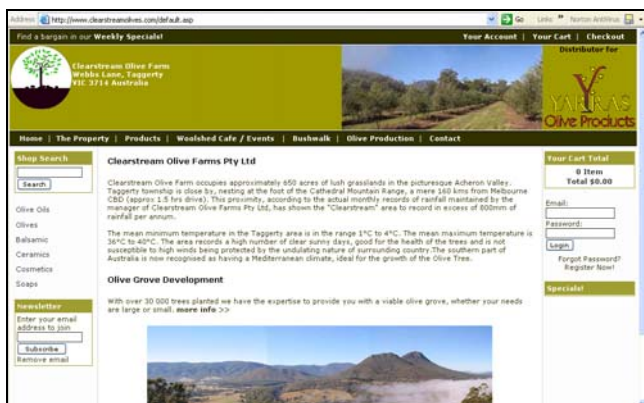


Case Study 4 of 20 Secure Online Selling Industry: Agriculture

>> THE BUSINESS

Established in 1999, Clearstream Olive Farm produces a range of olive-based products including table olives and olive oil from its 650 acre property. Operating a retail outlet called 'Woolshed Café' as well as an eCommerce enabled website, the business employs three permanent and up to five seasonal casual staff.

Clearstream Olive Farm is located in Taggerty, 160 kilometres north of Melbourne, Victoria.



>> WHAT WAS INITIATED?

A website was originally established to promote the farm's popular Woolshed Café, which was also achieved by building a list of email subscribers to the online newsletter.

The proprietor of Clearstream Olive Farm, Ken Silvers, quickly found that the email enquiries about his olive products at both wholesale and retail levels required the introduction of an online shopping cart.

What is a 'Shopping Cart'?

Software that allows website visitors to store their shopping selections while browsing for further products, then provides a total value of the purchase prior to entering an online payment capability.

The shopping cart would allow customers to order and pay for both Clearstream and third party olive product producers.

"Shopping cart technology on our website has allowed our customers to securely shop online. The growth in online shopping adoption demonstrates customers want to be able to buy online."

Ken Silvers, Proprietor

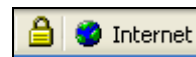
The online shopping cart software has now been linked to a secure transaction gateway.

>> HOW THE TECHNOLOGY WORKS

1. Once at the Clearstream Website, visitors click on the 'Products' section which contains images and details of all available products
2. Visitors select the products, type the quantity required and click on the 'Buy Now' button, yielding a 'purchase summary' page which details the order
3. If not a member of the website, visitors are asked to join for free
4. Freight details are entered and a final price provided
5. If proceeding to 'checkout', visitors enter their credit card details on a page which is secured via a secure socket layer
6. Once details are submitted, a page confirms the order and acts as a receipt
7. Delivery of the product is activated.

What is a SSL 'Secure Socket Layer'?

A protocol designed for secure communication over the Internet. These protocols encrypt data transmissions, making it almost impossible for someone to interfere with electronic transmissions. When connected to a web server using one of these protocols, a gold lock icon will appear on the bottom right hand side of the browser status bar.



>> RESULTS

Clearstream Olive Farm has gained a \$12,500 return on investment from the website to date.

The implementation of the website represented a saving of \$10,000 on the wages of a part time sales person who was effectively replaced by the websites promotional capabilities.

Sales via the website amounted to \$4,000.

>> COSTS

Establishment costs have been relatively high for a small business, with \$7,700 being spent. However, as these costs are amortised over four years, the annual cost is considerably lower, as the analysis below indicates.

The cost of the website, shopping cart technology and content management system is \$900 per year – which has been amortised over 4 years.

>> CHALLENGES AND PROCESS CHANGE

One of the critical success factors for Clearstream Olive Farm lay in its ability to distribute its product.

All distribution methods were considered by management and it was found that a comprehensive and order-capable website was the most cost-effective way of attracting and placing orders, which could then be fulfilled in a number of ways including ordinary mail.

As Clearstream Olive Farm is a young business, it avoided the degree of process change required of a more established business in implementing its online presence. Processes were designed knowing that the internet was an integral part of their operation rather than having to re-engineer past process and practices.

However, preparing the professional content for the website required more time and expense than anticipated.

>> FUTURE PLANS

Clearstream Olive Farm is expecting to increase the visitation and retail and wholesale sales using a combination of online advertising and advertising on search engines.

>> REFERENCE WEBSITES

www.clearstreamolives.com

>> REFERENCE eNOTES

eNote 12: Selling Online

eNote 14: Online Credit Card Facilities - FAQs

eNote 16: Security

>> E-COMMERCE PROFIT & LOSS ANALYSIS

	2003
Additional Revenue from eCommerce	\$
Increased sales directly via the Internet	1,500
Increased sales indirectly via the Internet	<u>2,500</u>
Total Increased Revenue	<u>4,000</u>
Add: E-Commerce Expense Reductions	
Reduced customer services costs	10,000
Reduced staff costs for attending meetings	<u>3,000</u>
Total eCommerce Expense Reductions	<u>13,000</u>
Gross Benefit from eCommerce	<u><u>17,000</u></u>
Less: Up Front Fixed Expenses	
Computer hardware including Modem*	500
Website, Content management systems*	900
Anti-virus and Security software	200
Staff Training on technical systems	500
Telco and hardware and connection costs	<u>300</u>
Total eCommerce Up Front Fixed Expenses	<u>2,400</u>
Less: Operational Expenses	
Hosting of Website	2,000
Total Operational Expenses	<u>2,000</u>
Total eCommerce Costs	<u><u>4,400</u></u>
Total eCommerce Benefit	<u><u>12,600</u></u>

* Total cost amortised over four years

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For further information go to: www.mmv.vic.gov.au/casestudies

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