

# Best Practices of the **TOP 1To1 Web Sites**

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ONE TO ONE  
**on line**

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One to One Online

# Best Practices of the Top One to One Web Sites

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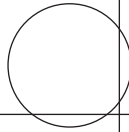
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**One to One Online**

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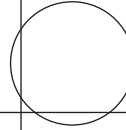
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# Executive Summary



## Background

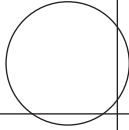
The growth of business on the Internet is certainly staggering, with an estimated 65 million users in the United States, alone – a number that's expected to double by 2001. 61% of U.S. households now have Internet access, according to a Peppers and Rogers survey that also showed that almost half of adult Americans bought something on the Internet in the first half of 2000. Latest estimates for retail spending on the Internet project \$37 billion in the United States in 2000. These numbers are still puny next to the vast business-to-business e-commerce market. Gartner Group predicts there will be over \$400 billion in B2B e-commerce worldwide in 2000, with nearly vertical growth to come in the next three years.

With these kinds of dollars at stake, it is startling to see that businesses still are losing from 15% to 35% of their customers annually, usually due to poor sales or service interactions (Forum Corp.). Cutting defections by just 5% has been estimated to boost profits by over 25%, and even more if the best customers are identified and retained (Harvard Business Review). An Andersen Consulting study shows that high-tech firms can boost profits 13% by improving their Customer Relationship Management (CRM) capabilities.

Not only are the stakes high, and the revenue and profit boosts from paying attention to the customer strong, but the Internet provides opportunities to strengthen customer relationships that never existed before. The Web allows companies to engage customers in a dialog, facilitating users to be explicit about both their preferences and their personal or company profiles. It also allows e-merchants to track and mine data on customer behavior in order to predict needs better than ever before. It is natural then, that many companies have invested in the technologies and skills to advance one-to-one marketing and CRM on the Web.

## Scope of the Study

*One to One Online* examines in detail what the leading one-to-one Web marketers are doing today. Starting with over 400 sites chosen from nominations by CRM experts and published research, the study first selected 64 sites in 10 industry segments that showed good one-to-one features. These 64 sites underwent an extensive audit, in which they were scored on a battery of more than 50 questions related to 32 capabilities. Results from the questionnaire were used to determine the "Top 25 One-to-One Web sites." Note: while one-to-one features are critical to a successful Internet presence, they do not make up for poor fulfillment, poor



## Executive Summary

customer relationship management or poor service in the offline world. *One to One Online* does not endorse its 25 "winners" as necessarily being the best providers of these key business functions.

## Topical Coverage

The report analyzes one-to-one marketing practices on the Web from five perspectives:

- Explains the meaning and value of each of the one-to-one capabilities reported;
- Provides examples of best practices in each of the capabilities;
- Evaluates progress in each capability statistically, vs. previous editions of the report;
- Examines one-to-one strengths and weaknesses in each of the industries studied; and
- Explains how the 25 "winners" excel at one-to-one marketing.

The study examines one-to-one marketing using the proven Peppers and Rogers Group IDIC framework: Identify customers uniquely, Differentiate them by value and needs,

Interact with them effectively and individually, and Customize the enterprise's behavior (products, information, appearance, etc.) based on the previous interactions.

The 10 industries studied are:

- Entertainment (formerly called Books/Music/Video; e.g., CDNow)
- Apparel/Accessories (e.g., Eddie Bauer)
- Auto manufacturers and service sites (e.g., Audi, MyCarPage)
- Department Stores, online mega-malls (e.g., Nordstrom, Yahoo! Shopping)
- Drugstores/Vitamins (e.g., PlanetRx)
- Financial Services (e.g., Ameritrade)
- Gifting (e.g., Godiva)
- Home and Garden (e.g., Garden)
- Office Supplies (e.g., Staples.com)
- Travel (e.g., Biztravel)

### **New features in this edition.**

Readers of past editions of this report will notice several new enhancements:

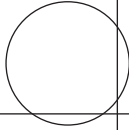
- Interviews with numerous leading Web site executives and vendors, detailing strategies and practices behind the recorded one-to-one capabilities.
- Several in-depth profiles of best-practice one-to-one Web sites in various industries.
- Chapter Five examines the current trends and issues confronting one-to-one on the Internet in the Business-to-Business (B2B) sector.
- Chapter Six categorizes the non-commercial Internet "Content/Community" segment into four basic types of sites and explains how all four depend on one-to-one techniques.
- An additional framework based on the IDIC framework of one-to-one Web capabilities. The new framework shows how each capability helps an e-merchant "Get, Keep or Grow" its customers.
- A series of "Closer Look at..." studies of important one-to-one related issues, including:
  - Privacy
  - Security of online personal data
  - Data storage
  - Data accuracy
  - Data mining
  - Online loyalty programs
  - The future of the Wireless Web

### **Summary of Key Findings**

- Sites reviewed showed significant improvement in the provision of many one-to-one capabilities. In the IDIC framework, these improvements include:

#### **Identifying Customers**

- Registration Enticements: Eight methods used by top one-to-one sites. Increase in number of enticements offered per site relates to growing understanding of importance of customer identification.
- Strong Privacy Statements: Prominence of privacy statements has greatly increased, and clarity of policies is much improved from early 2000.
  - E-tailers show fast response to public concern over the privacy issue.
  - Drugstore segment leads, while Auto and Entertainment lag.



## Executive Summary

- Little progress in ability to link individuals into related groups of buyers in the B2C segments.
  - B2B sites see and use the capability to better advantage.
- Brick-and-mortar companies still find integrating offline and online databases a difficult feat.
  - Financial services segment is the exception. FS firms must and do integrate all data across distribution channels.

### **Differentiating Customers**

- **Customer Preference Collection:** More sites are trying to collect user preferences. Travel, Home and Garden and Entertainment segments do the most, while Gifting, Apparel and Office Supplies do the least.
- **Organization by User Need:** It's a critical feature that drives deep into the organizational structure, or in this context, Web site structure. Significantly more sites offer users the ability to determine how they want to access and store content. Department Stores, Drugstores, and Home and Garden segments show this capability best. Gifting segment oddly lags.
- Increase in sites that "pre-fill" data for customers.
- Allowing users to create multiple profiles for different users within a single account, and recognizing the same individual with different business and personal profiles are advanced profiling capabilities that only a few sites offered.
  - Office Supplies, Travel and Drugstore segments, alone, display this functionality.
- Service enhancements for Most Valuable Customers have not caught on widely.
  - Many sites cannot yet identify their MVCs online.
  - Financial Services sites lead, related to their ability to integrate offline and online data.

### Interacting with customers

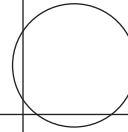
- Best email response (speed and quality), came from Drugstore and Apparel segments.
  - Worst response was provided by Entertainment.
- Many more sites offer extensive online order tracking than in previous reports.
- "One-click" ordering capability also has proliferated suddenly, even outside the Entertainment segment.
- More sites provided search engines that were more accurate in finding the right products or answers, and were more fault-tolerant to user uncertainty or error.
- This report tracked ease of product return for the first time:
  - Department stores and Apparel sites make it easiest.
  - Gifting sites are the poorest.
- More sites display community-building features:
  - Drugstores and Home and Garden score high;
  - Most opportunity remains for Travel and Entertainment segments in this capability.

### Customizing for customers

- Many more sites display online order histories than in early 2000:
  - Only Apparel sites lag significantly.
- Personalized "wish lists" are another convenience-oriented one-to-one feature that grew markedly from the previous edition:
  - Gifting sites trailed, strangely, in this capability.
- Significant progress has been made in the "clicks and bricks" capability to order online and return product to a store.
  - Ability to pick up at the store is more difficult to set up, and is seldom available as an option.
  - Other "click and brick" features, such as in-store kiosks, are rare but growing.



# Introduction



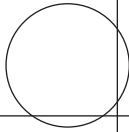
The Internet is changing the distribution structure of every business in the world. The world has become a 24-by-7 market for browsing, comparison shopping, asking questions and getting after-sales support. Despite the recent stock troubles of pure play e-commerce companies, no business doubts that the Web is in its future. The pure-plays have had to spend exorbitantly to build brand awareness, and cut prices because shoppers in the one channel where they operate – the Web – have come to expect it. Thus, their customer acquisition costs have been high and their payback slower. The fact that some weaker pure-play e-commerce sites have lately failed cannot be used to proclaim the entire market terminally ill. The United States never did need six nearly identical online pet supply stores. Yet the survivors two years hence should reap the rewards, whether pure plays or “click-and-brick” firms.

**How fast is e-commerce growing?** Can one-to-one marketing ramp it up? While estimates and opinions vary, we are in a better position today than one year ago to judge the impact of the forces unleashed by “the new economy.”

A recent AC Nielsen survey of 40,000 Americans found that 64% have used the Internet in the past year, and 31% go online every day. The Strategis Group counts 46 million out of 105 million American households with Internet access today. Half of these explorers have purchased items on the Net. Harris Interactive reports that in Q1 2000 U.S. consumers spent \$7 billion online, and eMarketer estimates \$37 billion in U.S. retail sales by year-end and \$127 billion in B2B sales. Moreover, Jupiter Communications estimates that for every dollar actually spent on the Web, another \$8 is spent offline after shopping research was done online. The United States accounts for 69% of total e-commerce dollars today, but eMarketer estimates the lead will dwindle to 59% by 2003. IDC’s estimates are similar.

One recent survey purported to show a drop-off in online shopping this year. The numbers in the survey do not jibe with generally accepted first-quarter sales reports that show the expected post-holiday drop-off in Internet commerce did not happen. The same pessimistic survey showed numbers for U.S. households with Internet access that were far smaller than all other statistics available.

For all the bucks spent by consumers online, e-commerce still accounts for at most 15% of total retail spending, according to Ernst & Young and others’ studies. But some categories have strong online spending. Travel services leads all segments for online spending by a wide margin, accounting for fully one-third of all U.S. retail e-commerce in 2000. Books/music/video and brokerage are among other strong online segments.



## Introduction

The online gender gap continues to close. New statistics from Bizrate.com show women placed 46% of online orders in the first quarter of 2000, up from 30% one year before.

**Why do they shop or decline to shop online?** The Nielsen survey reported that saving money and convenience-related facets, such as shopping anytime, home delivery and wide assortment, are the biggest reasons for consumer Web shopping. A very revealing number came out of Mother's Day gifting research by Andersen Consulting. Nearly half (43%) of Internet users are uncomfortable buying gifts from pure-play e-tailers. Only 1% of 3,200 Internet users prefer shopping with the pure-plays, while 36% definitely prefer click-and-brick providers. Reasons include the ease of making returns (79%), familiarity with product quality (75%), and comfort with brand name (69%). Regardless of the type of retailer, ease of finding a gift, ordering it and getting a guaranteed delivery date ranked very high with online shoppers, who spent more than \$189 million buying gifts for mom on the Web, up from only \$14 million in 1999.

Are consumers happy shopping on the Web? By and large, yes, but even for experienced Web shoppers, problems abound. A survey by the Software & Information Industry Association (SIIA) found that even among online "veterans," 8% of transactions were abandoned. SIIA found that 25% of would-be buyers had questions about products or processes, and 23% of these could not find a customer-service link or FAQ page to answer them. Overall, 42% felt they did not receive an adequate answer! 17% of all the shoppers had some trouble that was not resolved. Another study, by Boston Consulting Group (BCG), found a much greater depth of problems with online shopping. In its survey of 12,000 consumers in the United States and Canada, 80% of online buyers experienced at least one failed attempt over the prior 12 months, and 28% of all attempted purchases failed! The failures resulted from difficulties in finding a product that either was promoted or available in the store or catalog, technical problems with the site or delivery problems after the sale. The frightening implication for e-tailers comes from the reaction to these events. 23% of the BCG study's shoppers said they have stopped purchasing at the site in question, and 6% have stopped patronizing the retailer's physical store, as well!

**Why one-to-one online?** Online customer satisfaction is very important to sales growth. The BCG study's shoppers with "satisfying" first-time experiences completed 12 transactions and spent \$500 in one year. Those with dissatisfying initial experiences averaged only four purchases and \$140 in spending in the year after. In other words, customer-retention pays off. A recent McKinsey & Co. study shows that the average new customer spends \$24.50 at a given Web site in his first three months as a shopper. The average repeat customer spends \$52.50 every three months.

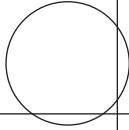
The one-to-one techniques described in this report will help you build a Web site that customers want to return to. But your site has to function to basic performance standards:

- Pages should load in eight seconds or less, especially in holiday traffic.
- You need to perform load-balancing tests to see what your breaking point is.
- You need to protect not only the transmission of transactional data, but the server the data is stored within. (See Chapter One: Strong Protection of Data, for more on this.)

**What's new in this issue?** We have made some significant changes to the report. We have moved away from evaluating most Business-to-Business (B2B) sites for inclusion in the Top 25 one-to-one sites because their essential one-to-one capabilities cannot be tested easily. Integration of their e-commerce engines with customers' purchasing or even Enterprise Resource Planning (ERP) systems is an important ingredient of how B2B sites work. The research staff for *One to One Online* cannot test how these sites work with SAP, Baan, Oracle or Hyperion systems.

Instead, *we have devoted a chapter to the study of trends in B2B on the Web*, augmented by in-depth interviews with leading practitioners. In addition, we have chosen the Office supply segment for inclusion in the regular survey and selection of winning one-to-one sites. Taking the point of view of a small business, we became customers of six leading online Office supply firms. Results of our one-to-one testing are reported in Chapter 7, along with those of the consumer segments.

We also believe that non-revenue-generating sites cannot be evaluated in the same manner as e-commerce sites. The sites we previously have included in Community/Content do a great job at personalizing the user experience. By their



## Introduction

nature, they allow users to customize the information or entertainment they receive, as well as the experience of how they receive it. Rather than putting sites like AnyDay.com in the same pool to compete with Delta Airlines for a spot in the top 25 one-to-one sites, *we have featured community/content sites in their own chapter*. We explain what makes these sites exciting from a one-to-one perspective, and provide a couple of in-depth profiles of sites we think set great one-to-one examples.

Other significant new features include the following:

- Special sections, called “A Closer Look at...” on topics of importance, such as privacy, data collection, data cleansing, data analysis, online loyalty programs, the wireless Web and Internet data-security techniques;
- Behind-the-scenes interviews with numerous Web site executives and Internet vendors into appropriate capability descriptions and profiles;
- “Customer testing”- became repeat customers at each site in order to test various capabilities first-hand – especially their ability to mine transaction data to make recommendations;
- Regrouped industry segments in the analysis – we now have 10 e-commerce segments in the report, along with the two special chapters described above;
- Evaluated more *international* sites in both the first and the final selection phases. (We wish to thank our London and South African offices for their help.)
- Modified our capabilities framework, adding four new one-to-one capabilities and removing two;
- Additionally, have translated the capabilities from our Identify/Differentiate/Interact/Customize framework into a framework called “Get/Keep/Grow” to show the direct relevance of the IDIC capabilities to marketing goals. (See Appendix B.)

The Executive Summary lists our key findings, but one is worth a special note here. Our 64 semifinalist sites have improved significantly with regard to their privacy policies over the 65 reviewed early this year for our previous edition. (There is some overlap of sites.) The sites made access to their policies more prominent, and also clarified considerably what their actual practices are. The glare of publicity on privacy this past spring and summer seems to have awakened the sites to its importance. They have responded, and while not perfect yet, the response is very encouraging.

By reading this report, you will learn:

- what features your Web site can adopt to become more one-to-one;
- the techniques used by some of the leading sites to implement these capabilities;
- issues behind the technologies that will affect your ability to implement one-to-one techniques today and in the near future.

You may nominate a site for consideration in future editions of *One to One Online*, as well as perform a self-assessment of your site vs. others in your industry by visiting the Peppers and Rogers Web site at [www.1to1.com](http://www.1to1.com). We also welcome your feedback and suggestions. Happy reading.

Jonathan Brookner  
Director, One to One Research



# Methodology

## Methodology

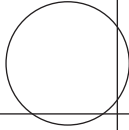
We continually update our methodology so that we can capture advances made in one-to-one marketing on the Web. We have continued to use Peppers and Rogers Group's IDIC framework in this edition. This framework is based on the concepts of 1) Identifying your customers; then 2) Differentiating them by value or needs; 3) Interacting with them in user-friendly, personalized ways; and 4) Customizing any interactions (not just transactions), so as to tailor them to user preferences and needs. In this edition, we have built upon the 30 capabilities used in *State of One to One Online, 1.2*, all falling within the four IDIC categories. We have now identified and described 32 capabilities used by the best one-to-one Web sites.

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Level	Identify	Differentiate	Interact	Customize
<b>Best of Breed</b>	Group Linkages  Online/ Offline data integration	Differentiated levels of customer service  Use of matching engine  Use of golden questions	Real-time online support (Live chat, collaborative browsing)  Alternative means of push communications	Integration of online and offline stores (Clicks and Bricks)  Automatic Replenishment  Personalized product recommendations
<b>Advanced</b>	Strong protection of data  Third party privacy protections	Pre-filling of data  Detailed customer profiling	Drip irrigation questioning  Online order tracking  One-click ordering  Provide a sense of community	Integration with Partners  Personalized wish lists  Online product configuration
<b>Basic</b>	Disclosure of privacy policy  Recognition of returning visitors  Registration enticements	Customer preference collection  Site organization by need	Ease of Return  Search engine functionality  Effective e-service response (email and call back feature)	Customizable Web experience  Multiple billing/ shipping options  Order history

TABLE 1

Another way of looking at the one-to-one online capabilities discussed in this book is to examine how they can be used directly to acquire, keep and grow customers. We have mapped over to the IDIC framework in Table 1 to a "Get, Keep, Grow" framework. Please see Appendix B.



## Methodology

We began the study by looking at more than 400 sites. These were chosen by various means: 1) recommendations from current *One to One Online* subscribers; readers of our free, weekly electronic newsletter, *INSIDE 1to1®*; and other “friends” of Peppers and Rogers Group; 2) news articles and trade publications about best practices in Web sites; 3) personal knowledge of Web sites that exhibit at least some one-to-one capabilities very well.

From there, we filtered the 400 sites to 64 by checking for one-to-one capabilities that we could observe without becoming customers. The 64 underwent an extensive audit, in which they were scored on a battery of more than 50 questions related to the 32 capabilities. We became customers at these sites. Results from our questionnaire, were used to determine the sites that made our “Top 25.” These “winners” are profiled in Chapter 7. The other 39 sites are not “losers;” they are semifinalists, if you will, from our initial list of more than 400.

The 64 sites were divided into 10 industry sets:

- Apparel/accessories (e.g., L.L. Bean, Altrec.com)
- Automotive services/manufacturers(e.g., MyCarPage.com, Audi)
- Department stores, online mega-malls (e.g., Nordstrom, Yahoo! Shopping)
- Drugstores/vitamins (e.g., PlanetRx)
- Entertainment, formerly Books/Music/Video (e.g., CDNow)
- Financial services (e.g., Ameritrade)
- Gifting (e.g., Godiva)
- Home and garden (e.g., Garden)
- Office supplies (e.g., Staples.com)
- Travel (e.g., Biztravel)

We rated neither Business to Business sites (other than in Office supplies), nor community/content (e.g., AnyDay.com) in this edition for reasons given in the Introduction.

*All site selections for this report were made without regard to any client or strategic partner relationships with Peppers and Rogers Group.*

# Identifying Customers

# 1

## Chapter One

The biggest cost of doing consumer business on the Internet is acquiring customers. Shop.org and Boston Consulting Group report that the average Net pure play spent \$82 to acquire each new customer in 1999, up from \$42 in 1998, much of it due to offline advertising. The same sources say that clicks-and-bricks companies spend \$12 to get offline customers to buy online. If companies spend so much to get customers, it makes sense to learn who they are and try to retain them.

Repeat customers spend more per purchase than new customers, and without repeat purchases, acquisition costs will never be recovered. Bain & Company research shows that a third-year repeat customer in apparel will buy 67% more overall than a first-year customer. In addition, after ten purchases, each apparel shopper will have referred seven other shoppers to the site.

Yet on average, while 55% of e-commerce marketing dollars are spent on acquiring customers, and 33% on brand awareness, only 12% is spent on customer retention.

For the growing number of e-tailers concerned with doing something to retain customers, the first step is to identify who the customers are: by name, by explicitly submitted profile or by anonymous “metatag” (a label that “sticks” to your computer’s browser and allows much information to be stored about you, typically stripped of personal identifiers). Only then can e-tailers begin to treat customers differently.

Web sites learn about their visitors passively as well as actively. There are issues surrounding passive data collection: the anonymity of the individual versus the possible invasion of privacy caused by use of digital signatures, click stream data, and third-party data sources. Many vendors and Web sites managers feel that the best data is behavioral data. They say that when users state preferences, they forget or obscure important facts about themselves that their behavior on the Web reveals. Thus “revealed preferences” are more accurate than stated ones. Whether this view is correct or not, the best way to begin a relationship is to get the person you like to talk to you. “Personalizing” content for users who have not registered or announced themselves on your Web site may be effective in turning visitors into buyers if done subtly, but it can also come across like stalking your beloved. As soon as possible, you want the customer to open a dialog with you. Here is a list of some capabilities that encourage visitors to tell you who they are, or help you figure out that you already knew them.

### Basic:

- Registration Enticements
- Recognition of Returning Visitors
- Disclosure of Privacy Policy

### Advanced

- Third-Party Privacy Protections
- Strong Protection of Data

### Best of Breed

- Online/Offline Data Integration
- Group Linkages

## Registration Enticements

Visitors need to be convinced that there is a reason to give you information about themselves. If you can show them the “benefits of membership,” you have a much greater chance of having them start the conversation. *One to One Online*’s survey of Web sites shows an advance since the previous edition’s January poll. Even more sites are extolling better features and customized features for their registered users. Discounts and contests are also on the upswing. We noted a significant number of membership benefits pages this time. Testimonials from other customers are now also common enough to merit a tracking line. The only enticement actually less often used is free prizes, which shows a growing sophistication on the part of either the sites or the users. Perhaps it is a sign that the Web is maturing.

Methods of enticement to register

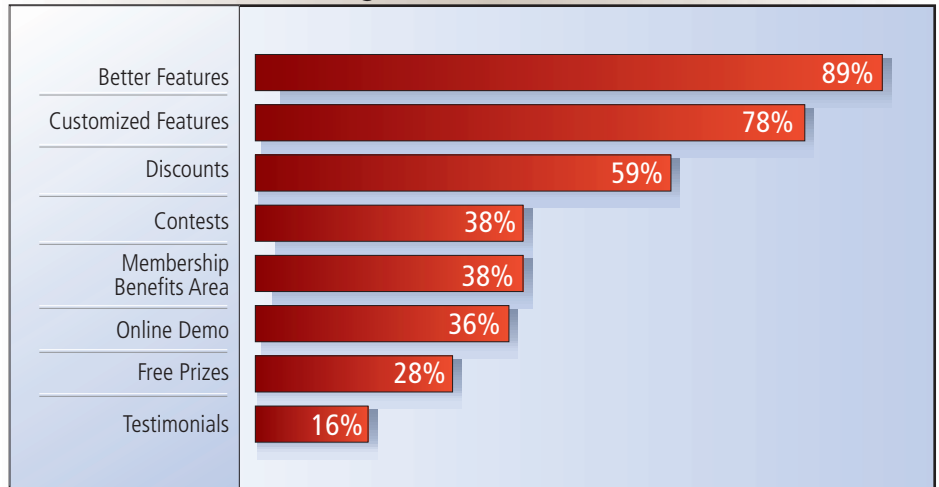


CHART 1

**EXAMPLE: 1-800-FLOWERS.COM**

1-800-FLOWERS.COM offers a variety of means to entice visitors to become registered users. In the right-hand corner of the home page are prominent links to a welcome message from the president of the company, a membership benefits area explaining the various services available to registered customers, customer testimonials, and an area outlining the additional perks users receive by joining 1-800-FLOWERS.COM.

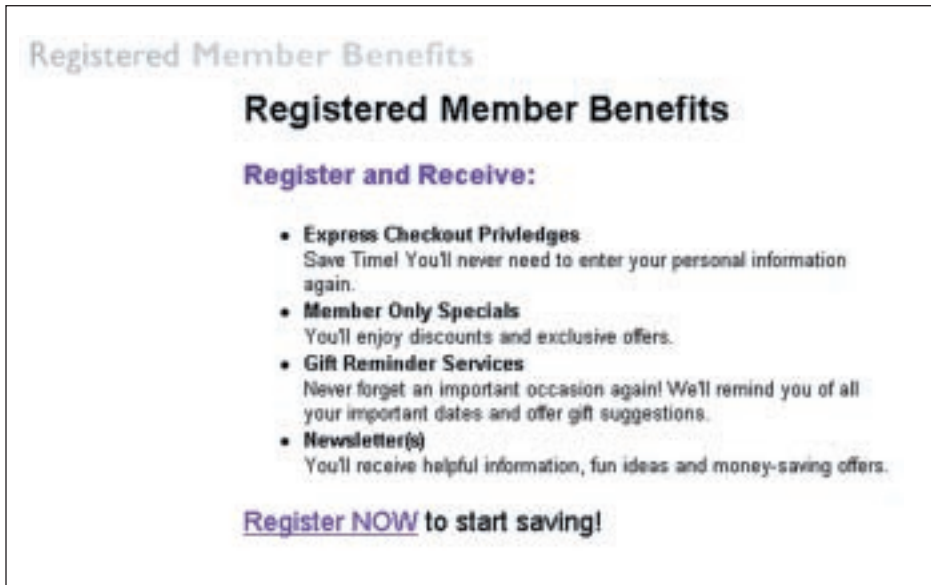


FIGURE 1

**EXAMPLE: E\*TRADE**

E\*TRADE is another site that effectively makes use of registration enticements. Aside from occasionally offering discounts and special promotions, the site provides visitors with an online tour highlighting its features - complete with screenshots. For visitors who are not yet ready to open a customer account, E\*TRADE allows them to sign up for membership. Membership allows prospective customers to use many - although not all - of E\*TRADE's features.

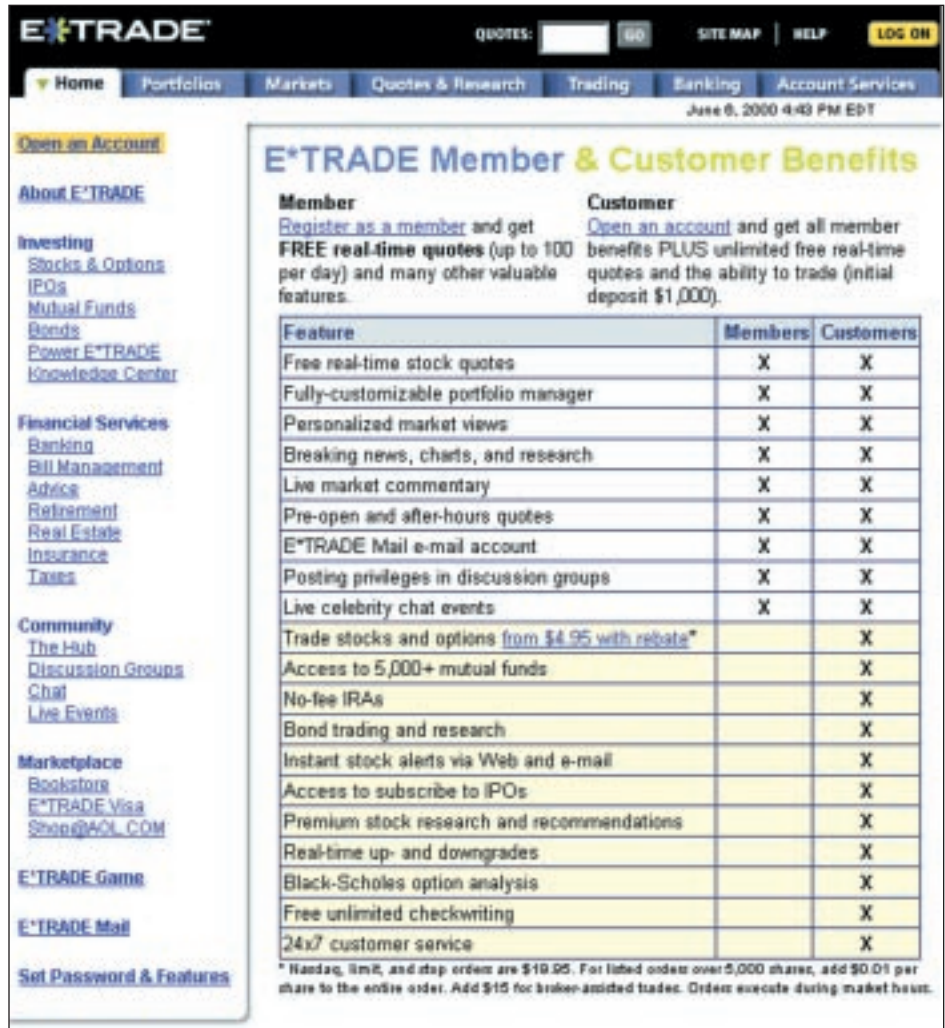


FIGURE 2

## Recognition of Returning Visitors

Displaying a “Howdy Billy” or “Welcome back Bubba” line at the top of the home page may give one Washington executive a warm feeling, but *One to One Online* thinks it is time to raise the stakes for Web sites. Planting a cookie to allow the site to remember who the user is serves the site more than the user, until proven otherwise. But the site can assist the user beyond a greeting. Some sites allow the customers to decide whether they want the site to use the cookie to pre-fill their user name for automatic login. In addition, using information for customers, sites should keep visitors informed throughout their session whether they

are currently logged in (past the password point) by giving a message on each page. This feature is of particular use for customers in a work or school setting where access to their computers isn't 100% private. Interestingly, both remembering your user name and telling you whether you are currently logged in are features that vary wildly across industries, and with no consistency between the two capabilities.

### Some sites remember user name & password

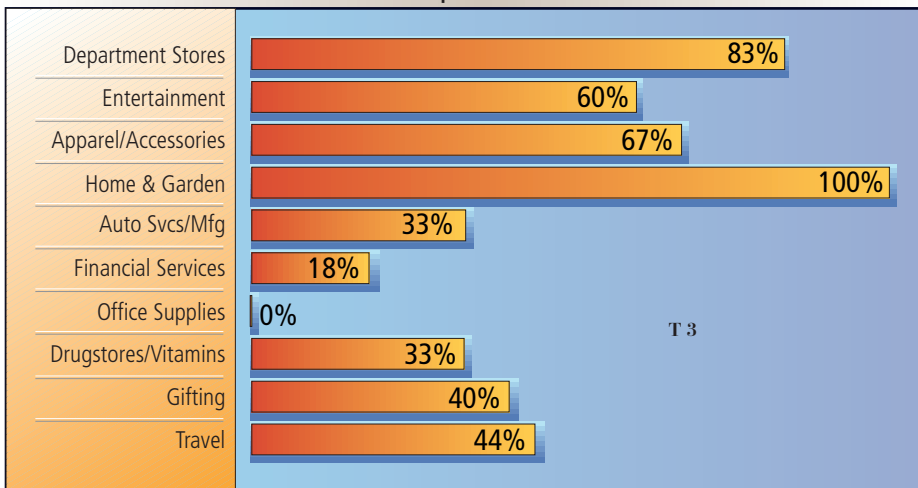
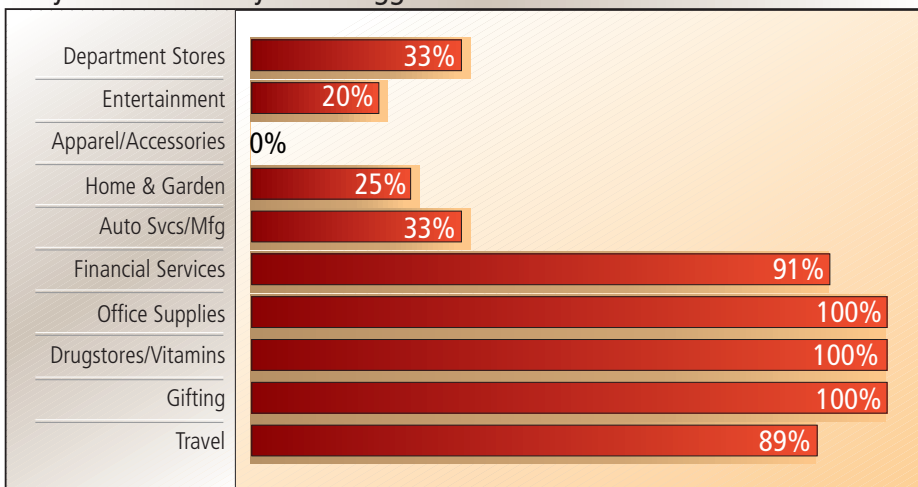


CHART 2

### Do you know when you are logged in?



CHAR

**EXAMPLE: FURNITURE.COM**

Furniture.com, one of the leading e-tailers of furniture and home accessories, excels at recognizing returning customers. The site repeatedly displays the customer's name throughout the site. In the area of the site shown below, the user's name is clearly listed twice – in the main heading and even in the link.

Accessories Selections		Item	Price	Qty	Ordering
You might like...		<b>Raffaello Bud Vase (Right) by Design Advantage</b>	Regular Price \$30.00 Sale Price* <b>\$30.40</b>	1	<b>Sale!</b> Add to Order
Finish: Crystal Material: Crystal		3"W x 3"L x 10"H Shipped Free Via UPS Product ID: 38824	Total \$30.40 *20% off through 6/13/08 <input type="checkbox"/> Remove this item		

FIGURE 3

## Disclosure of Privacy Policy

Privacy standards for the Internet are still evolving. One set that the FTC and some legislators are attempting to adopt has four components:

- notice of what information is collected and how it may be used or disclosed;
- opt-in consent to collect and use personally identifiable information;
- “reasonable” access to personal information, along with the ability to correct it;
- security procedures to protect the confidentiality of personal information.

Methods of data collection now enable sites to collect, store and use individual data that has been stripped of the identifiers that point to a person. Certainly, these metatags can be used to bring the relevant content and offers to the right users, but by definition the interaction will not be “personalized.” These guidelines, if adopted, would force opt-in permission marketing for a personalized

experience. A recent FTC survey of American Web sites found that about 20% already practice all four principles listed above. The European Union mandates a high Internet standard of privacy for all European sites.

We evaluated the *notice* of privacy policy from two points of view. One was simply how easy it was to find it:

- how prominent the link was;
- how many clicks deep it was buried;
- whether there was a link from every page.

The other factor was how *clearly* the true practices are stated. Is the policy meant to be read by users or only their lawyers? The FTC survey found that 88% of Web sites publish a privacy policy of some sort. All of our American one-to-one semifinalist sites did. A separate issue is the actual content of the policies and the security afforded the data. These are discussed below under “Strong Protection of Data.”

Probably due to the firestorm of publicity over Internet privacy, many more sites in our survey are prominently displaying their policies, compared with the number that did so at the beginning of the year. Entertainment sites (formerly called Books/Music/Video), shot up from a 2.5 to a 3.2 (out of a possible 5), in our scoring of the three components of prominence. One laggard is the Office Supplies segment, reflecting a similar weakness in “Business services” from our last edition. Presumably, consumer-oriented sites feel the most at peril from current initiatives by privacy advocacy groups and the government. A less understandable low score came in the Financial services industry. Even discounting for the British banks’ EU privacy cloak, this segment scored lower than any other

#### Prominence of privacy policy

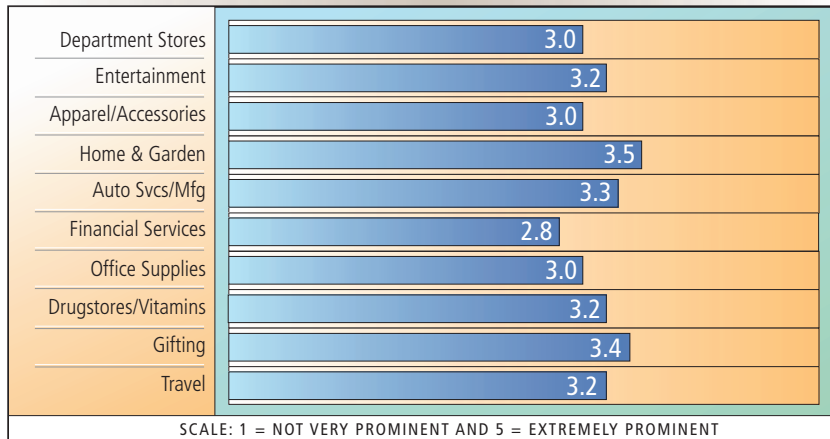


CHART 4

segment in making its privacy policies visible. Once you have found the right Web page, our 64 semifinalists generally scored well in *clarifying* what they do and don't do with user data. Again, we saw notable improvement since January in making sure that users who click onto the privacy policy pages do not have to be lawyers to understand them. Health-related sites scored very highly. These sites are very concerned about simulating the doctor-patient confidentiality environment.

USAA

[About USAA](#) | [Eligibility](#) | [Employment Opportunities](#) [MEMBER ACCESS](#)

---

[To Return](#) ▼

### USAA's Internet Privacy Statement

**USAA is concerned about the privacy of our members and the confidentiality of their information.** The intent of this privacy statement is to clarify our efforts and activities in this area as it relates to Internet privacy.

Some key points:

- We identify and track the single, previous URL visitors have come from when accessing our site. This information is used to help us better understand our members' needs and improve [usaa.com](#).
- We store a cookie -- a tiny text file -- on the member's system when he or she accesses the Member Services section of [usaa.com](#). The cookie is required in order to establish and maintain a secure session so members can request data and conduct business transactions. Our cookie is only valid during a single connection to the [usaa.com](#) servers and is not used to track member activity after leaving the web site.
- We request specific member information, such as member number, social security number, and PIN (Personal Identification Number). This information is used to verify member identity, provide access to the web site and its transactions, and determine specific member data to make available.
- We collect site aggregate and member-specific information on the pages accessed in the web site. We also collect information volunteered by our members through surveys and electronic forms. Again, this information is used to improve the content of [usaa.com](#), as well as our products and services.
- We do not compile, buy, sell, rent or trade mailing lists of our members to organizations outside the USAA family of companies.

Please send comments or questions regarding this Internet policy statement, or other issues surrounding USAA's web site, to:

USAA  
Attn: Internet Program Control  
9800 Fredericksburg Road  
San Antonio, TX 78288

[Back to Member Access](#)

FIGURE 4

**EXAMPLE: USAA**

USAA's privacy policy is short, sweet, and gets directly to the point. The site clearly states that no personal information will be shared or sold. The site also briefly explains why certain information is needed from customers and what this information is used for. In addition, the site explains what cookies are and why they are used in the site. All of this information is presented in concise bullet-point format.

A Closer Look at...

## Privacy of Data

No discussion of customer information would be complete without a look into the increasingly controversial world of data privacy. It's no surprise to anyone who has worked to create lasting one-to-one relationships that a key to success is a customer's willingness to tell you how he likes to be treated and what his ongoing needs from your company are likely to be. Traditional marketing has relied on demographic and psychographic information to draw behavioral conclusions about segments of customers that sometimes hit the mark and sometimes don't. Many direct-mail campaigns are mostly a numbers game based on the notion that if you blanket a segment of customers with an offer, you'll attract enough of a response to turn a profit.

As one moves closer to satisfying individual customer needs, the need for more and more individualized preferences and information becomes necessary. In the days when personal relationships were developed in mom-and-pop stores, getting that information required trust, but for the most part there was a willingness to share. As we try to create these personal relationships online, the information that once was kept in the grocer's head now becomes digitized and easily available across an enterprise – and sometimes between enterprises. Now that's a different story.

**Customer trust is the foundation:**

Or is it. Trust is still at the heart of the relationship. The starting point for that trust on most Web sites lies in the privacy policy that it publishes. According to a study conducted by Enonymous.com, 63% of sites surveyed publish a privacy policy, and the most recent FTC survey found 80%. As recently as 1998, the FTC found that only 2% of sites provided any sort of policy at all.

While publishing a policy is a good first step, the need for disclosure and reassurance doesn't stop there. At each stage in which a company hopes to gather a bit more information, the customer should be given an incentive, or, at the very least, an explanation as to how providing this information will benefit his relationship with the company. So, for example, when a company requires the customer to enter billing information, it might explain that it is necessary in order for verification with the customer's credit card company. Likewise, if certain information such as birth date or favorite color preference is requested, the site would do well to explain how this information is going to be used to authenticate the user, or to help tailor the company's services and Web site to better meet the customer's needs.

One other way to build customer trust is to give users control over what happens to their information. So, for

example, if your site plans to use a customer's product purchasing history to serve targeted content, enable the user to tell you which product purchases are the ones she'd like you to use and which aren't. Perhaps, enable her to turn off the feature altogether when she is shopping for a gift, rather than making a personal purchase. Another way to give users even more control – and you a higher chance for accurate information – is to enable customers to change the information you've been collecting. Sites that show full order history or profile data might allow users to edit for purposes of future personalization. (This extreme solution would not apply well to click stream data, of course.)

As with relationships in the offline world, trust begins by open sharing and a mindset that both parties are committed to the relationship for the long haul. Anything that your company can do to convey a commitment to an open, collaborative relationship will go a long way to helping customers overcome any hurdles they may have about sharing information with you.

**The FTC and some members of Congress want to make it a law:**

The Federal Trade Commission (FTC) has recently released its "Third Annual Congressional Report" on privacy. Based on the findings of a recent survey of hundreds of leading sites, the commission is recommending that Congress pass a law that mandates that companies comply with basic privacy principles. The study showed that 42% of the 90 most popular Web sites adhere to the FTC's principles of "notice, choice, access and security." These principles require:

1. "clear and conspicuous" privacy notices;
2. choice as to how personal information is used;
3. "reasonable" consumer access to personal information collected online; and
4. "reasonable steps" to secure the personal information collected.

**Third-Party Data:**

As companies look for better ways to meet customers' needs without requiring customers to fill out endless profiles, third-party data providers are stepping up with solutions for augmenting a company's data with demographic data collected from other sources. This third-party data is usually collected by well-known marketing firms, such as Polk, Abacus Direct and others, and is often compiled from catalog purchases, directory information and other sources.

While direct marketers have relied on this additional information to do segmented-marketing campaigns for years, the use of this data to enhance online marketing is fairly new. (See the "Closer Look at Data Accuracy" for further information.) While the technology is there to enable a company to enhance its knowledge of specific customers with this data, most companies have yet to figure out how best to integrate third-party data with the overload they already have for useful results. Some use third-party data to "personalize" content for first-time visitors, but gradually discard it in favor of in-house data as users make repeat visits to the site. Companies like Response Logic and Angara Software alter content for first-time visitors based on algorithms used on third-party data.

One reason for the slow spread of the use of third-party data may be the controversy over consumer privacy that arose earlier this year when DoubleClick – an Internet advertising company – made a bid to purchase Abacus Direct – an offline direct-mail house. At the center of the controversy was the fact that DoubleClick – which collects information on Web users' click stream information as they surf its 11,000 client Web sites – was interested in linking these users with the information housed in Abacus' 88 million consumer listings. By doing this, DoubleClick hoped to provide its clients with behavioral data linked with consumer information that would enable clients to tailor content and promotions to individual customers.

At issue was the fact that it was unclear how DoubleClick's existing privacy policy regarding anonymity of data collected as customers surfed the Web would be affected by the addition of this new information. Privacy advocates cried foul. Beyond the merger itself being tabled, DoubleClick has made clear its own new stand on protecting consumers' privacy. In the meantime, the Federal Trade Commission has stepped up its efforts to audit the privacy practices of DoubleClick and other major Internet sites such as Yahoo! and Amazon.com.

It is too soon to tell what legislation might come in the U.S. regarding data collected implicitly either on the site, or sold by third-parties. It is clear, though, that Internet companies are responding to the concern. (See our own findings in the main text). One third-party data vendor recently said that it is critical for any company supplying such data to advocate the consumer position and educate the enterprises to whom they sell.

### Privacy Infomediaries: Giving customers control of their information

A new company, PrivaSeek Inc., has just announced a service that acts as a "privacy infomediary" for consumers' personal information. The service, called Persona ([www.persona.com](http://www.persona.com)), enables users to store information such as name, address, billing data, etc. in a secure "wallet." As they surf sites that are part of the Persona network, their personal information only will be released based on the permissions they have assigned.

Each piece of information can be assigned either a high-, medium- or low-share setting. Information marked "high" will be shared in all of the following circumstances:

- Enable completion of online purchase or registration;
- Enable on-line personalization;
- Enable sharing of information for research and development;
- Enable sharing of information for marketing and advertising;
- Enable sharing of information with third parties interested in providing valuable offers and services.

A medium setting will enable all of the above except the sharing of information with third parties. A low setting will only share the information necessary to complete registration and so that the site can provide online personalization.

The main premise of the service is that customers are the ones who should control their own information and make the decisions on how that information can and will be used. Depending on how widespread the Persona Network is, consumers may decide that, with this control, they feel freer to surf and purchase online.

## Third-Party Privacy Protections

Forty-four percent of semifinalist sites belonged to some third-party agency, generally TRUSTe, an almost identical score to our last edition. Despite much recent criticism of TRUSTe's actual ability to monitor the policies of sites covered, many companies think that its seal of approval is a positive image to present in public. Membership varied considerably by industry group, as shown in the chart below. Financial services firms generally believe that their users' trust levels must be even higher than the confidence afforded by TRUSTe and other third parties.

Member of privacy/security programs

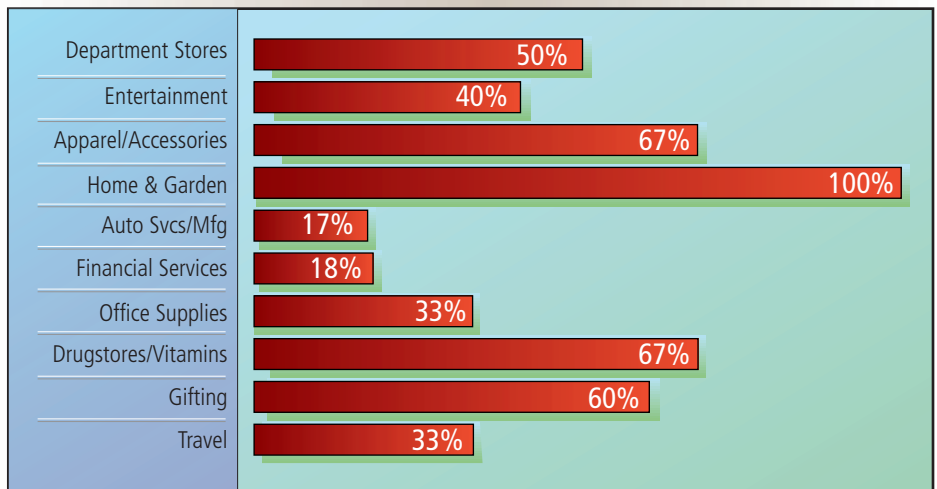


CHART 5

**EXAMPLE: ATYOUROFFICE.COM**

AtYourOffice.com, an online office supplies store, is a member of two of the leading third-party organizations committed to safeguarding privacy and security online.

**AtYourOffice.com** Software Tools for your small business **WordPerfect OFFICE**

Office Supplies Computer Supplies Printer, Copier & Fax Supplies Furniture Business Services

Search the store **Help** [Back To Help Index](#)

**Privacy Policy**

AtYourOffice is a licensee of the TRUSTe Privacy Program. This statement discloses the privacy practices for AtYourOffice.com. When you visit a Website displaying the TRUSTe trustmark, you can expect to be notified of: What personally identifiable information of yours is collected; What organization is collecting the information; How the information is used; With whom the information may be shared; What choices are available to you regarding collection, use and distribution of the information; What kind of security procedures are in place to protect the loss, misuse or alteration of information under the company's control; and How you can correct any inaccuracies in the information.

Questions regarding this statement should be [e-mailed to us](#). If the Website has not responded to your inquiry or your inquiry has not been satisfactorily addressed, please contact TRUSTe (<http://www.truste.org/users/watchdog.html>).

**YOUR Personal Information**

If you're like us, you don't want your name and personal information sold to mass marketers.

Our policy is simple: WE DO NOT REVEAL, SELL OR TRADE OUR CUSTOMERS' NAMES OR ANY OTHER PERSONAL INFORMATION TO ANYONE -- EVER.

We do use your personal information to provide you with the best shopping experience possible and we periodically send you e-mails about our specials and other information we feel might be helpful to your business -- **unless you ask us not to**.

If you would prefer **not** to receive e-mail from us, simply [let us know](#) and we will permanently remove you from our list.

When you order, we will ask you to set up "your account," which includes your name, e-mail address, billing and shipping addresses, credit card information as well as certain other information about your account. If you would like to revise the information we have in your account, you may access such information by clicking Customer Service from the navigation bar and clicking the MyOffice tab on the top of every page. When you are done updating the information, simply use the navigation bar to continue shopping or Checkout.

© 2000 PEPPERS AND ROGERS GROUP - DO NOT DUPLICATE - COPYRIGHT STRICTLY ENFORCED

FIGURE 5

## Strong Protection of Data

### Site Policies

We took several factors into account in rating a site’s actual protection of user data. First was a site’s stated policies regarding intentional sale or sharing of user data. Second were the security features in place to ensure that data is protected from unauthorized intrusion. Regarding policies, we scored sites that promise not to sell or share personal data with other firms highest. We gave a lower score to sites that allowed customers to opt out of such data-sharing. The lowest score went to sites that did not make any promises regarding selling or sharing data, or did not allow users to opt out and still use the site. We also subtracted points if the site performed e-commerce without using Secure Sockets Layer (SSL) protection. Unfortunately, very few sites made clear whether their transaction data server was secure. This is an important point; see the “Closer Look at Security of Data” below. In absence of this information, our scores reflect stated policies and SSL protection only. Again, health-related sites scored the highest in protecting confidential information.

### Keeping customer information private

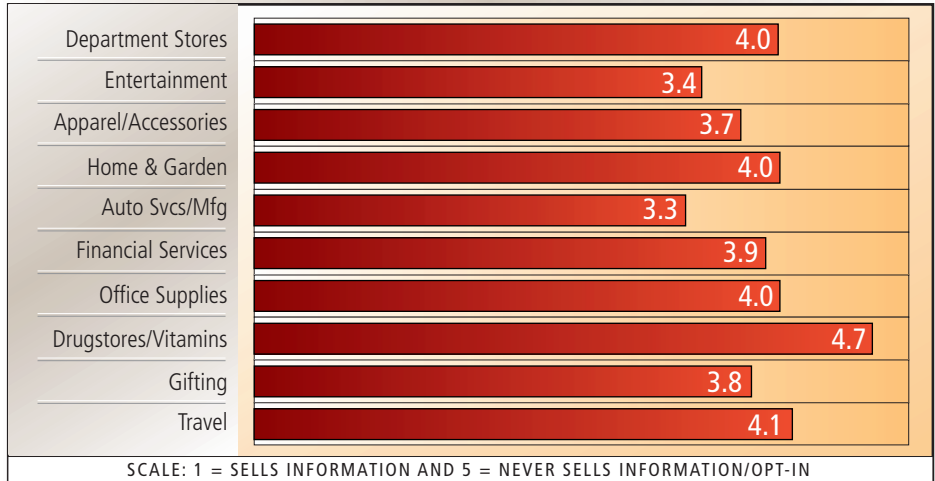


CHART 6

**EXAMPLE: SPARKS.COM**

Sparks.com, an online gifting site, performs admirably in protecting customer data. The site states that it will not sell, barter or give away a customer's personally identifying information to a third party for any reason. Personal information is only used to improve content and product offerings, and to customize the site.



FIGURE 6

A Closer Look at...

## Security of Personal Data

Concern over transaction security is keen among Web shoppers, as highlighted by a recent Cyber Dialogue survey that shows the No. 1 factor that prompts a decision to buy at a given Web site is guaranteed transaction security. Eighty-five percent of online shoppers listed it as a major reason to choose an e-commerce site. A recent Peppers and Rogers (PRG) survey of over 1,000 Americans found 96% rated security of credit card transactions as a "very important" concern. Security of transaction information is by far the biggest reason for not shopping online at all, according to the PRG survey.

According to Meridien Research, they have good reason to be concerned, but there is little they can do to ensure their safety. Credit card fraud on the Internet is rife. Estimates of fraudulent Internet credit card transactions range from 2-20%, as opposed to 0.1% at point-of-sale. It is the cyber-merchants who are by far the greatest victims of fraud. Consumer liability is generally limited to \$50 for unauthorized charges. Merchants in mail order, telephone and Internet transactions risk loss of merchandise, refund of unauthorized charges to consumers, chargeback fees of \$15 to \$25 per transaction, and the long-term threat of higher interchange rates for credit card transactions.

One-to-one relationships on the Web must be built on trust. That trust must survive the fact that interactions are primarily automated and customers and merchants usually are both faceless. E-merchants need to understand what procedures they should be taking to safeguard customer data, or customers will rightfully keep data back. Customers will not activate express checkout or use other sticky features if they fear the safety of their data in the merchant's hands.

What are the major threats? First is the generation of false card numbers that resemble genuine numbers enough to pass security checks. Sophisticated software exists to pass the checks that are generally made online. Second is use of card numbers that have been stolen the old-fashioned way.

Various methods can be used to detect false or stolen numbers. They include manual checking of suspicious orders, screening orders from free email services, IP address capture and verification, and best of all, using Address Verification Service for U.S. addresses. More effective fraud-detection methods, which use neural networks, are hindered by their complexity and cost. The downsides to all of these methods are reduction of the order flow, rejection of legitimate orders and violations of EU privacy regulations.

Most frightening is identity theft through hacking or posing as a legitimate merchant site. Consumers also can experience long-term pain if they are victims of this procedure. A Deloitte & Touche global survey found that 55% of all e-commerce Web sites have incorporated Secure Socket Layer (SSL) encryption to protect data. Sixty-one of *One to One Online's* 64 "semifinalist" sites (95%) have done so. The real threat, though, is from inadequately protected servers storing consumers' credit card data, not from the data being stolen in cyber-space as it is being transmitted from consumer to merchant or to bank. SSLs only protect data in flight. A firewall must still protect the e-merchant's transaction-data storage server from hackers. Just this year, 300,000 credit card numbers were stolen from CD Universe's server, despite their use of SSLs. In addition, SSLs do not authenticate any of the parties involved in the transaction.

An alternative solution gaining ground in Europe and Asia is "Secure Electronic Transmission" (SET). It is a protocol jointly developed by MasterCard and Visa card associations utilizing digital certificates to authenticate the card holder to the merchant, the merchant to the acquiring bank or payment processor, and the acquiring bank back to the merchant's bank and the merchant. The VeriSign software common in the United States today uses digital certificates only to authenticate communications between the merchant and the user, a more useful step for the merchant than the shopper.

The reason that SET is attractive is that the merchant's server need never hold the credit card data. The e-merchant can use the extra storage space for personal and product-related information, and more importantly, need not worry about being held liable for loss of personal credit data or losing money on fraudulent transactions. The drawback is that SET is technology-heavy to implement. In Europe, Smart Card penetration rates enable easier SET implementation. In the U.S., shoppers would have to install software on their systems. Another reason for the slow adoption rate here is that the financial institutions have little incentive to push for it, and third-party payment processors have a disincentive: they would lose their lucrative chargeback fees.

Smart Cards (including credit, debit and stored-value cards), are not strictly within the bounds of this study, but other e-commerce options include electronic wallets. Client-side digital wallets, such as those offered now by American Express, require special hardware and software on the shopper's computer. Single-site digital wallets

enable one-click ordering, but are limited to use on that site, and have no greater inherent security than the site's data server provides.

Multi-site wallets belong to trusted third parties. Today we see them in limited use at the mega-mall sites, such as Yahoo Shopping. Ultimately, banks must enter this field in a stronger way. There are several incentives for doing so. The merchants profit from immediate payment at potentially lower fees than card associations charge. Early adopter banks could find that providing secure online "checks" as payment to e-merchants is a real attraction for consumers to open online bank accounts. An important result would be for consumers to *make transactions* using online banking. Lack of online banking activity is the grating problem faced by financial services institutions seeking Internet presence today. First Data's TeleCheck system is an early example of true online checking. Federal recognition of the legality of digital signatures came in June. Digital checking may become an accepted alternative to credit card transactions as digitally signed contracts and loan applications proliferate.

A new technology allows for the creation of one-time "throwaway" credit card numbers. Even if a hacker gets the number, it's useless. A very different alternative is e-currency, such as can be purchased on flooz.com, or provided as rewards for site visits and survey-taking by beenz.com. "Beenz" are redeemable on about 50 member sites, but beenz.com recently has reached an agreement with Mondex to allow customers to download beenz to the Mondex card to become real money!

## Online/Offline Data Integration

Using the online data available to strengthen relationships is a daunting enough task. You've got log file data on site usage, third-party data, transaction data, registration data and campaign data from your email service bureau. Maybe you've already used one or more of these sources in a recommendations engine, which, in turn has generated more data. Trying to figure out how to link the data together the right way to find the key to understanding your customers is driving you crazy. The vendors all have the answers, but you don't know which one has the *right* answer. Now we tell you that even if you link all this data together to unlock the online puzzle, you still don't have a 360-degree view of the customer because you haven't merged your brick-and-mortar data with all this! Before you shoot, consider this: If you don't plan what data you eventually want linked, and what uses it has, you won't ever get there. Now for the good news: Most of your competitors aren't there yet, either. Staples.com is one that is. Kelly Mahoney, chief marketing officer at Staples.com, says that far from cannibalizing offline sales, a multi-channel approach results in customers who buy more frequently and purchase more goods overall. Staples has been using a proprietary database to accumulate and integrate several years' worth of data on catalog and retail store customers with Web data. It gathers and examines a variety of information, such as customer product preferences, frequency of purchase and customer margin data. The site recognizes a catalog customer when he registers. The data is kept in appropriate data marts and used to serve customers differently, according to their shopping preferences.

### Eddie Bauer Learns to Integrate Data

Linking different types of data is becoming easier, but doing it in real-time to allow seamless integration of the call center with Web-based transactions, or offline transaction data available for mining by online engines, is not an overnight task. One company that is hot on the path is Eddie Bauer (EB), which has retail, catalog and online channels. *One to One Online* spoke with Troy Brown, EB's director of finance and metrics.

The key to most successful integration efforts is to start with a plan about what information could be most valuable to link, and then take it in chunks. Most data integrators who claim some expertise in merging the offline with online worlds, such as Digital Archaeology, E.piphany, NetGenesis or Broadbase, will advise undertaking six- to eight-week projects that can be digested, and the results of which can be seen, before moving on to the next chunk.

**EXAMPLE: OFFICE DEPOT**

Office Depot.com, one of the leading office supplies stores, integrates online and offline customer purchase information. If a customer has placed a previous purchase over the phone, by inputting his or her existing account number at the Web site, that customer can obtain a comprehensive view of all the orders that were made via phone, fax and Internet. For example, in the order history below, the most recent order was made online while the first order was made by phone.

Order Number	Order Date	Total	Delivery Date	OK to Change	Status	Contact
036512429-001	04/19/2000	\$26.80	04/20/2000	No	Delivered	TONY KUBRIN
034822384-001	03/29/2000	\$39.21	03/30/2000	No	Delivered	TONY KUBRIN

FIGURE 7

**Group Linkages**

Office supply and Financial services sites lead in offering group linkages. Two-thirds of the Office sites set up levels of account participation, wherein an administrator handles the account management functions, multiple supervisors have the ability to approve purchase requests, and others can ask for supplies to be ordered. 55% of Financial services firms offer online linkage of separate accounts (not mere joint accounts). Typically, parents might have custodial authority over a dependent's personal account. In Travel, only Biztravel offers linkage of colleagues to set up group trips. Other Travel sites would be well advised to follow Biztravel's lead. Certain linkages are permitted on music sites, but these foster a "sense of community" rather than linking e-commerce accounts, and will be discussed under that capability in chapter three. Consumer products segments do not offer Group linkages. Personalized Wish Lists, address books and provision

"Back-end integration has been the biggest issue. Tying legacy systems to new technology is a challenge. Adding each item to the shopping cart one at a time was an early restriction based on our legacy system, but we're now switching to one-click shopping to be more customer-centric. In 1998, we realized we needed a more customer-centric site and redesigned it. Now we realize it needs to be rebuilt. One example, seamless to customers, is the automation of order-taking. Previously, orders were printed out and re-keyed into catalog system, but now we have automated the order-taking. Another issue has been real-time inventory management. We need to tell the customer immediately whether something is in stock. Before, only EB employees would check availability of inventory. The customers online need to know now.

"A great success in 1999 was a back-to-school promotion where we gave away bicycles online, and promoted the bike in stores. We found that when marketing tri-channel, sales for *all* the channels go up. The early fear was cannibalization, but we found that a two-channel customer is more valuable than a one-channel. Tri-channel customers are spending the most. We currently cannot identify the same customer across all three channels in real-time." But, according to Brown, EB "plans to do this in the next year or so."

### Mercedes Benz USA

Offline/online data integration enables a host of other one-to-one capabilities, including differentiated levels of customer service and an interactive 360-degree view of the customer. Mercedes Benz USA (MBUSA) provides a short study of what data integration can bring about. MBUSA has a bill of rights for its customers. No. 8 states, "You have the right to communicate with smoke signals, if that's your thing." This takes offline data integration to a new level in complexity. More to the point, it shows how good companies like MBUSA are striving to optimize relations with their customers regardless of the communications channel. But how do you integrate multiple channels so that the customer experience is consistent and positive?

Three years ago, MBUSA launched its first Web site in an attempt to capitalize on the novelty of the Internet and see how customers would respond. It sent mail to its existing customer base advertising the new Web site and encouraged customers to go online and complete a three-page survey. "Response to the mailing was very high," says Dan Evans of Critical Mass, MBUSA's interactive agency. "We realized that we could leverage and coordinate multiple channels to improve customer relations. Our Web site could become the focal point of this relationship. Today, we are working on a rich set of functionality that takes our site from 'brochure-ware' to a unified customer relationship experience."

for multiple user profiles within a single account could allow for the same convenient pre-filling of data. Unfortunately, few consumer products sites enable these features, either. We will discuss the opportunity under Differentiation.

### EXAMPLE: USOPNET.COM

USOPNet.com, a leading supplier of office supply products, allows a procurement manager to establish spending limits for orders placed by employees. Purchase requests made by employees are then forwarded by email to the procurement manager for approval. After approving requests, the manager can use the site's reporting module to view complete order histories at the corporate, department and individual user level.

The screenshot shows the USOPNET website interface. At the top, there is a navigation bar with links for Home, Tour, Help, Feedback, Contact, and Site Map. Below this is a menu with buttons for PRODUCTS, ORDERING, CUSTOMER SERVICES, PARTNER SERVICES, WHAT'S NEW, ABOUT US, and ADMIN. A phone number 1-888-577-3767 is also visible.

The main content area is titled "Existing Department Rules For" with a dropdown menu set to "Headquarters". Below this, there is a table of rules:

Rule Name:	Order Total:	Approver:	Delete:
<a href="#">101932-3</a>	0-100	Tony Kubrin	<input type="checkbox"/>

Below the table, there is a section for "Add / Modify Rule" with a link to learn more about rules. The form includes the following fields:

- \*Rule Name: 101932-3
- Min Order Amount:  (leave blank if inapplicable)
- Max Order Amount:  (leave blank if inapplicable)
- \*Approver:  (if above rules are met)

At the bottom of the form, there are three buttons: "New", "Submit", and "Reset".

FIGURE 8

**EXAMPLE: BIZTRAVEL**

By using the group linkage feature in Biztravel, one Biztravel member may list another as a travel companion and plan travel arrangements for that person. Varying degrees of authorization can be granted by using this feature. For example, a Biztravel member may allow a travel companion to simply view his travel profile and preferences. Additionally, a member may grant the travel companion the ability to edit his profile information and use his credit card. This feature is ideal for business travelers who travel regularly and who want to pay using the manager's corporate credit card.

My Mercedes Online is MBUSA's next generation of Web functionality that will become the hub of all customer relations. Browsers on the Web site simply register and become members with access to additional services like comparison information, hosted chats with MB experts and full-motion video of cars. This is a good example of customer differentiation by offering additional services for serious shoppers. Mercedes owners get even more. Using a vehicle identification number, or VIN, Mercedes customers can access a portfolio of information and services for their cars, such as:

- vehicle information, including service records and important notices;
- online purchases for European delivery;
- customized information on car-related topics like driving tours and car events;
- scheduling of service appointments with the dealer.

MBUSA is consolidating all customer information into one database so that the customer will see everything regardless of the communications channel. This also is necessary for supporting customer service representatives who may field a phone call or email from customers. MBUSA also should plan to train its support personnel on how to read smoke signals, should one of its customers decide to assert her rights.

**Current Authorizations**

Here are the people who may book travel for you.

You have authorized the following biztravel.com members to list you as a Travel Companion and plan travel for you. This means that they can access information in your profile such as your name and your Frequent Travel Program numbers when they include you on an itinerary that they plan.

Member name	Authorization Level (See below for explanation)	Name and Status
brookner	Can use credit cards in my profile	Mr. Jonathan Brookner has included you as a Travel Companion

You may deny access by anyone at any time by selecting "No access" in the Authorization Level box above. We always check the current setting of your authorizations *each time* another member attempts to link to or access any information in your profile.

**Authorization levels:**

- **No access** - denies access of any kind by the named member to your profile information. If the named member has included you as a companion, the next time they attempt to access your profile, access will be denied and you will be removed as a Travel Companion from their profile.
- **Can use as companion** - named member can see the following information in your profile: Name, Age (passenger type), Meal and Seating Preferences, Frequent Travel account numbers
- **Can edit as companion** - named member can see and also edit the following information in your profile: Name, Age (passenger type), Meal and Seating Preferences, Frequent Travel account numbers
- **Can use credit cards in my profile** - named member has all the privileges of **Can edit as companion** and may also use credit cards in your profile to pay for any travel arrangements that include you. They may not edit your credit card information, and they will only see the names you have assigned to your credit cards when you entered them in your profile. Note that this allows them to pay for others with your credit card - the only requirement is that you are also included in the itinerary.

FIGURE 9