

NOW OR NEVER

How Companies Must Change Today To Win The Battle For Internet Consumers

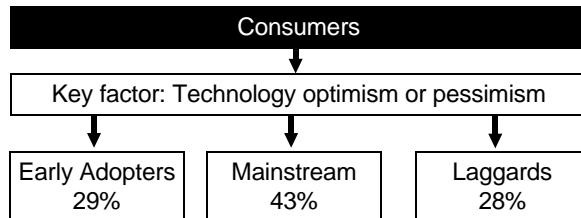
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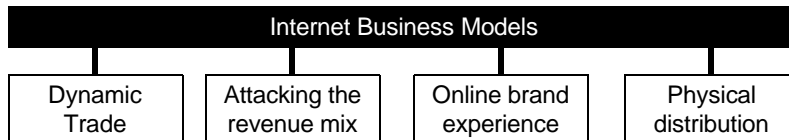
<p>The Competitive Battle For Internet Consumers</p> <p>Objective #1 Understand and cater to the evolving tastes and preferences of Internet consumers.</p> <p>Objective #2 Exploit business models which address the heightened competitiveness of the Internet.</p> <p>Objective #3 Defy the gravity inherent in the traditional ways of doing business.</p>	<p>MAIN IDEA</p> <p>The battle for Internet consumers is still being fought. It can still be won by either traditional companies or Internet start-ups. But time is running out:</p> <ul style="list-style-type: none"> ■ Traditional companies cannot ignore the Internet for much longer. ■ Internet start-ups need to begin generating profits soon. <p>Internet based commerce is no longer a novelty but a genuine catalyst for change throughout the entire economy. It will continue to grow rapidly -- reaching \$187.9 billion by the end of 2004.</p> <p>Whoever succeeds in meeting these three key objectives best over the next five years will prosper. Most likely, it will be a mix of traditional companies and Internet start-ups -- with neither heritage guaranteeing success or mandating failure.</p>
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Objective #1 -- Understand and cater to the evolving tastes and preferences of Internet consumers. Page 2



Attitudes towards technology are the key factor in determining why consumers buy on the Internet -- not the traditional demographic factors. As the mainstream consumers (88 million + in the U.S. alone) start buying on the Internet, savvy Internet companies will change their products, services and marketing messages to align with the preferences of this new group.

Objective #2 -- Exploit business models which address the heightened competitiveness of the Internet. Page 4

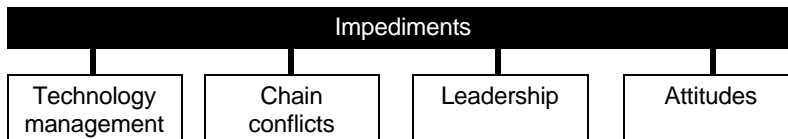


The Internet:

1. Creates an increase in apparent supply and a need to respond immediately -- Dynamic Trade.
2. Allows start-ups to attack the traditional revenue mix in many industries.
3. Replaces projected images with online experience as the foundation for brand building.
4. Provides a way for companies to create value by providing physical distribution services.

Whether these elements can best be provided by a traditional company or an Internet start-up is currently open to debate and undecided -- with the most likely outcome being a mix of both.

Objective #3 -- Defy the gravity inherent in the traditional ways of doing business. Page 6



For a traditional company to succeed at Internet commerce, they must:

1. Develop new competencies in the use of technology.
2. Manage the conflicting demands of retailers, dealers, franchisees and brokers.
3. Have leaders that are Internet-smart, Internet-experienced and visionary.
4. Have the will to win regardless of the challenges along the way to Internet success.

