

## **Why should SMEs bother with eCommerce?**

The purpose of this article is to demonstrate that, for any small business with products or services to sell beyond the reach of face to face trading, eCommerce has the potential to revolutionise your business and introduce you to the world of 'global niche marketing'. However, success with eCommerce can only be achieved where the business has the vision and drive to develop and implement a focused sales and marketing strategy.

Most of the lessons learned have been from an eCommerce Forum established by South Tipperary County Enterprise Board for the benefit of businesses embracing eCommerce.

It is widely documented and reported that the Irish economy is suffering from intense competition from lower cost economies in eastern Europe and Asia in particular. While this trend may be masked somewhat by the ongoing buoyancy in the construction sector, the huge haemorrhage of manufacturing jobs in recent years is cause for great concern. Ireland's future economic success will continue to depend upon its ability to compete in a myriad of international markets as the domestic market is limited and incapable of sustaining Ireland Inc. on its own.

I will use the following case studies to demonstrate what can be achieved and then examine some of the lessons learned by Enterprise Boards and SME's as they push the boundaries of eCommerce.

CASE 1. [www.appliancepartsdirect.net](http://www.appliancepartsdirect.net) Clonmel, Co. Tipperary  
Sean Sunderland has been repairing washing machines, fridges, cookers and every type of household appliance for more than twenty five years. In 2005 he decided to go online and sell spare parts for such appliances. To his pleasant surprise he was inundated with enquiries and sales. With substantial traffic to the site per week and more than 60% of his business on-line Sean sees eCommerce as the future for his business.

CASE 2. [www.paperpassion.ie](http://www.paperpassion.ie) Clogheen, Co. Tipperary.  
Mary Tarrant left the relative comfort of a good job two years ago to pursue her ambition of self-employment and set up a wedding stationery business. Based in a rural setting, Paperpassion.ie now supplies high quality customised wedding stationery to couples throughout Ireland and the UK. A

substantial proportion of sales are generated online, many of which are from the UK.

CASE 3. [www.specialityireland.com](http://www.specialityireland.com) Clonmel, Co. Tipperary  
Cathal O'Donoghue organises golfing tours to Ireland's top quality courses for international visitors particularly those from North American, Europe and Australia. While this is a competitive business, the value to the State is tremendous as these customers are typically high yield visitors to Ireland.

CASE 4. [www.visionid.ie](http://www.visionid.ie) Clonmel, Co. Tipperary.  
Robert Jones is leading the charge in Ireland in the field of RFID (Radio Frequency Identification) – intelligent bar codes, mainly for manufacturing / high volume businesses. Again most new business enquiries arrive on-line from the website.

CASE 5. [www.jameswhelanbutchers.com](http://www.jameswhelanbutchers.com) Clonmel, Co. Tipperary.  
Pat Whelan had the ambition to expand his traditional family butchers business beyond its natural market in Clonmel and South Tipperary. He now offers fresh meats nationwide delivered next day. The business has established a loyal customer base around the country and particularly in Dublin.

These examples of emerging successful businesses have highlighted a number of fundamental characteristics that underline their eCommerce success.

Firstly, it must be understood that customers (either consumers or businesses) do not generally browse the internet, rather they search it for a specific purpose or need. In fact, the term 'Browser' is quite misleading. If a customer is seeking a door lock for a washing machine, personalised wedding stationery for their wedding or golf in Ireland in September, that is exactly what they will search for. Although we can clearly understand that specific searching is how the internet is mostly used to locate a product or service, the direct implication for businesses considering an on-line strategy is often missed. A successful on-line strategy must be based upon a very focused offering to the customer.

In the example of [www.appliancepartsdirect.net](http://www.appliancepartsdirect.net) a description of the spare part and brand name has a high probability of finding this site. However, this

business does not sell appliances. That is an entirely different marketplace and entirely different internet search.

The second characteristic of successful eCommerce for small businesses is quite self evident. A person based in the UK or USA searching for a specific product or service is now likely to arrive at an Irish business' website door. The importance of this, however, is relatively much more important for small businesses than for large scale business. This is so because larger businesses have a strong chance of locating customers far afield by established channels (regional sales offices / distributors / resellers / brand awareness etc) than small scale business. The internet, however, levels the playing pitch substantially.

The third revelation that has emerged from investigating eCommerce for SME's is the demand for top quality customer service online. Those companies that can marry eCommerce (used to find the customer) with good old-fashioned customer service seem to do best. When [www.paperpassion.ie](http://www.paperpassion.ie) is contacted, the customer subsequently gets to speak to a real person who understands their needs and can assist with the buying decision. Unless the product or service being offered is a uniform item or commodity eg a book or an item of clothing, online customers still prefer the reassurance that their selection of the item is correct. The ability to speak with someone from the business offers such reassurance. It has also been pointed out by [www.specialityireland.com](http://www.specialityireland.com) that it is imperative that the buyer –seller relationship be copper fastened by an appropriate level of direct contact. A potential customer requiring a high value customised golf holiday in Ireland is not going to complete a purchase without detailed communication with the service provider.

The mistake is to assume that eCommerce equates to the automation of a sale whereby customer service is no longer a priority. It is better to consider eCommerce as a means of finding the customer, after which, all the facets of good customer service must be employed to convert the prospective customer into a sale.

The fourth finding can, I believe, substantially reduce the risks associated with eCommerce. It is feasible to test the demand for a product or service online on a shoe string budget. Many of the successful eCommerce businesses that I have worked with started their on line life using a home made website or a few simple webpages promoting a very specific message

and well optimised with the search engines, primarily Google. In this way it was possible to generate 'net influenced' sales. Some companies have even grown their on line business using very basic websites.

However, there comes a point where it is necessary to invest more significant resources to capitalise upon the identified demand. In my experience that usually means dispensing with the existing web technology (not the domain name!) and having a more scalable and functional eCommerce site developed. This step could involve going from an initial investment of up to a few thousand to tens of thousands of euro. That is often a good proposition. For example a traditional 'bricks and mortar' retailer would not think twice about investing €20,000 - €30,000 to tap into an identified market of in excess of €500,000 per annum at reasonable margin. It is no different for an on line business.

It never ceases to amaze me what works and what doesn't work as a business on line. Some classic failures during the dot com boom included the Galway based [www.adornis.com](http://www.adornis.com) jewellery store. After an investment believed to be in the region of £15 million, the online business folded at the startup stage. The UK based fashion retailer [www.booboo.com](http://www.booboo.com) attracted millions, promised the sun, moon and stars, then crashed and burned. On the positive side would you have believed that an on line butcher could successfully sell fresh meat nationwide in Ireland? See [www.jameswhelanbutchers.com](http://www.jameswhelanbutchers.com).

In conclusion successful eCommerce is more about successful marketing than successful deployment of technology. The internet is, in my opinion, the greatest enabling technology available to businesses today. The harnessing of that potential for businesses is just starting. The following observations and facts (taken from 'State of the Net' by the Irish Internet Association and [www.amas.ie](http://www.amas.ie)) may help put this assertion into perspective.

- There is currently 1.02 mobile phones per person for every man woman and child in Ireland. I believe most children currently get their first mobile phone between the ages of seven and ten – the customers of the future.
- Internet access in the home in Ireland has grown from 5% in 1998 to 45% in 2005. But broadband availability is still less than 7%. I expect this to increase to 30% - 50% over the next three to five years.

- Domain registrations (.ie) have grown from 13,000 in 2000 to nearly 60,000 in 2006 (this also represents a 27% increase on 2005 alone).
- A Eurostat 2005 study has shown that only 14% of Irish people bought something online in the previous three months, compared with 36% each for the UK and Sweden; and more than 30% for Germany, Norway and Luxembourg.

### Ten Tips when considering eCommerce

1. Have you a clearly defined product or service and a clearly defined target market?
2. If you have a successful business servicing a local market, which you can defend and grow, there is probably no merit in chasing an eCommerce dream.
3. Ask yourself 'am I, or are we good at selling offline? If not do not expect to be good at selling online.
4. Think 'global niche marketing' – your idea may not survive in the local market but online there may be more than enough needing your product or service. See [www.daltontyres.ie](http://www.daltontyres.ie) based in Cahir, Co. Tipperary, specialists in alloy wheel repairs.
5. Keep the offering specific – 'gold jewellery' has not got a pup's chance online but 'Irish heraldic gold jewellery' has; see [www.irishjeweler.com](http://www.irishjeweler.com) based in Cahir, Co. Tipperary.
6. Test the water with a simple low cost web presence. If the traffic and sales leads are good, proceed. See [www.irelandchauffeurtravel.com](http://www.irelandchauffeurtravel.com) based in Cashel, Co. Tipperary.
7. There is no substitute for good customer service either online or off line.
8. Learn preferably from others' mistakes rather than from your own. There are many excellent online Irish businesses, talk with some of them. Your local Enterprise Board will put you in touch. See [www.enterpriseboards.ie](http://www.enterpriseboards.ie). See also the Irish Internet Association at [www.iiia.ie](http://www.iiia.ie).
9. Select a reputable technology partner to assist with implementing your on line strategy. After the initial 'toe in the water' get the professionals involved. Good quality advice and expertise is worth paying for.
10. Keep an eye to the future. Products and services sourced online are likely to grow exponentially as the current tech savvy preteens and teens graduate to full consumer status.

Note about the author.

Edmond Connolly B.Agr.Sc., C.Dip.A.F., CPA, is a Business Advisor with South Tipperary County Enterprise Board. He has significant experience of advising small businesses. He established an eCommerce Forum for SME's in South Tipperary in 2005 with the aim of enhancing the capability of businesses that are interested in trading on line and exploiting eCommerce for their own commercial advantage. To date 25 businesses have participated in this forum.