

# Buying a Computer Online

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As the millennium draws closer, the retail market in the United States continues to mature. According to industry analysts, retail sales, which were growing four percent a year since 1992, are now increasing at only half that pace. In contrast, online buying on the Internet is growing at an increasing pace in every business area - from airline tickets to auctions. Among the reasons for this trend are the increasing number of people with computers and their growing experience with computers in schools and at work. Sales on the Internet are strongest for companies such as Amazon.com (books), Dell Computer, Gateway (computers), and FTD (floral delivery). In the following pages, this paper provided a look at online computer buying at the Dell.com Internet site. The paper began with a brief discussion of Dell's focus on online sales along with a description of the areas in which the Dell site excelled. This was followed by a summary of the author's recent experience of selecting a new personal computer online. The steps involved in the buying process were discussed at length. These steps included selection, customizing and pricing, finalizing and submitting, obtaining a formal quote, online ordering, delaying an order submission, sharing an order, and retrieving a saved order. In conclusion, the paper discussed the future of Internet retailing and a few of the industry's shortcomings.

## Buying a Computer Online

As the millennium draws closer, the retail market in the United States continues to mature. According to industry analysts, retail sales, which were growing four percent a year since 1992, are now increasing at only half that pace (White, 1999). In contrast, online buying on the Internet is growing at an increasing pace in every business area - from airline tickets to auctions. Among the reasons for this trend are the increasing number of people with computers and their growing experience with computers in schools and at work (Jennings & Miner, 1999). Another important factor is the lower cost of doing business online.

Commerce Secretary William Daley recently estimated that consumers spent nine billion dollars online last year (Niccolai, 1999). He predicted this would increase to \$30 billion next year. In fact, the proportion of retailers selling goods on the Internet tripled in a single year, from 12 percent in 1997 to 39 percent last year. Sales on the Internet are strongest for companies such as Amazon.com (books), Dell Computer, Gateway (computers), and FTD (floral delivery) (White, 1999).

In the following pages, this paper provides a look at online computer buying at the Dell.com Internet site. The paper begins with a brief discussion of Dell's focus on online sales along with a description of the areas in which the Dell site excels. This is followed by a summary of the author's recent experience while selecting a new personal computer online. The steps involved in the buying process are discussed at length. These steps included selection, customizing and pricing, finalizing and submitting, obtaining a formal quote, online ordering, delaying an order submission, sharing an order, and retrieving a saved order. . In conclusion, the paper discusses the future of Internet retailing and a few of the industry's shortcomings.

### Dell.com

Dell.com began as an experiment in Internet selling approximately three years ago (Gillmor, 1998). In a recent earnings announcement, Dell reported more than \$10 million per day in online sales over the Internet. In addition, the company projects that more than half of its revenues will come from online sales within three years. Dell recently reported the single largest Internet sale - seven million dollars (NUA Internet Surveys, February 16, 1999). The transaction (made at a password protected extranet site) included 4,500 notebook computers.

The majority of the visitors to the Dell.com site are not first time buyers (Gillmor, 1998). They are consumers and small business customers that are knowledgeable and more than willing to visit the Internet site and purchase online. Dell's online sales are boosted by this fact since lower margin first time buyer orders are a distant second to the higher margin purchases of experienced users shopping for replacement PCs.

The Dell site is currently ranked (by TopTenLinks.com) just slightly behind Compaq.com as the number-two computer manufacturer Internet site (TopTenLinks, 1999). Dell.com excels in the areas of content quality, overall speed, consistent style, ease of navigation, and interaction. The content quality of Dell.com is high because product and transaction information is focused on what the online customer requires to make an informed purchase. The efficient use of graphics, plug-ins, and banners keep page loading times to a minimum. In addition, the overall look and feel of the site are consistent from page to page. Site backgrounds, navigation bars, and pull-downs are placed in similar locations throughout the site.

Perhaps the most important characteristics of the Dell.com site are its ease of navigation and extensive interaction with the online buyer. The online buying process begins by clicking on the icon for the particular brand and system type of interest. If the buyer is unfamiliar with the Dell product line, a "Help me choose" button connects to Dell's online product catalog containing detailed information about each of the system families listed. The "Help me choose" button is available throughout the buying process. The information it provides aids customers with buying decisions that include component compatibility and option availability.

### Buying Online @ Dell.com

Forrester Research recently profiled replacement PC buyers as predominantly male and educated - 65 percent with college education (NUA Internet Surveys, September 10, 1998). In addition, these buyers are not sensitive to price but are more interested in processing power. As a typical "replacement PC buyer," I am male, college educated, and interested only in computing power and not at all concerned with price (funny - I do not remember filling out a Forrester survey). My previous computer purchases have included NEC, Gateway, Dell, Toshiba, and IBM. Currently I have a Toshiba laptop running Windows 98.

Since the Toshiba laptop is only a Pentium 166 MHz with limited room for expansion, I chose to purchase a top-of-the-line Dell Windows 98 workstation. This personal computer fits perfectly with upcoming plans to migrate to Microsoft Windows 2000 Beta 3 and Office 2000. Past experience with the reliability of Dell workstations and the convenience of ordering online were the factors that led to my decision to order the computer online from Dell.com.

I found the Dell site to be organized and easy to use. Dell made purchasing a computer online easy and enjoyable by dividing the process into discrete, easy to digest steps. The following sections outline the steps I took in selecting a Dell computer (Dell, 1999).

#### **Selection**

The first step in the online buying process was to select a system. Systems were sorted by key attributes such as desktop type (e.g. mini-tower and mid-size), processor type, and processor speed. Attributes such as the type of sound card were also available for

selection. These choices were required because they affected the display of other options offered in customizing the system.

System pricing (as preconfigured by Dell) was shown in order to guide selection. However, the final system price varied considerably from this base price due to my addition of custom components. The base system I selected was a Dell Dimension XPS T (\$2,725 base price). The standard dell configuration included a Pentium III processor at 500 MHz, 128 MB 100 MHz SDRAM, and 512KB integrated L2 cache. Also included were a 25.5 GB hard drive, 19-inch monitor, 16 MB 3D AGP video card, USR V.90 modem, and Altec Lansing digital speakers with subwoofer.

### **Customizing and Pricing**

The next step in the online buying process was to select custom system options from the choices presented in drop-down boxes or pick-lists. The Dell site also gives customers the option of viewing all possible configuration choices at once by selecting the "All option view" tab. This was my selection. During the selection process, I made use of the "Help me choose" buttons a couple of times. The first was to decide whether to include a TV tuner card in the system and the second was to obtain details on the standard DVD CD ROM drive.

Another feature I found valuable was Dell's use of option compatibility warning messages. These messages identified potential conflicts with other system components. After customizing the base system, I clicked "Update price" to see how the selected options affected the base system price. The base system, configured with my personal requirements, increased from \$2,725 to \$4,277. After reviewing all options and pricing, I clicked "Add to cart" and added the system to my order.

### **Finalizing and Submitting**

The next step in the buying process was to finalize and submit an order. This section of the site allowed me to request sales help if needed. The types of assistance offered were:

- Requesting a Dell sales representative to review an order prior to submitting
- Requesting answers to specific questions

I had specific questions regarding the system's compatibility with Windows 2000 and a potential conflict between the network card and the TV/FM tuner card. Dell responded with answers the next day.

### **Obtaining a Formal Quote**

The site also allows customers the ability to obtain a formal quote. I found this feature beneficial since it confirmed that my custom system did not have any known

compatibility issues. It also provided a final order amount including shipping and applicable sales tax, and it identified the estimated ship date.

### **Online Ordering**

The next step in the ordering process was to actually place the order. I was not sure whether I would be able to obtain approval for the purchase so I chose to move on to the next step.

### **Delaying Order Submission**

For customers unable to make an immediate decision, Dell includes the option to delay an order. After clicking the "Save my cart" button, I provided my e-mail address. Shortly after saving the cart, I received an e-mail with the cart's retrieval information.

### **Sharing an Order**

Once a shopping cart is saved, the Dell site allows customers to share it with friends, co-workers, or a company's purchasing manager. In my case, I e-mailed the cart information to my wife Chaelynne for sign-off.

### **Retrieving a Saved Order**

When I receive approval (hopefully in the next couple of days), I will use the order retrieval feature to retrieve the cart saved under my e-mail address and finally place the order.

However, while waiting for approval to purchase the Dell system, I decided to find out what the traditional computer retailers (i.e. Best Buy, Circuit City, CompUSA, and Office Depot) had to offer. After looking through the computer advertisements in the Sunday newspaper, I visited a number of stores. In contrast to my recent experience on the Dell site, the newspaper ads, in-store product brochures, and computer sales staff were unable to answer product questions to my satisfaction. Specific questions concerning component and option availability, Windows 2000 compatibility, or system customization were left unanswered. Unlike Dell, these traditional retailers cater to the needs of first time buyers by stocking low cost systems with a limited number of preconfigured options.

## **Conclusion**

A recent study by Shelley Taylor and Associates found that the majority of online stores did not offer the customary service that consumers received in offline stores (NUA Internet Surveys, February 26, 1999). In fact, 24 percent of the sites failed to give any pre-sale assistance, and 32 percent of the sites did not offer purchasing instructions. The study also reported that only 30 percent of sites offered information on product availability. In addition, only eight percent of sites updated customers about the items currently included in their online shopping carts. Unlike these sites, Dell.com rates high

in all of these areas. I found the shopping experience to be easy, enjoyable, and at times educational. During the process of selecting which options to purchase, I found myself learning about the latest computer technology (e.g. L2 cache, DVD CD ROMS, and 3D AGP video cards).

Similar online buying experiences by consumers in a variety of retail markets are responsible for the rapid growth of shopping on the Internet. In fact, Internet retailing is now a real threat to traditional selling methods. Online buying offers convenience and in many cases a lower price. As computer and connectivity prices continue to fall, Internet retailing will grow because the majority of Americans will have the Internet access required to shop online (White, 1999).

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