customers. The secret of success will lie not in ownership of information but in its “application”.

Therefore, community members focus less on brand and more on product features. As community members come to value what other members think of a vendor’s products, the community starts to take on its own branding power: the buyers can reassure that they will be satisfied with the products that they intend to buy.

The value of the community lies as much in the fact that the online community helps the online business find out about a specific product. On line, excellence will be rewarded with its own set of profitable dynamics as satisfied customers promote products they are pleased with, and in turn lead others to become customers.

(b) Price

Despite the e-commerce infancy, some Internet retailers offer discounts from traditional channels. For instance, online booksellers discount some books by 40 percent over typical bookstore prices.(Depending on the cost of delivery, the total cost of an item may be higher on the Internet than at a store.) Some retailers have determined that their current Internet customers

buy products from them primarily because of convenience, selection or quality.

In the short term, they do not feel that lowering prices would lead to additional sales. Some traditional store-based retailers set their prices for products they sell through the Internet at the level found in their stores in order not to adversely impact their store-based business.

If retailing continues to grow on the Internet, competition and the favorable economics of the Internet are likely to translate into lower prices for the average consumer. Many businesses find a big increase in revenue when they introduce customers to a low-priced product, then step them up to increasingly more involved and expensive products or services. Customers are ready to spend more for more advanced services as they come to trust and rely on you.

On the other side of the coin, the e-businesses that can create brand equity and loyalty in the customers' mind think that price isn't the No. 1 selling point and is only one factor in E-commerce strategy. Indeed, it works well if the online company can lure online customers with the lowest price, but it does not mean that company can keep them if they have no trust and loyalty. To illustrate, Amazon.com and Dell have the most online customers in their industries, and they do not always offer the lowest prices. This is because customers also want brands and services they can trust. So far, no outstanding Thai e-mail websites have such uniqueness and awareness that they can create customer's brand recognition at all.

Hence, the price is hardly meaningful if the companies online differentiate the commodity by providing other things around it that add

value to customers (mass customization) such as products that cannot be found in physical stores and ones that the customers can take part in the design of product. The online flower shop is an example for the previous sentence. As the company steps into the customers' minds, price will not be the determinant for them in making up their mind to buy the product anymore.

(1) Barrier to Price strategic

(2) Cost of physical goods Delivery

One barrier to electronic commerce is the fact that while on-line transactions are convenient, the immediate off-line delivery of goods is often costly and inefficient. The high cost and inconvenience of international parcel delivery are sufficient to limit the growth of business-to-consumer electronic commerce in Thailand. Moreover, a recent questionnaire result found that certain respondents said that if their goods arrive on time they are likely to buy again from the same merchant. Major barrier is the cost of parcel delivery.

(3) Parcel delivery

The cost of international parcel delivery is several times higher than delivery over a comparable distance in a competitive national market. This is due to the physical or non-digital goods that have much weight, the cumbersome collection of taxes and duties, and difficulties in returning goods. In addition, the parcel service companies such as UPS, FedEx, and DHL charge very high price both ordinary and express service, within a country and internationally.

After considering how much it costs to ship the customer's product, I believe that really successful products on the Internet such as software, books, and CD's are doing well, because (in part) they are all cheap to ship. If the company sells iron ingots, anchors or dumbbells, shipping costs will go through the roof. If the company sells electronic information (software, or electronic books), or a service, shipping costs are virtually zero. A very general rule, is to look at whether the company's offering is made of atoms or electrons. Is it a physical product, or is it information, software or service? The less it weighs, the more it is worth considering using the Internet. So, consider if shipping costs will become a significant consideration for online business.

(c) Place (Distribution channel)

Today's consumers face more ways to obtain a good or service at any time in history. Electronic channels will get the upper hand over retail store channels. Let's examine the suitable sales channels available to Thai online shoppers.

- (1) Direct sales channel. The shopper for example seeking to purchase a bag of rice may visit the web page of direct sales company like DST Mart that use the offline strengths. These include the existing distribution centers, motorcycle stock and call center. The customers now can order the rice and receive it within two hours. This direct channel offers the prices competitive to discount stores or in some cases lower than those in convenience stores and supermarkets. This

channel is appropriate for the offline companies equipped with resources such as material, distribution centers, and etc.

- (2) Electronic intermediary channel. Up until this time, there is no Thai websites that act as an information middleman while it exists in international sites such as Internet Malls e.g. The Pinnacle Mall (www.pinnaclemall.com) and virtual Resellers e.g. Virtual Vineyards (www.virtualvin.com). In reality, this channel is very appropriate for Thai shoppers because according to the consumer survey and entrepreneur interview results, price is the key determinant for the customers to decide to buy online goods and services. The shopper can go to the web page of the information middleman who presents and compares the features and prices of all the available brands and indicates where they can be bought for the best price. The electronic middleman may receive income from advertisers, a subscription, or a charge per view. The effect of the electronic middleman is to increase customer welfare.

To recapitulate, the main advantages and disadvantages of both of the mentioned electronic channels are delineated below:

Advantages

1. Customers can buy at any time
2. No need to drive, park, and shop in a store and a consequent saving of cost and time ordering

Disadvantages

1. The wait to receive the ordered items might be delayed and not in accordance with the guarantee
2. One cannot touch and feel the merchandise before

(d) Promotion

The fourth P, promotion, covers all those communication tools that can deliver a message to a target audience. The tools fall into five broad classes:

(1) Advertising:

Banner: Put the company banner on related websites. The company should consider what websites their target customers are likely to visit and consider putting advertising banners on those sites. If the target customers are financial investors, the company may want to place its banners on Thaistock.com, business newspapers online and other sources of financial information. Similarly for DCO.co.th, targeting the foreigners and Thai people in foreign countries, the company puts its banners on ethailand.com, the general and business-related information centers in Thailand and abroad that can attract visitors over 300,000 a month.

Furthermore, another way that fosters the company's acquaintance is to post the company website or URL wherever and whenever the company can; for instance, on the pen and relevant stationery, business cards, radio & TV ads, as well as spreading the word whenever the owners meet other business people. Apart from these courses of action, the company may act as sponsor for radio program or its game contest on air; this can pinpoint listeners to recognize website easier.

Search engine: Most people will probably find websites via a search engine of some sort. Try to announce and list the sites with

program or its game contest on air; this can pinpoint listeners to recognize website easier.

Search engine: Most people will probably find websites via a search engine of some sort. Try to announce and list the sites with search engine, using keywords and phrases frequently in first paragraph

Television: It was found that more than 50% of the advertisement on TV, in the US. are e-commerce advertising. Likewise, so far, not many Thai virtual companies have promoted their web on TV. We endorse this media because almost every viewer watches the television and is the company's prospect.

(2) Public Relations

Word of mouth: Word of mouth is generally accepted as the most effective form of advertising. The online discussions that help strengthen product design can also serve as free PR, since more often than not people online are quick to enthuse about a product's benefits. They allow a company to leverage its most effective salesforce: its own customers. When cyber traders treat people as if they are valuable assets, they will tell other people about their company. They will also reward the company by coming back over and over again.

Communities: will actually increase the role and power of advertising. There will still be value in promoting brands and raising brand awareness. Brands are not on the verge of extinction. As long as there are competing products in a marketplace, brands are needed — at a minimum, to distinguish similar products in customers' minds.

Online, an individual can see an advertisement, click on it to obtain more information, and either ask for material to be sent to an e-mail box or, in many cases, order immediately online. Add in what's particular to a community — namely, that people are discussing products with each other — and the result is an environment in which the gap between advertising and selling can be minimized and the transition from ad to sale accelerated. Communities should stimulate impulse buying.

At the very least, the purpose of the advertisement will be to generate information about potential customers: who they are and how interested they appear to be in the product, judging by how deeply they go into the site. Online merchandising should stimulate a purchase right there and then. It will exploit the interactive nature of the technology to make itself exciting to the viewer. It must offer relevant information quickly and make online ordering easy.

* Social responsibilities: Holding activities to contribute to the society can establish brand recognition to the e-business website because as the e-business reach the desired attainment, giving back to the society that they live in can enhance the nation welfare and make the company burgeon. The customers feel that the companies do not care about only online communities but also the overall society; consequently, the customers will be impressed with the company deed, then repeat purchasing and tell the company's good action to others. At that time, the company, who makes merit with alacrity will obtain the reciprocal outcomes unexpectedly.

depends. So far, no Thai B-to-C sites have shared this idea; however, if this good faith can be practically implemented, not only those people take pride in the companies, but also the e-business owners themselves will meet with the real bliss beyond the money value.

6.4 The Marketing Mix Can Be Expressed in a More Customer Orientated Way as the '4Cs'

- (a) Customer Value 'product' benefits from the buyers' point of view:

Superior Value = [Organisation's Benefits – Costs] > [Competitor's Benefits – Costs]

People nowadays want value rather than prestige. They want to know that they are getting the most for their money and will stay with businesses that give them what they want. And one of the things they want is service. The entrepreneur should try to understand best, worst and average customers, and designs processes accordingly. Do not create average value for all customers, which would result in good customers receiving less value than they wish and bad customers getting more value than they should.

Through the Net, businesses can provide value-added benefits to current and potential customers by the following courses of action:

- (1) Highlight giving the customers more than they expect. Give free samples or occasional discounts or gifts of some sort. Write thank you notes or call the customers to show them that the company cares about them.

notes or call the customers to show them that the company cares about them.

- (2) The product or service must provide the buyer with a favorable experience compared with expectations and compared to competitive offerings.
- (3) Excel at new product innovation, a differentiation strategy based on delivering product designs with superior features and benefits would make sense.
- (4) Excel at lowering price, or price leadership would also make sense.
- (5) Mass customization; one way to tailor a product to customer needs is to test different product features

By competing on its capabilities, the organization can build a sustainable competitive advantage and achieve superior performance. For long-term success, the capabilities need to be superior to those offered by competitors and difficult to duplicate.

- (b) Cost to the customer 'price' plus the customer's costs.

Focus on customer profitability to improve the price. For many companies, this requires change from current practice.

Electronic commerce in general may lead markets to become more efficient as consumers track down the cheapest prices offered by vendors. Customers will begin to capture some of the economic surplus that suppliers and retailers have traditionally been able to claim because of customers' lack of perfect pricing information in most markets. The customers make pricing more efficient, as members of consumer or business communities tell each other about excellent deals on offer from a particular retailer.

installation. Also, help customers reduce their costs by guide them for example the most reasonable payment methods convenient to them. If the vendors learn enough about the needs of a community's members, they should develop pricing packages to suit different market segments. This is constant to establish the optimum for both customers and vendors. Aggressive marketers will use the virtual community to improve the effectiveness of their pricing strategies.

(c) Convenience for the buyer equivalent to 'place'/channels of distribution

Consumers cite convenience as the number one reason for making a purchase online. Shopping on the Internet can save time. A consumer does not have to travel to a store site or adjust his schedule around the store's hours. No longer does a consumer have to wait on hold for a customer service representative to answer the phone. Recognizing that customers may want products delivered as soon as possible, many sites offer next day or second-day delivery.

(d) Communication a two-way dialogue - not just 'promotion'

Customers want two-way communication that is tailored by the company to the ears and actions of the customers. Having the chance to share the ideas about products sold on the site and other interesting topics that the customers want to know can make them feel that the company understands their needs. Moreover, if the entrepreneurs can serve their needs by finding what the customers want, the customers will keep coming back to the site and repeat purchasing. Alternatives for establishing two-way communication includes comments or mail-to form, e-mail, live interactive,

back to the site and repeat purchasing. Alternatives for establishing two-way communication includes comments or mail-to form, e-mail, live interactive, discussion groups, an online survey and so forth, which are described in the 4Is part.

6.5 Implementation

The company must now produce the designated product, price it, distribute it, and promote it. This stage is called implementation. Basically, it revolves around the realization that technology alone will not solve issues and create advantages. This technology needs to be integrated in an organization, which is derived from each department, with the change management issues. In this stage, all kind of implementation problems occurs. For example, people resist new concepts and ideas of buying online, proportion of buyers does not meet the target, delivering service is not at the promised level, and so on. Therefore, to refrain from these problems, business owners have to align brand value with customer value by placing an emphasis on developing the value proposition which can be explained briefly by 3 Ms:

- (a) Model leveraging your off-line or existing business strengths
- (b) Manage user relationships by accommodating the appropriate and desired behavior necessary over time to build customer loyalty as well as support a clearly defined and well-communicated business strategies
- (c) Maintain competitive advantage by dynamic adoption of new business strategies. In order to remain competitive, it's essential that you practice continuous process improvement and regularly fine-tune the way you do business in order to keep up with changes in demand from your clients.

6.6 Control

The final step in the marketing process is control. Blue-chip online companies collect feedback from the operational performance, customers and evaluate results, and make corrections designed to improve their performance. Operating a successful web site requires continuous evaluation. This involves measuring why the proportion of visitors are much far from that of the real buyer, assessing why there is no customer feedback or comment, whether the website contain well-arranged content, product description, and so on. Site evaluation provides insight into determining how to improve the site to enhance its performance and success.

6.7 Golden S Rules to Build a Successful Online Commerce

To gather momentum in online e-commerce is quite a big challenge to entrepreneurs. Although doing this industry needs less investment capital than the ordinary offline business, it has less chance in success due to the low barrier to entry of new e-traders.

Our underneath Golden S Rules are guidelines for the e-merchants who want to share pieces of cake in this online merchandising market through Internet.

(1) Surveys

Before deciding to launch e-commerce, e-merchant needs to conduct surveys of target of online customers. Then the outcome surveyed information can be used to track customer trends or requests.

“Customer is the King” becomes a common statement that every entrepreneur has to keep in mind owing to the fact that they are the ones who create demand for the products and the major mechanisms to drive Thai B-to-C. Therefore, the entrepreneur has to always say welcome to the shoppers and pay attention to them individually without letting each of them

feel like another number hit or meet your counter. To prepare well before taking a further confident step to do web commerce, the online merchant has to gain knowledge of the target customers by conducting surveys and analyzing the survey results to gain access to the customers' requirements the most.

(2) Strengths

To blossom on the Internet, brick-and-mortar retailers will have to uncover and leverage the strengths they have that are relevant to the new medium and combine them with new capabilities. Formally, the website that can define the strength of itself will be succeeded in the business. Tooktoon.com is the good example for this rule. Tooktoon's owner knows that he has ability and talent in arts and advertising, then he devoted himself to make Thai puppets (Hoonkrabok) that present the prominent beauty and the additional value of puppet features, finally gaining the edge over competitors in the same sector.

Moreover, the start-up website should clarify its objective in doing e-business. We have found that some websites miss the initial intention. Perhaps, they need to change the objective because they want to survive and adjust the business to the current economic situation. However, the outcomes do not get together with their change. They have to bear more costs in case of moving to another business line. Comparing with the website that has steady objective, it does not need to invest again and try to improve its strategy to maintain and raise its position.

(3) Simplicity

- (a) Create a simple, relaxed website with neutral color schemes that adapt to any color. Use a white background with pale colors for navigation bars. Remember to prominently display your products.
- (b) Focus is on the product, not the shelves.
- (c) Keep infrastructure as “light” as possible
- (d) Set up the website and make it easy to be recognized by its customers.

To popularize the site, the name of the website should be striking and easy to remember so that customers can think of it first, before having to dig into millions of websites, where sometimes they find nothing.

Make E-commerce site attractive yet simple. Online merchandisers want the E-commerce site to be non-intrusive and easy on to look at. Use soft colors and try to limit the animations to 1 a page. Only use sound on the E-commerce site if it relates to product. An example would be if the e-trader sold music. He then might have sound clips the customers can download from his E-commerce site and listen to. Do not auto play any sound clips. If the user wants to hear one they will download it from his E-commerce site.

(4) Speed

Most people, especially in Thailand, access through 28.8 K modems. It does not mean the capacity of household modem, but it means the capacity of telephone line in Thailand that supports the Internet access in the speed of 28.8 kilobyte per minute in transferring information via Internet. So, nobody likes to wait for the low loading speed website.

To avoid the slow loading, entrepreneur should ignore to unnecessary use of animated GIFs/Flash animation. On the other hand, use of small

graphic element and small logos is the better exit to increase speed of data loading. No plug-in tools is better when creating website since some of customer's computer are unable to play these animation details. Your designers should use code optimization techniques to remove overhead also.

For the server, the web hosting, it is also the significant factor. Please try to host website in the hosting company, where the large of bandwidth is offered to make it easy in transferring information of the web to the customer's computer screen.

Having a good infrastructure can boost electronic commerce. Business companies who set up their websites will have to provide the customers a useful and fast access to the virtual shop. If the customers get slow access and have to wait for a long time, it will discourage them from coming back to the site again.

(5) Search engine

On the virtual shop, there should be tools such as a search engine to facilitate the customers to navigate to any products they require. However, the writing Meta tag is another important technique in promoting website. It should include as much as keywords that clearly notify about the web itself.

The domain name, the company's name dot com, is also significant concerning factor before deciding to launch a web. Domain name, which begins with the alphabet "A", will be concerned by search engine to show in the top of the search result.

There are many popular search engines today such as Yahoo, Altavista, Excite, Lycos, Infoseek, Netscape Netcenter, MSN websearch, Webcrawler and etc. Whenever the entrepreneurs want to post their website

names into these search engines, please make sure that the site is attractive. Since when posting a web, these search engines will check whether that website is interesting or not. The more good-looking and number of visitors, the faster and easier the web will be posted in these search engines with \$3-\$5 service charge of hosting name per web. However, the entrepreneurs may use another type of service, which provides them the easy way in posting. Addme company offers the merchants to sign up in these webs and it will post the company's name into the popular search-webs automatically without any charge.

(6) Security & Trust

Today, there are many bad attitudes, form both Internet users and ordinary people, toward using credit card to buy the product online. Security from credit card fraud is sill a concern to the consumer via Internet and it will result in the barrier to the growth of online product consumption.

There are many choices when e-trader decides to make use of state-of-the-art security techniques. The popular security systems now are such as SSL, digital certificates, SET, which are, provided by another third party with a few charges to the entrepreneurs. To create the security system by the entrepreneur themselves is the best way to encrypt the data, but it needs high technology and cost of investment. So, e-merchant needs to take awareness for this factor before taking off the e-business.

Display a security logo on the site is another way to announce that e-firm's website is saved from the hackers although in reality there are no perfect security systems now. This logo, such as "Safe Merchant", may increase the confidence to the customers in a great extent.

(7) Service the customer

It is the fact that online shopping removes the human element. Whenever customers visit the website and found that they are in doubt from the web, they need someone to answer their inquiries.

From the survey, we found that customers prefer the web that provides the human to answer their questions than the preset solution answered by machine. The entrepreneurs should invest in the interactive media, which provides a live representative if possible. It will let your shoppers know there is someone available to talk to them lively. The longer this service is available, the more confidence you give to the shoppers. Try to serve the customers this service for 24 hours a day, everyday.

Another tactic is to offer a toll-free number and display it prominently. Whenever the customers are in distress from the company's product or service, they can immediately connect to the merchants.

Always E-mail responding to the customer will increase customer satisfaction. Since the customers will perceive that their requirements will not be ignored. But the merchant should be aware of response time. Try to reply mail in 3-12 working hours if possible.

(8) Shipping must be cheaper

High shipping costs can scare the customers off. We found that some products are very interesting, by whatever the lower price, the outstanding product feature, to the shoppers, but the shipping cost of these products sometime cost more than the prices of the products themselves.

Then the recommendation to the entrepreneurs is trying to keep shipping fees to a minimum, offer a flat shipping rate whenever possible

instead of a complex shipping formula and charging a very low shipping rate for first-time users. These can build customer loyalty in the future.

Another technique, which is very popular among the merchants, is to offer free shipping as an incentive. We saw that some webs announce “free of charge” of shipping costs to the customers. Indeed, they already plus the shipping cost to the price of product already. This technique aims at reducing the apprehensiveness of the customers when they have calculated for the delivery cost after deciding to buy the product.

(9) Sustainability

At this point, we know that how to enter e-commerce is easy to proceed, but how to sustain the status among the high competition is very hard. As we know that there are new websites launched in a minute, it does not guarantee that those new websites are out of your business field.

There are many methods for e-traders to adapt themselves to the uncertain circumstances. Tooktoon.com again is the company we are proud to raise as example; he has the plan to protect its status from the newcomers by always launching the new model to the market to compete and sustain its status from the new e-trader of Thai traditional products, arts and souvenirs. Although those new websites are not the direct competitors to Tookkatoon, it is possible that Thai mask can grab the market share from the customers who loves Thai traditional product eventually.

(10) Satisfaction-guaranteed or money back policy

Guarantee the product is another tactic of marketing strategy boosting the sales. When customers visit the website, they can ensure that the

products they buy is guaranteed. In case the products are damaged by the delivery, the company will replace them with the perfect ones.

Some websites offer money back policy to the customers whenever the product does not meet the requirement. But it depends on the policy of each company to determine the period that the customer can return the product.

However, this tactic perhaps brings the company to bear a burden in terms of delivery cost. Please compare to the benefit and the loss that the company will gain from using this strategy before launching it out.

(11) Strategy

Strategies used in e-commerce are varied depending on the types of business of e-commerce. The simple strategy which most website always use is price discount strategy. Like Amazon, they offer 20%-30% of discount to their customers when buying a variety of books at this site. But it is not always the right strategy. We know that Amazon has large cumulative loss since they started up the business. The reason they can survive in this serious situation because they can seek the investment capital from the stock market.

Product differentiation strategy is more appropriate with Thai products. Due to the uniqueness of product, some e-merchants try to double up its prices for the better profit and believe that their products can be sold. In fact, customers also gauge between the product and its price. If it is reasonable, they will buy it. Conversely, If it is not rational, that merchant will lose these customers forever.

Each strategy should match with each type of business. Thus, it is the duty of e-merchants to think about their strategies used to increase the sales and profit. Moreover, it will be the competitive advantage to compete with both the incumbents and newcomers in e-business industry.

6.8 Six Is for Thai Internet Commerce Success

For the Internet marketing, the marketing strategy that the marketers have to give a complete intention to conduct the marketing plan successfully is 6I Rules including information, individual, interactive, integration, international and innovation.

(1) Information

The Internet creates entirely new sources of information. The Internet makes a vast mass of information, images, and opinions accessible to any owner of a connected computer. It is no longer necessary to disseminate information in the physical medium of paper, floppy disks, or CDs. It can now be communicated through electronic impulses and/or beams of light (fiber optics). Such flexibility and ease of use accelerates information flow and communication, facilitating new knowledge creation and novel forms of social production.

In addition to seeking routine information, customers are also attracted to sites that provide detailed information about products or services. A potential customer can browse several competitors' sites, as well as third party sites, which discuss the product in question, compare prices and features, gather general information about a particular product or type of product, taking as much time as desired before making a purchase. Several studies found that consumers were more likely to buy products from sites

that provided comprehensive information than from sites that had slightly lower prices but little in the way of useful information (Bransten 1998).

At present, the Internet, deemed the information-based media, hosted a vast collection of useful information presented in form of text, pictures, sound or even the video. Internet users roam the Internet for the purpose of searching and retrieving information from millions of sources. The marketers need to know the information that adds value to the target group. Simply thinking, they have to let their customers quickly find what information they need and how to present this information to bring about the maximum business benefits to the customers.

The information, in this case, covers the direct information conveying product/service descriptions and the indirect information not related to the products and organization but beneficial to the customer, consequently, can generate revenues resulting from the advertising,

The customers can tap into a whole new range of information without time constraints as well as the simplicity and convenience of garnering all time updating information. The first I “Information” key success is rooted in up to date, timely and accessible information that utmost matches the target customers’ needs.

(2) Individual

It is staring us in the face that the Internet is the medium that the customers gain access to large amounts of information around the clock and make building and updating the information simple and rapid, then spur the opportunities in presenting the content and format of the information diversely. The point is that the Internet can proffer tailor-made the

information to be in line with the individual needs. That is, the user each can select the desired amount of information, screen the customized news and information pages; for instance, the user can specify only the required topics and select whether he or she will present the information in plain text, html, graphics, or video clips.

Marketers have to know how to use the existing technology to implement this “I” in order that they can fulfill as many individual needs as possible. As a consequence, as the individual user feels that the information is tailor-made and distinguished and retrievable all the time, that user does not need to modify and refine the information, hence can record and keep his own in their drive or folders. Websites intended to this “I” are falling into the categories of the newspaper online. The company will allow its subscriber to select, particularly his or her interesting classification such as financial news, sports, entertainment and the like, this action is as his or her private news agency. To recapitulate, that business organization needs to proffer the information they want and when they want.

(3) Interactive

The interactive nature of the Internet also gives rise to new forms of collaborative activity. For example, if a customer wants to buy software, the software firm will try to encourage computer aficionados to install the software and test it for bugs, functionality, and features. By so doing, the consumer actually participates in the knowledge creation process by using a new product and communicating the results back to the company. Integrating a subset of customers directly into the product development process also accelerates the creation of demand for the finished product.

It is an interactive communication medium through which the user accesses information that would have previously taken much time and physical effort to find. The business firm has to establish the activities and networks on its own in form of interactivity. This creates the customers' participation and independence to control their activities. The commercial website who wish to succeed in the Internet must open fan club and offer interactive discussion of various current news topics with the high fliers in each business sector, have the ability to customize the web page to the user's interest, and numerous other features. Moreover, the successful website has to garner the customers' comment and feedback of the products or services via the site and allow them to easily gain the product details and has more alternatives for them to order and buy those products at once by passing the company's salesperson.

(4) Integration

Many stated that Internet would revolutionize and substitute a variety of the existing media due to the inexpensive advertising cost, speed and updated information. By the way, thinking about the Internet fairly without following the trend, the Internet is merely one of the media that the business can use because the business still has to implement the marketing plan of its traditional business to gain access to most of its targeted customers.

This rule of internet marketing is defined as any marketing activities conducted by means of the Internet which have to be in the common direction and to be integrated with the existing comprehensive company's objectives. The Internet marketing strategy has to be in conjunction with the company's strategies used prior to entering into online business. The

business firm has to ponder its current traditional strengths, then utilize the Internet tool to proliferate the company's activities, resulting in scores of more profitability.

The rule of Integration also covers the public relations resulting from the mutual integration of the Internet and the offline media. The media seen in general business include publishing media, television and advertising documents entailing the e-mail and addresses of business organizations on Internet while using the Internet in doing business depends upon the presentation techniques and the content flowing in synchronized with the existing media. In addition, symbols and motto have to be taken into account so that customers and Internet users will have common understandings in the organization.

A potential debacle that the business has to be aware of is that business executives cannot keep pace with and adapt to the Internet and computer-related technology, so they do not grasp the essence of this business medium. Subsequently, they misunderstand the business concept by assigning the work relevant to the marketing to the technical staff. Eventually, that business gets woes because, as a matter of fact, the Internet marketing still relies on the marketing people as a major resources while the technical staff will function as the marketing supporting staff in order to establish the marketing plan using the Internet tool.

Being stripped of integration may not matter when E-commerce volumes are small, but it does become important when they rise. Without integration, cyber-firms have less control over their E-commerce processes than they do over the rest of the business, have a potentially fragmented

view of their customers, and may incur heavy overheads through duplicating processes, resulting in an inefficient and unresponsive organization.

“Lack of integration at several websites that do not run e-commerce at full capacity”. In other words, lack shopping card, convenient payment methods, and good interactive communications means that the data on orders coming in by Internet has to be re-entered because orders have to be made by telephone or fax. Hence, a duplication of effort that has made the Internet commerce companies most costly and time-consuming.

(5) International

As noted elsewhere in this paper, many analysts stated that the world is progressing towards a global digital economy. One of the benefits of opening electronic storefronts is the added access to an international customer base. The companies no longer compete with two or three familiar rivals to grab the local customers, but with every company in the world that has a website. So, to succeed in online business, the companies have to do everything to attract international customers; for instance, to offer better international exchange rates for foreign customers. Then electronic merchants can offer incentives to international customers to make doing business a bright prospect.

(6) Innovation

Bear in mind that the e-business owner does not sell merchandise domestically, the success beyond imagination of e-commerce without time and space constraints brings about many players in this electronic market. Therefore, to do this business successfully, against all odds, the company has to be flexible enough to continually innovate both the products/services and

customer services, in response to competition and to changing conditions on the Internet.



VII. CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

After considering obstacles preventing from B-to-C growth and the trend that will enhance Thai B-to-C, some readers may raise a question whether it is the time for them to enter this electronic trade now or they should wait and see the trend before accessing this e-market.

In this regard, I would like to suggest two sorts of would-be online merchants covering merchants ready in terms of resources and capital together with merchants who are individual or SMEs having meager capital. When the would-be merchant is going to go online, he needs to reflect on the following checklist to gauge his readiness. Of the weighty concern is to pacify maximum consumer comfort:

- (1) Capital investment. Although e-commerce is dubbed as the online business which apparently requires lower capital investment than money expended in the traditional business, in reality, the would-be merchants have to heed costs incurring when doing online business including ISPs, hardware, software, maintenance, and alike.

* Note: List of expenses required to establish websites is shown in the part of comparison of cost doing online and offline business.

- (2) Deft e-commerce related knowledge and skills including web production team.
- (3) Research and development. The merchants need to initially conduct R&D in order to study digital commerce trend in Thailand and abroad, suitable products for online sales, customer behavior as well as competitor reaction. As a consequence, they can target market niche and target consumer and

know what to sell. Also, choose an e-commerce application that meets the merchant's present needs while allowing for growth and flexibility as the organization's online business succeeds.

- (4) A variety of payment methods available. This is the consequence of having capital investment because the more money the merchants have, the more potential they can have the bank responsible for secured clearing systems.
- (5) Logistics Systems. To capture the economies of scales and to save costs of delivery at least in the vicinity at the helm, the merchants, at the minimum, should employ their own delivery team; otherwise, they have to foot the bill a lot using express postal services from CAT, UPS, FedEx, and DHL.
- (6) Right perception of electronic commerce. The merchants have to learn from the basic concept of e-commerce, its transaction process, and components, up to the competitive strategy. To simplify, try to scrutinize every aspect of e-commerce both in macro and micro context. The scathing concern is that they should distinguish the change and separate the e-commerce from the conventional commerce. The obvious change can be noted as follows:
 - (a) Organization structure changes from the hierarchical structure constituting many people to flatter organization with scant amount of staff controlled by at least one supervisor.
 - (b) Business Model. A simplified business model of an online organization stems from the integration of strategy, technology, organizational process, and people. The alignment or balances pertinent to electronic commerce systems are:
 - (1) Between strategy and technology.
 - (2) Between technology and the organizational processes.

(3) Between technology and people.

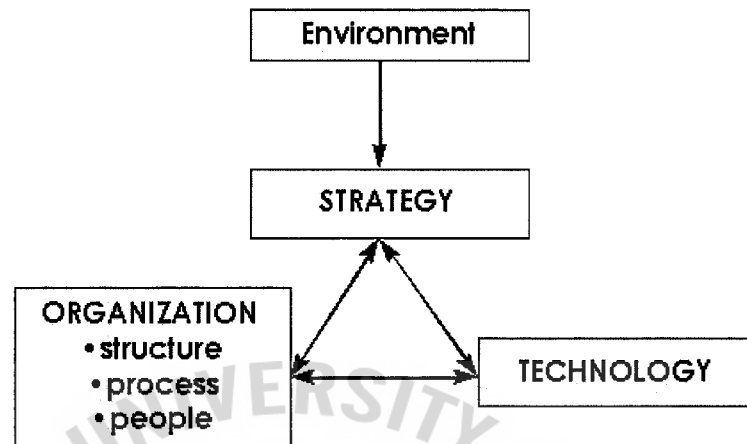


Figure 7.1. Balance Pertinent E-commerce System.

Building any kind of electronic commerce system requires a strategy, i.e. a vision of the goal to achieve, a clear rationale of the business value and a picture of the process to achieve such a goal while avoiding common pitfalls. In our opinion, this is the only way of getting real benefits from such a system. This strategy should include an understanding of the impact of electronic commerce on an industry structure, the potential for new business models and the opportunities for competitive advantage.

Notes: Although there are differences between the traditional and modern trade, both have a thing in common that is marketing strategy. It can be said that the marketing strategies invented by many classic theorists can be applied to the online world as we use the words “Internet marketing or web marketing”.

Customer Service in the traditional business, if customers want to buy cassettes or CDs, they walk to the music stores, opt for the products, and pay for them. In the online world, there are myriad of virtual CDs stores offering the customers in front of the computer monitors, and serve their individual needs both in form of tangible products and digital services. The customers can download the music as soon as they pay for the service.

Following the above checklists, if the would-be merchants mark them all, the time was ripe for them to gather momentum in the electronic business. For those who are ready to access this market and operate actually their business as existing business, they are much better than the other investors for virtual shops online are. The reason is that they have useful information about this field in their hands such as consumer behavior and competitor data. They also have already competent and qualified personals in their own organization such as R&D department, human research department, and marketing department. Especially they have their own particular image on the market. What they need to do is just to hire some more computer experts for their R&D department and other concerning positions.

In order to remain competitive, firms need to be more flexible and more innovative, managing their knowledge assets more effectively to derive new sources of competitive advantage. Firms may have to collaborate more, particularly on new technologies, sharing equipment and often people.

Conversely, if they do not pass the checklist but insist running web ordering commerce at once, they, in a certain extent, feel the pinch. However, it does not mean to do nothing or not to enter this market pending they can check all items of the above lists. Rather, at this moment, they have to collect as much as information pertaining to e-commerce, observing the causes of success and failure as well as the business cases

about the existing and out-of-the-scene online businesses. Also, market research needs to be conducted on all factors that affect this kind of business to identify further potential benefits and risks of business-to-consumer electronic commerce.

The status quo does not seem to be an appropriate time for big businesses like real estate, musical instruments or other businesses that require complex equipment and many weights. Online transactions are likely to stimulate the growth digital or intangible products such as digital publishing and online advertising. The development of such industries may also raise issues that the governments should examine.

The would-be entrepreneurs via Net should also monitor and estimate future situation of E-commerce in Thailand and abroad. At the same time, they should invest some capital on people training in order to introduce this new thing to Thai people who have their old habit on buying. In this camp, a survey showed that Thai people like to see, touch and sometimes smell products before calling the shots. People who should be trained are not just existing Internet users, but also general people who could be customers in the future.

For those who have passed some items of the checklist, who ultimately cannot resist the cyclone of e-commerce, and who still do not dare to do but want to test it first, the alternative is to find free offer from B-to-B or C-to-C service providers. They will have virtual shopping mall for the merchants to host the free space to run e-business. They may provide market functions necessary for consumers and merchants in the following scopes of work:

- | | | |
|------------------------|---|--|
| (1) ISPs | ~ | Gateway to Internet |
| (2) Team | ~ | Marketing and web production |
| (3) Customers in hands | ~ | ISPs, magazine, media, information service |
| (4) Information | ~ | Channels to communicate the company |

information updating

(5) Back-end office systems ~ Payment and delivery systems

Above of all, bear in mind that “No lunch free in the world”. We mean that those proffering the merchants all for free may provide the merchants with everything free of charge for a certain period. Then when they can capture a desired amount of the companies subscribing with them who are their customers, the service providers will charge these merchants by claiming some privileges. In other words, this kind of company is the web outsourcing company.

Anyway, from our interview with entrepreneurs and studying business cases, the company employing this free service is prone to derail because they give what the company does not want (too much focus on chat, web board rather than presenting products) and cannot serve the company’s needs. That is, they do not serve the company’s specific requirements because their customers are dispersed according to industries.

The foregone conclusion for the entrepreneur issues is that if they really want to join his new dimension of commerce, they should start doing the web presence aiming at only advertising and promotion, then gradually study, grasp and absorb the market as I suggested above. For the last card to leave, if the individual and company who have the idea and versatile capabilities but lack of money, they are recommended to seek out the venture capital company who can help him or her. The venture capital company will exploit the profit generated from the stock values when the individual and company can be transformed into public company.

7.2 Recommendations

Throughout this paper, I've endeavored to find out the answer of our topic and found that B-to-C e-commerce is now not booming. It is at the beginning stage and needs to be encouraged and carefully nurtured.

On one side of the coin, it is not surprising that such efforts of entrepreneurs are not bearing fruit at the moment, partly because this is very much an emerging market. Its real implementation has been just clearly seen at the end of last year. Many of the entrepreneurs interviewed have set up their sites last year, or with a product or service thinly launched.

Many companies interviewed have very low expectations of the cost-benefits to be gained this year and next year. They are very interested, however, in quality benefits such as an access to new markets, which demonstrates a positive outlook. Additionally, they move afoot to discover their causes of failures and find the solution so that they can gain more customers. Obviously seen from an entrepreneur interviewed, before improving his site, the website arrangement is not attractive and contains only Thai version; moreover, the site cannot read Thai in some browsers. These errors possibly generate a little revenue to the company.

Recently, the company's website is in a new look. The website is ubiquitous showing security guarantee logo, created in two versions to serve Thai people in other countries and foreigners. This suggests that SMEs engaging in E-commerce are also prepared to take on new challenges, such as learning how to service these new markets, and to develop new ways of dealing with expansion in their customer base, and setting up virtual relationships with business partners.

On the other side of the coin, since E-commerce in Thailand is still in its formative stage, B-to-C major retailers are as yet in the investment and brand-building

mode and show no profits from the new selling channel. Buoyant growth is apparent throughout Thailand within two or three years.

As I said in the early of the report that this evolving trade is an irresistible force. At this moment, Thai entrepreneurs should enter this cyberspace first and have to discover how to join and do the trick in the e-commerce bandwagon.

From the national level, unless Thai companies are proactive, they will be reactive and threatened by the international countries. One pace Thailand steps back means five paces lagged behind the US., the prime mover, 2-3 paces lagged behind Singapore and Malaysia. In the Thai companies' context, if we move first with web presence (cultivate the mango seeds) this year and wait for 5 years for e-commerce to boom (to harvest), we are alert and ready to reap the profitability (eat and sell the fruit). On the contrary, if the company is static or does not go online now and waits for the boom period in the next 5 years, it is belated and determined to gloom and doom. Certainly, the company will lose the competitive advantage to the rivals. But remember that for every success story readers hear, there are hundreds of people who don't make it. Only with prudent preparation will get you into the elite club of e-commerce moguls.

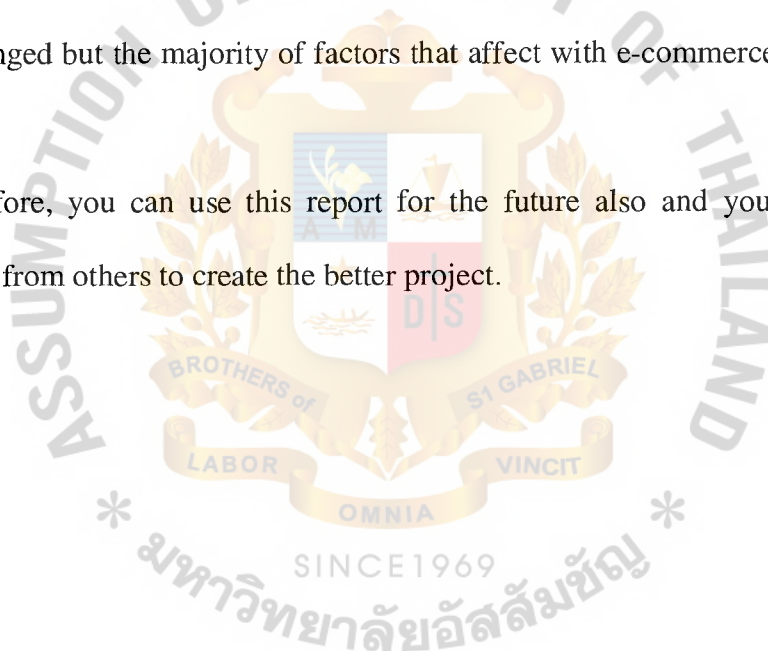
I strongly believe that Thai business-to-consumer online transactions will boom because we see the power of the new generation entrepreneurs. We attended three seminars and found that each time there are overwhelming audiences crowded in every session. Most of which are the would-be entrepreneurs keenly interested in conducting e-commerce. General public are also alerts to this new kind business. Large number of the seminar attendants, the TV. Program presenting e-commerce, and the news from every media definitely determines the positive transition of Thai business-to-commerce e-market.

To conclude, Thai business-to-consumer e-commerce is going to leave the ground. This new marketplace will offer numerous opportunities for companies at any size and economic gain at the national framework. This is why commercial companies online and government organizations, as well as individual consumers, must prepare, and learn how to, effectively deal with this new way of conducting commerce.

If you want to create the new one you can consider from this information to be the direction and if you want to know more details you can search in the reference source

When you finish reading the report you can create effective e-commerce business and also analyze the right business on the right situation. In the future, many factors may be changed but the majority of factors that affect with e-commerce will still be the same.

Therefore, you can use this report for the future also and you can search the information from others to create the better project.



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