

■ Stagnation?

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Main | Current Issue | Archives | Editorial Calendar

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CONTENTS

Mom & Pop Skeptics

By Stefan Dubowski



The good news is e-commerce profits continue to grow thanks in part to small business confidence in delivery and fulfillment from electronic vendors. The bad news is that confidence isn't spreading among small businesses, according to SES Canada Research Inc.

SES polled 1,000 small business operators (small, as in fewer than 50 employees on staff) and learned that "growth in the number of Canadian small businesses connecting to the Internet has stalled." But that's just the head count. SES also learned that connected companies spent more money online in 2000 than they did in 1999. The research firm figures e-commerce hosted \$1.3 billion in transactions over the 12-month period, an increase of \$540 million over 1999.

What are the e-commerce laggards waiting for? A sign of profitability from the early adopters would be nice, suggests Nik Nanos, SES' managing director. "What I call the 'last group' of people are skeptical about the benefits of e-commerce and the potential payoff. If Chapters can't make money online, or Yahoo, how can I?"

Whereas large companies head for the Net in a strategic maneuver - our competitors are doing it, so should we - small businesses are more cautious. "They just want to see the bottom line," Nanos said. "There's been a lot of promise with regards to outcomes, but there hasn't been a lot of delivery."

Nanos predicts a "two-tiered" e-commerce economy among small businesses. Firms that buy office supplies, desktop PCs as well as peddle their wares online will continue to do so and increasingly do so. The rest will remain



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skeptical of the Web, and perhaps with good reason, Nanos said. He calls this second group the "butchers, bakers and candlestick makers." Unlike small consulting firms and "retail niche players," many Mom-and-Pop shops see e-commerce as irrelevant.

Mind you, that's not to say the slowpokes are down on the Internet as a whole. SES found that 74 percent of small businesses access the Web and 97 percent of the connected crowd rely on e-mail; 73 percent research competitors and potential new markets online and 51 percent operate a promotional Web site. Nanos said 51 percent also use the Net for banking, well above the 20 percent SES recorded in 1999.

The research suggests e-commerce firms should quit looking to body counts for signs of success. The real money lies in cultivating current relationships, rather than chasing new ones. After all, when it comes to small business growth online, "we may be at the top part of the S-curve," Nanos said.

 [Back](#)

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