



**eBusiness Research Center White Paper  
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## **e-Business Benchmarking Questionnaire Summary**



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# **e-Business Benchmarking Questionnaire Summary**

## **Introduction**

During November and December of 2001, an e-business benchmarking study was jointly sponsored by eBRC, MSI (Marketing Science Institute), ISBM, and Monitor Consulting. The participants in this study were mainly members of APQC (American Productivity and Quality Council). Leading researchers and academics at the Marketing Science Institute, The Wharton School, The Pennsylvania State University, Emory University and The Monitor Group developed the survey. The study was designed to help identify which e-business models are successful and which ones fail. This is the first study in a proposed series of ongoing studies to help companies learn anonymously from other companies. Thirty-four managers completed the survey on-line. Due to the small number of respondents, presentation of results by type of business is not possible. Instead, all results are aggregated over all SIC's.

## Initiative: Why did the e-initiative start?

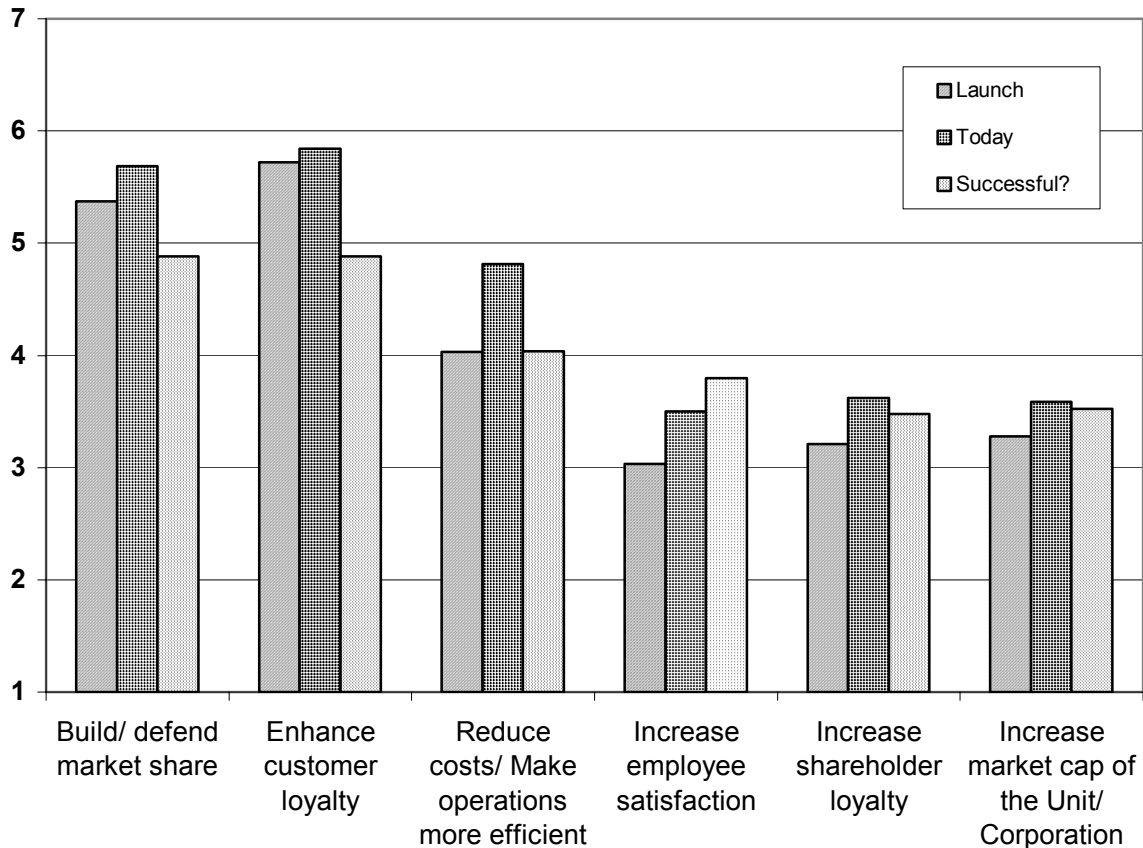
The most influential reason for starting the e-initiative was the desire to get ahead of the competition. A close second was being part of the emerging industry trends, while the possibility of using the web to strengthen customer relationships was third. The fifth largest influence for going on-line was that the CEO or senior manager said that it had to be done. *Figure 1* shows the extent to which different factors influenced the company to go on-line.



## Web-site/e-initiative objective:

There are a number of reasons or objectives that influenced companies to have a web presence. However, the way a company plans to use the web and how it is actually used are not always the same. Respondents were asked what the planned objectives were when the web site was in development. Then they were asked if they agreed that the current web site was targeted at achieving various objectives. Finally, the respondents rated how successful their sites had been in meeting the objectives. *Figure 2* compares what was planned for the web site, if the web site is meeting those objectives today, and how successful the web site has been in meeting the objectives. The two most important objectives when developing the web sites were to build and/or defend market share, and to enhance customer loyalty. These continue to be the two most important reasons for creating the web site, but neither has quite lived up to what was hoped. It is important to note, the respondents were only given these seven possible objectives. Some web sites may have been developed with other objectives in mind. However, through pre-testing of the questions, these objectives appeared to be the most common ones for creating a web site.

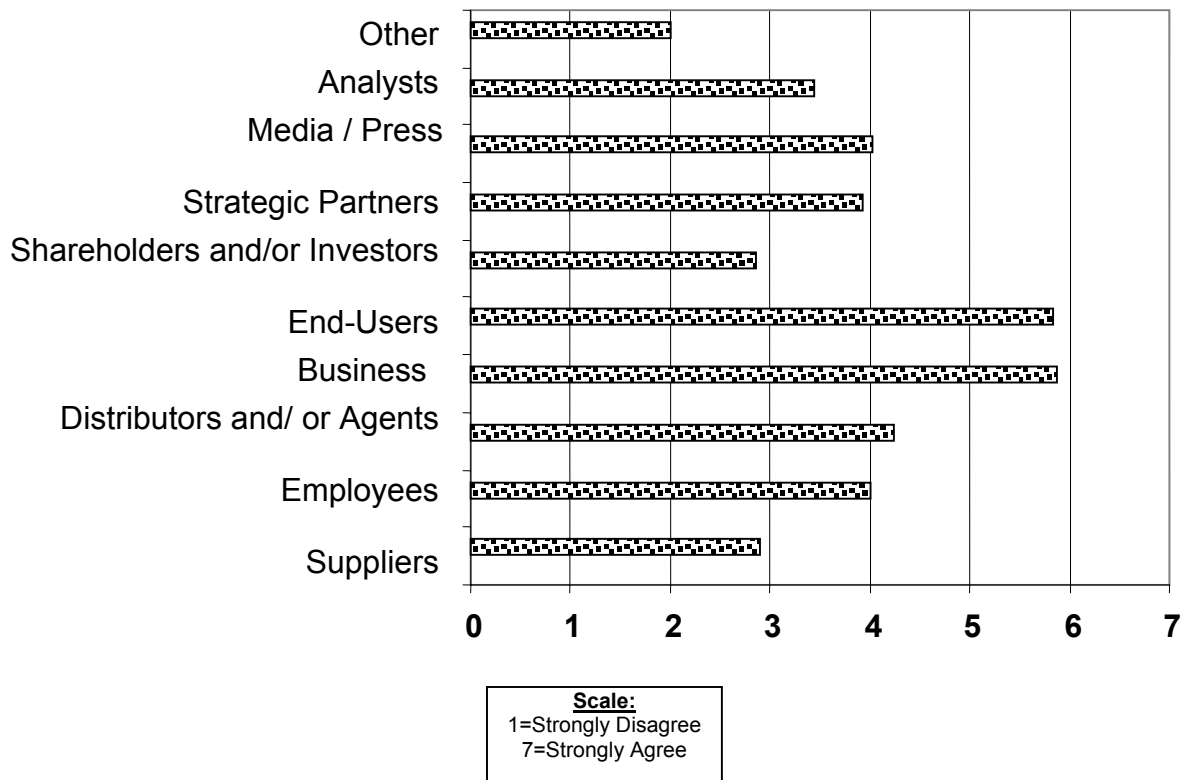
**Figure 2: Reasons for Developing Web-site**



## For whom was the web site designed?

Along with differing objectives for starting an on-line presence, companies design their web sites for different constituents. Customers are the main focus of most sites. Although others, including employees, are also considered in the development of the site. Shareholders, investors and suppliers are not usually considered when designing the web site. *Figure 3* shows the extent to which respondents agreed or disagreed that their web site was designed for use by various constituents.

**Figure 3: Extent of Agreement that the Site is Designed for Use by the Following Constituents**



## What can your web site do?

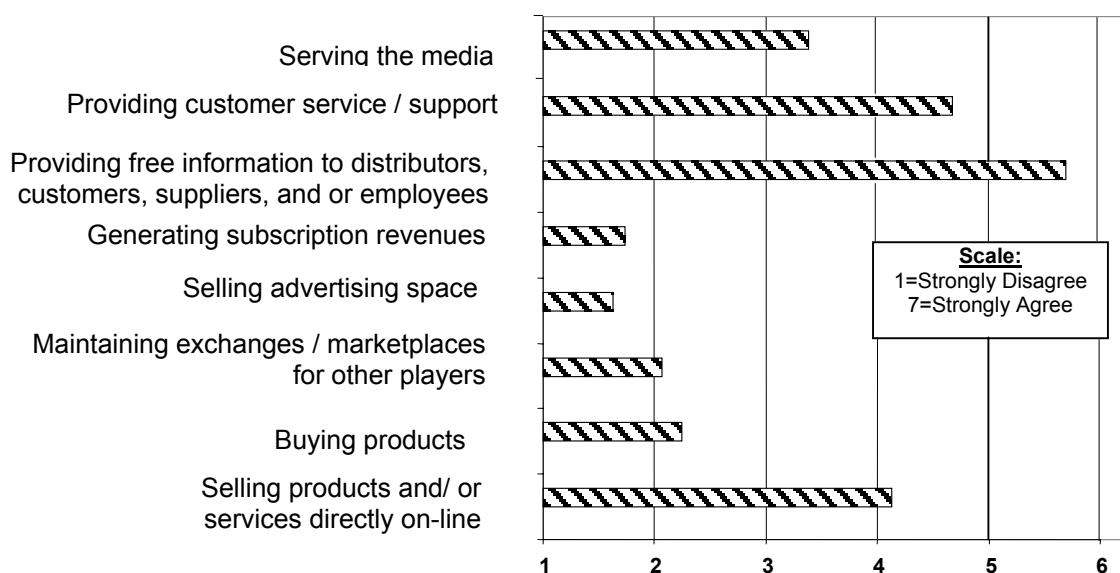
Companies have different reasons for going on-line. What their web sites are capable of and the functionality they provide vary from company to company. If a respondent's web site had a specific functionality, the respondent rated the importance of it to their users. The most important functions for users (in order of importance) were:

1. Product / Service information
2. On-line purchases
3. Internal education
4. Customer service
5. Customer account information
6. Intranet

Most of the important functions that web sites allow are for customers (product information, purchasing and service), yet the importance of the web site for internal use is not to be missed. Education and Intranet capabilities were both mentioned as important features as well. Some features that are commonly believed to be essential in a web site such as allowing tailored messages, promotions and offerings for customers were not rated as important as one would have expected.

Companies have various business models in mind when developing and maintaining their web sites. Some sites are designed to directly create revenue while others provide services or information. Respondents were asked what their sites were designed for in regards to their business model. *Figure 4* shows that companies included in our sample mostly did not develop their web sites to generate revenues through subscriptions or advertising. Instead, providing information, customer support and the ability to sell products directly were the main business model reasons for going on-line.

**Figure 4: Business Model - Extent to which the site was designed for:**



## Operations:

A web site has many facets, and the staffing level of each part needs to be adequate to meet the objectives of the site. On average, the respondents rated the management team staffing and support from the corporation as the closest to being adequate. However, on a seven-point scale with 7 being “All Necessary Resources/ Right Amount” and 1 being “Inadequate/Lacking,” the highest ratings for management team and support from the corporation both were rated just fewer than 5. The level of financing for the web site was uniformly seen as lacking (3.5). *Figure 5* contains the adequacy ratings of various components of the web-site staff.

**Figure 5: Adequacy of Staffing for Web Site**

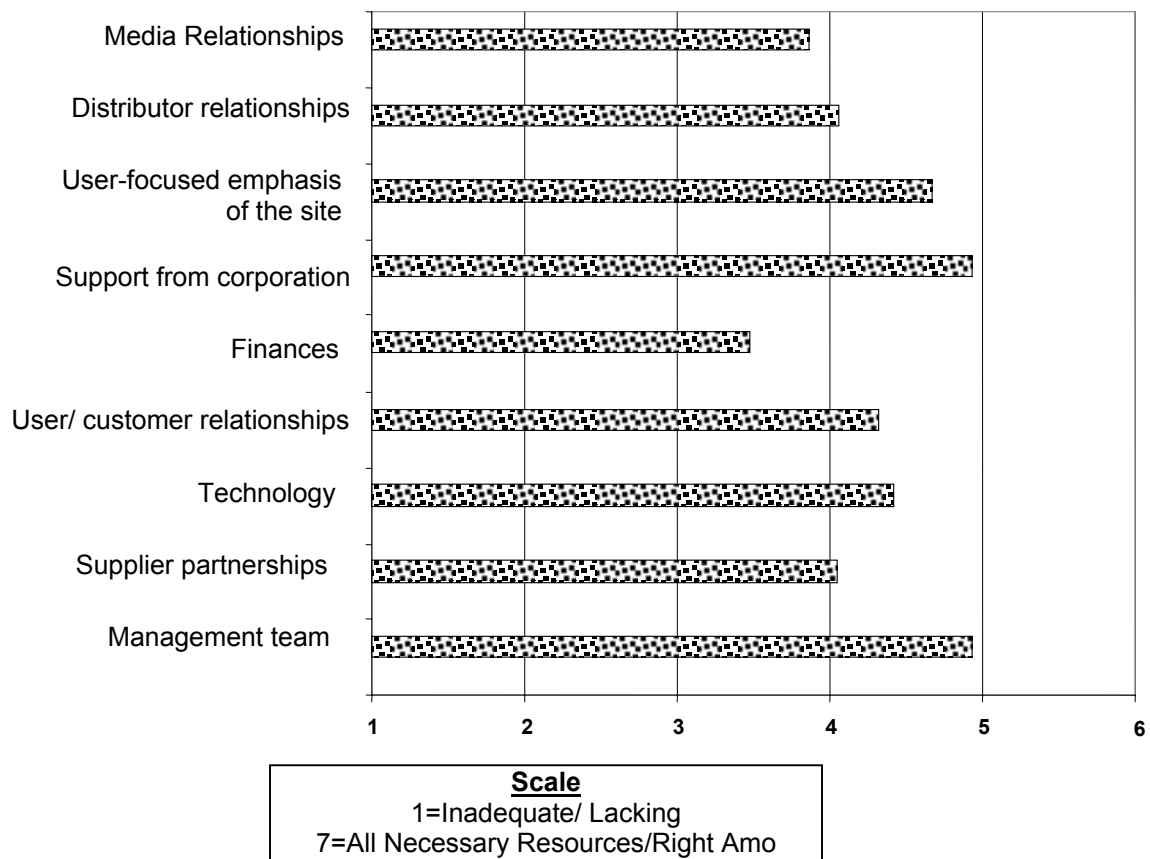
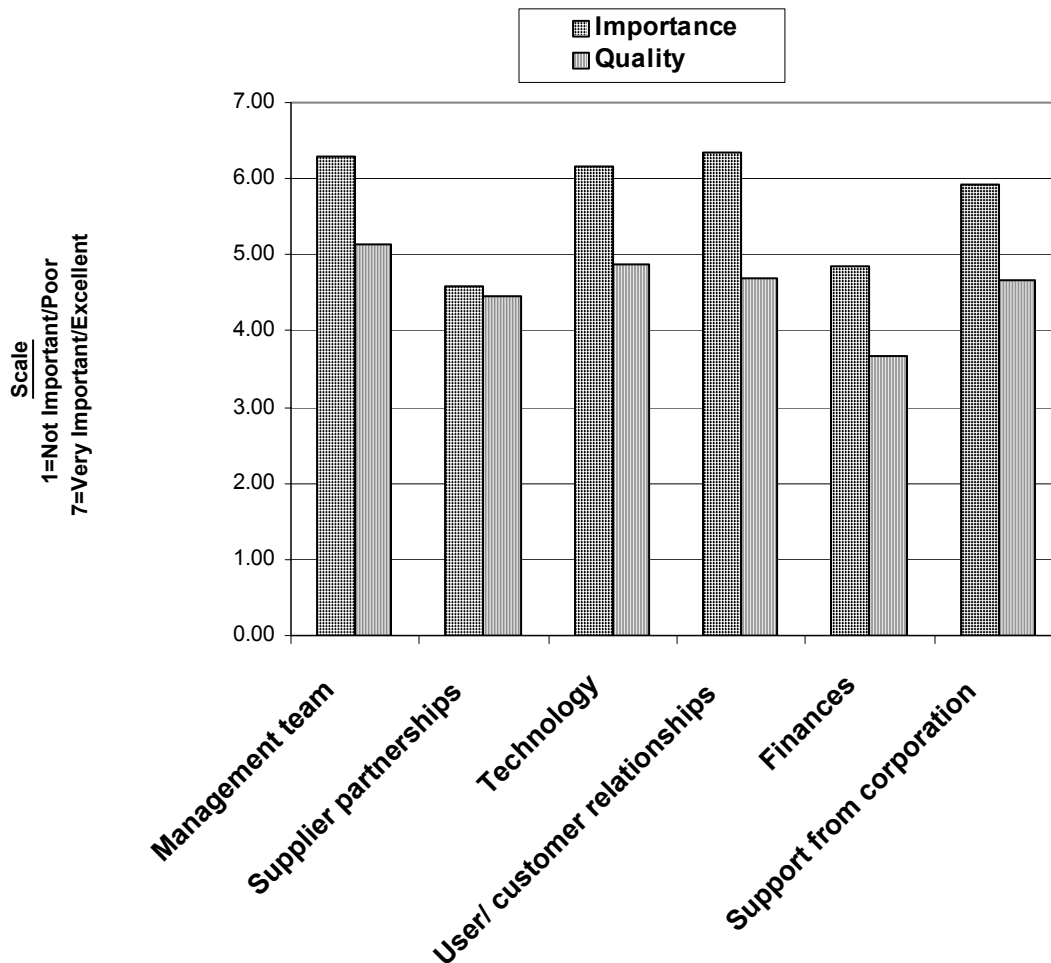


Figure 6 clearly shows that while the respondents considered the variables important to the success of their web sites, the quality of the resources available to them did not match their importance. Interestingly, finance was one of the lowest rated variables for importance to the success of the site. Instead, the actual customer focus and emphasis of the site is deemed as more important to the eventual success of the web site.

**Figure 6: Importance and Quality of Resources Available**

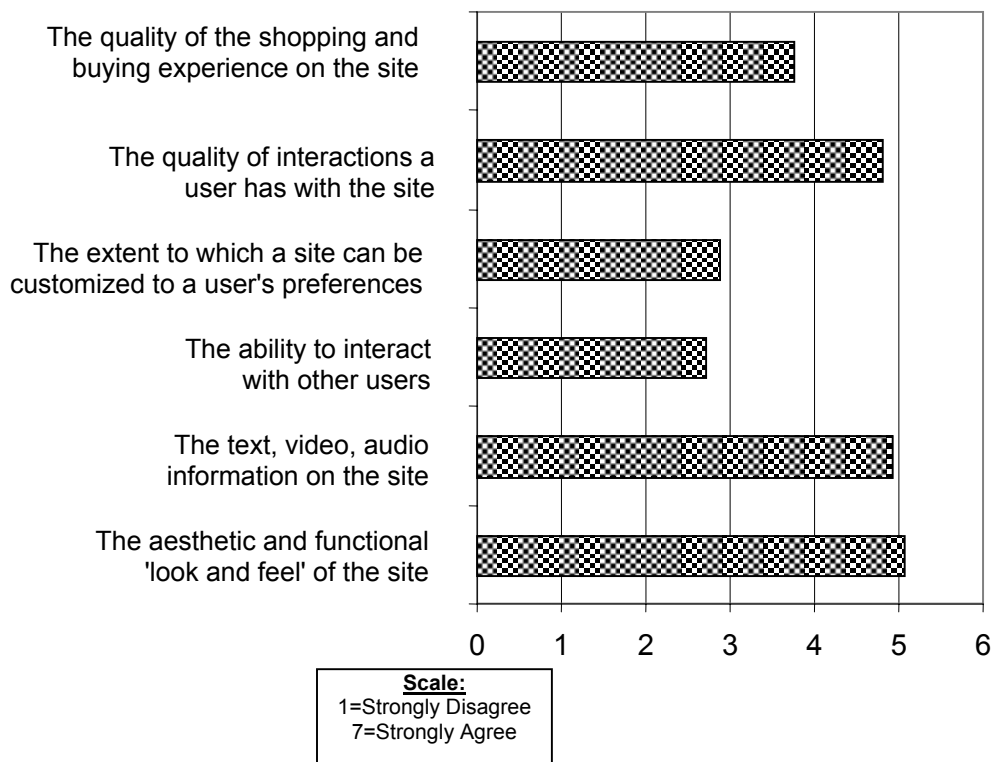


Currently integration of the web site’s back office operations are not well integrated with the off-line operations and the user’s experience off and on-line are not well integrated. However, overwhelmingly, the respondents believe that in the future the integration of off and on-line experience and operations will improve. In the next year, the most integrated part of the business will be the customer’s off and on-line experiences. Operations (off and on-line) will become more integrated, but, continue to be less integrated than the customer experience. Given the customer focus of most web sites, the desire to integrate the customers’ experiences appears logical. Also, as marketing is overwhelmingly the department responsible for the web site, the customer focus is expected. In the companies of 55% of the respondents, marketing is responsible for the site. IT follows with 38% of companies having the responsibility for the site in the IT department. In only 9% of the companies, Corporate has the responsibility for the site.

## User Experience:

Before asking questions about the user experience on the web site, respondents were queried about the formality of their process for understanding user experience on-line. Few of the respondents had formal processes. Even so, the respondents were asked to rate the user experience and the quality of the offering on-line. *Figure 7* shows respondents' ratings on six dimensions of the user experience on-line. Both the look of the website and the information on the site are rated highly by the respondents.

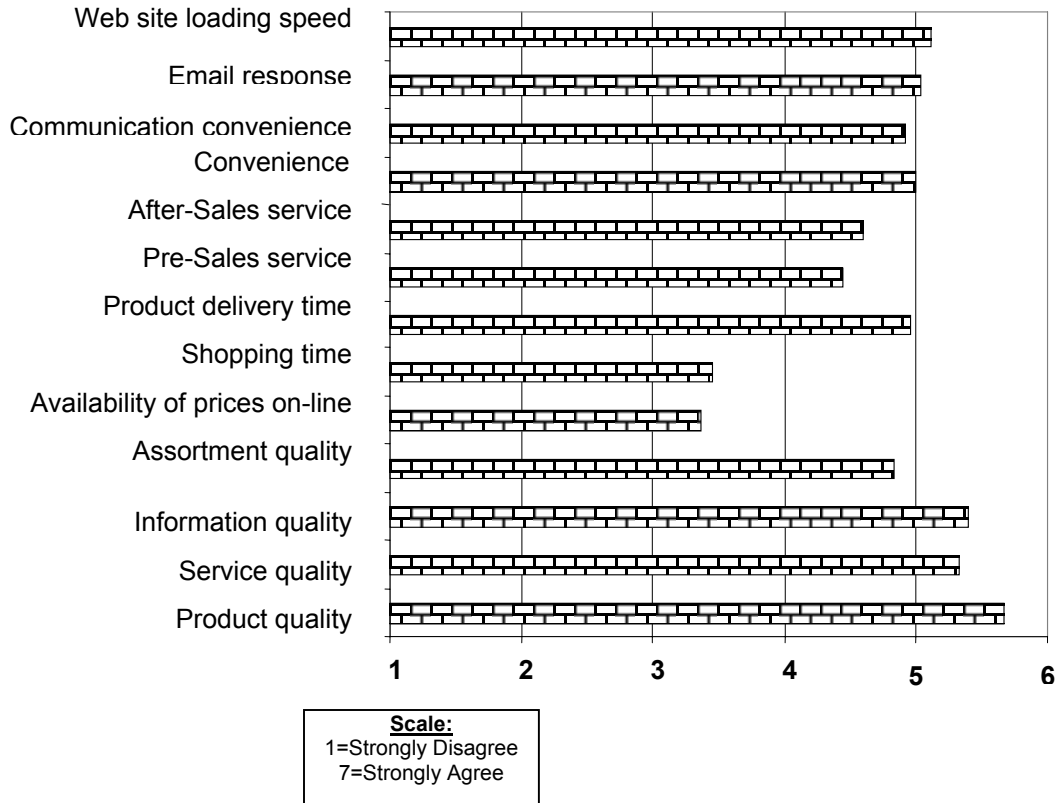
**Figure 7: User's Experience On-line**



## User Ratings of On-Line Offerings:

After being asked to rate the user's experience on-line, the respondents rated the quality of their on-line offerings. Figure 8 contains the ratings of the quality of on-line offerings.

**Figure 8: Users' Ratings of On-Line Offerings**



## Web-site Impact On Business:

In the end, what is the impact of the web site on the business? Respondents were asked to rate the significance of the impact of their web site on various outcomes. Interestingly, the most significant impact of the web site was on employee knowledge and skills. Given that most respondents didn't indicate that the web sites had been designed with education of employees as a goal of the site, this is an unexpected outcome. The impact of the web site on the quality of customer relationships was rated as the second most significant impact on the business. *Table 1* lists the website's impact on the variables that the respondents rated. The scale on which they are rated ranges from: 1 = Very Insignificant to 7 = Very Significant.

Table 1: Website's Impact on the Business

Employee Knowledge / Skills	4.91
Quality of Customer Relationship	4.83
Time Take to Respond to Customer Complaints	4.61
Customer Service Costs	4.00
Overall Profitability	4.00
Customer Retention Rate	3.82
Internal Coordination Costs	3.77
Time Taken to Respond to Market Developments	3.62
Sales Transaction Costs	3.62
# Of Customer Returns	3.40
Quality of Innovation Process	3.37
# Of New Customers Acquired	3.35
Size of New Market Opportunities Identified	3.29
Average Order Size	3.17
Cycle Time (Time taken to develop a new product)	3.05
Procurement Costs	2.93
Inventory Levels	2.73
Waste Levels (Loss of perishables, technologically obsolete products)	2.64

With so few respondents, it is impossible to accurately draw conclusions from the questionnaires. One question that remains to be answered is: Does the reason for going on-line influence the results? For example, are companies that went on-line because of an order from the CEO as successful in their web efforts as a company where the decision to go on-line stemmed from a departmental desire to get closer to the customers? However, the data gives an introduction into how and why companies went on-line and how they are meeting their objectives today. Further research will be necessary to investigate more fully the e-business strategies of companies today, which we plan to undertake in 2002.