Challenges of Transforming a Traditional Brick-and-Mortar Store into a Bricks-and-Clicks Model: A Small Business Case Study

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EXECUTIVE SUMMARY

This article addresses some of the unique challenges faced as small businesses try to establish a presence in the fiercely competitive online marketplace. Specifically, a small fragrance/aromatherapy boutique (named The Scent Network) is the organization examined. This brick-and-mortar retailer evolved into a bricks-and-clicks model while the business owner had little IT experience, a small budget, and little time to devote to the Web site. More failures were experienced than successes, resulting in numerous “lessons learned”. By sharing these experiences, it is hoped that small business owners find success as a “dot.com” and avoid becoming a “dot.gone”.

Keywords: bricks-and-clicks model; brick-and-mortar; small business

ORGANIZATIONAL BACKGROUND

Ms. Celia Duncan, a successful business owner of a small-town fragrance boutique, is so confused.

I know that the Internet provides great potential for my business, but I just don’t know how to make this work. Everyone I talk to has a different answer and no one quite understands how I really envision this business on the Internet… Sometimes I feel overwhelmed by the Internet, but I know that I want my business to have a presence. I keep trying different strategies, but things aren’t turning out the way I had hoped… The web developers I’ve worked with want my business, but once they get my site finished, they don’t seem interested in building my business without charging me an arm and a leg. I’ve invested so much money already and I’m not sure if I should continue.
It is obvious that Ms. Duncan feels very frustrated about what to do. In order to provide sound advice to Ms. Duncan, it is important to understand the background of her organization, the products and services provided, and the management structure of her business.

“Brick-and-Mortar” History (The Scent Network)

Ms. Duncan established a unique fragrance and aromatherapy boutique, The Scent Network, as a sole proprietorship in 1998. She is the owner and operator of the business, but on occasion, her family provides assistance.

I do most of the work myself such as accounting, ordering inventory, building store displays, setting up the store layout, customer service, and so on. I’m the only person on my payroll, so that’s a pretty easy job. But during the holidays and other busy shopping seasons when things get busy, my daughter and son volunteer their time to help me with the business.

The store is located in the heart of Virginia’s Shenandoah Valley. Throughout its long history, the Shenandoah Valley has been revered as one of the most beautiful regions of North America, bounded by lovely mountain ranges and nourished by the Shenandoah River. This region, named by Indians as “Daughter of the Stars,” attracts thousands of tourists to its quaint little towns, bed-and-breakfast inns, wineries, Civil War historical sites, parks, concerts, caverns, and endless shopping opportunities (Stevens, 2003). To take advantage of the large market segment of shopping tourists, Ms. Duncan ventured into the fragrance and aromatherapy business by opening up The Scent Network.

The Scent Network is located within an old, original Farmers’ Market considered to be a “Mall-ternative” way of shopping. This Farmers’ Market contains more than 20 small merchants that sell everything from fresh local cheeses to antique laces to homemade fudge. The market takes its patrons a step back to an earlier time. Patrons are likely to see people in their horse-and-buggy on the same roads as modern cars and trucks. Because the Farmers’ Market is a short ride to various other local attractions, many tourists visit. It is not uncommon to see charter buses make a tourist stop at the Farmers’ Market throughout the year. Interestingly, the Farmers’ Market is only open Thursdays, Fridays, and Saturdays from 9:00 a.m. to 6:00 p.m., but they have extended hours during the busy Christmas shopping season.

The Scent Network’s monthly sales range from $4,000 to $16,000 and are extremely seasonal in nature. The monthly average is $8,000 in sales. Many of her products produce a very healthy profit because of the very high (100%-600%) markups. The Scent Network accepts customer payments through cash, personal checks, and major credit cards.

I can’t believe that I’ve developed a $100,000 a year business from a store that is only open to the public three days a week! Believe me, I put my hours in during the other four days by researching the market and industry, talking with
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