

# Online Selling & eCRM

## *Executive Summary*



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## Key Findings

The *Online Selling & eCRM* report is a compilation of the latest survey and forecast data examining the current trends facing those companies that are operating commercial websites.

This report looks at both business-to-consumer (B2C) and business-to-business (B2B) websites, providing readers with a sense of how companies are continuing to evolve their internet presence as they implement next-generation website capabilities.

The *Online Selling & eCRM* report also considers the perspective of website visitors by aggregating survey data which details those features that are most important to internet users.

The final chapter of the report considers online customer service (eCRM), by looking at those capabilities that many website operators have already deployed, and the cost savings that companies may expect to achieve by implementing such solutions. Internet users' expectations for online customer service are considered as well.

Among the aggregated information contained within this report are the following key findings:

- Comparative estimates put the size of the market for eCRM applications at about \$10 billion by 2005, with AMR Research estimating that the market for sell-side applications will grow to \$14 billion by 2004
- Nearly 70% of US companies that have websites expect to have profitable online operations by the end of 2002
- About 80% of online consumers list ease of navigation as the most important website feature that will encourage them to return
- According to McKinsey & Co., 71% of business internet users believe that the greatest value of online interactions is in the pre- and post-sale content
- Companies need to build customer-centric websites that anticipate the needs of users

## Selected Highlights

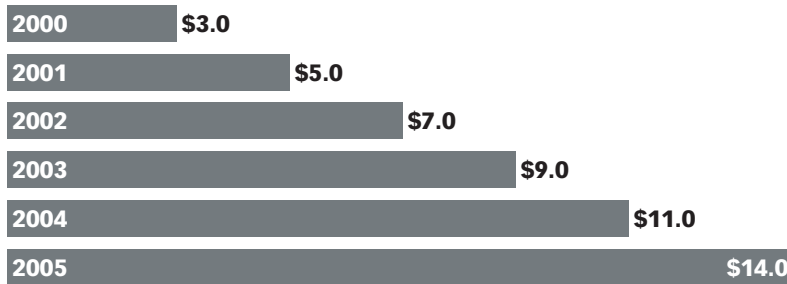
### E-Commerce Spending Remains a Priority Among Businesses

As the internet's impact upon the overall sales cycle has become better understood, businesses are continuing to prioritize and move forward with their website investments.

According to data from AMR Research, the market for sell-side e-commerce applications is expected to reach \$14 billion by 2004, up from \$7.0 billion in 2002.

Comparative estimates for the narrower eCRM market by IDC and Ovum predict that worldwide sales of eCRM applications will reach \$10.39 billion by 2005.

### Estimated Worldwide Sell-Side E-Commerce Software Sales, 2000-2005 (in billions)



Source: AMR Research, 2001

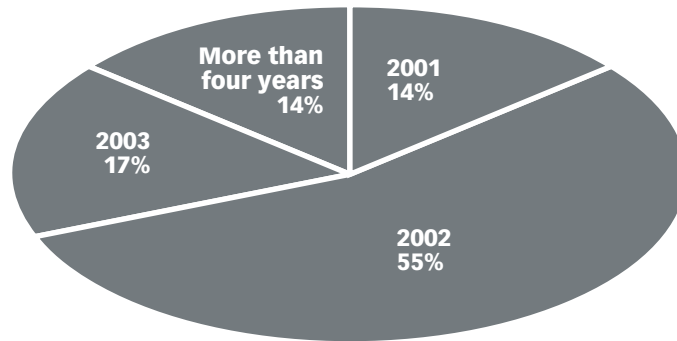
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## Website Operators are Beginning to Achieve Profitability

With a growing number of companies having as many as five years' worth of internet experience in 2002, almost 70% of pure-play and multi-channel website operators expect to have profitable online operations by the end of 2002. For several companies, this provides further justification for making improvements to their online presence.

### US Companies' Expected Timing of Profitability for their Website Operations, 2001 (as a % of respondents)



Note: n=404

Source: Direct Marketing Association, April 2002

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## Internet Users Have Become More Demanding

As internet users have gained greater online experience, they have also become more demanding in their expectations of website capabilities. In several of the surveys followed by eMarketer, website visitors have consistently indicated their preference for websites that are easy to navigate, with a minimum of distracting or self-serving content.

According to a study conducted by Princeton Survey Research Associates, trust was also a major concern among website users, which in turn explains the relative success of those established offline brands that have been able to successfully migrate their business models online.

### Most Important Website Features for US Internet Users, 2002 (as a % of respondents)

**Site is easy to navigate and to find what you want**

80%

**Being able to trust the information on the site**

80%

**Being able to easily identify the sources of information on the site**

68%

**Knowing the site is updated frequently with new information**

65%

**Being able to find out the important facts about the site**

50%

**Knowing who owns the site**

32%

**What businesses and organizations financially support the site**

24%

**Site displays seals of approval from other groups**

19%

**Site displays awards and certificates from other groups**

9%

*Source: Princeton Survey Research Associates for Consumer WebWatch, January 2002*

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## Business Users Value Online Customer Service

Several business users appreciate the convenience of internet-based information, and have indicated that they would give preferential treatment to those companies that make content available online. Even more so than consumers, visitors to business-to-business websites expect to receive a timely response to any questions they may have.

As a result, business users have indicated that they place a greater value on pre- and post-sale content - ahead of transaction capabilities - on the websites they visit.

### User Assessment of B2B Interactions, 2001

<b>Value is in the transaction</b>	<b>29%</b>
<b>Value is in presale and postsale content</b>	<b>71%</b>

Source: McKinsey & Co., 2001

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## Website Operators are Reducing Costs and Improving Content

Among those website operators who have been making improvements to their online presence, just over one-third have reported that they have successfully been able to reduce transaction costs, while at the same time improving the level of online content that they provide.

Companies have also taken steps to reduce the time required to download their websites and to bring back repeat customers. However, the Conference Board has also found that many companies have had a difficult time encouraging customer interaction – further confirmation that most commercial websites should focus upon meeting the direct needs of their customers rather than try to entertain their visitors or build online communities.

### Areas of Website Development in Which US Companies Have Had the Most Success, 2001 (as a % of respondents)

<b>Lower transaction costs</b>	<b>35%</b>
<b>Improved depth of content</b>	<b>35%</b>
<b>Speedier download times</b>	<b>30%</b>
<b>More customer visits</b>	<b>30%</b>
<b>Improved customer retention</b>	<b>29%</b>
<b>Greater brand differentiation</b>	<b>26%</b>
<b>New products launched successfully</b>	<b>26%</b>

Source: The Conference Board, December 2001

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## eMarketer Methodology

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The methodology for all of our statistical reports is founded on a simple philosophy of aggregation:

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The key to approaching quantitative truth on the internet is to consider data from as many reputable sources as possible. No one has all the answers. But taken together, multiple sources, coupled with healthy doses of common sense and business intelligence, create a reasonably accurate picture.

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Unlike other research organizations, eMarketer does not conduct primary research. eMarketer has no testing technique to protect, no research bias and no clients to please.

The eMarketer research team first aggregates data from hundreds of published, publicly available sources; we then filter, synthesize and organize the information into easy-to-read tables, charts and graphs. For each topic, we provide comparative source data along with our own analyses, estimates and projections. As a result, each set of findings reflects the collected wisdom of numerous research firms and industry analysts.

## Online Selling & eCRM

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**This report contains 137 pages and 125 charts.**

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**Call 877-378-2871** (877-eStats1), or e-mail [sales@emarketer.com](mailto:sales@emarketer.com)

**Sales Contact:**

Nick Fainelli  
New Business Development  
[nfainelli@emarketer.com](mailto:nfainelli@emarketer.com)  
212.763.6032