Video Support Notes

Inside Story

E-commerce in Business

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Suitable for:

Info **T**ech

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Brief Outline

Inside Story's accessible current-affairs format takes viewers to where information technology meets everyday life. In three self-contained stories, this program provides the following case studies:

- Ford, with their online marketing
- Coronet (corporate uniform manufacturer), with their online ordering system, and
- Mp3.com.au, with their online delivery of music

The reporters take viewers on a candid look behind the scenes of these companies, explaining key terms and concepts like *web shopfronts*, *VPNs*, *B to B communication*, *website maintenance*, and *managing growth*. From multinational to family-owned companies, students will love meeting the people and hearing the stories of IT in action.

Program Timeline

0.00   Warning, VEA logo
0.30   Inside Story opening and story introductions
1.16   Story 1 "Ford: Online marketing"
8.20   Summary
9.50   Story 2 "Coronet: Online ordering"
17.30   Summary
19.00   Story 3 "MP3.com.au: Online delivery"
26.40   Summary
28.10   Final comments & credits
29.00   End of program

Useful Websites

These websites relate directly to the businesses profiled in the program and were correct at time of printing.

Ford Australia
http://www.ford.com.au/home/Home.asp

Coronet – Fashion at Work
http://www.coronet.com.au

MP3.com.au
http://mp3.com.au/

Other Relevant Programs available from VEA

Inside Story: Social & Ethical Issues in IT
Human Resource Management at Rebel Sport
Greengrocer.com.au: E-commerce in Action
Internet Basics

Please visit our website for many more relevant programs www.vea.com.au

The Stories

Each story has its own subheadings, signposting the issues being discussed. A brief description of each story and its subheadings is outlined below:

Story 1:
FORD: Online marketing

E-commerce at Ford is mostly about marketing online. The story includes some discussion about a recent build-up to and launch of one of their new cars and includes informal interviews with both the head of **marketing** and head of **E-business** at Ford Australia's head office.

The website
Ford's website is like an online "showroom". For potential customers, the web experience is far less daunting than visiting a physical showroom.

"Revealed Secrets" campaign
The "Revealed Secrets" campaign helped launch Ford's most recent Falcon range of cars. The campaign was centred around the Internet. The marketing team took this approach based on research that showed that 73% of car buyers start online.

The campaign aimed to gather a list of email contacts in order to build relationships with potential customers. Unlike 'junk' email we often get, Ford took a highly personalised approach, based on the philosophy "give a lot, get a little". E-commerce allowed Ford to target their marketing to the different types of customers they identified.

Ford dealers and e-commerce
Ford dealers are important in e-commerce. Cars are never purchased online, but the Internet is used to direct customers to their local dealer. Information gathered already about customers can be used by the dealer to continue an ongoing relationship.

The Internet is also important for business to business contact between head office and national dealers.

Keeping it all going
Ford employs approximately 100 IT staff at national head office but only about 5 of those are directly involved in e-commerce. All major website development is outsourced to companies specialising in web development.

Story 2:
CORONET: Online ordering

Coronet – Fashion at Work (the full title of the business) uses e-commerce to run more efficiently with its online ordering system. The story begins at Sheraton Towers Southgate, a glamorous hotel who use Coronet's services for their uniforms. An interview with the web developers is also included.

History
The business has seen computers and the use of information technology grow considerably over the years. Starting in the 1930s, they purchased their first computer in the 1980s, developed their first website in the 1990s, and launched its online ordering system in 2002.

Ordering system design
The online ordering system was outsourced to a specialist company who advised that above all, the system must be easy for customers to use. The developers basically added a web front-end to Coronet's existing manufacturing system (called an Enterprise Resource Planning system in the industry). Customers then access the system live, rather than a separate system. Now it takes just one person and one computer to manage the online orders.

Benefits of e-commerce
John Jamieson, the managing director of the business says that e-commerce makes it easy to communicate with customers spread across a large geographical area. It also improves supply chain management, making business to business processes more efficient.

A virtual private network (VPN) lets staff access the local area network at the office from wherever they are off-site.

Ultimately, Coronet believes that e-commerce and IT in general is just another tool in running a successful business.

Story 3:
MP3.com.au: online delivery

MP3.com.au is an example of a business with online delivery of its product. This is an example of a company at the cutting edge of technological developments. It's an area of the IT industry that has seen many casualties in recent years, with many businesses crashing in the so-called "tech-wreck". The Mp3.com.au story tells of one of the few successes to emerge from this time in history and the people behind it. CEO Domenic Carosa discusses his ideas for future development, and Adam Keher outlines the details of the day-to-day organisation of the business.

Here and now
The website is divided into 3 distinct parts:
- one for public use,
- one that is (musical) artist-focussed, and
- one for administration within the company.

There is currently 20 staff working in the IT department, divided into 4 categories:
- project direction and management,
- documentation, including
  - requirements documentation, and
  - design documentation,
- implementation and testing staff, and finally
- support staff, which makes up over half of the IT staff

Adam points out that most work on the website itself goes into back-end coding rather than the front-end "look" of the site.

Growth
With any online system, you must plan for growth, but not aim too high which can be costly. The analogy of a bridge is used to explain this concept and Adam discusses the online music charts as a case in point. Music charts became popular with the listening public beyond their wildest imagination resulting in a few growth problems along the way.

Money & future
The company makes money from selling MP3 hardware and advertising space and is opening up new revenue possibilities with new business entities:
- Music Point, and
- Wired Entertainment

Above all, the company is well-positioned in the music market to take advantage of new technologies as they become more accepted by the listening public.

Success for the company will continue to rely on how well it balances the interests of its various stakeholders.

DVD Bonus Material

Coronet – old days:
Additional interview material where John Jamieson (Coronet MD) speaks about the very first computers used by the company. Because computers were too expensive to own, John had to take their paperwork to a multi-story, dust-proof computer "bureau".

MP3.com.au – data storage:
Additional report about MP3.com.au's data storage. Reeni Ekanayake discusses how much data is needed to keep the site going, and visits the secret location where it's kept.

MP3.com.au – Domenic's dream:
Additional report focussing on the man with company's vision. Reporter Reeni meets Domenic Carosa, the company's CEO and discovers that he's not much older than her! This is an inspiring glimpse of a young man's dream, and his drive to achieve it.

Questions While Viewing…

This program is ideally suited to viewings of individual stories and/or repeat viewings of the same story. One viewing suggestion is:

- Have students view the whole program through once from beginning to end (all three stories)
- Supply students with the viewing questions (next page)
- Have students answer questions while viewing – one story at a time
- Use the summary sections and breaks that follow to review and discuss the answers to questions and any other issues that arise.

Story 1

FORD: Online Marketing
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1. Complete this statement made by reporter Belinda DiVito:

   "E-commerce isn't just about the Internet, it's about _____

   _____".

2. Why might a web 'shop-front' be better for some customers than visiting a physical showroom?

   _____

   _____

3. Tom Rivers used research about car buyers' habits before starting the "Revealed Secrets" campaign. What did the research find?

   _____

4. Ford's aim was to gather a list of 100,000 names of people who were genuinely interested in buying a car. What was their philosophy in getting people to sign up?

   _____

5. What were the three phases of car-buying identified by Ford marketing?

   _____

6. In simple terms, the dealerships are involved in e-commerce in 2 ways. What are they?

   1._____

   2._____

7. Is Ford's website developed in-house? _____

Story 2

CORONET: Online ordering

8. What is Coronet's core business?

_____

9. In the 1990s, Coronet took a significant step into e-commerce. What happened?

_____

10. The next step involved Chris Prince, from a specialist web-development company. Chris identified the 'most important thing' for setting up an online ordering system. What was it?

_____

11. What does ERP stand for?

_____

12. What did Coronet's system do that their competitors' didn't?

_____

13. How many staff does it take to maintain the online ordering system at Coronet?_____

14. How would you describe the size of the hardware / software system that supports the online ordering system?

_____

15. List the benefits of e-commerce for a company like Coronet.

_____

_____

16. What is a VPN and how does it help staff?

_____

_____

17. As one who's been around in business for many years, John Jamieson offers one final piece of advice about IT. What is it?

_____

Story 3

MP3.com.au: online delivery

18. What does e-commerce offer a band like Heifer?

   _____

19. What are the 3 parts to the mp3.com.au website?

   _____

20. What are the four divisions of staff in the IT department of mp3.com.au?

   _____

   _____

   _____

   _____

21. What does Adam mean by "back-end" and "front-end" coding?

   _____

   _____

22. Where does most of the effort go for their website? _____.

23. "Knowing how much traffic will travel through your site is a BIG challenge for online companies." Why?

   _____

   _____

24. What aspect of the website does Adam talk about to illustrate this point? _____

25. How does the business currently make money?

   _____

26. Two issues are a key to the ongoing success of the business. What are they?

   1._____

   2._____

Suggested Answers to Questions:

Ford

1. "E-commerce isn't just about the Internet, it's about all ways of doing business – electronically."
2. Because you might get "told off by the salesperson". (Psychologically, there's less pressure to buy when you don't need to talk to a salesperson face to face.)
3. That 73% of potential car buyers start online
4. Give a lot, take a little.
5. Shopping & awareness → purchasing → ownership
6. 1. receiving information about potential buyers (for test-drives & quotes)
   2. B-to-B communication with head office
7. No

Coronet

8. Designing & manufacturing clothing for the hospitality & service industries
9. They set up their basic website.
10. The 'web experience' must be good. Online ordering must be easy for the customer to use.
11. Enterprise Resource Planning
12. Connect in directly with their ERP.
13. One.
14. Small – a regular PC lies at its heart.
15. benefits:
    • easy communication with customers
    • improves supply chain management (B to B)
    • VPN lets staff access LAN off-site
16. Virtual Private Network – allows staff to log in to their own computer from a remote location as if they were there at work.
17. IT is just another tool.

MP3.com.au

18. The possibility of promoting their work around the world.
19. Artist, public, administration
20. 4 divisions:
    • project direction and management,
    • documentation, including
    - requirements documentation, and
    - design documentation,
    • the implementation and testing staff, and finally
    • support staff, which makes up over half of the IT staff
21. Front-end – what users see, the pretty images, pictures, graphics and sounds
    Back-end – the software behind it all the manage everything efficiently
22. Back-end.
23. Designing a system too small means it collapses (bridge analogy)
    Designing a system too big costs too much, and can cause huge financial losses if traffic never arrives
24. Music charts
25. Selling mp3 hardware and advertising space
26. Two key issues:
    1. the 'position' mp3 have put themselves in the music-distribution market-place
    2. balancing the interests of all stakeholders