

WELDING

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**E-Commerce Makes Its
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Doing Business On-Line

Whether it's business-to-business or business-to-consumer, welding-related companies are discovering a variety of ways to enter the world of e-commerce

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erating tool. Miller currently gets 60,000 Web site visits per month; 86% of those visits turn into inquiries in which some sort of fulfillment is required such as product literature. From the leads generated from those inquiries, DeMars said, the company has been able to turn one out of two leads into sales. He is optimistic about Miller's foray into e-commerce.

Arc-Zone.com®, Inc.

Jim Watson developed the business plan for Arc-Zone.com through an entrepreneurial training class that focused on high-tech company development at the University of Southern California-San Diego. "I enrolled in a class there that focused on putting entrepreneurs and venture capitalists and current CEOs of large companies all together," Watson explained. At the end of the three-month-long, eight-hours-a-day class, participants presented their business plans to experts who then rated their chances of success. "Then, once you accomplished that, you left that class with a commitment to start your business within 30 days, with a business plan and everything in hand," Watson said.

Watson now serves as president of Arc-Zone.com (www.arc-zone.com), which he established in June 1998. It primarily sells a line of welding accessories such as guns and torches. Although financial help for the startup businesses was an element of the class, Watson opted not to accept it, deciding a slower growth rate would be better in the long run. "You can't build a business in 30 days or one year," Watson said. "And I think that's what happened to a lot of the Internet startups. People thought they could build a successful business in a year or two just by throwing a lot of money at it, doing a lot of advertising." In fact, the majority of the company's business is by word of mouth, although it did exhibit at last year's AWS Exposition in Chicago.

John Dimock joined the company in early 1999 as vice president of product marketing. He describes it as a hybrid company. Although 60% of the company's sales are over the Internet, it also sells through more traditional methods such as telemarketing, catalogs and direct sales calls to market segments that include end users, distributors and manufacturers. It also offers an in-house equipment repair and exchange program.

Establishing Good Customer Rapport

One way in which Watson believes his company differs from other Internet-based businesses is it does not use preprogrammed automatic, generic responses to inquiries. "We literally respond to every person," he explained. "We try to build rapport with that person." To promote communication with customers, a toll-free telephone number also appears on every page of the Web site and on all of the materials the company sends out. The toll-free number is extremely important, Watson said, because many customers, especially the larger industrial customers, research their purchase over the Internet, then complete the transaction through their normal purchasing channels. Actual on-line orders, Dimock said, are often small consumer-based orders from small shops or consumer hobbyists. While declining to offer specific information regarding the number of

customers the company has or sales figures, Watson said several hundred unique visitors come to the site each day.

Establishing rapport with the customer is one of the toughest parts of running an Internet-based business, Dimock said. "A serious, serious challenge for me, coming from a more traditional company, is that the basic sales relationship that turns into a good, loyal, consistent customer has to be performed without face-to-face contact," he said. "You have to develop a relationship with a customer in a different way, and that's something that is more difficult to do or it has to be done differently with an Internet-based system." Therefore, Watson and Dimock handle nearly all customer responses, whether via e-mail or telephone, themselves. The key to success is issuing extremely fast responses for any information the customer requests.

Since Arc-Zone.com sells products manufactured by a variety of companies, another challenge has been to get good materials from the manufacturers to post on the Web site. "A lot of their collateral materials — their printed materials, their photography, their sales and marketing materials — aren't really suited for the Internet," Watson said. "If you've got a catalog in front of you and you can see the same thing on-line, there's no value there. It's very difficult and time consuming to do all of the photography and the copywriting."

Keeping It In-House

Another difference between their company and other Internet-based businesses, Watson and Dimock believe, is they've kept everything in house, from content development to site management, fulfillment databases, warehousing, packaging and shipping. They believe they've invested in the correct infrastructure to support current and future sales. Since they handle their own inventory and order fulfillment, once an order is placed, the product is usually shipped the same day.

Now that the company is nearing its third anniversary, Watson believes it has moved beyond the startup stage. "No matter how much money you have or how many technical wizards or product specialists you have, you can't build a business overnight or in a year or two," he said. "I think we identified early on that we're in it for the long haul."

Internet Myths

Jim Watson of Arc-Zone.com offers these four myths about doing business on the Internet.

♦ **If you build it, they will come.** A cool Web site is not enough. A dedicated, knowledgeable team and a focused marketing effort are needed to build a successful business.

♦ **Anyone who welds is your customer.** You cannot be all things to all people. Identify a niche and market a select range of products and services to that group of users.

♦ **You get orders while you sleep.** The Internet is a communications medium. It does not provide a fully automated sales process.

♦ **Visitors are customers.** Visitors or "hits" are not customers. Visitors are traffic to your Web site. A customer is someone who buys consistently and is thrilled with your company's service.

