

## Case Study 13 of 20 eSecurity and Selling Online Industry: Retail/Healthcare

### >> THE BUSINESS

Mothers Direct is the retail arm of Australian Breastfeeding Association. It provides a range of maternity aids, clothing and educational resources via its physical shopfront in suburban East Malvern and a number of ordering capabilities including the website, phone and facsimile. Mothers Direct employs seven people and casual volunteers.



### >> WHAT WAS INITIATED?

While Mothers Direct already had well established channels to market via its physical store and offline ordering capabilities, providing a fully integrated online shopping solution aimed to service new customers and provide greater convenience – particularly to rural areas.

Due to the nature of the information been supplied to Mothers Direct, providing a secure socket layer in their online transactions is very important to ensure trust.

#### **What is a Secure Socket Layer (SSL)?**

*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.*

Because ordering and fulfillment systems were already in place, the addition of online ordering and payment was a relatively easy process by simply adding the medium of email to its current over the counter, telephone and fax methods of ordering.

*"In addition to expanding markets overseas, we're also educating people overseas. One educator from Africa purchased a range of our educational materials with a view to promoting breastfeeding in remote areas of Africa".*

**Erica Myers Davis – Executive Officer**

Mothers Direct achieved this by having a website built by a website developer who in turn integrated a 'shopping cart' and secure payment capability via an eCommerce Application Service Provider (ASP).

These additions allowed customers to select, order and pay for products by credit card in their own home or workplace 24 hours a day, seven days a week.

However, the website also assisted those who chose to pay via telephone as it provided a convenient and up to date catalogue of products stocked by Mothers Direct. The website in conjunction with email marketing has also provided the capacity to meet the needs of a new market – large organisations via a 'buying group' format.

### >> HOW THE TECHNOLOGY WORKS

The Mothers Direct online shopping capability operates in a similar way to most other online shopping websites:

1. Once at the Mothers Direct 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 'Proceed to Checkout' button, yielding a page which details and calculates the order
3. Freight details are entered and a final price provided
4. If proceeding to 'checkout', visitors enter their credit card details on a page which is secured via a secure socket layer (SSL), signified by the image of a padlock at the foot of the page
5. Once details are submitted, a page confirms the order and acts as a receipt
6. Delivery of the product is activated.

### >> RESULTS

Mothers Direct's return on investment for their eCommerce initiatives is \$31,458.

It is evident that the online shopping option will continue to grow which will lead to further savings on printed catalogue production and distribution, while expanding Mothers Directs regional and overseas markets.

As Mothers Direct also has a health promotion charter, the website is providing benefits that aren't necessarily measured in monetary terms.

## >> COSTS

Mothers Direct's low expenditure for its eCommerce setup illustrates just how much technology prices have dropped in recent years. Their amortised upfront costs amounted to \$4,080, while its major ongoing cost is \$10,940 allocated to staff to maintain the website and arrange order fulfillment.

## >> CHALLENGES AND PROCESS CHANGE

Mothers Direct reported that the implementation of eCommerce was relatively smooth as most of the processes involved in remote purchase and ordering were already in place due to their existing catalogue and party plan ordering and distribution systems.

The biggest challenge surrounded training of volunteer staff to have confidence to update the website themselves as they were initially tentative to use the technology. However, many of these fears were alleviated once they saw that it was relatively easy to use.

One process change which led to cash flow and storage benefits was that the website could facilitate 'just in time' ordering which reduced the need for warehousing (and paying for) stock.

## >> FUTURE PLANS

It is envisaged that a new marketing plan will examine both the local and international online marketing options open to Mothers Direct and subsequently plan their implementation.

Mothers Direct would like to see their website evolve to integrate more closely with their Customer Relationship Management system as well as introduce real-time transactions.

## >> REFERENCE WEBSITES

[www.mothersdirect.com.au](http://www.mothersdirect.com.au)  
[www.ezimerchant.com.au](http://www.ezimerchant.com.au)

## >> REFERENCE eNOTES

eNote 12: Selling Online  
 eNote 14: Online Credit Card Facilities  
 eNote 16: Security

## >>E-COMMERCE PROFIT & LOSS ANALYSIS

	2004
<b>Additional Revenue from eCommerce</b>	\$
Increased sales directly via the Internet	95,160
<b>Less Cost of Goods Sold</b>	<u>48,721</u>
<b>Net Profit for eCommerce</b>	<u>46,439</u>
<b>Add: E-Commerce Expense Reductions</b>	
Reduced postage, freight, couriers and handling	200
Reduced paper and printing costs	<u>500</u>
<b>Total eCommerce Expense Reductions</b>	<u>700</u>
<b>Gross Benefit from eCommerce</b>	<u>47,139</u>
<b>Less: Up Front Fixed Expenses</b>	
Website and Content management systems*	1,020
Staff Training on technical systems	<u>1,000</u>
<b>Total eCommerce Up Front Fixed Expenses</b>	<u>2,020</u>
<b>Less: Operational Expenses</b>	
Internet Service Provider	288
Hosting of Website	2,213
External technical support and maintenance	220
Staff allocated to website and customer service	<u>10,940</u>
<b>Total Operational Expenses</b>	<u>13,661</u>
<b>Total eCommerce Costs</b>	<u>15,681</u>
<b>Total eCommerce Benefit</b>	<u>31,458</u>

\* Amortised over four years

Mothers Direct  
 1818-1822 Malvern Road  
 East Malvern, VIC 3145  
 Telephone: (03) 9886 9399

For further information go to: [www.mmv.vic.gov.au/casestudies](http://www.mmv.vic.gov.au/casestudies)

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