

# Advantages of e-commerce for SMEs

There is a significant increase in the number of online stores being launched by both large and small enterprise that choose to expand their businesses to the web to gain access to wider markets.

By [Ravi Govender](#) 16 Oct 2014



The test for internet-based business is not the size or infrastructure surrounding a business, but the ability of the business deliver quality products, quickly and efficiently to the four corners of the world.

It is the perception that the internet can boost sales substantially that made many of the contestants on the recent 'Think Building Business Champions' TV series consider launching an online store as one of their prime short-term business objectives.

## Advantages

There are several reasons entrepreneurs look to the internet to expand their businesses. It offers comparatively low-cost communication with existing customers, promotes the business to countless potential customers and extends business networks across geographical borders. Just as noteworthy is that smaller companies are positioned on an equal footing with larger companies.

Add these advantages to more tangible benefits and it makes the internet an even stronger case for small businesses.

- The perception that the internet provides a competitive advantage over others selling similar products but not trading on the internet.
- Savings on communications, traditional advertising and marketing costs
- The creation of a flow of short-term revenue.
- The opportunity to operate nationally and internationally, breaking the automatic limitation of sales imposed on a traditional retail outlet.

## Challenges

Although the benefits to be derived from e-commerce seem to make the medium a must-have for small businesses, there are several challenges that must be overcome. These include:

- Ensuring that you have a professional website that is not only visually appealing but also contains high quality content that is well-written and covers your product offerings as comprehensively as possible.
- Realising that most search engines use key words and phrases to drive customers to your site, if any of these are missing, hits on your site could be reduced
- Having a contact system that enables you to communicate with people browsing on your site. Most people will only provide with personal information to enable a channel to be created if you offer value-added information for free on your site
- Closing sales means constantly monitoring your site and answering queries as quickly as possible. There are thousands of small businesses on the internet. Being slow to respond to queries means that potential customers will simply move on to other sites to get what they want
- Having a secure payment system that minimises the risk of customers' personal information being obtained by hackers

A secure server and firewalls to block cyber-intruders should therefore protect your site.

- You will incur ongoing costs for website administration and registration of a domain name

### **Professional help needed for certain e-commerce aspects**

In many cases, entrepreneurs will not have the technical skills to meet some of these challenges themselves. Getting professional help is a necessity. There is also no guarantee that having a professionally designed and developed site will translate into sales.

One major disadvantage of the internet is that it is faceless. It is difficult to develop personal relationships with clients, especially when you are in South Africa and clients may be from countries spread across the globe.

It is also advisable to note that there are products and services that do not lend themselves to internet business. Examples of these are businesses that rely on the human senses of smell or taste to drive sales. Also, the higher the costs of the product the more likely it is that customers will want to see it before buying it.

These considerations aside, there is no doubt that a well-considered, professionally-designed website can be a major benefit to small businesses.

### **Assistance, workshop for SMEs**

While the 'Think Big' series has concluded on TV screens, episodes can still be viewed online at [www.standardbank.co.za/thinkbig](http://www.standardbank.co.za/thinkbig). For an array of additional tips and tools on how to start, manage or grow a business, go to [bizconnect.standardbank.co.za](http://bizconnect.standardbank.co.za).

In its continued drive to support and enable the SME sector, Standard Bank is supporting a Lean Startup Machine workshop in Johannesburg from 31 October to 2 November 2014, aimed at promoting a problem-centric approach to tackling business challenges. To register go to [www.leanstartupmachine.com/cities/johannesburg/event\\_registrations/new](http://www.leanstartupmachine.com/cities/johannesburg/event_registrations/new).

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