

# INTRO

# eCommerce & Online Businesses

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# Lesson Objectives

**The eCommerce & Online Businesses module serves to answer and provide insight on the following:**

- Introduction to eCommerce and Online Businesses
- Types of eCommerce
- Helpful online tools for creating an Online Business
- Advantages of an eCommerce business
- Challenges of an eCommerce business
- How to create a successful eCommerce business
- eCommerce trends and statistics

# 1. What is eCommerce?

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# What is eCommerce?

- eCommerce (Electronic Commerce) is an online transaction of goods, services, funds, or data over the Internet. By buying and selling goods online, there is an exchange of data and/or money in order to complete the sales and process the transaction.
- A customer is able to place orders for goods or services via the store's user interface which will then be recorded within the online store's backend system. The backend system can typically:
  - Keep up to date with the stock of goods
  - Receive orders
  - Process online payments
  - Communicate with the customer

# Types of eCommerce Businesses (1/2)

Various types of eCommerce businesses exist which function in various methods – depending on their business model and products/services. Some of the most common types of eCommerce businesses can be found below:

**Business to Business (B2B):** B2B businesses refers to businesses selling goods or services to another business. For example, a factory that manufactures paper that specifically sells to other companies for their use.

**Business to Consumer (B2C):** this typically involves a business selling its goods or services to a customer. For example, a local café sells coffee and pastries to its customers.

**Direct to Consumer (D2C):** which is a highly popular eCommerce model being used today – which is often seen via Instagram stores and Facebook pages. Through this type of eCommerce, a brand can sell directly to its customer without having to go through another service channel.

**Consumer to Consumer (C2C):** involving the sales of goods and services between two consumers. This type is typically seen when a consumer would like to sell new or preowned items to another consumer.

# Types of eCommerce Business (2/2)

**Consumer to Business (C2B):** when a consumer/individual sells their goods or services to a business – which is often seen amongst freelancers and photographers.

**Business to Government (B2G):** when a business offers their services to governmental entities – such as when professional security companies offer their services to protect governmental buildings/locations.

**Consumer to Government (C2G):** this is commonly seen when consumers perform transactions on governmental websites, such as paying taxes, fines, and bills.

# 2. Online Tools for Beginners

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## Helpful Online Tools for Beginners (1/4)

- Various online tools for beginners are created and updated on a yearly basis – easing the lives of business owners and various types of consumers.
- Most online eCommerce tools assist businesses in setting up a professional space in order to showcase their goods and services, offer two-way communication, allow financial transactions to take place, and offer various delivery options based on the customer's preference.
- Based on the business owner's preference and needs, he/she is able to research the most suitable online eCommerce tool to match their transactional needs as well as pricing. It is important to note that various online eCommerce tools offer free versions to their users and often require the purchase of extra features when necessary.



# Helpful Online Tools for Beginners (2/4)

Some of the most user-friendly online eCommerce tools for businesses consist of:

## 1) Instagram Shop:

By having one's own Facebook and/or Instagram account, the user will be able to set up a special business/creator account through the online platform in order to begin setting up his/her online store.

As one of the world's most used social media platforms, Instagram receives high amounts of users on a daily basis globally – which can give attention to the product's physical features and build on the item's visual elements.

Most importantly, financial transactions will not take place via the Instagram application – but through the businesses' website domain in which the business plans to sell. Instagram will simply help build a consumer following for the brand by giving it exposure to the brand's target audience.

# Helpful Online Tools for Beginners (3/4)

## 2) Shopify:

As mentioned within this module, every online business must have its own backend system in order to keep track of stock, perform sale transactions, assist the customer with delivery options, and communicate with its clients when needed.

Shopify is amongst the most popular eCommerce platforms used today for small businesses to help build an online store and sell through a dedicated dashboard.

An eCommerce platform similar to Shopify is necessary for small businesses as it offers a centralized database of the business's products and provides the utmost professionalism during transactions.

Platforms like Shopify offer various paid plans with affordable prices based on the needs of the small business.

## Helpful Online Tools for Beginners (4/4)

- As mentioned within this module, merging social media interfaces with the backend system is often deemed mandatory – in order to keep track of sales, transactions, and promote an image of professionalism.
- Thankfully, such eCommerce platforms are able to be merged in order to complete the small business's transactions with its customers.
- For the sake of the previously suggested eCommerce platforms, a small business's Instagram Shop and Shopify are able to be linked in order to provide ease to the small business.
- Various tutorials on linking the two eCommerce platforms are available online, similar to the below video on YouTube: <https://www.youtube.com/watch?v=K1tjKfJqXQs>

# 3. Advantages of an eCommerce Business

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# Advantages of an eCommerce Business

**Rapid growth:** in eCommerce companies, such as Amazon, it was recorded in 2021 that small businesses reached international sales of \$2 billion – with roughly the purchase of 7,500 products per minute.

**Global reach:** as the small business can be showcased online, this does not limit a customer's interaction with the brand to only a physical store. With online businesses, customers can be reached globally.

**Provides ease for customers to order products online:** with the various types of eCommerce available, any customer can place an order with just a few clicks while being able to compare prices with other retailers.

**Lower operational costs on the small business:** instead of investing in a physical store with rent, employees, and a warehouse, the small business owner will be able to invest small amounts of finances on building a website and/or subscribing to backend software.

Allows for a **seamless connection** between the small business's products and the customer

# Challenges of an eCommerce Business

**Minimal physical interaction between the small business and its customers:** depending on the product and/or service offered by the small business, the business may face challenges when trying to explain the details behind the product/service. This challenge can be combatted by having a clear brand story, detailed specifications on the eCommerce platform, and promoting having the customer contact the business owner when needed.

**Possibility of technical difficulties:** which can occur with eCommerce platforms and software – ordinarily needing a few days to be resolved.

**Data protection and security:** a common challenge within the Digital Era – which can be further clarified within the Digital Regulation and Etiquette module.

**Potential shipping and delivery challenges:** which may arise due to unforeseen circumstances. Such a challenge is up to the business owner to request the delivery/shipping company's standard measures in case of theft, losing an item, and natural disasters.

# 4. Tips on Creating a Successful Business

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# Tips on Creating a Successful Business

High-quality products and/or services: perfecting the offered product/service is an essential part of creating a successful business that customers will not forgo for other brands

A user-friendly online experience: with the many advantages online businesses have, creating a simple and positive online experience for customers is essential in order to build a list of recurring customers.

A unique brand story: along with the small business's branding strategy, it is important to highlight why the brand is different from other options in the market. For example, if the creation of a small business has an inspiring story behind it, it would be recommended to mention this story within the brand's social media posts.

Knowing what the target audience wants: some of the best ways to understand your target audience's needs include online market research, launching public surveys, and hosting one-to-one interviews or focus groups with members you consider part of your target audience.

Speedy and efficient delivery: forming partnerships or agreements with trustworthy courier services is highly important even after the transaction has been finalized. Lower-cost delivery options, such as having the business owner deliver the products/services themselves are also a viable options when the business is slowly picking up.



# eCommerce Trends and Statistics

Amazon, being one of the most popular eCommerce platforms for small businesses, is an important example of portraying major trends within the eCommerce industry. Some of the noticeable trends mentioned by Amazon between the years 2021 and 2022 consist of:

- Seasonal sales: Amazon had marked sales of \$1 billion just through Holiday sales – specifically Thanksgiving and Cyber Monday in the United States.
- Rapid eCommerce growth: As per Amazon, the eCommerce company noticed a 3% growth of eCommerce sales in the United States between the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2022 – reaching a high of \$265 billion in online sales.
- M-commerce: Amazon has also noticed an exceptional amount of sales taking place via mobile phones – leading to a total of 43% of online sales being conducted from a mobile phone. Therefore, when creating an online business, it is important to pay attention to how the business's website and/or application operates on a mobile phone.
- Social media eCommerce: an online presence via a brand's social media is also a noticeable trend being used to attract new members of your target audience, build brand awareness and boost online sales.