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E-COMMERCE AND YOU



WHAT YOU NEED TO KNOW BEFORE YOU START

This brochure is brought to you by the Development of Financial System in Rural Areas in Serbia (SRFP) program, which is being implemented by Business and Finance Consulting (BFC) in partnership with the Serbian Ministry of Agriculture, Forestry, and Water Management.

This brochure offers business owners thinking of transitioning to buying and/or selling online the assistance in finding and selecting the right e-commerce solution as well as advice for attracting and holding the attention of buyers online. More specifically, this brochure concentrates on marketing online through e-commerce websites and offers the possibilities for buying and selling online.

What Is E-Commerce?

E-commerce refers to the process of buying and selling products and services over the internet, which is becoming increasingly popular due to its speed and ease of use for consumers. E-commerce activities such as selling online can be directed at consumers or other businesses. The following examples highlight what e-commerce is:

- **Purchasing clothes online and having them delivered to your address.**
- **Making an online order for automotive parts and driving to the store to collect them in person.**
- **Buying software, music or digital documents and downloading them to your computer.**

The examples demonstrate the utilization of the online experience in the e-commerce cycle, whether its 100% online (e.g. the purchase of software) or the use of the internet to locate nearby items (e.g. ordering online and collecting a product in person at a store location). E-commerce also includes other types of online commerce activities, which are covered later in this brochure.

E-commerce is fully electronic commerce that allows businesses to maintain relationships and conduct business transactions, including the selling of information, services and goods, by means of computer communications networks.

Forms of E-Commerce

Large online retailers have done more to affect the online e-commerce environment than is readily seen, which has led to other businesses adopting new models. This has resulted in several forms of e-commerce developing:

BUSINESS-TO-CONSUMER (B2C)

A plethora of B2C e-commerce models exist. Most retail websites illustrate B2C e-commerce activity. In fact, if you have purchased something online, you have participated in this type of e-commerce.

B2C e-commerce is the birthplace of all this.

BUSINESS-TO-BUSINESS (B2B)

Some businesses market only to other businesses and not to consumers. This is business-to-business (B2B) e-commerce. An example of B2B e-commerce is the sale of software for businesses. Nearly all companies require sales software to track sales. As such, they usually look online for a reputable sales software solution to purchase and use. This is B2B e-commerce in real life, with one company selling a product or service online to another company.

Other examples of B2B e-commerce include a company buying printer supplies online from a retailer such as 3M, and a company purchasing computer equipment online directly from Dell or HP.

CONSUMER-TO-CONSUMER (C2C)

A consumer selling products and services directly to other consumers online is an example of consumer-to-consumer (C2C) e-commerce. In C2C e-commerce, consumers engage in work with other consumers. An example of this would be if someone wants a document translated. They place an offer on a freelancer platform for the translation of one document, and a translator makes an offer to do the translation. Both are private parties that are not registered businesses.

Other examples of C2C e-commerce activities include those on eBay or Kupujem-Prodam, where individuals sell items online to other persons. These are pure person-to-person C2C sales, with no businesses involved.

E-Commerce Development

In-store browsing was the most common way of doing business for most of recorded history. Since the arrival of eBay and Amazon* however, e-commerce has come to dominate a significant portion of retail trade. To meet demand, traditional stores now typically offer both in-house and online alternatives to market and sell their products and services.

*eBay and Amazon are leading examples of online retail development. Both started in the mid90s. Ten years later, Amazon had earned USD 359M, and eBay had amassed USD 52.5B in profits.

THE CURRENT E-COMMERCE ENVIRONMENT

Today, it's taken for granted that companies offer at least a portion of their merchandise online. And most retailers now offer an online catalogue with the option of reserving merchandise for pickup at the store. This gives consumers a tremendous amount of flexibility in that they can shop from the comfort of their home or walk into a store location.

CONSUMER-TO-BUSINESS (C2B)

A consumer-to-business (C2B) model is the reverse of the B2C model, where consumers offer products or services to businesses. Examples of C2B activities include focus groups, influencer marketing (i.e. offering to an online audience as a potential market) and offering photos or graphics to companies for use in literature or marketing. C2B e-commerce highlights an opportunity for individuals to earn a second income.

Nowadays, there are platforms dedicated to connecting software developers, translators, photographers, writers and other professionals with companies.

The Benefits of E-Commerce Over Retail

E-commerce opens up a wide variety of opportunities that traditional retail forms cannot. When planning your business or expansion of your business, how e-commerce can be beneficial to your plan should be well understood and included. The main reason for integrating e-commerce into your business plan is this: e-commerce allows shoppers to buy your products online at their leisure. Simply put, this easily expands your potential customer base to almost everyone in the world without the cost and con-

straints associated with managing expensive showrooms.

Another major advantage of e-commerce is online advertising. If done right, online advertising methods, combined with online search capabilities and social media, become your frontline tools for attracting customers and putting your products and services on display, all at a fraction of the cost of traditional, local advertising solutions.

Consider using outside know-how or grow in-house skills to make your e-commerce shop a success.

- **Outsourcing** – you can opt to take advantage of a number of experienced e-commerce experts, website designers and business strategy consultants to maximize the impact of your e-commerce business.
- **Managing it within your business** – the everyday management of your e-commerce business requires significant skills within your own team. Developing your online shop is an excellent opportunity to develop new skills within your team, learn web-based competencies and gain the knowledge to set up and manage an e-commerce business.

What You Need to Know Before Setting Up an E-Commerce Website

Before setting up an electronic storefront, you should carefully consider a number of issues, especially:

Website Design

- Is your website attractive and simple to use?
- Can consumers move around your website, find information easily and make purchases online?

Website Promotion

- How will you attract consumers to your website?
- Which online and offline promotional strategies will you leverage to get consumers to your website?

Website Product and Service Catalogue

- Can consumers easily navigate the online catalogue to find the products and services they are looking for?
- Will the catalogue be expandable as your business grows?
- Can consumers add and remove items before checkout?
- Are there suggestions for similar items based on a consumer's selections and searches?

Sales Transactions

- How will you track orders and ensure payment?
- How will consumers receive receipts?
- How will orders be carried out?

Delivery

- What are your delivery procedures?
- Is delivery available?
- Can consumers pick up their items at a physical business location?

Payment Options

- What options for payment will you offer (e.g. setting up a bank account for direct payments, credit card payments, professional transaction company (e.g. PayPal payments)?

Website Maintenance

- How will your company's website be maintained and updated? A website expert can easily assist you with this.

QUICK ADVICE FOR YOUR WEBSITE

Consumer attraction

- Promote products with family and friends
- Suggest recommendations or sales announcements to consumers visiting the website
- Invite suggestions and request customers send videos of products in use
- Offer the option to enlarge various parts of products, especially if certain aspects of the product are interesting to consumers

Use of pictures and illustrations

- Provide several picture views
- Suggest similar products, including picture views of those products
- Extend graphic choices during the course of the sale (e.g. sizing in comparison to other products, coloring, texture, etc.)
- Pictures make the product. Use a high quality picture with an appropriate background to look professional

Website organization and mobility

- Think about pop-ups of similar products or other best-selling items
- Make it easy to move around the product and the website

Outside sales assistance

- Devise manners to attract potentially-interested consumers before sales, leveraging techniques such as chat rooms, product information forums or information sharing venues

ADVICE FOR ATTRACTING CONSUMERS TO YOUR E-COMMERCE WEBSITE

The following promotional and service tips have been used by other successful e-commerce marketers to attract consumers and keep them coming back:

- Providing rebates, limited offers and discounts
- Providing consumers with the option to return items at physical store locations
- Guaranteeing purchase orders are correct
- Guaranteeing fast delivery
- Quickly responding to consumer questions
- Ensuring that the buying experience is simple and easy
- Openly displaying bills for all online purchases, including delivery costs
- Accurately displaying stock inventory and expected transport times
- Ensuring client data confidentiality, including notifying consumers of the steps your business takes to guard the privacy of their data
- Openly displaying your country of business, the currency of payment and exporting terms on your website

Stock Control

- What system will you use to control stock? Automated stock control systems are typically a better solution than relying on staff to manage orders as it allows online consumers to instantly see stock availability. There are options for off-the-shelf stock control software as well as options for custom-designed stock control software.

In the end, consumer satisfaction is paramount. It may be worth paying extra for customer management software that will help you retain current customers and bring back first-time users.

The Future of E-Commerce

1. B2B is growing

B2B commerce is expected to grow to USD 6.6 trillion in total value this year, with the biggest trend seen in companies purchasing products, software and services for business administration. B2B no longer about wholesalers marketing to retailers; rather, it's about technology companies leading the way and selling software that frees up resources from the tedious tasks every company is faced with.

With companies budgeting more and more each year for B2B purchases that improve internal efficiencies, B2B marketers need to put into place that their online shop allows for big purchases, billing, discounts for volume and easy re-purchasing. These elements will speed your way to winning.

2. The use of devices will be ever-more present

One thing is perfectly obvious, there will be a huge amount of significance placed on devices consumers use when purchasing online.

What is the reason for this?

Desktop computers were the first devices used for shopping online, now it's handheld devices such as mobile phones. E-commerce shops are developing their business for mobile phone users before desktops. In 2020, 45% of all purchases made online were from a mobile phone. This is an estimated USD 284 billion in revenue. 56% of all buyers browse online at home before purchasing.

3. Emerging markets will offer new sales possibilities

Emerging markets such as Brazil, China, India and Russia are seen as the key markets of the future, having an estimated market potential of 3 billion consumers by 2022. These markets are currently underserved by e-commerce businesses.

4. Automation is a necessity

Automation is an important step in advancing an e-commerce business. From marketing and sales to inventory control and shipping, almost every department of an e-commerce business has facets that can be automated. The main benefit of automation is that it cuts workload time and allows resources to be dedicated for other activities. For example, stocking software cuts down on the need to carry excessive inventory as well as facilitates larger shipments and faster delivery.



Automation software for e-commerce purposes is readily available and can be easily found online.

5. Brick-and-mortar stores will still be important

Some in the e-commerce community believe that physical stores will eventually die out, whereas others think that brick-and-mortar shopping will return with a new found life. Although e-commerce seems to be winning out at the moment, physical stores represent a significant opportunity for partnerships as well as for enhancing the online experience. For example, brick-and-mortar stores often offer unique in-store experiences simply not possible online, as best exemplified by Apple and Microsoft stores in Chicago and New York, which are offering walk-in customers the opportunity to take part in innovative presentations of their new computers and software.

6. The use of video is expanding

The use of video is expected to play a massive role in e-commerce marketing in the future, with recent studies showing that 60% of buyers are more inclined to view a product video than go physically shopping to look at it. This is likely due to the rise in popularity of Facebook, Instagram and Snapchat.

Enhancing your e-commerce website with video offerings of products and targeting videos to select consumers are essential if your online enterprise is to be successful.

7. The buying experience is king

Whether in a brick-and-mortar store or online, the buying experience for consumers is of massive importance for the success of your company. Enhancing online marketing efforts to what consumers desire is essential for your online venture. This entails testing marketing processes and correcting issues to give consumers high-quality experiences.

Testing process your e-commerce website entails:

- Using 'call to action' buttons to guide consumers easily to more information, purchasing, etc.
- Minimizing the time for checkout
- Messaging options with consumers
- Information requested during the checkout page
- Enhancing product presentation and viewing processes

All of these steps have become commonplace within e-commerce website management.

8. The rise of the smart shopper

Consumers are inclined to do research before buying items, even more so when purchasing expensive items. This is true even before purchasing items in a store, with consumers conducting online research before buying. In one study by the V12 data organization, 81% of consumers carry out online research before making a purchase. This means that your online shop and products have to be easily found on social media and in regular Google searches. If given the right information and a pleasant online experience, consumers may make decide to purchase from you instead of going to a store.

9. Personalization builds relationships with consumers

Personalizing your company's marketing efforts is the beginning of building strong, long-lasting relationships with consumers. Here are a few tips to guide you in this process:

- Personalize marketing emails with the consumer's name
- Send previews of newly-released products likely to be seen as essential for consumers
- Provide discounts to returning consumers
- Get feedback from consumers to gain their insights and develop better products and experiences (this also acts as a marketing scheme to attract them back to your website)

These points will get you started, but if you want to really understand what interests your potential consumers the most, conduct your own test runs and extrapolate from them where your business can best find the most traction.