

Project guide essay



**ASSIGN
BUSTER**

Teams are to research actual e-businesses that have been successful, and select one that they will use for their case study report. 4 Unsuccessful E-Businesses Teams are to research actual e-businesses that failed, and select one that they will use for their case study report. Prepare & Submit Reports, Prepare for Presentation (10%) use the template (below) to prepare a report on each e-business. Submit via 8 Prepare and rehearse for formal presentation. Formal Group Presentations (10%) Present as a team, using Powering slides.

Summarize with an overall conclusion of what your team learned about what makes an e-business successful. 1-12 Presentation during your tutorial period Plan for about 10-15 minutes per team (each student speaks for < 3 minutes). Note : As the sample report shown below is based on Pets, we strongly appreciate that all students avoid working on this topic. Read (Week 2 Practical eLearning): Successful E-commerce Websites: 1 5 Factors Impacting Online Shopping Behavior Nanyang Polytechnic School of Information Technology Page 1 of 4 IT2506 E-Business Applications AY2013-2014, SI Template Prepare your case study report using the template provided below: (Include additional sections if required)

Background Provide comprehensive information about the company, including when it was started, who were the founders, how they were funded, etc. Products and Services Describe the products and/or services offered by the e-business.

Revenue Model Explain the company's intended revenue model (refer to the six e-business revenue models given in the lecture and recommended text).

You may also discuss target audience and market segmentation in this section. **Environment and Competition** Describe the environment in which the company operated, and list any competitors in the same market space.

History and Outcome Tell what happened with this e-business – what significant events took place, what problems were encountered, were they ultimately successful or not, where are they today, etc. **Conclusion** Provide your analysis of why this e-business succeeded or failed. If they failed, include your opinion of what they could have done differently.

Page 2 of 4 Case Study Example – Pets. Com The following is an example of a case study for an unsuccessful e-business. This example is kept somewhat brief – your reports should be more extensive. **Company Name** Pets. Mom The Pets. Com domain name was originally registered by Greg Micromole in 1994, and munched as an online community for pet owners.

A few years later, several investors and entrepreneurs noticed the potential of such a universally recognizable domain name, and added e-commerce capabilities to the site in 1998. At the same time, they brought Web veteran Julie Wandering onboard as CEO to run the company. She sold a 50% stake in Pets. Com to Amazon. Com, and raised nearly \$110 million in four rounds of private-placement funding by December 1999.

This allowed them to invest in the hardware and resources necessary to build and run a true e-commerce site. Pets. Mom sold a wide variety of pet related products, including pet food, supplies, toys, etc. At its peak, they offered more than 12, 000 products, and listed more SKU than any other online pet supplier. They also offered free services to entice customers to their Web

site, such as editorial advice from veterinarians, animal lawyers, breeders and pet experts. Revenue Model The “ Web catalog” revenue model was adopted by Pets.

Com, and they fell under the BBC category.

All revenue was generated through sales of products via their e-commerce site. Their target customers were time-strapped pet owners who would appreciate the convenience of ordering supplies online. As their slogan said: “ because pets can’t drive. ” Environment and Competition Pets. Com had acquired an excellent domain name and was entering a huge market – 60% of U.

S. Households owned pets, and pet owners spent more than \$20 billion each year for pet supplies. But with such a lucrative market, there would surely be fierce competition.

Pets. Com was immediately challenged by Pederast, a “ brick-and-mortar” pet supplies store, who launched their own e-commerce Web site, Pederast.

Com. Other dot. Com competitors were Potters. Com and Petition (later purchased by Petcock, another established brick-and-mortar company).

Pets. Com invested heavily in advertising and branding in an attempt to differentiate themselves from the competition. Despite spending more than \$100 million on advertising, consumers often could not differentiate Pets. Com from Pederast. Mom or their other competitors. In early 2000, Pets.

Com raised another \$80 million in a sale of stock (PIP). This allowed it to develop and offer its own proprietary brand of cat and dog foods. They also acquired one of their competitors, Potters. Com. However, they encountered many problems. Initially they had only one distribution Page 3 of 4 shipping costs to the East Coast exceeded that, so many orders were shipped at a loss.

Eventually they opened another warehouse in the East, and raised shipping charges, but the damage had been done.

Another problem was that they used big sales, online coupons and deep discounts to lure shoppers to their site. This had the effect of lowering profit margins considerably, to less than 2%. As a result, some shipments went out below cost.

Because of their high cost of goods sold, Pets. Com stock dropped from its initial \$11 to low single digits. Despite these setbacks, Pets. Com continued an aggressive growth strategy, adding even more products and attempting marketing ploys, such as the famous “Sock Puppet.

In the end, however, they could never turn a profit and could not compete with the “clicks-and-bricks” stores like Pederast. Com. On November 7, 2000, Pets. Com announced the layoffs of most employees, and put the company assets up for sale. In less than two years after launching its Web site, Pets. Com went out of business.

Some of the mistakes that probably led to Pets. Coma’s demise include:
Overspending on elaborate advertising and branding. Poor distribution and

supply chain management. Overly aggressive discounting, resulting in extremely thin profit margins and high cost of goods sold.

Failure to conduct proper SOOT analysis and recognize the huge competitive threat, as well as the company's weaknesses. In addition to avoiding the above problems, Pets. Com could have gone the " clicks- model more than a pure dot. Com business at the time.

Another contributing factor was the high costs of developing and running a large e- commerce Web site during that time period. Some analyst have argued that Pets. Com would have a better chance of success today, due to the much lower costs of doing equines online, and the vastly improved development tools and technology.