CASE STUDY

ScubaToys Dives into E-Commerce using Cisco Technology

A dive shop takes advantage of the Internet and innovative e-commerce to raise its profile and boost sales.

Background
ScubaToys opened its doors for business in 1998 as a retail dive shop in Dallas, Texas. Within a year, President Larry Dague installed a network and established a Web site designed to display and sell products, provide diving news and information, and bring together members of the diving community. Today, the company has 10 employees and 2002 sales of about US $2 million—a 40% increase over 2001.

Challenge
From the beginning Dague recognized that success would require more than posting a Web site that displayed a few products and alluring diving photos. As a small business owner, he had to devise a way to offer the e-commerce capabilities of a large company while adhering to a tighter budget. He also recognized that the growth opportunities for his dive shop were limited without the use of the Web and the exposure it could provide.

However, building out a network infrastructure to support e-commerce was an involved process. Dague had to build a network that could tap into Access and SQL databases for e-commerce capabilities, plus he had to program the Web site to provide robust functionality, including a shopping cart. In addition, Dague wanted to send e-mail newsletters to subscribers and showcase the store and various products using live video over the Internet. These solutions required first-rate communications and a dependable Web hosting platform. "Ultimately, I wanted to create an e-commerce platform that would allow us to display a unique Web presence," he explains.

Solution
ScubaToys installed a local area network consisting of just two personal computers. Dague also added an ISDN line with a Cisco router so that employees could share data, browse the Internet faster, and use a credit card verification system at the same time. The PCs tie into an Access database and serve as point-of-sale cash registers and terminals.

In addition, the ISDN line allows ScubaToys to use a video capture card on one of the PCs to take images from the store's security cameras and transmit them via file transfer protocol to its Web site at four-second intervals. The camera shows what is happening in the store and at the diving pool at all times.

A key part of ScubaToys's online initiative focused on marketing. Dague, using freeware CGI scripts, established a system that allows ScubaToys to send out an online newsletter to customers and other subscribers via e-mail. Today, ScubaToys distributes monthly news and product information to more than 8,700 subscribers.

In order to drive more traffic to the Web site and the store, ScubaToys.com has adopted other marketing strategies that improve the user experience. For example, Dague created a secondary Web site, ScubaPics.com, where divers can upload their underwater photos and viewers can vote on their favorites. He also offers free downloads, including the U.S. Navy Dive manual. In order to manage bandwidth and traffic effectively, ScubaToys has established multiple hosting sites, including Flash.net, TeleQuest.net, and most recently, 2CoolWeb.com, a hosting service based in Dallas.

The most recent improvement at ScubaToys includes the implementation of a T1 line with Cbeyond Communications, a Cisco partner. With the use of the T1, a Cisco router, and a new IP Canon video camera, ScubaToys now offers streaming video that the user can control remotely from any browser. Using features like tilt, pan, and zoom, customers can tour the store or zoom in on products while employees point out specific features.

Results

While the average scuba shop in the United States pulls in $280,000 in annual sales, Dague's 2002 sales will tally about $2 million—a 40% increase from the previous year. Since its inception, ScubaToys has grown nearly tenfold. The firm has watched e-sales grow to 70% of the company's revenues, and Dague is doubling space and adding workers to accommodate the boom. Today, nearly 70% of the company's business practices are network based, and about 90% of its sales and marketing efforts are concentrated on the Web. "Starting out as a small dive shop in land-locked Dallas, I never pictured networking or the Internet as having any significant impact on business, but it has become the center of our business," says Dague.

Using a referral script built into the online shopping cart system, the company can determine not only where users are coming from, but also which links lead to the most sales. "I don't care too much about how many people visit the site," Dague says. "I care about how many people came and spent money at the site. Ten thousand visitors and one buyer don't do any good. I would rather have five visitors and four buyers." Finally, sophisticated business intelligence helps ScubaToys refine its marketing efforts and focus on practices that provide the greatest return on investment.

Remarkably, ScubaToys has kept its marketing and advertising budget below $2,000 per month—the same figure as when it started the business nearly five years ago. Instead of placing ads in publications and buying a large advertisement in the Yellow Pages, Dague has concentrated his efforts online. "We're spending money far more effectively," he says.

Next Steps

ScubaToys.com plans to make additional waves in the months ahead. The company is streamlining its software to automate its ordering procedures with vendors, and it is also adding computer-based training and e-learning tools to its on-site classroom so that students can boost their knowledge before receiving instruction in the pool. Says Dague, "The Internet allows a relatively small company to act and operate like a big company. Creativity is the limit."

What Cisco Offers

Cisco network solutions provide companies of all sizes with the technology they need to maximize performance and profits. In addition, Cisco helps firms integrate various tools and speed up project implementation.

Further Reading

ScubaToys Snapshot

- The privately owned firm will post sales of US $2 million for 2002—a 40% increase over 2001
- Ten employees
- Founded in 1998
- Approximately 70% of the firm's retail sales take place over the Internet to divers around the world
- About 90% of the firm's external business practices are online
- President Larry Dague manages IT himself and handles the programming for his Web site

Networking Solutions

Use these links to access technical information about the solutions discussed here: