

If the IT industry is such a big business why do so many dot-coms fail?

You can do almost any thing on the Internet; shop, bank, search for information, chat to other people and more. So there is a big business out there to make big cash! Why do so many businesses try out on the web?

Large number of internet users

The number of people using the web is increasing each day because it's quicker and easier to do everyday tasks. So businesses think a lot more people are going to pass their sites on the web than there shop window.

Cheaper

It's cheaper to set a web page than a shop because of the rents, the electric and heating bills, furniture and you would need fewer employees.

More efficient

You could download your orders on a database each day and send it off to a supplier and they can deliver direct this way you don't have to stock lots of products and there would be no wastage.

95 percent of dot-com businesses fail. So what is the cause of so many failures? These five factors cover the main reasons.

1. The Wrong Marketing Mindset

Letting your customers know that you exist is very important because people don't walk in and out a web page like they do in a shop. You need a good name so everyone will remember it. Marketing an on line business is not as easy as putting signs in the local paper and the Yellow Pages or handing out flyers and waiting for people to word your business forward. The web is a whole new game with different rules. Your advertising must be designed to catch and hold the consumer's attention as they surf in and out of sites. The alternative of getting listed on the yellow pages is to get on all the major search engines. Instead of placing ads on the newspapers you need to place ads on classified sites. You need banner ads on as many sites as possible. E-commerce is at a fast pace and you need to adjust your marketing plans on the way to keep up.

2. Competition

With the potential to make it big lots of businesses sign up to the web, which leads to competition, this is good news to the consumer but bad news to other businesses. As soon as a successful idea comes out for the web everyone tries it thinking they will be as good but most of the time fail, only the big names make it through. Keeping up with the competition means keeping prices down, good promotion and a good reputation; no one will shop at a web site that has been hacked into thirty times in the last month.

3. Dysfunctional Web Sites

This means a web site with a design flaw or chronic problem that makes it hard or impossible for the consumer to use. An example is if you went on a web site that sells software and you would like to buy a package but you could not find the order form, even after you have click from page to page. So you eventually leave the site buying nothing. This is a serious problem because not only have they lost a sale but also they have lost a customer. Maybe the designer did not know that it's so hard to find their order form or they might have forgot to include one. Finding order forms are not the only problem, not finding delivery times and product information can put the customer off. You can get web pages, which have colour schemes that give the user headaches. Technical dysfunctional such as slow loading pages can be a turn off for the customer. Down fall is a fault with the web server and beyond control of the business.

But if the problem is chronic, you need to change servers. Slow loading web pages can hurt your business.

4. Selling The Wrong Products

There are limits on what most people buy on the web. CD or book shops are likely to do better than a car shop because with a book you know what you want and you buy it, you don't try it out or get another type because all the books are the same. But with a car people want to try it out and look properly inside and hear the engine. A lot of car shops on the web do work out. Other products that sell well are groceries, clothes, games and holidays. The web sites that sell cars and houses do not always expect their customers to buy straight away they use the Internet to advertise their products so the customers book to see the house or car (for example).

5. A Lack Of Commitment

Most online entrepreneurs give up too easy, they start the business up and place ads here and there and if the money doesn't start to roll in they give up. They should take their time to make adjustments to the original plan. It takes time for people to know about your business because people don't walk past it they have to know your address and intent to come in. Perseverance is the secret to many success stories. But if the business does fail you should look at what went wrong and learn from it.

Above are the main reasons on why so many dot-coms fail but there are more. As soon as a customer is happy with the prices and service at a site they are most likely to stick with them. The way to survive is to think of an original idea, advertise it to attract as many customers as possible and provide a good service if a customer is not happy they will go to other places. Marketing is much different on the web than a shop.