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Are you being served?

Tartan shopping trolley owner Nick Galvin examines our online shopping insecurities.

Saturday, June 24, 2000

Have you noticed how empty the shopping malls and main streets are these days? How our stores are deserted, apart from the occasional bored checkout operator staring into space?



You haven't noticed? Good, I was beginning to think I was the only one who couldn't see the e-tail revolution sweeping all before it, sending bricks-and-mortar stores to the wall everywhere. In spite of the dot com billboards, bus-side promotions, TV commercials and newspaper ads all jostling for eyeball time and screaming "Click me!", the world is still full of real people buying real goods in real stores. Every day. Lots of them. And if you're one of those Luddites who still insist on spending money in shops, take heart - you're among more than 94 per cent of Australians who failed to buy anything online last month, according to KPMG's latest Consumer Behaviour Monitor.

That's not to say the numbers of online shoppers are not growing - they are, and strongly - but there's a long way to go before you'll be able to fire a gun down the average main street and avoid a murder charge. The most recent Australian Bureau of Statistics (ABS) figures show that 650,000 Australians bought or ordered goods over the Net last year. Of those, only about a third spent more than \$500 and more than half kept their spending below \$250 for the year. Put these figures alongside the fact that 5.6 million adults accessed the Internet during that period and it's clear we're doing a lot of things online other than thrashing the plastic.

Why are we still reluctant to embrace Net shopping? Security remains one of the main barriers that stop people from filling in the magic credit-card numbers and clicking the "buy" button. We simply don't believe it is safe to send our personal information off into the ether. This is underlined by the KPMG survey, which found a marked tendency among consumers to do their research online, before going to a real-world store armed with all the information to make the purchase.



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Michael Edwardson, a consumer psychologist at the University of NSW (UNSW), says we will learn to stop worrying and love the Net - in time. "We will eventually realise our credit cards are not going to get ripped off on average any more than they are through any other uses face-to-face," he says.

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There are other reasons why Net shopping has yet to click big-time with consumers. "I think one problem is the fulfilment issue," says Edwardson. "A lot of early start-ups haven't got it right. If you don't fulfill a promise, you can't expect customers to hang around."

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This is a lesson that has been well learnt by Shopfast.com.au, a high-profile start-up that lets shoppers order groceries online and have them home-delivered. Its marketing director, Rob Fitzpatrick, who claims Shopfast has more than 50,000 customers, says the company made very sure it could deliver what it promised before it went online. "We didn't want to go telling the world we existed and then have a whole bunch of orders that we couldn't fulfil," says Fitzpatrick. "We wanted to be a bit more careful about the rate of growth. We're pretty confident - without being cocky - that we're in a position to really delight our customers."

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UNSW's Edwardson says the spotlight is on the quality of service e-tailers can provide because the initial wave of purchases from "early adopters" - people who were always going to try buying online just because it was new - can't last forever. "At the moment, people are trying it because it's new and different, but that will wear out eventually and you'll have to offer something that fits into people's lifestyles." He adds that shopping is more than just a commercial transaction for many people who use regular visits to the shopping mall as a social activity and to escape from the pressures of everyday life - in effect, "retail therapy". This means there will always be a place for the mall and probably the main-street shopping strip, but the Net revolution is going to force real-world stores to lift their game.

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"I don't think it [the social shopping trip] will die off," says Edwardson. "I think it will change dramatically. Some of the environments we have been putting up with have been truly horrible and what's clearly happening with the shopping centres ... is that they are becoming much more sophisticated in providing a nice place to be. I think you'll see, purely competitively, that people offering the 'bricks' part of it are going to have to offer substantially better environments."

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This move towards a "total experience" is already happening. Perhaps it's exemplified by the new look adopted by many bookshops in response to the threat from online book megastore Amazon and its imitators. You've largely got the Internet to thank for the fact that you can now order a cappuccino while you browse the bookshelves at some of the Grace Bros or Angus & Robertson stores in Sydney.

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For small businesses figuring out how to take advantage of the e-revolution, the early promise of being able to tap into unlimited markets via the Net has largely faded and they are slowly learning what works. Many have discovered the hard way that it's not a case of "build it

[Gardens](#)

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discovered the hard way that it's not a case of "build it and they will come". Anthony Seymour, who runs a small organic greengrocery in Randwick, took his business online about three months ago. Despite spending more than 100 hours developing the site and putting a lot of effort into the way it is presented, he says he is lucky to receive 12 hits a day. "It's just people browsing, checking the prices, but we are not getting orders," he says. "I had much higher expectations but there are so many Web sites out there." Seymour believes the main problem for him in making a successful move online is not being able to afford a big advertising campaign.

This sentiment is shared by Christine Ball, who runs the Barking Dog art gallery at Uralla, in the New England district of northern NSW. Ball's site went live in March and she registered it with several search engines. "The rest of it is just word of mouth, sending emails, et cetera, and I've had one order - from my best friend," she says. "It's exactly what I expected. I didn't think it would get immediate results - it's a long-term thing and I have to establish a reputation of being a good online dealer by being prompt with orders and giving people what they want." Ball adds that her slow start is typical, gauging from anecdotal evidence she has heard from the gallery's customers. "Whenever anyone calls in and says, 'Oh yes, I've got a Web site and I've had three million hits,' my question is always, 'How many sales have you made?' They all say, 'None.' You hear and read things in the paper about these fabulous sites that are doing incredibly well but I haven't actually come across many myself."

One possible reason why Ball - who sells high-quality craft and art pieces - may find that people are reluctant to buy from her site is that shoppers want to touch and feel such items rather than merely see a picture on a screen. She says she hopes this will change as people get to know her work.

This "touchy-feely" issue has also been cited as one of the reasons behind the recent collapse of the high-profile fashion retailer Boo.com. Web sites don't have changing rooms. The ABS says the most popular items Australians bought online last year were books, magazines and computer software and hardware - all things that are easily bought "sight-unseen". Edwardson says that buying even standardised items, such as computers, over the Internet can be a daunting experience for a newcomer to technology. "Once you know what a computer is and you've got some expertise, the Internet is probably a very good way of buying one," he says. "But if you're a novice consumer where you don't know the product or service category, the Internet can be a bit daunting and you probably do want that first-hand experience of the thing itself."

Fitzpatrick says Shopfast's popularity is due in part to that personal touch and, far from being a remote high-tech business, it is a very old-fashioned enterprise. "There's nothing whiz-bang about Shopfast other than being able to order over the Internet," he says. Shopfast's service is "what happened for our grandparents, where Sam the local grocer would bring the groceries around and your grandmother would call up and say, 'Sam, I need this,' and he'd add it on the back of the truck."

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of the truck.

So where is Internet shopping headed? Will it be the back-to-the-future scenario as portrayed by Shopfast or is retailing going to be fundamentally changed? With the e-commerce landscape shifting so quickly, predictions are difficult to make. Two things, however, are certain: the online shopping revolution is here to stay, and online shopping will look very different once the wave of shake-outs is completed.

Persuade consumers that shopping online is secure, private and straightforward, and that whatever they order will arrive on time and in good condition, and the floodgates will open, KPMG's consumer report says. Give them bad service, consistently fail to deliver on promises and ignore the human element, and wary shoppers will walk on by. In other words, in cyberspace as anywhere else, you should never forget that the customer is always right.

[Shopfast](#)

[Amazon](#)

[The Organic Grocer](#)

[Barking Dog](#)

Rich pickings

The potential rewards for e-tailers who get it right are enormous. In the 12 months to February 2000, the number of Australian households with an income of \$50,000-plus which had home access to the Internet shot up from 33 per cent to 45 per cent.

Use some common cents

"I would shop online but I'm worried about my credit card getting ripped off." This is the reason often given by people who avoid shopping on the Internet.

But buying online need not be a click-and-hope experience. There are several steps you can take to minimise the chance of becoming another Net fraud statistic.

The Australian Consumers' Association (ACA) recommends that online shoppers make credit-card purchases only through secure sites which encrypt the data so it can't be easily intercepted and misused.

Depending on the flavour and version of browser you use - Netscape or Internet Explorer - secure sites are indicated either by a closed padlock in the bottom left-hand corner of the screen or an unbroken key.

Perhaps more important than guarding against the remote risk of your credit-card number being hacked is taking a commonsense approach to the companies you use.

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The ACA says consumers should perform a three-part test to ensure they are not dealing with a cybershok:

1. Before ordering: examine the site closely to find out who you are dealing with. Are contact details available so you can follow them up? You should also be clear about what you are buying, how much it will cost and how you will be paying.

2. Delivery: it's important to establish how long the goods will take to arrive, how they will be delivered, that they will arrive in good order and that your account will not be debited until they arrive.

3. If there's a problem: if the goods are faulty or damaged, can you return them at no extra cost and obtain a refund?

If you feel uneasy about any of these points, then shop elsewhere. You'll always find there's plenty of competition on the Internet.

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Launch Sites:

[January 29, 2000](#)

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[February 26, 2000](#)

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Bookmarks:

[Garrett, Peter](#)

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[Rafter, Pat](#)

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Web Shopper:

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