

WEBONOMICS

Nine Essential Principles for Growing
Your Business on the World Wide Web

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MAIN IDEA

Webonomics are the business principles and strategies for successful Internet based commerce. The nine principles of Webonomics have been derived from studying which Internet business models are successful, and which are not. They also take into account business common sense, tempered by an appreciation of the new market forces the Internet unleashes.

In essence, Webonomics explains why some Web sites succeed while others falter. Success depends on offering an information-rich Web site build around a viable value proposition for the consumer. The best Web sites offer a high degree of self-service capability, combined with an opportunity to create incentives to do business in the future through the use of site or company specific value-based currencies and other offers. Successful Web sites reward consumers for providing information about themselves and their personal preferences. And importantly, Webonomics forecasts that the most vibrant and commercially successful Web sites are in a constant state of development and enhancement -- allowing companies to explore new ways to create additional value for customers as the Web evolves and expands.

Successfully operating an Internet based business takes more than an appreciation of the technical issues involved. It takes an entirely new mindset, and a new approach to meeting customer demands. The nine principles of Webonomics articulates the operational criteria by which success in the Internet based economy will be achieved and sustained.

Principle #1 *The quantity of people visiting your Web site is less important than the quality of their experience* Page 2

The Web is not a mass broadcast medium. It's a vast niche medium which allows personalization and interactivity. Therefore, to be successful, a Web site should focus not on the number of visitors but on the quality of the visit each individual enjoys.

Principle #2 *Marketers shouldn't be on the Web for exposure; they should be on the Web for results* Page 3

The effectiveness of a Web site shouldn't be judged by mass media criteria -- how many people see your material -- but by the same criteria by which a salesperson is judged -- by how effectively people are moved to learn more and ultimately buy the product or service you offer.

Principle #3 *Consumers must be compensated for disclosing data about themselves* Page 4

Most consumers are concerned about disclosing private information on the Internet, and would prefer not to. They are, however, willing to make a trade off and disclose some information if they perceive they're going to get something worthwhile in return.

Principle #4 *Consumers will shop online only for information-rich products* Page 4

To successfully sell a product or service through the Internet, businesses must provide potential customers or clients with up-to-the-minute news, facts, knowledge, know-how and advice about their product or service.

Principle #5 *Self-service provides the highest level of customer service* Page 5

Self service has become mandatory in almost every industry -- because it offers consumers the highest possible levels of increased comfort, control and convenience.

Principle #6 *"Value-based currencies" enable you to create your own monetary system* Page 5

"Value based currencies" are corporation-specific monetary systems which can be used to reward customer loyalty through a points system that can be redeemed for subsequent purchases. The Web is ideally suited to developing and managing a unique value-based currency system.

Principle #7 *Trusted brand names matter even more on the Web* Page 6

The advantage of a brand name -- from a consumer's perspective -- is a saving in time and aggravation. Trusted brands deliver a consistent level of product or service quality. They also create future business opportunities, based on past consumer experience with that brand.

Principle #8 *Even the smallest business can compete globally on even terms on the World Wide Web* Page 7

On the Internet, small companies can act as if they are huge global enterprises and large companies can act as if they are small and responsive start-up operations. Creativity, intelligence and skills become more important than assets, resources and funding in the Internet economy.

Principle #9 *Agility rules - Web sites must continually adjust to their target market's requirements* Page 8

In the physical world, competitive advantage can be sustained over an extended period. In the Internet world, business dynamics can change quickly, and any company's competitive advantage can be short-lived unless the company proactively works at keeping its Internet service fresh and up-to-date -- with new features, new technologies and more value-added services being added on an ongoing basis.

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