

E-COMMERCE FUNDAMENTALS



LECTURE 1

ADIL ARAMJA

adil.aramja@gmail.com

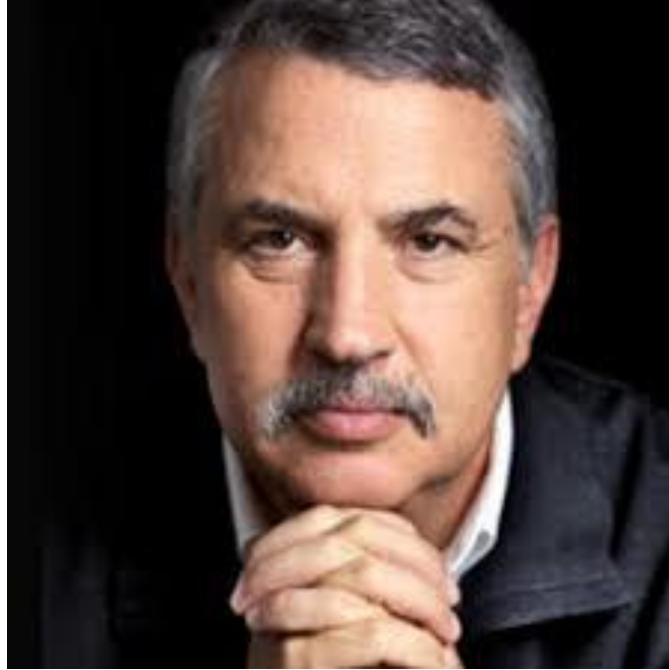
08/02/20

WHAT TO EXPECT

- AGENDA:
 - Commerce principals
 - On line marketing
 - Payment systems
 - E-commerce business Tools
- Teaching method: Lectures + case studies + Seminars
- Assessment: Presentation + MCQ EXAM



THE WORLD IS FLAT



Thomas L. Friedman: Journalist (NYT) & Author



THE WORLD IS FLAT

Globalization Phase	Time	Primary Entities Globalizing	Regions Globalizing
1.0	1492–1800	Countries	Europeans and Americans
2.0	1800–2000	Companies	Europeans and Americans
3.0	2000–now	Individuals and small groups	Worldwide

- “10 Enablers”
 - Key factors enabling Globalization 3.0



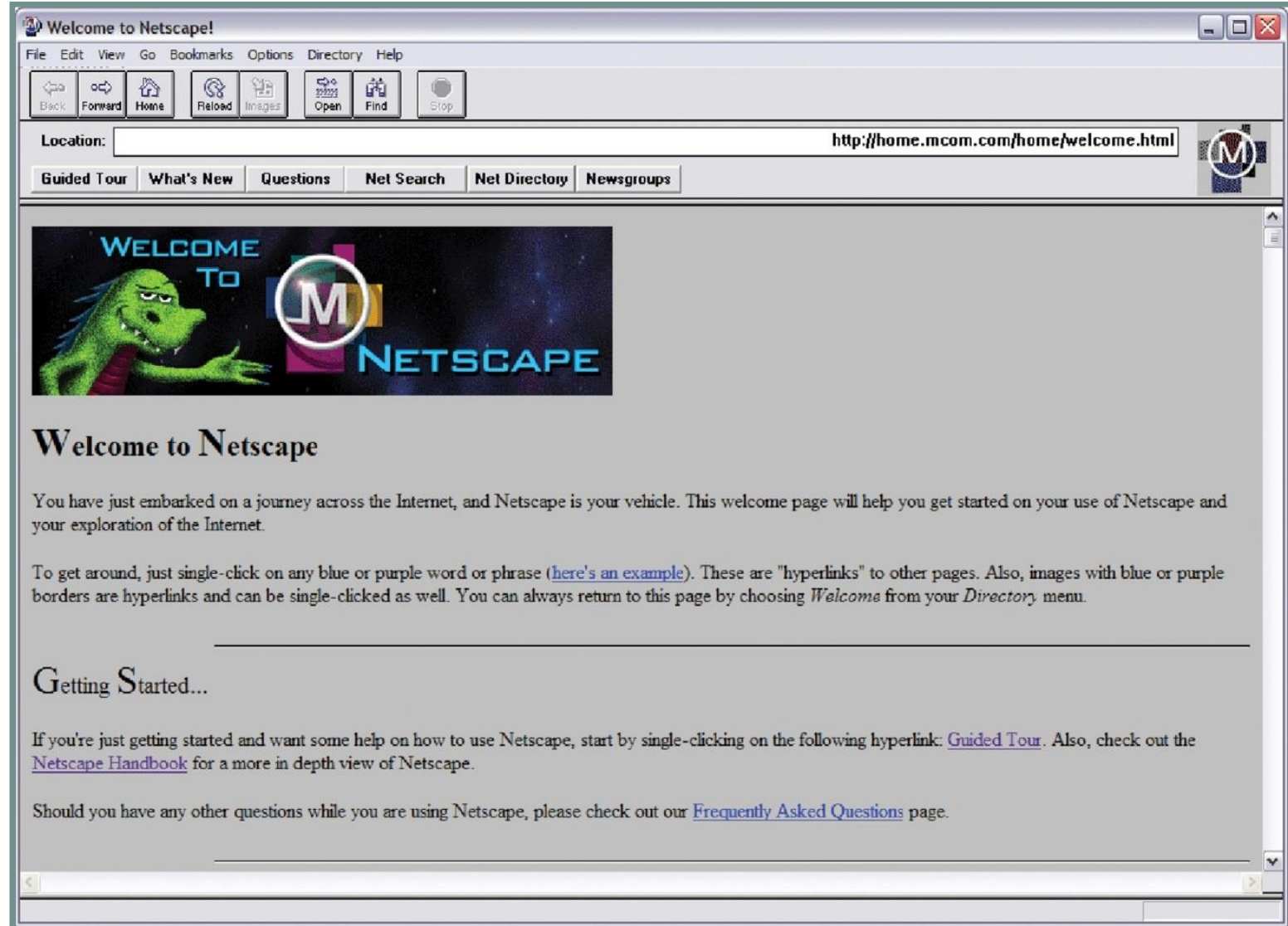
ENABLER #1: THE FALL OF THE BERLIN WALL

- November 9, 1989
- Fall of communism
- People from the former communist countries gained more freedom



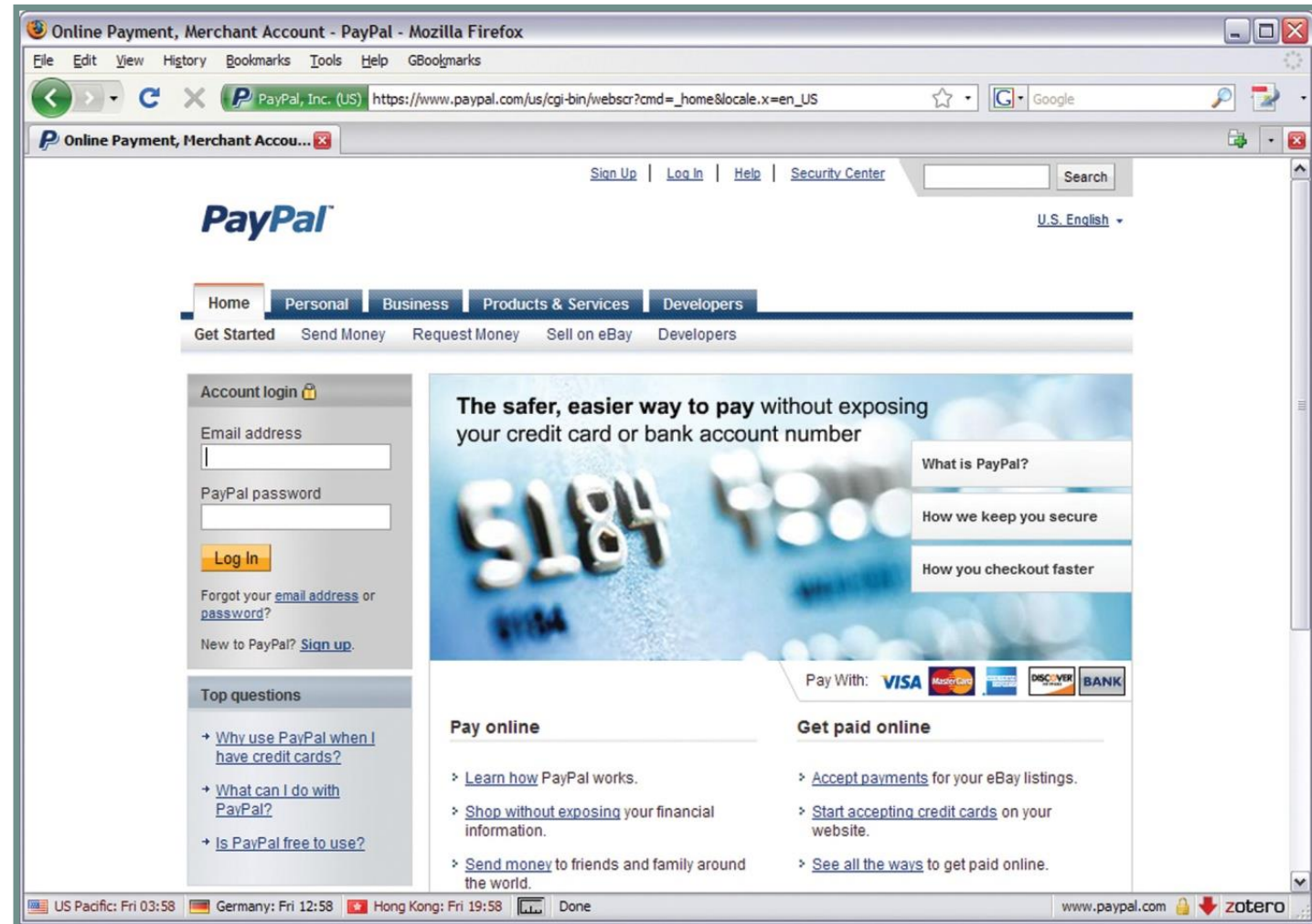
ENABLER #2: NETSCAPE BROWSER

- August 9, 1995
- “Killer app”
- First mainstream browser
- Gave individuals access to the Internet & set standards



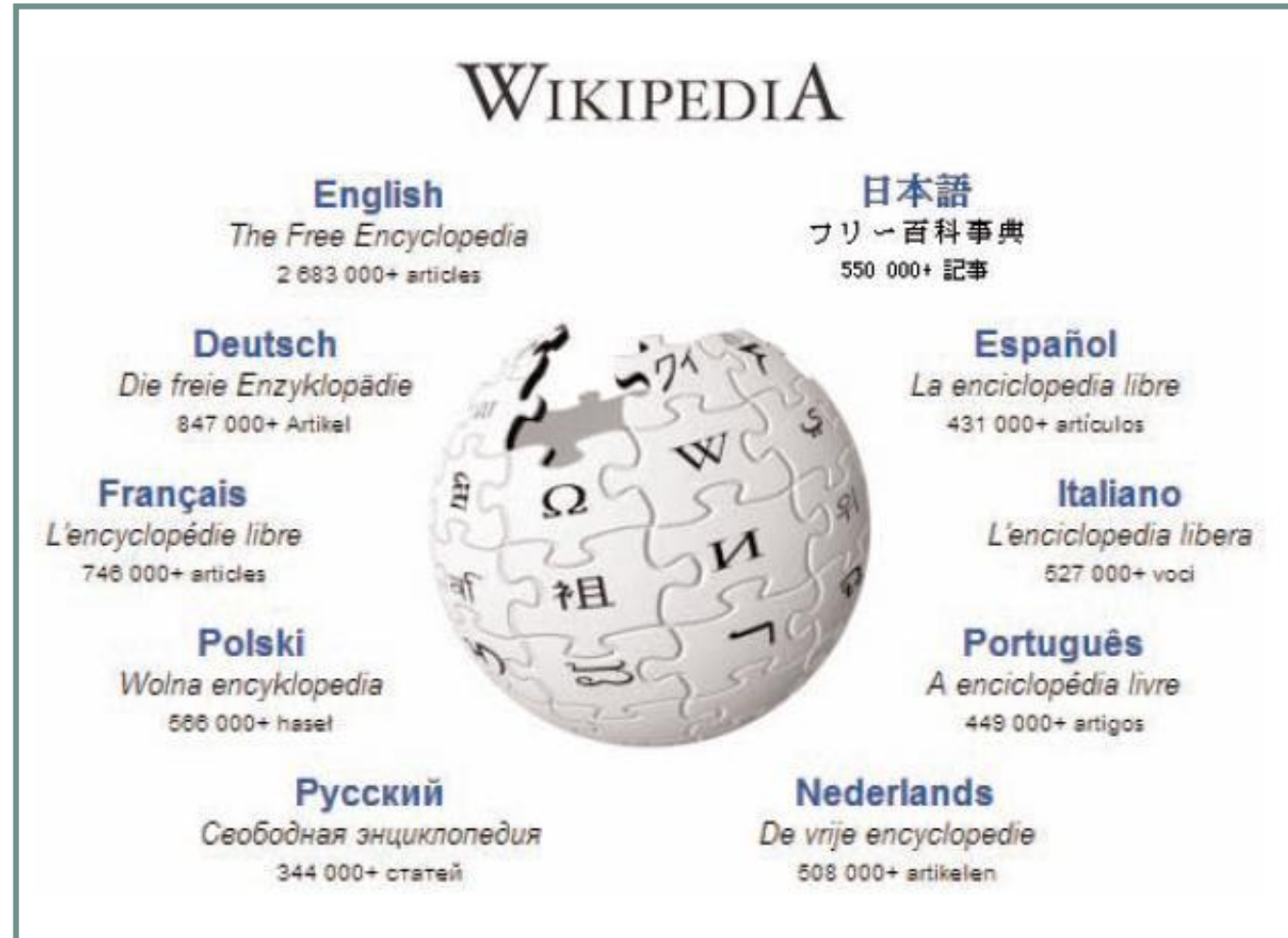
ENABLER #3: WORK FLOW SOFTWARE

- Applications that allow people worldwide to communicate
- XML: applications “talk” to each other
- New possibilities for information sharing
- Global currency to fuel commerce



ENABLER #4: UPLOADING

- Individuals and companies actively participate in content generation on the Web
- Wikipedia a huge success



ENABLER #5: OUTSOURCING

- Outsourcing companies profited from the drop in telecommunications costs
- Companies can now use talented engineers from anywhere



ENABLER #6: OFFSHORING

- Companies set up entire factories in countries such as China
 - Mass production
 - Low costs



ENABLER #7: SUPPLY CHAINING

- Integration of retailers, suppliers, and customers
- Wal-Mart became an early leader
 - Use of RFID tags



ENABLER #8: IN-SOURCING

- Delegation of company's key operations to a subcontractor
 - Example: UPS provides complete supply chain solutions to companies



ENABLER #9: IN-FORMING

- In-forming is to individuals what outsourcing, offshoring, and insourcing is to companies
- Individuals have access to massive amounts of information



ENABLER #10: THE STEROIDS

- Technologies that support different types of collaboration
 - Greater mobility
 - Triple convergence



INNOVATION DISRUPTION

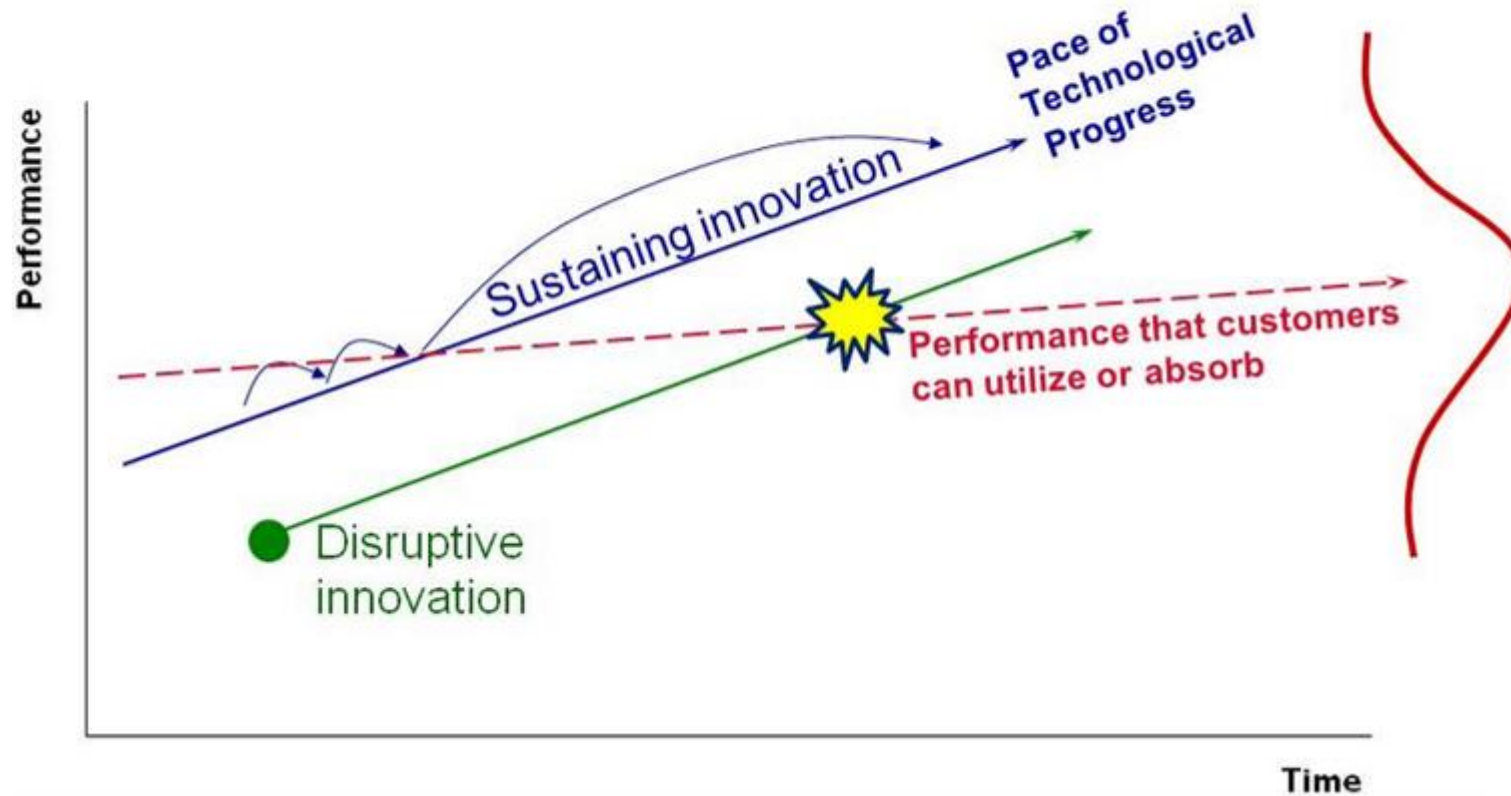


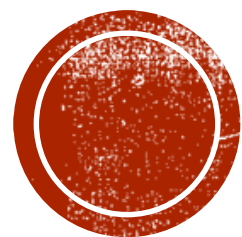
Clayton Christensen: Professor at Harvard &
Business Consultant



INNOVATION DISRUPTION

Disruptive Innovation





E-COMMERCE OVERVIEW



WW E-COMMERCE PICTURE: E-COMMERCE INDEX

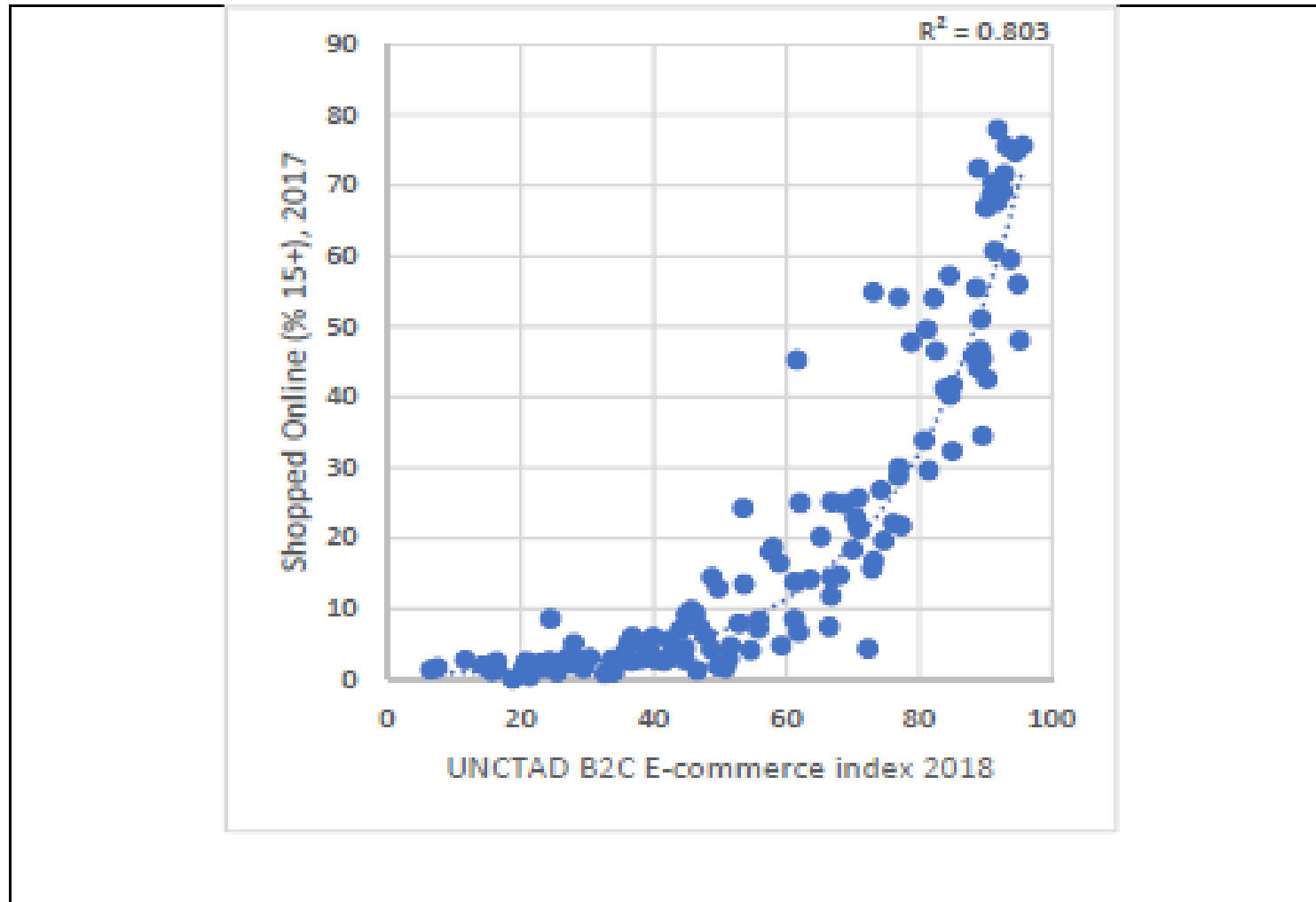


- Source : CNUCED (Conférence des Nations Unies sur le Commerce et le Développement)
- Measures the country preparedness to support online shopping.
- 4 Indicators:
 - Account Ownership at a financial institution or mobile money service (% of Pop. > age 15+)
 - Internet Users (% of Pop)
 - Postal Reliability Index
 - Secure Internet Servers / 1 Mi people



WW E-COMMERCE PICTURE: E-COMMERCE INDEX

Figure 1. Relationship between UNCTAD B2C E-commerce Index values and online shopping

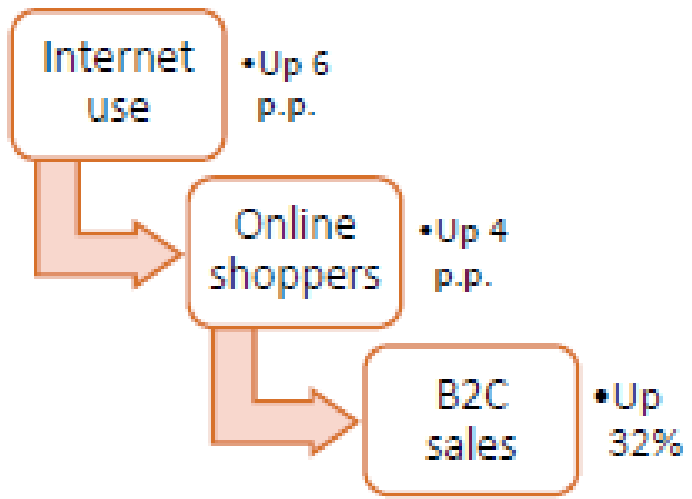


Source: UNCTAD.



WW E-COMMERCE PICTURE: E-COMMERCE INDEX

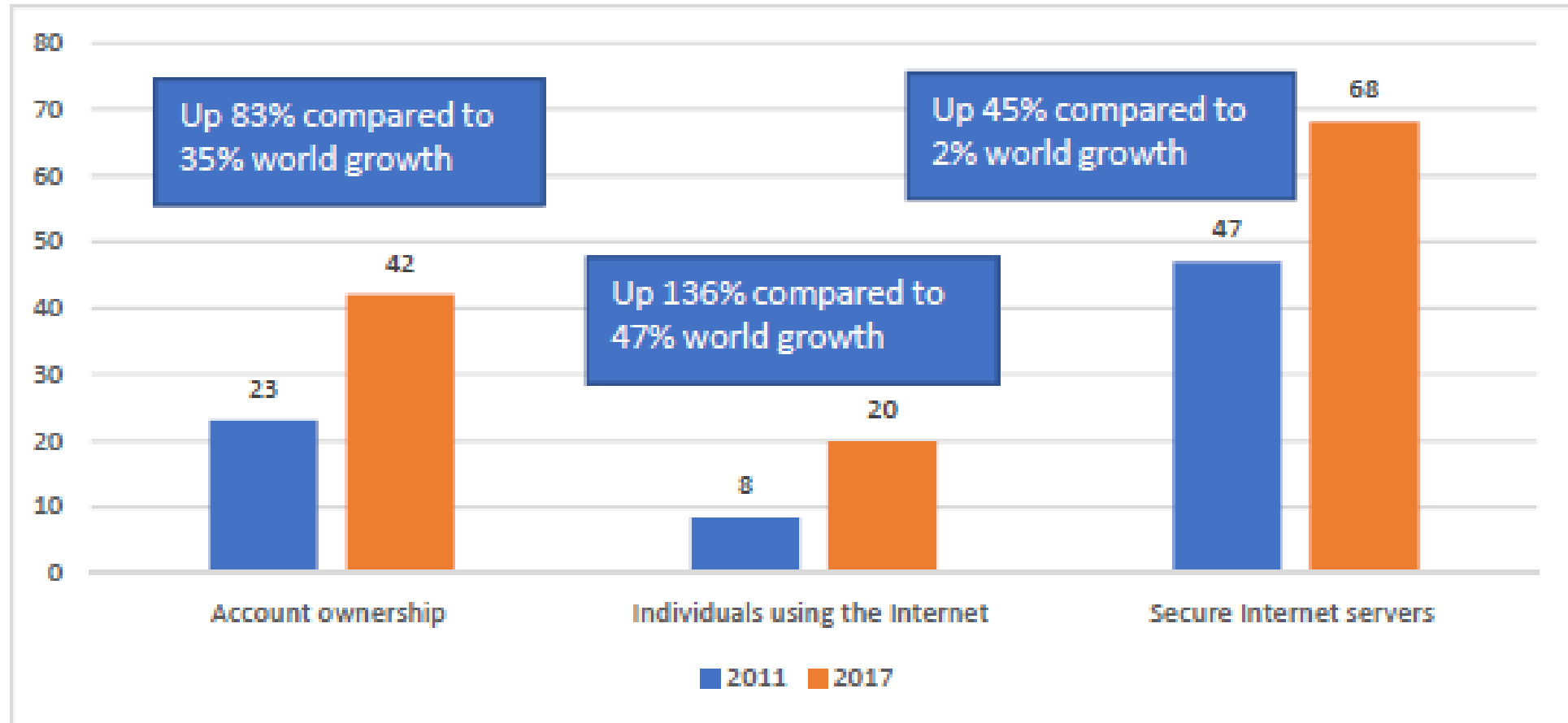
Figure 5. Internet and online shopping growth in Turkey and foreign investment in e-commerce in the top ten developing countries in the UNCTAD B2C E-commerce Index

a. Internet and online shopping growth in Turkey, 2017	b. FDI in e-commerce among top 10 developing countries in the index, 2017	
 <pre> graph TD A[Internet use •Up 6 p.p.] --> B[Online shoppers •Up 4 p.p.] B --> C[B2C sales •Up 32%] </pre>	Singapore	Alibaba invests \$1 billion in Singapore headquartered Lazada ²⁹
	United Arab Emirates	Amazon purchases Souq for \$ 583 million ³⁰
	Malaysia	Alibaba invests \$ 100 million. ³¹
	Turkey	Amazon announces intention to launch; started operations in 2018 (no financial figures available). Alibaba announces intention to invest in 2017 and buys stake in local e-commerce company in 2018 for \$ 1 billion. ³²
	Islamic Republic of Iran	\$ 100 million foreign investment by IIIC in leading e-commerce company Digikala ³³



WW E-COMMERCE PICTURE: E-COMMERCE INDEX

Figure 7. Growth in B2C Index indicators, sub Saharan Africa



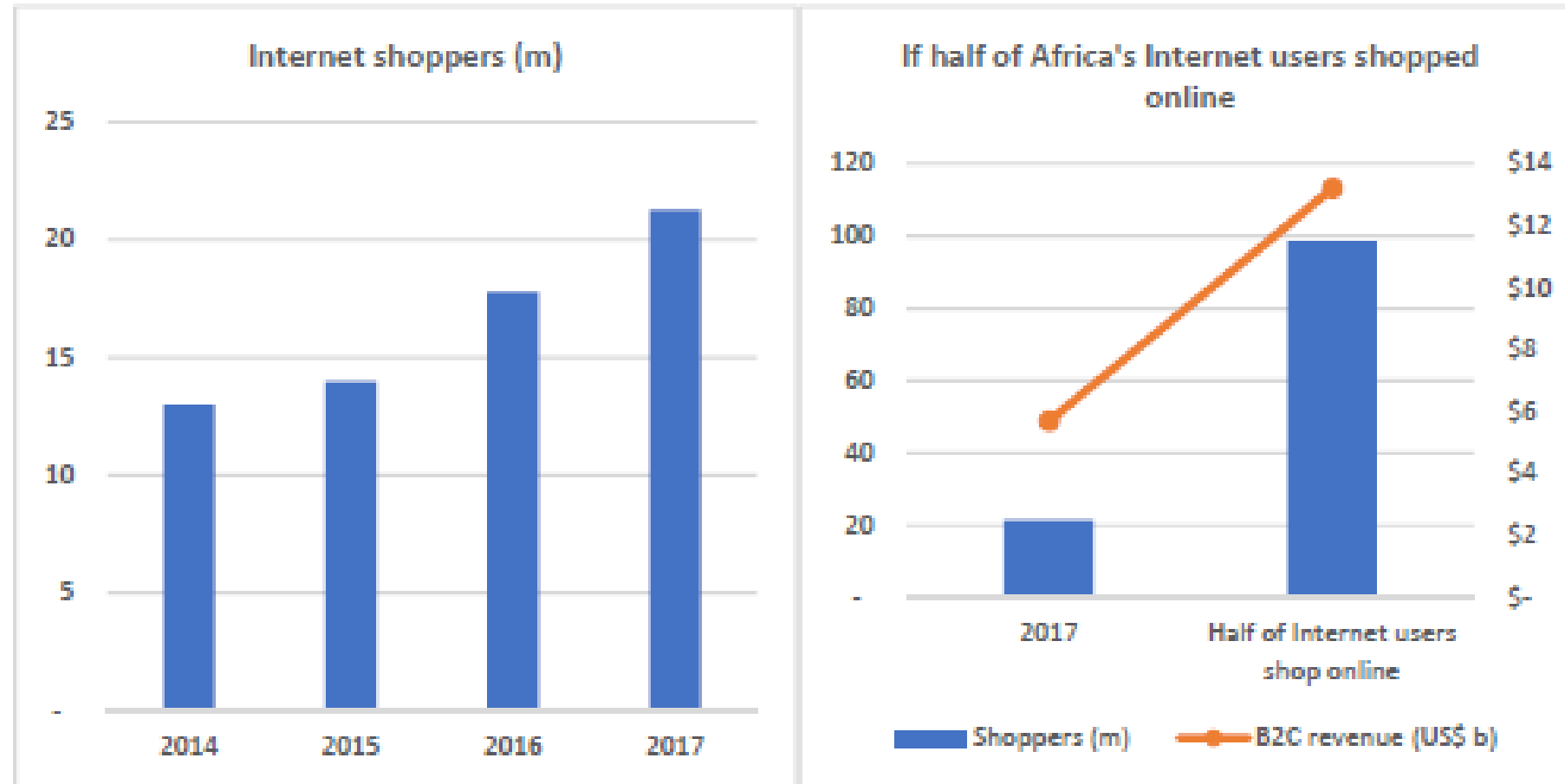
Note: Secure Internet servers have been normalized.

Source: ITU, Netcraft and World Bank.



WW E-COMMERCE PICTURE: E-COMMERCE INDEX

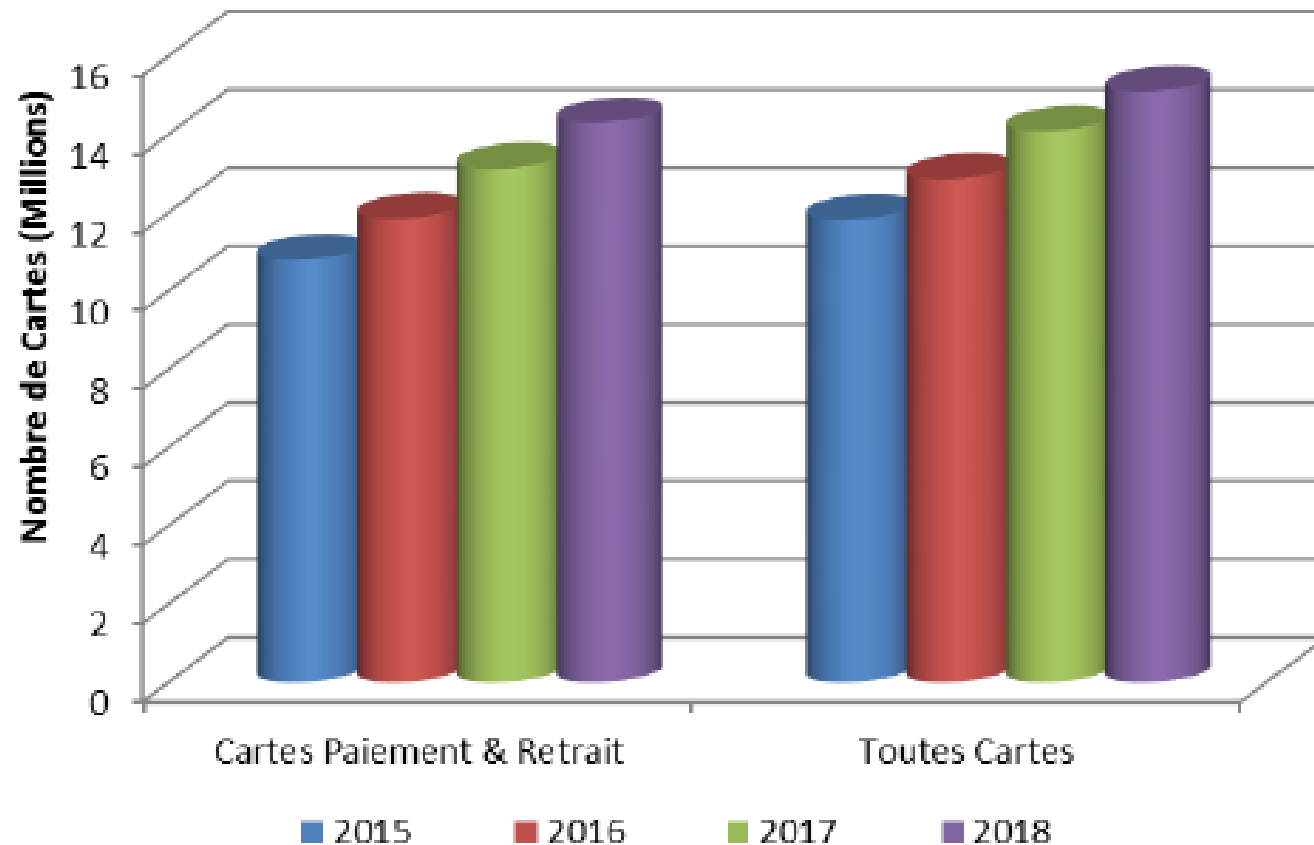
Figure 9. Online shoppers in Africa and estimated shoppers and B2C revenue if half of African Internet users shopped online



Source: UNCTAD estimates.



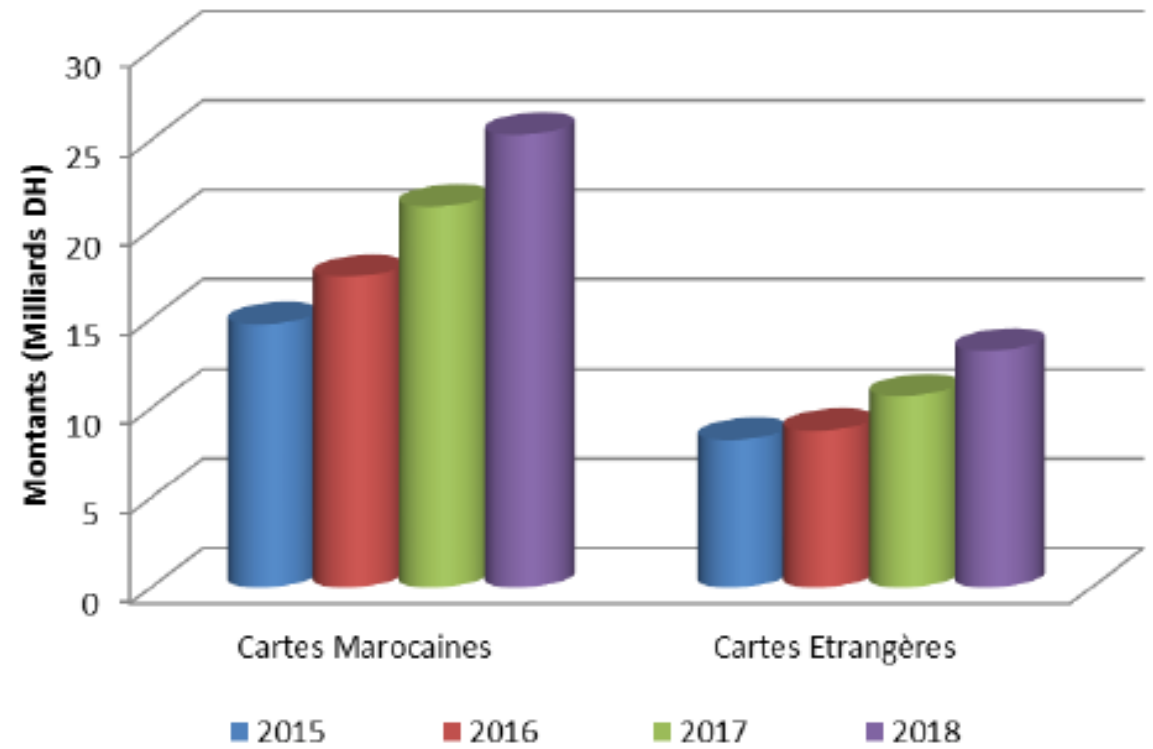
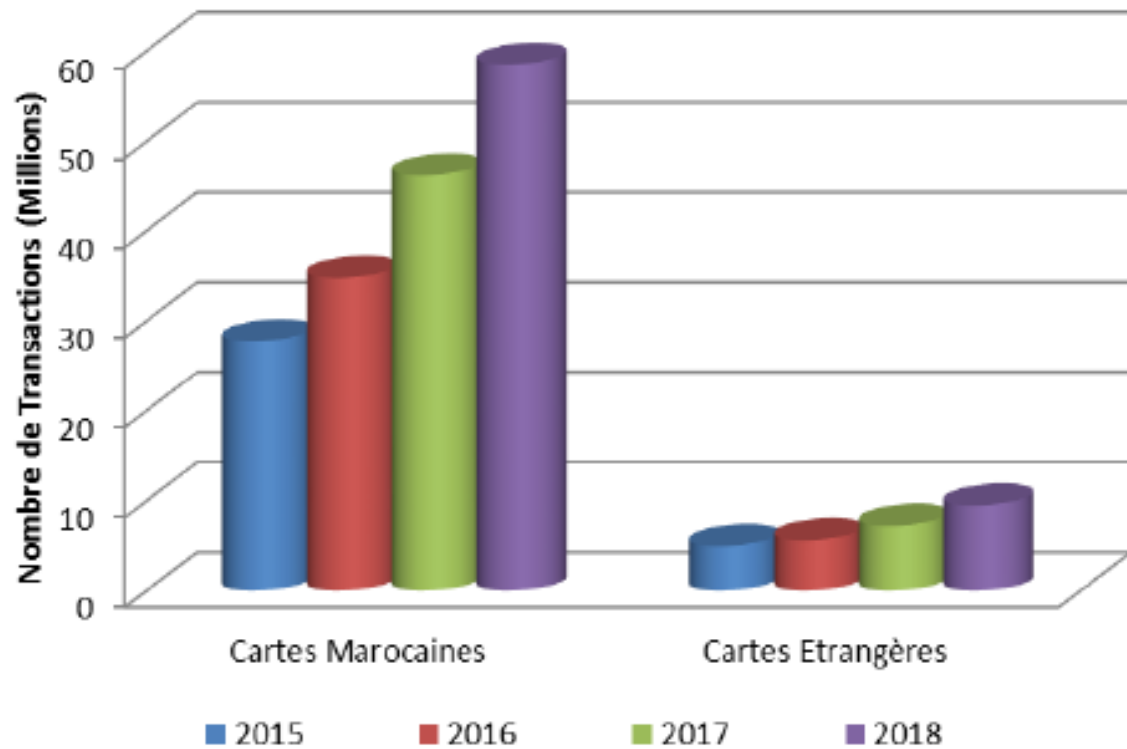
E-COMMERCE IN MOROCCO: IMC FIGURES



Périodes	Cartes Paiement & Retrait	Toutes Cartes
2015	10 806 947	11 822 211
2016	11 848 827	12 868 187
2017	13 137 879	14 084 051
2018	14 301 038	15 104 190
Var. 18 / 17	8,9%	7,2%

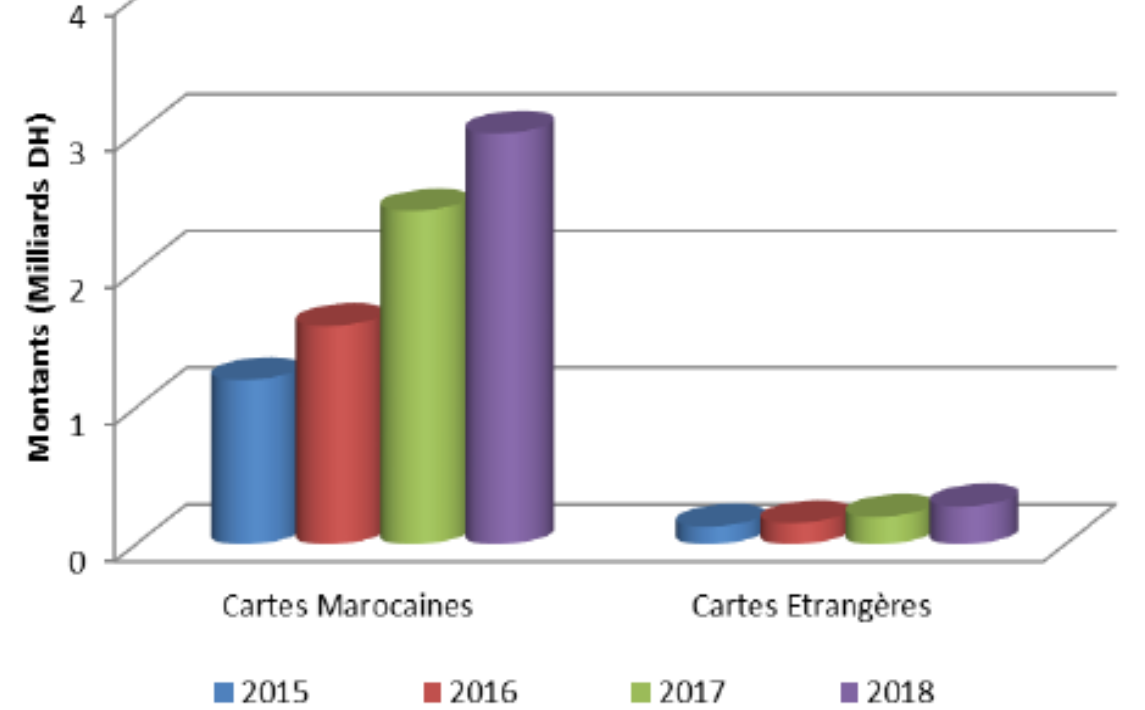
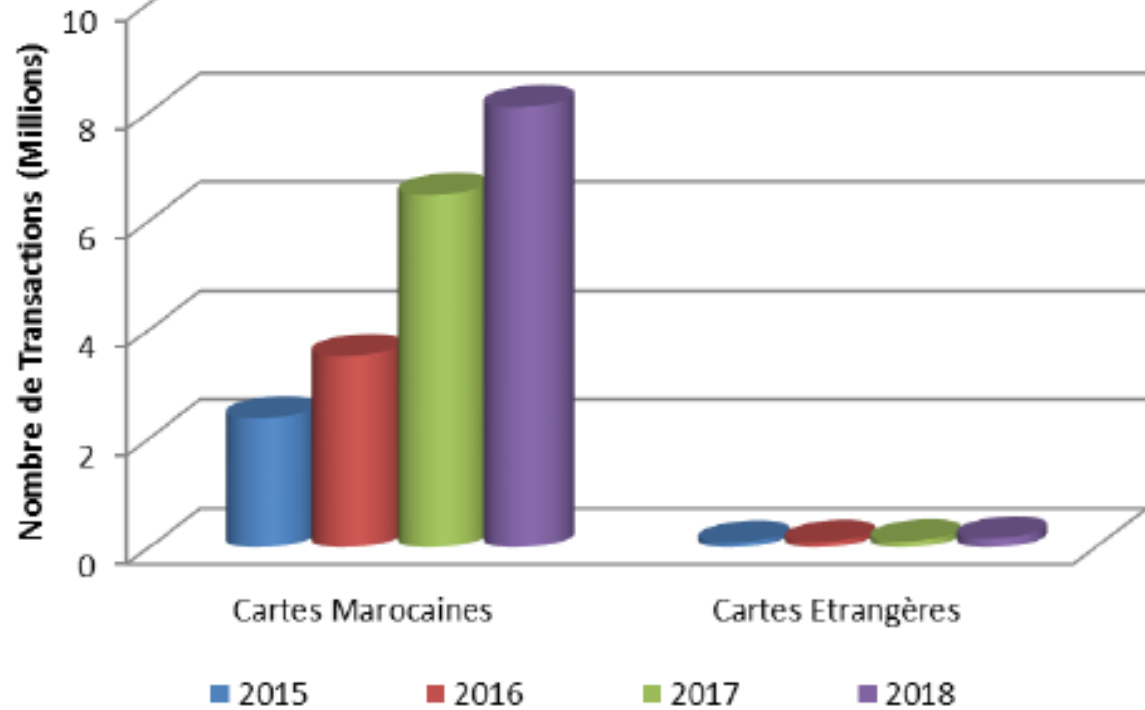


E-COMMERCE IN MOROCCO: IMC FIGURES



E-COMMERCE IN MOROCCO: IMC FIGURES

Internet Payment



E-COMMERCE IN MOROCCO: IMC FIGURES

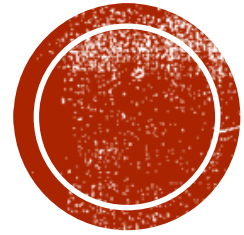
Les paiements en ligne par **cartes bancaire marocaines** sur les sites marocains se répartissent, en termes de volume, selon les secteurs d'activité suivants :

- Opérateurs Télécom : 25,4%
- Compagnies Aériennes : 23,8%
- Régies (Electricité, Eau) : 21,0%
- Services Gouvernementaux : 10,9%
- Autres secteurs : 18,9%

Les paiements en ligne par **cartes bancaire étrangères** sur les sites marocains se répartissent, en termes de volume, selon les secteurs d'activité suivants :

- Hôtels : 49,4%
- Agences de voyage : 11,1%
- Location de véhicules : 8,9%
- Autres secteurs : 30,6%





E-COMMERCE ENVIRONNEMENT & ECONOMICS

E-COMMERCE STATISTICS: DEMOGRAPHICS

Statistic #1: There Were 1.66 Billion Global Digital Buyers in 2017 ([Statista](#))

Takeaway: You can't market to everyone, so it's important to understand your **target buyer** to know what makes them buy. Personalize your marketing efforts to the individual and you'll have a much better chance to survive in the face of competition.

Statistic #2: Men Spend 68% More Online Than Women ([KPMG](#))

Takeaway: Only show items that are relevant to what's already in the cart. If the related items go well with the item(s) in the cart, prospects are more likely to buy them too.



E-COMMERCE STATISTICS: DEMOGRAPHICS

Statistic #3: Generation X Shop More Online Than Baby Boomers and Millennials ([KPMG](#))

Takeaway: You need to sell Millennials on the story. Ask yourself, “What is the scenario in which your product will help them overcome a problem or make them feel better?”



E-COMMERCE STATISTICS: PAYMENT & SPENDING

Statistic #4: In 2018, E-Commerce Sales Accounted for 11.9% of All Retail Sales Worldwide ([Statista](#))

Takeaway: Prioritize user experience above all. A compelling value proposition is worth nothing if visitors have a bad experience on your site. This is especially important when it comes to your checkout flow.

Statistic #5: There Are More Than 254 Million Active PayPal Accounts in The World ([Statista](#))

Takeaway: Survey your customers and find out what their preferred payment options are. The more relevant options you offer, the more money you stand to make.



E-COMMERCE STATISTICS: PAYMENT & SPENDING

Statistic #6: As of Q2 2018, 2.86 Percent of E-Commerce Website Visits Converted into Purchases ([Statista](#))

Takeaway: Use your cookie settings to recognize returning customers and make it easy for them to buy again. You should also **create campaigns** that target specific visitor segments who haven't bought from you before. The more personal your campaigns are, the more likely they'll become a customer or an email lead.

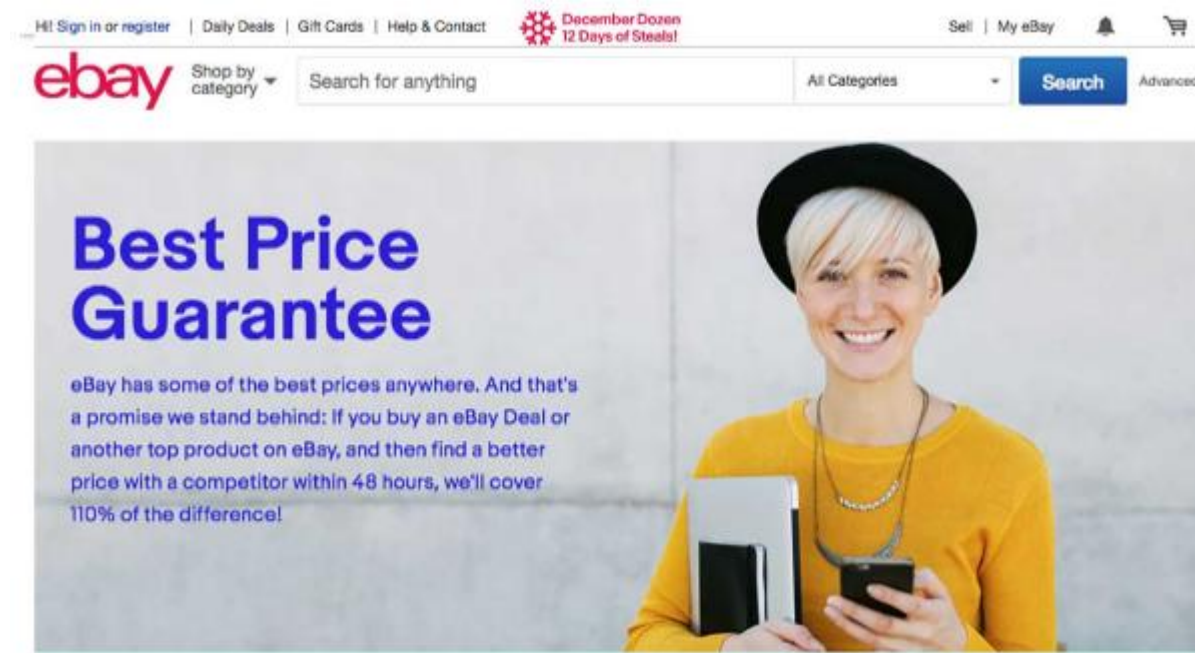
Statistic #7: In Q3 2018, Smartphones Accounted for 61 Percent of Retail Site Visits Worldwide ([Statista](#))

Takeaway: Integrate an omnichannel marketing strategy with real-time information across all channels and devices. This means updating information in real-time, so users can access their cart on any device and immediately check out and continue shopping.



E-COMMERCE STATISTICS: SHOPPING HABITS

Statistic #8: 65% of Consumers Look Up Price Comparisons on Mobile While in a Physical Store (KPMG)



Takeaway: If you offer to match competitor prices, you need to make this visible in your store, both online and offline. Have it appear on your front page, or as a sign in your physical store for greater visibility.



E-COMMERCE STATISTICS: SHOPPING HABITS

Statistic #9: The Number One Reason People Shop Online is Because They Can Shop 24/7 ([KPMG](#))

Takeaway: Schedule campaigns in advance to activate and deactivate on schedule. When you let prospects know when they can expect an answer they'll be more patient with you (and more likely to buy).

Statistic #10: 30% of Consumers Say They Would Rather Buy from a Website They've Bought from Previously ([KPMG](#))

Takeaway: Always consider where your customers are in the buyer's journey. If they just bought something, they might not respond well to a sales email the next day. But if you target them over time with relevant offers based on their purchase history, they'll most likely return to your store again.



E-COMMERCE STATISTICS: SHOPPING HABITS

Statistic #11: 59% of 16-36 year-olds Head to Amazon Before Any Other E-Commerce Website ([Inviga](#))

Takeaway: To sell your products on Amazon, make the journey from your product page to the corresponding product page on Amazon as seamless as possible.

Statistic #12: 60% of Online Shoppers Abandon Their Carts Because of Unexpected Extra Costs ([Baymard Institute](#))

Takeaway: Identify the reasons people abandon your checkout and address those reasons in an **exit-intent** campaign, or in an **abandoned cart email** (see next statistic about this).

Want Free Shipping?

Free shipping on all orders above \$50.
Complete your look and get free shipping.



Nude Lip Stick

\$15.99

Add to Cart



Shine Highlighter

\$21.99

Add to Cart



Blush Palette

\$24.99

Add to Cart



E-COMMERCE STATISTICS: SHOPPING HABITS

Statistic #14: Abandoned Cart Emails Sent within 20 Minutes Have an Average Conversion rate of 5.2% ([SaleCycle](#))

Takeaway: Automate your abandoned cart emails and trigger them to go out within 20 minutes after a prospect abandons their cart. Make sure to include the cart items in the email and include multiple calls-to-action to go back to the cart.



E-COMMERCE STATISTICS: CUSTOMER SERVICE

Statistic #16: 30 Percent of Online Consumers Have Posted Product Feedback Online ([KPMG](#))

Takeaway: Encourage customers to leave reviews and showcase them on your website. If you have a review section on your product pages, you need to include your bad reviews too. Otherwise, your good reviews won't seem trustworthy.

Statistic #17: 81% of Consumers Trust the Advice of Family and Friends Over Businesses ([HubSpot](#))

Takeaway: Make it easy for consumers to share products from your site with friends and family through different channels. Make sure to include a direct link to the product along with an image of the product.



E-COMMERCE STATISTICS: SHOPPING HABITS

Statistic #18: 80% of Respondents Said They Had Stopped Doing Business with a Company Because of a Poor Customer Experience ([HubSpot](#))

Takeaway: Survey your visitors and ask about their experience. The more information you have, the better you can prevent negative experiences.



E-COMMERCE : IT'S ABOUT COMMERCE AFTER ALL

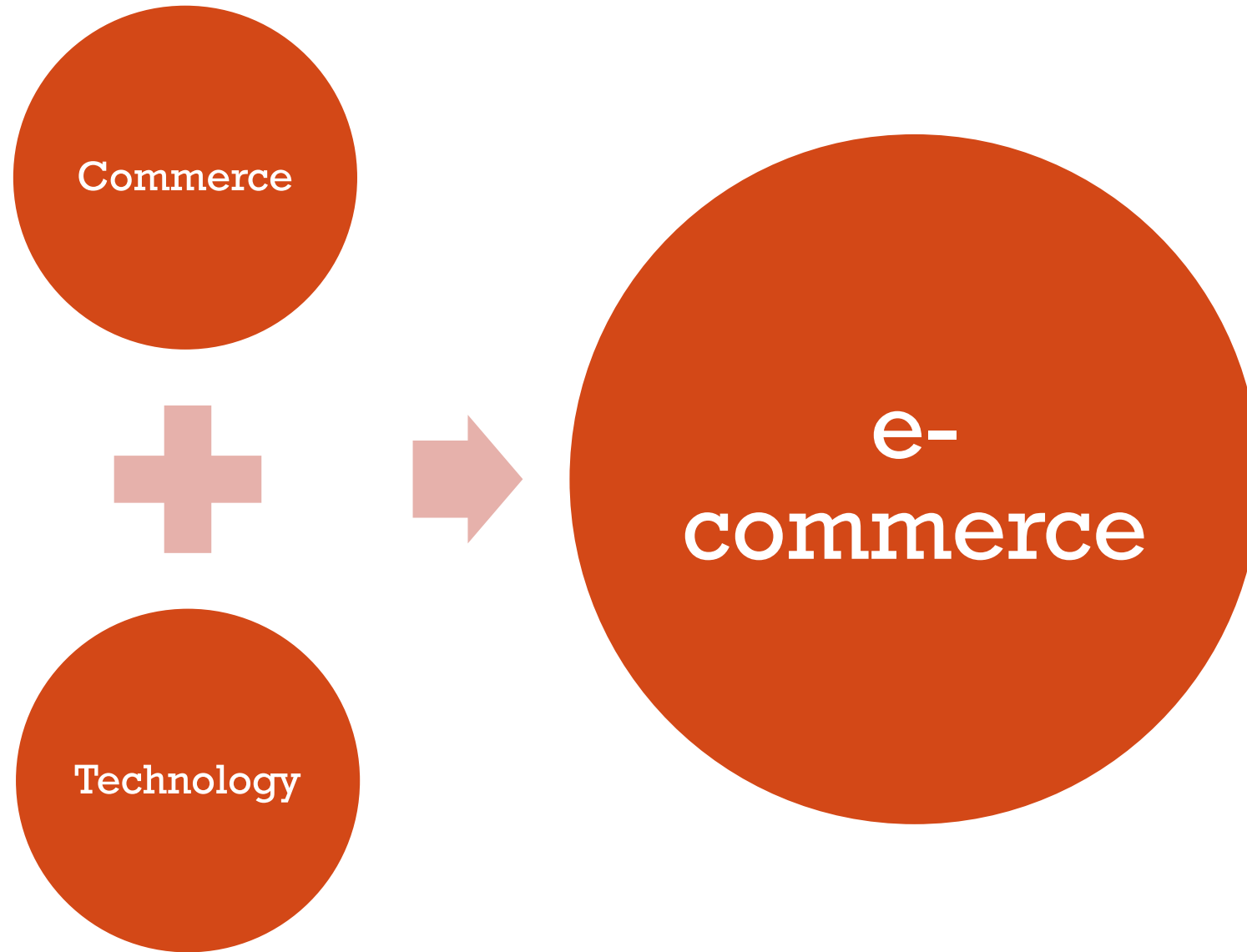


E-COMMERCE : IT'S ABOUT COMMERCE AFTER ALL

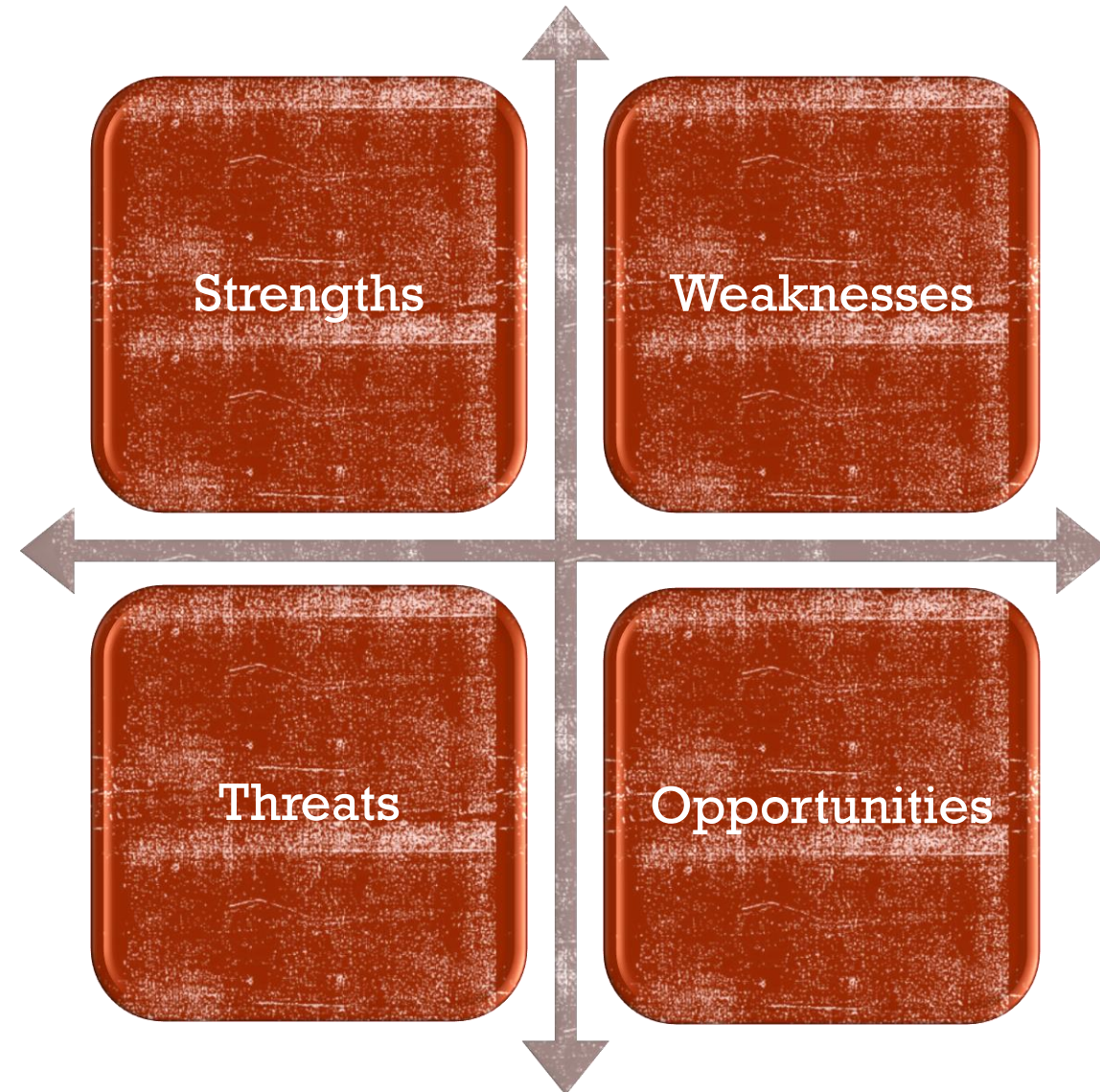
- STRATEGY/BUSINESS MODEL/ROI
- 4Ps:
 - PRODUCT,
 - PLACE,
 - PRICE,
 - PROMOTION
- Marketing & Sales channels
- Taxes & Legal considerations
 - VAT,
 - WHT (With Holding Tax)
- Customer service & Quality
 - Example : Net Promoter Score



E-COMMERCE : IT'S ABOUT COMMERCE AFTER ALL



E-COMMERCE : SWOT ANALYSIS



E-COMMERCE : SWOT ANALYSIS



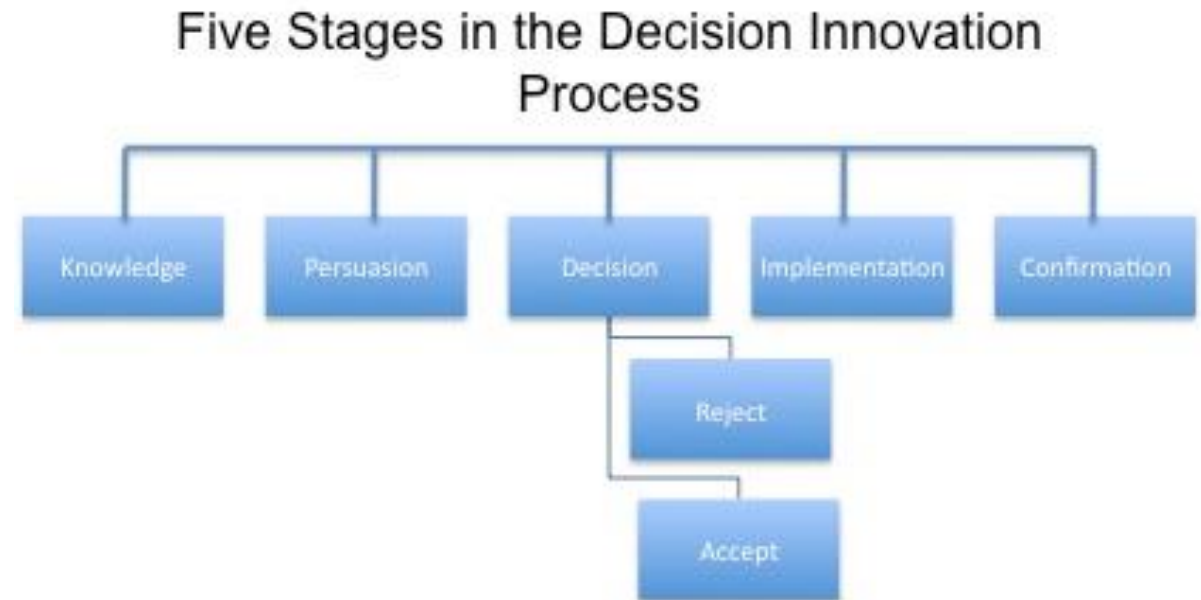
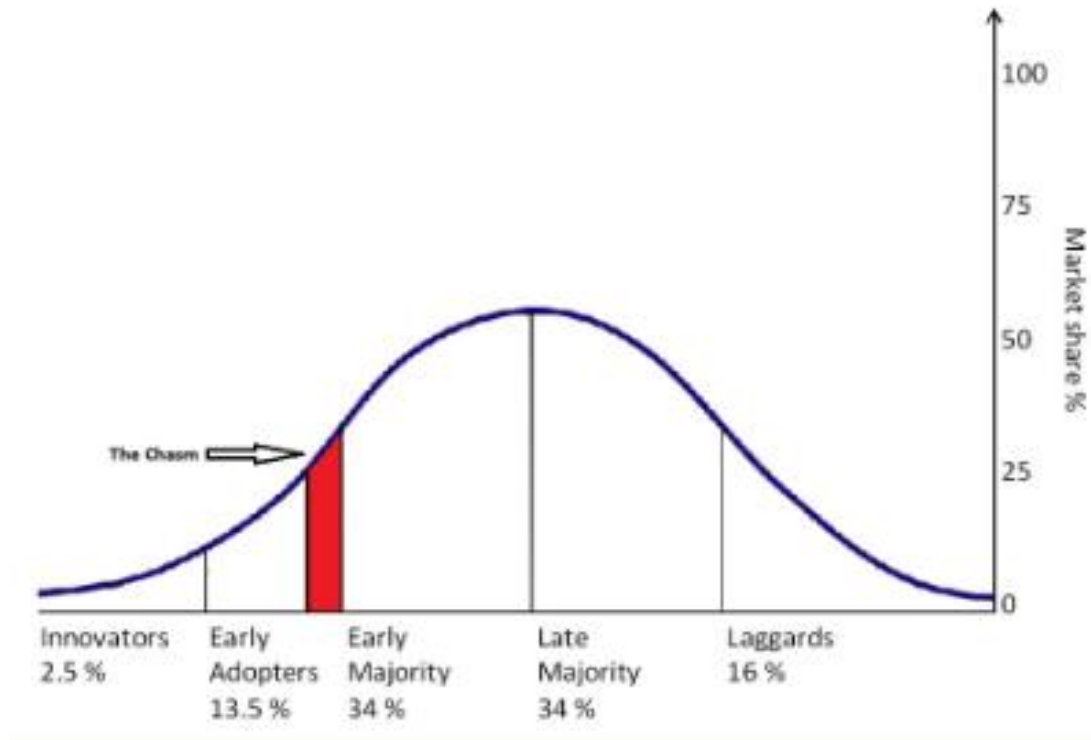
E-COMMERCE ECONOMICS

- METCALFE's law : The utility (satisfaction) of a network increases with the square of the number of users. This concurs with the assertion that as more users join the network, so it becomes increasingly attractive for others to join too.
 - Example : e-Gambling Business
- Moore's Law : Computing power doubles every 18 to 24 months
- Economic Viability :
 - Lock-in of customers
 - Customer Loyalty
- Three main phases :
 - Customer attraction
 - Customer Retention
 - New customer base



E-COMMERCE ECONOMICS

- The law of Innovation Diffusion innovation



E-COMMERCE ECONOMICS

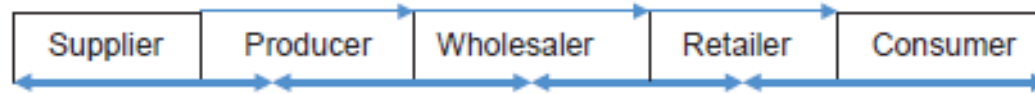
	Government	Business	Consumer
Government	G2G (Co-ordination)	G2B (Information)	G2C (Information)
Business	B2G (Procurement)	B2B (e-business)	B2C (e-commerce)
Consumer	C2G (Tax compliance)	C2B (Compare price)	C2C (Auctions)

- **Business-to-Consumer (B2C):** e-shops, e-mails, e-auctions, buyer aggregators, infomediaries, classifieds, portaling, manufacturer model, subscription;
- **Business-to-Business (B2B):** e-auctions, infomediaries, e-procurement, e-distribution, portaling, e-marketing, trading communities, third-party marketplaces, collaboration platforms, value chain integrators, value chain service providers, affiliates;
- **Consumer-to-Consumer (C2C):** e-auctions, virtual communities.

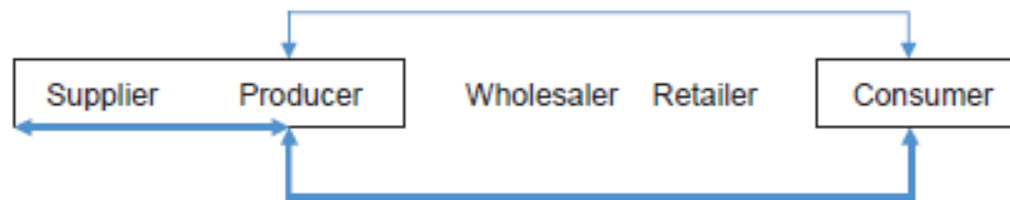


E-COMMERCE ECONOMICS

Traditional supply chain



Disintermediation in the supply chain



Physical goods flow →

Information flow →

Media sector

Printing

Publishing

Music

Video

Broadcasting

Disintermediating effect

Electronic books

From author direct to reader via internet

Downloading music files from the internet

Online video on demand

From content direct to viewer



Q&A

