PECOS4SMEs

D2.6 Top e-Commerce Strategies
WP 2

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Applicable Documents

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Executive Summary

This document forms the D2.6 Top e-Commerce Strategies for the Implementation of the PECOS4SMEs Project (henceforth, "Project").

Southern Europe SMEs lack the needed knowledge to take advantage of the e-Commerce potential resulting in Southern Europe lagging within the e-Business area. PECOS4SMEs will develop a training programme concentrated on the provision of suitable knowledge and tools, which the SMEs can use to increase cross border e-commerce revenue. This includes changing sales and marketing strategies and new types of organisation and knowledge about e-Commerce technologies in a future world dominated by pervasive Internet.

The promotion of useful e-Commerce strategies for SMEs includes transfer of knowledge and practices from top performing countries in e-Commerce to lagers thus bridging the cross border sales gap between Northern and Southern Europe and helping the economic recovery of the hard hit South. As a consequence of the introduction of new technologies and concepts facilitating cross border e-Commerce, (e.g. effective link building, search engine user attitudes etc.), SMEs will make their businesses more profitable and improve their ICT and methodological competence for interactive and collaborative learning.

The project is co-funded by the Education and Culture DG under the Lifelong Learning Programme, Leonardo Multilateral projects.

The present document contains information regarding:

- E-Commerce Business Types
- Top e-Commerce strategies and practices
- Common e-Commerce pitfalls.

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Document Glossary

Term	Description
B2B	Business to Business
B2C	Business to Consumer
CRM	Customer Relationship Management
EFT	Electronic Fund Transfer
PP	Paid placements
SEM	Search Engine Marketing
SEO	Search Engine Optimisation
SET	Secure Electronic Transaction
SME	Small and Medium Sized Enterprises
SSL	Secure Socket Layer

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1. Introduction

1.1. Purpose of the D2.6 Top e-Commerce Strategies

The purposes of the current D2.6 Top e-Commerce Strategies are the following:

- To illustrate the top e-Commerce strategies that can be implemented in SMEs business practices

- To point out common errors related with e-Commerce that SMEs may do and ways to successfully tackle them.

1.2. Scope of the project

PECOS4SMEs will develop an innovative training system bringing new types of organisation and knowledge about e-Commerce technologies and trends and concentrated on transforming Internet trends into applicable tools for SMEs to change sales and marketing strategies. The approach to training SMEs is based on their situation (sector, financial capability, educational background, geographical location, existing infrastructure, etc.). After completion of the training, SMEs are expected to be able to engage foreign consumers by successfully implementing e-Commerce strategies designed specifically for them.

1.3. Project Objectives

The specific purpose of the proposed project is the development of e-Commerce oriented material delivered through a training system targeting solely SMEs and the deriving needs (e.g. websites friendlier to the foreign consumer, order tracking process, clear dispatch and return policies, etc.) with respect to effective use of the Internet as a sales channel. This includes changing sales and marketing strategies and new types of organisation and knowledge about e-Commerce technologies in a future world dominated by pervasive Internet.

PECOS4SMEs, in particular, aims to support European SMEs to:
- ❖ Raise awareness and interest about cross border e-Commerce.
- ❖ Learn more about the risks associated with online payments.
- ❖ Learn more about the uses of the Internet as a revenue channel.
- ❖ Analyze the knowledge development in the SME and see the strategic perspectives of this knowledge in the context of the business strategy.
- ❖ Integrate e-Commerce in business planning and innovation strategies.
- ❖ Get the strategies written down, so they are not just ideas, but an active choice, which can be communicated and understood by SMEs.
- ❖ Get the strategies incorporated in practical procedures that can be constantly updated.
- ❖ Be aware of the European cross-border trade legislation and provisions of consumer rights.

An additional goal is to make it easier and less costly for businesses, particularly small and medium-sized enterprises (SMEs), to do business abroad and to enable consumers to reap the

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full benefit of the Single Market. This goal is aligned with the Europe 2020 strategy – launched on 3 March 2010 (IP/10/225) and with which the Commission is currently tackling bottlenecks in the Single Market to drive economic recovery.

2. Issues with e-Commerce for SMEs

2.1. Small and Medium Enterprises

Small and medium enterprises or small and medium-sized enterprises (SMEs, small and medium-sized businesses, SMBs, and variations of these terms) are companies whose personnel numbers fall below certain limits.

The main factors determining whether a company is an SME (according to EU standards) are:
- Number of employees
- Turnover or balance sheet total:

Table 1: SME determining factors

Company category	Employees	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

These ceilings apply to the figures for individual firms only. A firm which is part of larger grouping may need to include employee/turnover/balance sheet data from that grouping too.[1]

2.2. E-commerce and SMEs

B2C and B2B e-Commerce types are the current primary initiatives in e-commerce being pursued by organisations today. **Business-to-customer (B2C) e-commerce is concerned with commerce associated with the individual end consumer**. This type of e-commerce is typically characterised by:
- High volume,
- Low value transactions across a broad customer base.

Business-to-customer e-commerce is generally perceived, or marketed, to be Internet applications enabling customers to purchase products or services using a Web based application.

Other technologies are available that can satisfy B2C e-commerce. Some of these technologies are:
- ✓ facsimile machine – in a variety of configurations and ways,
- ✓ computer to computer such as EDI (Electronic data interchange),
- ✓ electronic publishing – publisher and subscriber,
- ✓ electronic funds transfer at point of sale (EFTPOS),

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[1] European Commission, *Small and medium-sized enterprises (SMEs), What is an SME?*, Source: ec.europa.eu

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- ✓ credit card debit facilities,
- ✓ financial transactions such as telephone banking and stock trading,
- ✓ interactive voice response (IVR) systems – i.e. call centre applications, and
- ✓ Web based catalogues and directories.

Business-to-business (B2B) e-commerce is between organisations. This may be between SMEs, large enterprises, or between SMEs and large enterprises. This type of e-commerce can be characterised by low volume, high value transactions across a narrow customer base. Some of the e-commerce technologies used in B2C e-commerce can be equally applied to B2B e-commerce (eg. facsimile, IVR, and web based catalogues and directories). However, there are some specific technologies that are only appropriate for B2B e-commerce such as EDI and financial transactions.

2.2.1. Business to Consumer (B2C) E-Commerce company types

B2C companies divide into five major categories: direct sellers, online intermediaries, advertising-based models, community-based models and fee-based models.

- ✓ **Direct Sellers:** Direct sellers, such as online retailers, sell a product or service directly to the customer via a website. One can further divide direct sellers into e-retailers and manufacturers. E-retailers are electronic retailers that either ship products from their own warehouses or trigger deliveries from other companies and stocks. Product manufacturers use the internet as a catalogue and sales channel to eliminate intermediaries.
- ✓ **Online Intermediaries:** Online intermediaries perform the same function as any other broker. The- business allows non-B2C companies to reap some of the benefits. Brokers offer buyers a service and help sellers by altering the price-setting processes.
- ✓ **Advertising-Based Models:** Popular websites rely on advertising-based models. These websites offer a free service to consumers and use advertising revenue to cover costs. They draw a large number of visitors, making them ideal advertising streams for other companies. Advertisers will pay a premium to sites that deliver high traffic numbers.
- ✓ **Community-Based Models:** Community based models combine the advertising method that relies on traffic at sites that focus on specialized groups to create communities. Community sales and advertising take advantage of social and network marketing by focusing on specific groups that want specific products.
- ✓ **Fee-Based Models**: Pay-as-you-buy or paid subscription services fall under fee-based models. The most common of these are online subscriptions to journals or movie sites such as NetFlix. These companies rely on the quality of their content to convince consumers to pay a usually nominal fee.

2.2.2. Business to Consumer (B2C) E-Commerce elements

B2C consist of various elements such as cataloguing, order planning and generation, cost estimation and pricing, order fulfilment and delivery, product maintenance, category management, order and credit card processing.

- ✓ **Cataloguing:** The cataloguing is the process of displaying items from a database based on categories and sub categories selected by the clients. It creates a very simple

e-commerce system that allows viewers to select items for purchase from the product catalogue. Cataloguing is a major operation used in the- business to consumer e-commerce. Customers can communicate with the shop lines through the network system used in the- business. For this purpose a technique must be required to fulfil all needs of the consumer. To do shopping online, there be need of some catalogue, which will describe the price and brand of the item.

✓ **Order Planning and Order Generation:** The order planning and generation enables initiation of individual orders as well as block orders in an easy to use and flexible manner. Each order goes through a complete life cycle. The status of an order indicates in what stage of the lifecycle an order resides. .i.e. initiated, validated, validated with warning, sent or cancelled.

✓ **Cost Estimation and Pricing:** before setting the pricing, there must be a complete study of cost estimation. Pricing is the bridge between customer needs and company capabilities. Pricing at the individuals order level depends on understanding the value to the customer that is generated by each order, evaluating the cost of filling each order. After ordering, estimation of cost can be done first and then set the pricing procedure.

✓ **Order Receipt and Accounting:** When price setting is over, Accountability of the products and their cost is maintained. It is the basic and major step in the accounting system. After an acceptable price quote, the customer enters the order receipt and entry phase of ordering. Order receipt is necessary for the billing of the different products.

✓ **Order Selection and Prioritization:** After setting the price of the product, the major operation is order selection and to set the priority for the selection of the final goods. Customer service representatives are responsible for choosing which orders to accept and which to decline.

✓ **Order Scheduling:** This step is used for a healthy customer environment. In this phase prioritized orders get slotted into an actual production or operational sequence.

✓ **Order Fulfilment and Delivery:** After completion of order scheduling, the next step is to fulfil and deliver the order. During this phase the actual provision of the product or service is made.

2.3. External and Cross border E-commerce challenges for SMEs

Cross-border e-Commerce's challenges can effect a dramatically the ability of a business to conduct such a type of commerce[2]:

✓ Local language
✓ Local product differentiation/inventory issues
✓ Complex distribution/shipping costs/timing
✓ Local competition/pricing
✓ Customer service

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[2]   Badran S., Perspective: Challenges and Opportunities of Cross-Border e-Commerce, Source: http://www.firstdata.com/

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Additionally, merchants must deal with a host of payment-related issues, including increased fraud risk, currency conversion, merchant banking relationships and regulatory requirements. This involves creating a complex network of acquiring banks and payment processors and making sure your customers have a wide variety of payment options. Most importantly, this network has to be secure and trustworthy.
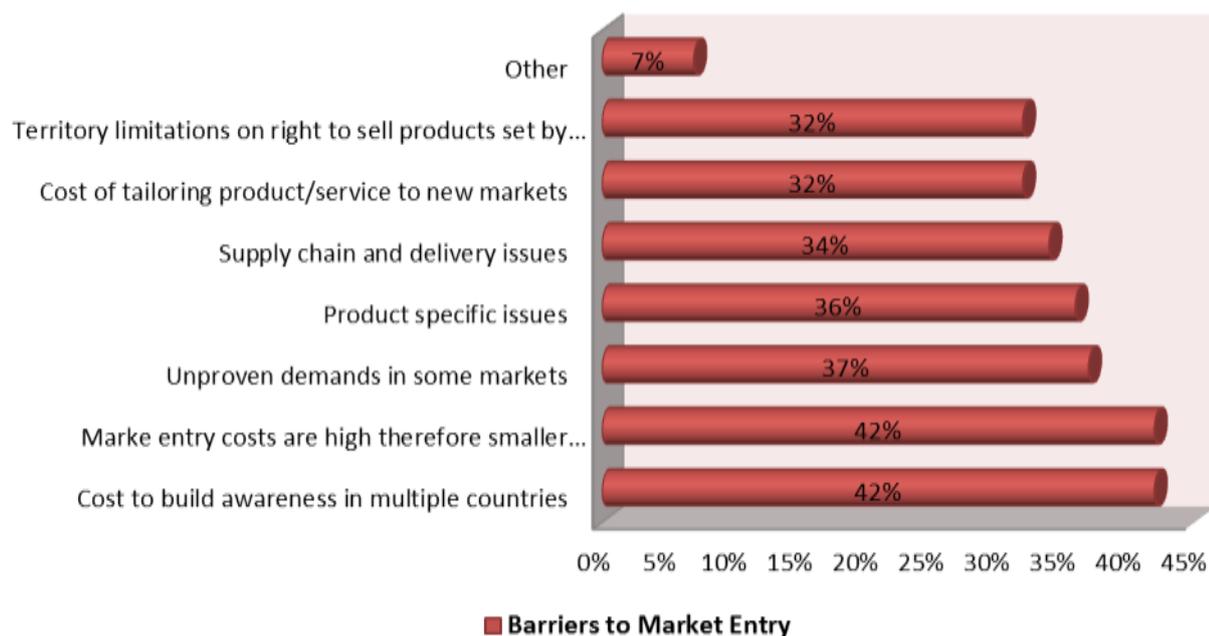
Figure 1: Barriers to Market Entry[3]

2.4. Financial Transactions on the WWW - The Issues

The key issues associated with financial transactions on the WWW include:
· Consumer protection from fraud
· Transaction privacy and safety
· Competitive pricing of payment services to ensure equal access to all consumers
· Right to choice of institutions and payment methods

For obvious reasons, all electronic payment systems need to be able to keep automatic records. The benefit of this system lies in its availability for permanent storage, accessibility, and traceability. However, the need for record keeping for purposes of risk management conflicts with the transaction anonymity of cash and can easily lead to violations in privacy.

Privacy remains to be one of the biggest challenges facing a quick adoption of a single payment mechanism on the WWW. The reality is that every time one purchases goods using a credit card, subscribes to a magazine, or accesses a server, that information

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[3]   Accenture, 2011

finds its way into a database somewhere. All payment details of a consumer can be easily aggregated and essentially condensed to a single dossier. This dossier would reflect what items were bought, where, and when. In effect the technology as it exists today has the potential to violate any individual's privacy. This issue needs to be addressed and safeguards incorporated to ensure consumer privacy. Guaranteeing transaction confidentiality and data integrity are a forgone conclusion for the future growth/adoption of Web based transactions/commerce.

2.5. Marketing Strategies

2.5.1. Search Engine Marketing Strategy

- **Keyword-related banner advertisements**: One of the earliest and still used SEM strategies is to buy keyword-related banner advertisements on the search-results page. However, a study by the NPD Group found that standard banner or button advertisements are not as effective as search listings when it comes to brand recall, favourable opinion ratings, and fostering purchases [30]. In unaided recall, search listings outperformed banners and buttons by three to one. Therefore, on-line sellers need to get listed in the search-results pages as soon as they register with the search engine. To achieve this they have the following options:

- **Paid submission/paid listing and paid inclusion for regular updates:** To avoid long delays, sellers can pay search engines to ensure that their Web site is reviewed within a fixed time frame (generally a week) and starts showing up in the search-results pages [30]. For example, Yahoo! Commercial accepts free submissions. But a seller can speed up the registration process by choosing the "Business Express" option and paying a one-time fee that guarantees a review within one week. Sellers can also pay for regular updates, a feature offered by Inktomi, the search engine that supplies results to, among others, HotBot, AOL, and MSN. A seller using this option pays a small fee per page and in return gets a guarantee that the Inktomi "spider" will visit the seller's Web site every 48 hours for one year, ensuring that the seller's URL is added to the index and that its listing is regularly updated. Just being listed in the search results is not enough, however. Sellers should aim to maximize the traffic that comes to their Web sites via search engines. To maximize this traffic, sellers need to obtain preferential placement of their Web site addresses, so that they will be one of the top 20 matches. A seller's site is not very likely to be visited if it is listed in the "back pages" of a search engine's results. Recent research has shown that 90% of users hardly ever go beyond the first three pages of search results— approximately the top 30 listings—for a single search. To make sure that they are included in the top listings, on-line sellers have two options:

- **Search engine optimization (SEO)**: Sellers can improve their listings on the search-results pages by modifying their site codes to make them more relevant and therefore more search-engine compatible. For instance, they can modify the title tag, meta-tags, heading tags, links, and other areas of the page in order to ensure that the search engine's algorithm gives the page a higher score in comparison to other pages that qualify to be displayed in the search-results pages.

- **Paid placements (PP)**: Sellers can pay the search engine for placement in the sponsored section of the search-results pages. This is a faster way to obtain visibility,

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because it can take up to 120 days after submission before the initial results of an optimization campaign become visible. A growing number of Web publishers are allowing search engines like Google to crawl through the content of their pages and place relevant text advertisements in the right hand margin. From the standpoint of the on-line seller, this is just an extension of paid placement and an additional incentive to invest in paid-placement programs. However, advertisers should keep in mind that buyers trust information in the editorial section more than information in the sponsored section.[4]

2.5.2. Website/Storefront Design Strategy

Web site design strategy Web design has evolved from static hypertext publishing in the early days to dynamic multimedia, Web database application servers. More importantly, new business models that bring savings, revenues, and customer relationships are being incorporated into commercial Web site design. There are two generic Web site design strategies:

1. informational/communicational strategy
2. on-line/transactional strategy. [5]

2.5.3. E-commerce Web site design models

There is no doubt that many Web design models exist on the Internet and new models are increasing expeditiously. EC is not just about doing business over the Internet, it is about changing the way companies do business. It is about creating new business models while transforming traditional ones.

The distinct phases that must followed regardless of the type of e-commerce site a business wishes to develop, are the following:

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[4] Sen R. *Optimal Search Engine Marketing Strategy*, Source: http://itu.dk/
[5] Wen J., Chen H., Hwang H., E-commerce Web site design: strategies and models, Source: http://www.nyu.edu/

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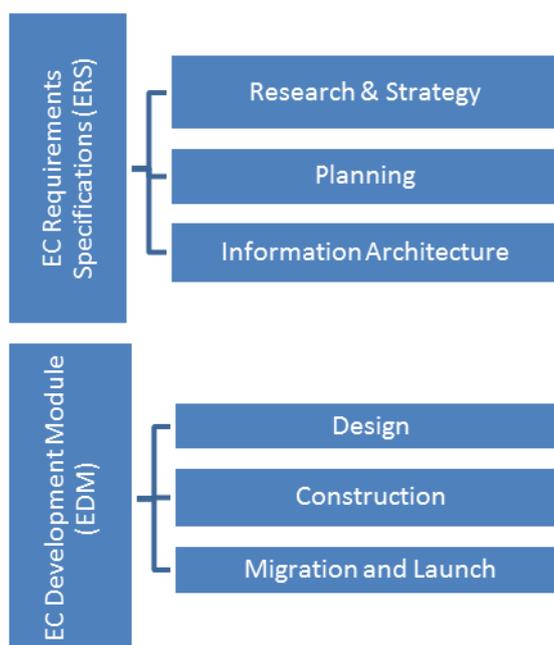
Figure 2: Planning and Developing an E-commerce site [6]

Essential Tips

✓ Test the Profitability of Your Product Before Launching

✓ Usability and Results Should Drive Design, Not Aesthetics

✓ By using some simple split testing tools such as Google Website Optimizer, you can track which of your e-commerce designs is most effective at converting visits into sales. Create a series of small changes in your pages — different button colours, headlines, or calls to action — and track them using one of several free conversion testing tools. Then, move forward with the most effective result.

✓ A variety of tools are available for this very purpose, with some being more robust and more complex than others. I like Visual Website Optimizer for its simplicity and speed — it's literally the easiest tool out there for tracking click through rates and sales effectiveness.

✓ Other options include Google Website Optimizer, and a heat mapping tool called CrazyEgg, which can be used to assess on-page mouse movement.[7]

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[6]   E-commerce Partners, *E-Commerce Strategy*, Source: http://www.ecommercepartners.net

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2.5.4. Website and Consumer Analytics

No matter which web analytics tool you use, you're going to be presented with a robust array of metrics. From page views and unique visitors, to referrers and average time on site, there are endless amounts of data to sift through. While you could keep a close eye on every single metric on your web site, there's really no reason to—especially since you'd probably run out of time for sleeping, eating, and other basic life activities. Focusing on the following key metrics will tell you almost everything you need to know.

- **Visitors**: The number of visitors to your site will give you a general idea of how well you're getting the word out about your business.
- **Page Views**: Looking at page views can tell you what content on your site is the most popular. If you notice that certain pages are very popular with visitors, think about why that might be the case and use that same strategy for pages that may not be drawing as many views.
- **Referring Sites**: Looking at referring sites will give you an excellent snapshot of the type of people who are visiting your site. For example, if you sell kitchen gadgets and you notice that one of your top referring sites is a recipe site, then you know that visitors from that site are in your target audience. Referring sites are also useful in helping you boost traffic, especially for small business owners. Many small businesses partner with business associations to generate more visits. Using an analytics tool, you can see which partnerships are bringing in the most visitors and invest more in those that provide better results.
- **Bounce rate/Exit pages**: A bounce rate measures something different than an exit page, but both can give you important insights into why people are leaving your site. In most analytics programs, a "bounce" is recorded when a person visits and leaves within a second or two, usually before the page is even done loading. Top exit pages show you which pages people visit immediately before they leave. If the page contains a "thank you" message after a customer places an order, a high exit or bounce rate would be expected. However, if your product pages are some of your top exit pages, it may be because your descriptions are unclear, or maybe your prices are too high.
- **Keywords and Phrases**: Keywords and phrases let you know what terms people are using to find your site in search engines like Google and Yahoo. This can give you some idea of how to add different content to appeal to even more customers. For example, if you are a florist and many people find your web site by typing in "flowers for Mother's Day," that's perfect. However, you can also consider adding content to your site about buying flowers for anniversaries that will help your site rank highly when people search for "flowers for anniversaries."[8]

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[7]   Carpenter M., *Tips for Creating an Excellent E-Commerce Website*, Source: http://sixrevisions.com/

[8]   GeoTrust, INTRODUCTION TO WEB ANALYTICS FOR E-COMMERCE: HOW TO TRACK ACTIVITY TO OPTIMIZE YOUR WEB SITE, Source: http://www.geotrust.com

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3. Common e-Commerce pitfalls and solutions

Despite the rapid growth in the use of e-commerce by both consumers and businesses, not all e-commerce developments are a success. The reasons for this vary and are often dependent upon a particular set of circumstances or issues. Nevertheless there is some commonality between many of the problems and pitfalls experienced by e-commerce systems.[9]

3.1. Lack of planning

Mistakes at the planning stage of an e-commerce project can mean lower chances of success. Here are some of the key issues you need to consider from the outset when planning for the introduction of an e-commerce system.

Set realistic targets

- ✓ Set goals for your e-commerce website - for example, to bring in new business or cut the cost of each sale.
- ✓ Agree specific, measurable objectives for what you want to achieve, such as a percentage increase in sales or new customers.
- ✓ Ensure that any targets you set are realistic and achievable.

Have a clear business focus

- ✓ Pursue possibilities offered by e-commerce, but don't lose your focus on what your business is actually about.
- ✓ Understand how e-commerce will integrate with your overall business objectives.
- ✓ Will it increase sales or improve margins? Have a clear view on where it will add value.
- ✓ If you find that e-commerce is creating conflicts within your operation, re-examine your purpose for implementing it and rethink how e-commerce can best fit into your business.

Don't overlook the hidden costs

- ✓ Don't just add up the costs of hardware, software, and hosting services and call it your e-commerce investment. Look at the total cost of ownership. This should include training, services, maintenance and support, upgrades, marketing and communications, and administration.
- ✓ Be realistic about the likely costs from the start and ensure that you keep your budget under control.

Consider the site specification

- ✓ Draw up a site specification that clearly identifies what you are trying to achieve and how the various components of the site will contribute to this.
- ✓ Build reliability and scalability into the solution from the start to ensure that your site can grow in line with your business.
- ✓ Don't view your e-commerce solution in isolation. Ensure that you take account of the need to integrate it with your main corporate systems and overall IT strategy.

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[9]   University of Hertfordshire, *Common e-Commerce Pitfalls*, Source: http://www.herts.ac.uk

3.2. Design and usability concerns

One of the key factors of the success of your e-commerce site will be how easy or difficult customers find it to use. So make sure that you consider these important issues.

Don't over-design the site

- ✓ You should aim to create a common theme of colours, fonts, graphics and page layouts. This can be achieved without the need for spectacular graphics – simplicity and elegance can often be far more effective.
- ✓ Ensure your web designer doesn't put every possible graphic effect and function on your site. Only use those that will add value for the user.

Consider download speeds

- ✓ Download times are key - users expect pages to load in less than ten seconds. If your site is running slowly due to large numbers of users, you may have to upgrade it.
- ✓ If download speeds are slow due to the size of individual pages, you can speed things up by removing large images, graphics or animation from key pages like the home page.

Don't support only one browser

- ✓ You will almost certainly have to design web pages that can be displayed by different browsers. The more common browsers include Microsoft Internet Explorer, Mozilla Firefox, Netscape Navigator and Opera.
- ✓ You should test your web pages in as many browsers as possible during the development process to ensure that they will display properly.

Don't underestimate the importance of usability

- ✓ Ensure that navigation buttons are clearly presented and the words or images behind these links are clear, concise and relevant to the information they are leading to.
- ✓ Include a site map and a search facility to help the user locate the required information.
- ✓ Take account of the "three-click rule" that enables users starting at your home page to get to the information they require in three mouse clicks.

Get feedback on usability

- ✓ Many e-commerce operators don't get usability feedback from anyone beyond those on their development team, who are often too close to the process and biased toward the chosen design and infrastructure.
- ✓ Consider getting some sort of outside perspective - employees not involved in the design, a focus group, or your spouses or friends. This can be crucial to the site's development and performance.
- ✓ Ensure that you get such feedback before the full launch of the site. Once it is launched any problems will be highly visible to both your customers and competitors.

3.3. Content problems

First impressions are important for e-commerce sites. The quality of the content on your site can help create an immediate impression and also ensure that customers keep returning.

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Ensure information is accurate
- ✓ Your customers will be put off by out-of-date or incorrect information.
- ✓ You need to ensure that you put current, accurate information on your website, especially when it comes to prices, and monitor the information you provide on a regular basis.
- ✓ Make sure that any photographic images on your site are accurate and show products in their best light.
- ✓ Your contact details, including phone numbers, e-mail and postal addresses (or a prominent link to them) should be on the home page of the site.

Make the content easy to read
- ✓ Ensure text is easy to read - web users rarely read whole pages, so write more simply than you would in printed publications.
- ✓ Break text up with headings and bullet points. Remember also that English is a second language for millions of potential customers.

Keep content fresh and interesting
- ✓ People expect sites on the web to be constantly changing. If the content of your website remains static, there is little incentive for users to revisit it and any opportunity to promote new products or services may be lost.
- ✓ Keep the content as up to date as possible. If you have a news section or announcements about new products then they should reflect the current situation.
- ✓ Remember to change the notice on your website stating when the site was last updated.

Check the links on your site
- ✓ Regularly check internal links on your site. If they don't work, or a page has been removed, it reflects very poorly on your site.
- ✓ Users like links to other sites, so you should consider providing them. However, if there are too many links, you risk sending customers away from your website.

3.4. Marketing considerations

Marketing is all about promoting your goods and services and trying to sell them. You need to draw the attention of potential customers to your products and services in order to convince them to purchase them and to turn first-time purchasers into repeat purchasers. No matter how good your site is, if people don't know about it they will not visit it. So, you need to consider various marketing strategies.

Develop a marketing plan
- ✓ Whether it is advertising on the web, direct mail or other forms of offline promotion, if you want to attract new and existing customers to your site you must have a solid marketing plan.
- ✓ You need to give people a reason to return to your site, such as news, product launches or promotions.
- ✓ Your marketing plan should identify the target markets you plan to address and profile each target group so that you can pitch your costs and benefits at the correct level.

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- ✓ Make sure that your marketing budget is realistic and is capable of funding all of the activities you plan to undertake.
- ✓ Equally, the cost of your plan should be justified by the levels of sales you expect to generate.

Use the most appropriate marketing techniques
- ✓ There are various online and offline marketing techniques you can use - select the most appropriate ones for your particular needs.
- ✓ Ensure that the marketing approach you use does not annoy or antagonise the customer - excessive spam following on from a purchase is a common complaint amongst e-commerce shoppers.

Measure the effectiveness of your marketing efforts
- ✓ You must measure the success, or otherwise, of any marketing initiative you undertake. This can help show what works well and where resources have been wasted.
- ✓ Use tracking and site analysis tools that can help to tell you more about your site visitors - where they came from, what they did while they were on your site and where they went when they left.

3.5. Shopping cart problems

Your checkout procedure must be as quick and simple as possible, since industry research shows that **60 to 75 per cent of shopping carts are actually abandoned** because of slow or unclear checkout processes. Here are some of the techniques that you can employ.

Ensure there are no surprises
- ✓ Provide details of delivery costs early in the process, so customers are not surprised during final checkout.
- ✓ Show stock availability on the product page, so that customers do not have to wait until checkout to find out that a product is actually out of stock.
- ✓ Include some text about the buying process, explaining how long it will take and how many stages there are.

Make it easy to select and amend orders
- ✓ When an item is placed in the shopping cart, include a link back to the product page, so customers can easily jump back to make sure they have selected the right item.
- ✓ Make it straightforward to change quantities or delete an item from the shopping cart.
- ✓ If a product comes in multiple sizes or colours, make it easy for the customer to select or change values in the shopping cart.

Indicate customer progress
- ✓ Ensure that the customer always knows at exactly what stage they are in the checkout process by including an indicator, for example "you are in step 3 of 4".
- ✓ Make sure that customers don't get lost by including a prominent "Next Step" or "Continue with Checkout" navigation button on each checkout page.

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Show clear information
- ✓ Keep all information on a single screen on each checkout page, so customers do not have to frequently scroll down.
- ✓ If the billing information is the same as the shipping information, include a box that customers can tick to automatically fill in the same information.
- ✓ If information is missing or filled out incorrectly during checkout, make sure that a meaningful error message is displayed that clearly describes what needs to be corrected.

3.6. Order fulfilment issues
Recent research indicates that a large proportion of the complaints made by e-commerce customers relate to fulfilment issues. In order to tackle such problems you need to address various issues.

Product delivery problems
- ✓ Late delivery of products is a frequently cited complaint, so e-commerce providers must be realistic about the delivery promises they make to customers, especially when demand is high.
- ✓ Increasingly, the delivery of products purchased via e-commerce sites is contracted out to third-party distribution services. The importance attached to on-time delivery by customers means that you must select your outsourced service very carefully.
- ✓ Some e-commerce providers believe that they can lure customers by offering a product at low cost, whilst charging a relatively high delivery rate. This practice rarely works and is more likely to cause problems in customer relations.
- ✓ Depending upon the nature of the product you are supplying, you need to ensure that your packaging is robust enough to ensure safe delivery.

Failing to keep the customer updated on progress
- ✓ Successful e-commerce sites make a point of confirming orders immediately by email. Such confirmations are good business practice, can be generated automatically and are expected by most customers.
- ✓ The customer should be provided with a way to track down the progress and availability of their order. Many carriers now use email to notify a customer that an order has been dispatched, whilst others have implemented online tracking systems that enable the customer to log on to their website in order to check on progress.

Having an acceptable returns policy
- ✓ You should aim to put in place an acceptable means of handling customer returns and ensuring that any customer dissatisfaction is professionally resolved.
- ✓ This is commonly achieved by giving a 100 per cent no-quibble money-back guarantee if they don't like or want the product.

3.7. Security weaknesses
Many small e-commerce operations believe that, because of the size of their business, no one would be interested in stealing or hacking into their data. However, there are a variety of ways in which misuse of information and hacker attacks could jeopardise your business, so security must be at the forefront of your e-commerce plans. The threats posed by the lack of

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adequate security measures range from losing the confidence of your customers to the non-availability of your e-commerce site.

Hackers gaining access to privileged information

- ✓ Inadequate security controls can enable hackers to gain access to your sensitive-business data such as price lists, catalogues and valuable intellectual property. The motives may be malicious or to gain competitive knowledge.
- ✓ Hackers may also gain access to the financial information of your business or your customers, with a view to committing fraud.

Loss of customer confidence

- ✓ Security breaches can damage the confidence that your customers have in the e-commerce service you provide.
- ✓ Because of the security and privacy concerns surrounding e-commerce, such a lack of customer confidence is potentially fatal to the success of your online venture.

Denial-of-service attacks

- ✓ Denial-of-service attacks deny access to authorised users of a website, so that the site is forced to offer a reduced level of service or cease operation completely. There have been a number of well-documented examples of businesses suffering such attacks and never recovering from them.

No contingency measures in place

- ✓ There are many possible threats to the operation of your e-commerce system, both malicious and natural. You need to consider how your business would continue to operate if your systems became non-operational in the event of a disaster or attack.
- ✓ Contingency planning is intended to put measures in place to enable your systems to continue operating, perhaps through locating to a back-up site.
- ✓ Some e-commerce providers have no such contingency plans in place - you need to consider how your own systems would continue to operate in such circumstances and the likely effect that this would have on your business.

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4. E-Commerce Strategies

In the present section we present strategies in response to the issue identified in sections 2 and 3. The strategies are presented per SME sector and comprise a series of actions to be implemented from those identified in D2.4 European Overview. As these actions are linked to the learning needs of D2.9 Needs identification Report, the SME needs for being able to implement these strategies have already been taken into account. Thus, the current section will focus only on the top performing e-Commerce strategies per SME sector.

4.1. Wholesale and retail trade

Main points considered for the strategy:

- Utilisation of social media through engagement, influencing of user opinions, blogging, etc.

- Online product reviews by consumers affect sales.

- Experienced online shoppers select online retailers who do not charge delivery, have a good online reputation and a fast and reliable delivery.

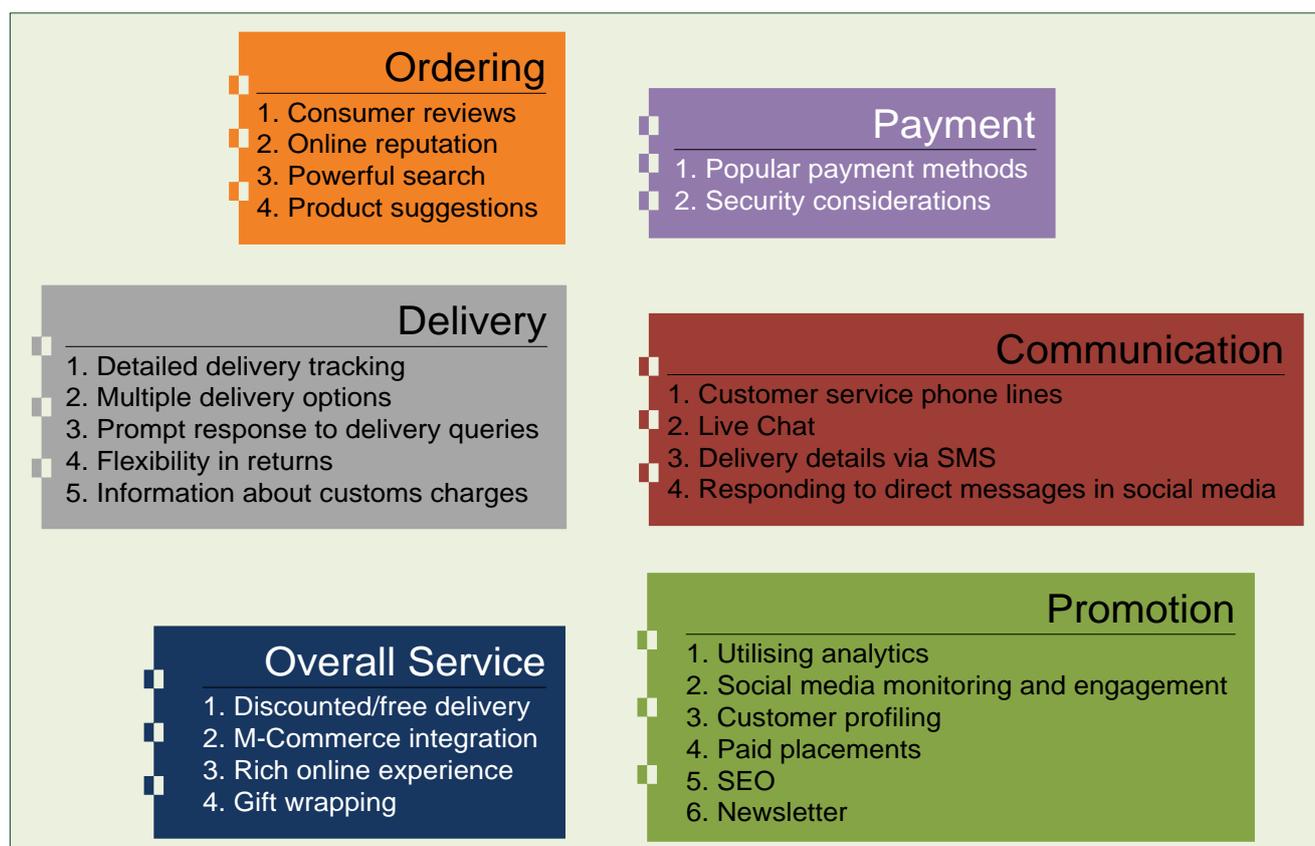- Retailers investing in omnichannel strategies will reap the benefits.

Figure 3: Wholesale and retail trade

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4.2. Manufacturing

Main points considered for the strategy:

- Online ordering facilitates faster order processing in terms of days

- Providing access to customer orders to sales personnel require on average 25% less employees

- Allowing customer to configure order at the point of sale allows for shipping 50% faster on average

- Price quoting process enables more sales (especially when custom manufacturing is possible), faster processing with less personnel

Ordering
1. Strong Search Capability
2. Product configuration Functionality
3. Price quotation option
4. Personalised suggestions

Payment
1. Flexibility in payment
2. Security considerations

Delivery
1. As many delivery options as possible
2. Prompt response to delivery queries
3. Flexibility in returns
4. Information about customs charges
5. International address look up

Communication
1. Customer service phone lines
2. Live Chat
3. Delivery details via SMS
4. Responding to direct messages in social media

Overall Service
1. M-Commerce integration
2. Rich online experience
3. Product information management
4. Digital asset management
5. ERM/CRM integration

Promotion
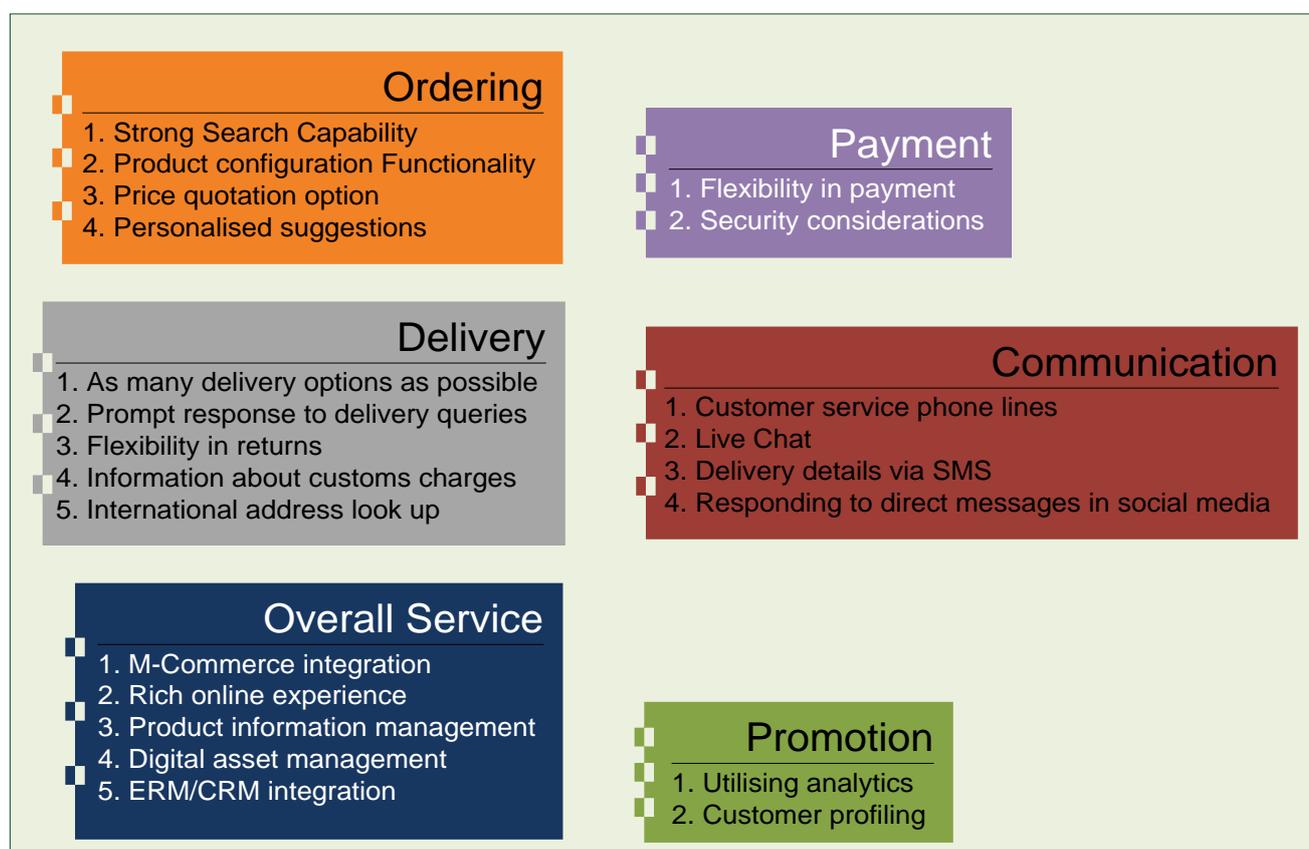1. Utilising analytics
2. Customer profiling

Figure 4: Manufacturing

4.3. Travel industry with focus on accommodation

Main points considered for the strategy:

- SMEs utilising user generated content experience big benefits as travellers engage socially sharing experiences.

- The % of travellers using online video to plan trips increases constantly so SMEs utilising video see benefits.

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- SMEs investing in omnichannel strategies perform better.
- Follow industry leaders (e.g. TripAdvisor, GroupOn, Expedia) to stay informed about trends (e.g. Amadeus extreme search, plan and id for my trip, etc.).
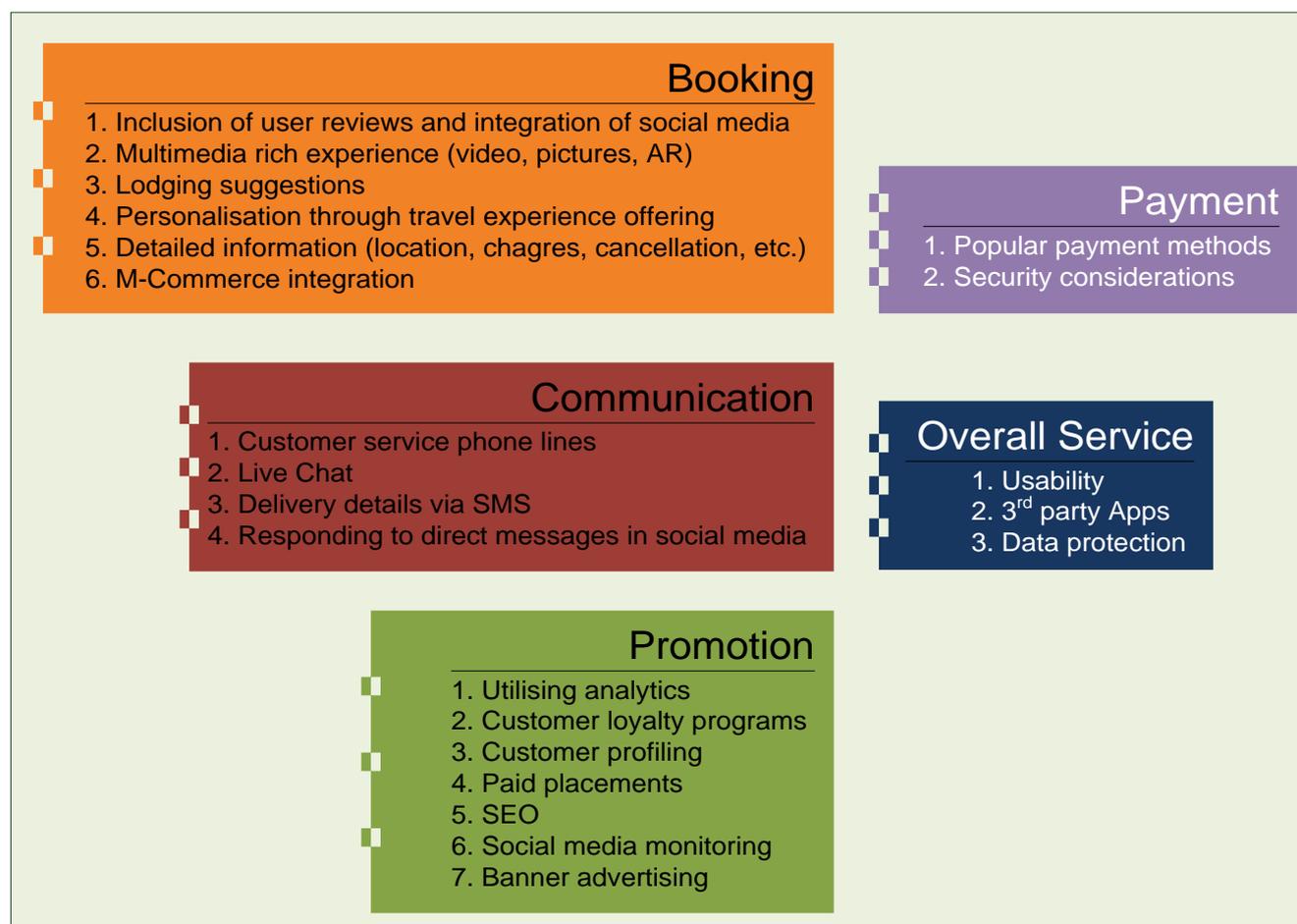
Booking
1. Inclusion of user reviews and integration of social media
2. Multimedia rich experience (video, pictures, AR)
3. Lodging suggestions
4. Personalisation through travel experience offering
5. Detailed information (location, chagres, cancellation, etc.)
6. M-Commerce integration

Payment
1. Popular payment methods
2. Security considerations

Communication
1. Customer service phone lines
2. Live Chat
3. Delivery details via SMS
4. Responding to direct messages in social media

Overall Service
1. Usability
2. 3rd party Apps
3. Data protection

Promotion
1. Utilising analytics
2. Customer loyalty programs
3. Customer profiling
4. Paid placements
5. SEO
6. Social media monitoring
7. Banner advertising

Figure 5: Accommodation

4.4. Real Estate

Main points considered for the strategy:

- Offering a big inventory maximises sales so online solution should provide excellent property listing functionality.
- Powerful and intuitive search capability providing for interaction in order to search within results and further limit choices facilitates sales.
- Provision of a rich multimedia experience of the estate and the surrounding area.
- Reviews about the estate locations.
- Online quotation and appointment scheduling functionality.

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- Utilisation of all possible online communication and promotion channels.

Figure 6: Real Estate