

# Consumer Adoption of Electronic Commerce: The Outlook

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# Presentation Outline

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*What progress have we made so far?*

*Barriers to consumer adoption*

*The outlook for consumer electronic  
commerce*

# Limited Electronic Commerce Penetration So Far

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US Consumer Market Age 16 or Over

8.2% have accessed the Internet

5.8% have accessed the World Wide Web

.8% have purchased on the Web

*Source: D. Hoffman and T. Novak - Project 2000*

# Heavier Online Users Are More Likely to Buy

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Monthly Online <u>Usage</u>	Percent Who Buy <u>Online</u>
<10 hours	5%
10-19 hours	19%
20-29 hours	24%
30 hours or more	44%

*Source: Global Concepts*

# Among Heavy Web Users

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27% are buying now

12% more are “extremely likely” to buy

16% more are “very likely” to buy

29% more are “somewhat likely”

*Source: Global Concepts*

# Travel Industry Experience

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American Express electronic booking service is being accepted slowly. Customers price motivated. Expect high standard of service.

“Ultimately, if it’s not convenient, you’ll lose the customer. If it’s not faster, better and cheaper, it’s not going to work.” -

Jeffrey Hoffman, President of Travelogix

# Consumers Expect Convenience

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## Web User Perceptions of Online Benefits

24 hour availability	85%
Access from any PC	83%
Less travel	77%
Time savings	73%
Privacy	47%
Lower prices	43%

*Source: Global Concepts*

# Use of Online Payment Methods

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	<u>Now</u>	<u>Preferred*</u>
Credit Card	88%	44%
Debit/ATM Cards	0%	13%
Mail-in Check	10%	15%
Check on Delivery	5%	11%
Cash on Delivery	1%	6%
Digital Cash	0%	10%

*\* Preferred by Current Heavy Web Users      Source: Global Concepts*



# Barriers to Consumer Adoption

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- ◆ Technology and Infrastructure
- ◆ Privacy and Security
- ◆ Marketing and Buyer Behavior

# Privacy - An Important Consumer Concern

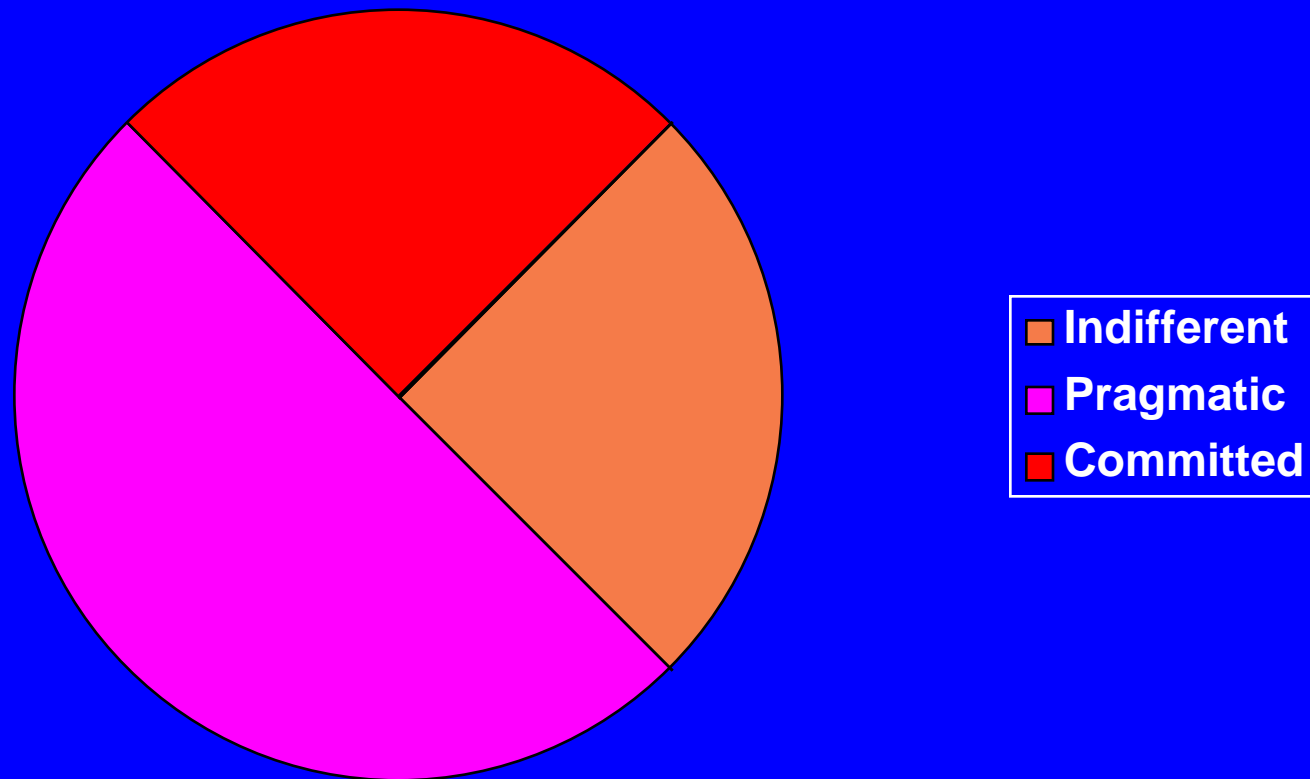
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- ◆ “Concerned about threats to personal privacy”
  - “Very” 47%
  - “Somewhat” 35%
  - Total 82%
- ◆ Agree that “consumers have lost all control over how personal information about them is circulated and used by companies”
  - 1990 - 71%
  - 1995 - 80%

*Source: Lou Harris/Equifax 1995 Survey*

# Segmenting Consumers by Level of Privacy Concern

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*Source: Alan F. Westin. Haynes & Company*

# Secure Transactions are Not the Problem with Consumers

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“Privacy is perceived as more of a barrier than security”

*Source: Jupiter Communications and FIND/SVP “The American Home Financial Services Survey” 1996*

# What They're Buying

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Software	50%
Publications	32%
Computer Hardware	22%
Entertainment	18%
Information	17%
Clothes	15%
Travel	14%
Flowers	12%

*Source: BAI and Global Concepts*

# Promise of Online Banking

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70% of consumer/bank interactions are by  
mail, phone, or computer

Of the remaining, 30% are with ATM's

*Source: Bank Management, Jan-Feb 1996*

But ... “Only 2% of our customers use  
CheckFree.” - Scott Cook, Intuit

# Online Financial Services

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55% of PC households manage their finances on the PC

9.2 million US households use online or Internet financial services

*Source: Jupiter Communications and FIND/SVP “The American Home Financial Services Survey” 1996*

# The Outlook

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- ◆ Past consumer adoption histories

Television

Credit cards

ATM's

PC's

- ◆ Probable consumer adoption patterns for electronic commerce



# Electronic Commerce - Leaders and Laggards

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Products and services

Marketing and transaction models

Companies and Strategies

# For More Information

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- ◆ D. Hoffman and T. Novak - Project 2000  
"http://www2000.ogsm.vanderbilt.edu/"
- ◆ Global Concepts "http://www.global-concepts.com/research.htm"
- ◆ For the final version of this presentation  
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