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## Internet secrets

This is a blog on how online is changing, what SMEs should be doing online – and what your web developers won't tell you. Lead blogger Craig Reardon has been working with Australian SMEs on their online requirements since the web gained critical mass here in 1995. More recently he opened the independent web services firm for SMEs, *The E Team*.  
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## The lesson from Borders: Embrace the web before it strangles you

Author: *Craig Reardon* on 23 February 2011 

Many publications have dissected the causes of our recent bookshop casualties.

The unanimous culprit in these analyses is the failure of their respective managements to react to the simultaneous opportunity and threat that is the web – particularly for a product that can be distributed digitally.

Products that can be distributed digitally such as books, music, software, news articles, etc are the ones most likely to be revolutionised via the global distribution network the web enables.

But distribution methods aside, what's become quite clear is that the internet is impacting businesses of all colours, shapes and sizes.

### A marketing Nostradamus

Unfortunately few have heeded what is a Marketing 101 topic – that of focusing on your core benefit and not its technology.

As outlined in this blog before, a US academic called Theodore Levitt highlighted this 'marketing myopia' in a famous Harvard Business Review article way back in 1960.

Using examples such as railroad and petroleum companies, Levitt argued that their fundamental products were not 'rail transport' and 'petrol' respectively, but 'transport' and 'energy'. If management focused on these core benefits instead of the current technologies used to deliver them, they would essentially become 'future-proof' as they moved seamlessly into the new technologies – in these cases air travel and solar/nuclear energy.

### History repeats

Unfortunately it appears that ever since, many captains of industry skipped the class this lesson was delivered in – including, apparently, the executives of Borders and Angus & Robertson.

As they sat around working out how to combat their new online competitors, industry newcomers like Amazon.com stole market share from right beneath their noses.

In fact, as recently as December, Borders were a prominent supporter of Gerry Harvey's inadvertent promotion of buying from offshore online retailers.

### Online upstarts steal overall market share

In the meantime Amazon.com (founded in 1994) has stolen the march on the industry incumbents by being well on its way to 50% share of the US market in *overall* book sales.

Similarly, music sales newcomer iTunes now has around 70% market share of music download sales and an astonishing 30% of overall music sales in only 10 years.

Yet all these organisations have done is capitalise on the marketing myopia of the incumbent market leaders who, instead of using their industry knowledge to gain an advantage in a new medium tried instead to defend their legacy formats and systems.


While all of these companies are giants in their field, the implications for smaller businesses stands out like proverbial dogs' – as stated in these four key business mantras:

- 1 – **Embrace the web before it strangles your business.**
- 2 – **If you don't look after your customers online, your competitors will.**
- 3 – **If your customers want to buy online, let them.**





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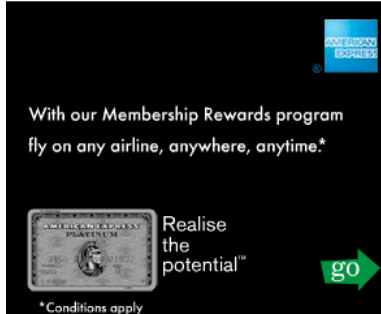
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**4 – If you don't cannibalise your own business, someone else will.**

However, there is a silver lining to this cloud. And that is the plummeting cost of eCommerce technology and diminishing of other barriers.

Now regular readers look away, because you will be sick of reading this.

But retailers and indeed all businesses can now offer their products online for what amounts to petty cash.

And if you can source say only \$5,000, you will be able to afford an online presence that will put you ahead of 90% of your competitors – at least in this country.

So don't go the way of Borders et al. Get independent advice on the opportunity the web presents and do all you can to embrace it before your competitors do.

Care to differ on this opinion? Tell us about it by posting a comment below.

*In addition to being a leading eBusiness educator to the smaller business sector, Craig Reardon is the founder and director of independent web services firm **The E Team** which was established to address the special website and web marketing needs of SMEs in Melbourne and beyond.*

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