



Information Booklet

## Sales and Marketing

# 7

# BUYING AND SELLING ONLINE

for SMEs



## Introduction

**Small and Medium Enterprises Development Authority (SMEDA)** works under the Ministry of Industries and Production, Government of Pakistan and was established in 1998 with the objective to propel economic growth through development of SMEs. SMEDA serves as an SME strategy-advisory body for the Government of Pakistan and facilitates partners in meeting their SME development agendas.

SMEDA envisions growth of a globally competitive SME sector (in Pakistan), through creating an enabling environment and support services for increase in the national economy. SMEDA strives to achieve this vision by providing assistance in employment generation and value addition to the national income, through development of the SME Sector, by helping increase the number, scale and competitiveness of SMEs.

National Business Development Program for SMEs (NBDP) is a project of SMEDA which intends to provide hands-on support services to SMEs. The aim of this business development support provided by NBDP is to advance new businesses and improve efficiencies in existing SME value chains to empower them to contend in global market. NBDP expects to facilitate around 314,000 SME beneficiaries over the period of five years.

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## Objectives

- To elaborate concept of e-commerce and key techniques of online buying and selling.
- To explain existing online business platforms and trading approaches.

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## a Concept and Importance of E-Commerce

Electronic commerce denotes the seamless application of information and communication technology from its point of origin to its endpoint along the entire value chain of business processes conducted electronically and designed to enable the accomplishment of a business goal. These processes may be partial or complete and may encompass business-to-business as well as business-to-customer and customer-to-business transactions.

In simple words, E-Commerce means buying and selling of goods, products or services over the internet. These services provided online over the internet network includes transaction of money, transfer of funds, and data are also considered as E-commerce. E-commerce is fast taking over some of the traditional business models in education with its virtual classrooms, doctors online and transport booking services like Careem for commuting and SWVL for busses and Food Panda for delivery of food etc.



### Importance of E-Commerce

When starting a new business, one of the first steps is to estimate costs in establishing the startup. Once the product or service outline is developed, including the type, size and quantities; estimate the costs involved in developing these products or services.

Start with preparing lists of heads of the pre-opening expenses, post opening and operating expenses, and legal and registration expenses.

1

E-commerce provides the sellers with a global reach. With E-commerce sellers and buyers can meet in the virtual world, without the hindrance of location.

2

Electronic commerce substantially lowers the transaction cost. It eliminates many fixed costs of maintaining shops. This allows the companies to enjoy much lower overhead costs and resultant ability to lower the price for improved sales or higher margin of profit.

3

It provides quick delivery of goods with very little effort on part of the customer. It also saves time, energy and effort for both the customers and the company.

4

E-commerce offers convenience. A customer can shop 24×7. The website is functional at all times; it does not have working hours like a shop.

5

Electronic commerce also allows the customer and the business to be in touch directly, without any intermediaries. This allows for quick communication and transactions. It also gives a valuable personal touch.

## b Selling Products Online

In every business industry, there are two types of products and services to sell:

Commoditized or standardized products

Niche or boutique products

**Commoditized products and services** are essential, high demand, or popular goods that can be physical or digital products and services. These are products that everybody needs.

Commoditized products are what make up the majority of online sales. These include food, sports goods, games, clothes, kids' toys, online transportation services like Careem and UBER or data transfer Jazz and funds transfer Easy paisa, marketplace like Daraz.pk or even road direction service by Elexa etc.

**Niche products** are goods that serve a specific customer base and product category.

In many instances, these are unique, one-of-a-kind, or handmade products, making them some of the most popular items bought online. Niche products are often made in small batch runs or on demand. Some examples may include unique beaded necklace, handmade frozen yogurt, or leather iPad case and Search Engine Optimization (SEO), Social Media Marketing (SMM) and many other forms of digital marketing in terms of online services including specialized medical, legal or agricultural advice etc.

## General vs Niche Marketing

Many online stores sell a combination of commoditized products and niche products, not just to increase their profit margin but also as a marketing tool to keep a continuous inflow of customers. Offering only commoditized items on an online store, especially if they are popular products sold on major online marketplaces like Amazon as well, will make it extremely difficult to become successful. So bringing new niche products and advertising them also is a good technique to promote the online business.

## c Selling Services Online

Selling services online is quite like selling products online. One can have an online store for services, or a website can serve as a virtual business card that will showcase the services offered. In some ways, it is even better to sell services through the internet than to sell them face to face.

To sell products online, developing a business website is not enough. Best marketing approach is needed which will help spread the word about the services and reach out to potential customers. Only then will one be able actually to sell services online and generate revenue and ROI.



Selling services online allows to reach more people than ever before. By building a system that allows the clients to find the business easily, inbound inquiries and organic leads can fuel the business by creating a pipeline full of client leads and people eager to buy the offered services.

Focus groups, either in person or as webinars or Facebook Live streams, are also a great way to have real-time contact with the audience. It also helps to discover what they need help with.

A major part of creating an offer of a service that will sell well is to really get under the skin of what the ideal clients want, and there is nothing better than hearing it directly from them in real-time.

## d Legal Pre-requisites for Doing Business Online

The first thing that a business does is to establish an interconnected computerized system having inventory, accounts and customer database etc. which is usually in the form of a software.

To establish a website, a business first needs to get a domain name registration along-with a web-space for hosting the website from a web hosting service provider. Getting a domain is relatively easier and cheap. It is important to get the domain name of the website registered as a trademark under the Trademark Law so that it is protected against any unauthorized use by any other person. Another way of protecting the website is to get the same registered under the copyright laws.



Then comes the website development and content uploading. One can look at other websites for interesting ideas but they will have to be careful in not copying someone else's content as it would be considered as piracy and one can be legally sued for copyright.

## e Understand Online Customers and Market

Information that the potential customers will find useful must be included, and also promote the products and services in such a way that it will make them want to buy and use the offered services. Build trust with potential customers so they perceive the business as credible.

There are several ways this can be done with:

### Testimonials

Testimonials have the power of tapping into people's consciousness and reaching them on an emotional level. The majority of individuals tend to trust other people's experiences with a particular brand. Thus, video testimonials from the previous customers can be recorded and make them visible on the website. This helps to generate a lot of more quality leads that one can convert into customers.



## Customer Reviews

Apart from including testimonials on the website, one should also allow the customers to leave reviews. That kind of social proof can be very insightful. Not only can reviews let other people know about the services, but they also provide a constructive feedback. These reviews can be used to keep improving the services.



## Search Engine Optimization

One should take advantage of search engine optimization (SEO). This technique utilizes introduction of suitable words and continuous improvements in the website content to attract newer visitors, browsing through the search engines. By optimizing the website for search engines, one will drive a lot more traffic to it and if they like the products and services, it would result in growing the customer base much faster. SEO is an important tool for promoting an online presence. Its primary purpose is to increase organic traffic and eventually attract people interested in the offered services.



### f Methods of Creating Online Presence

#### I. Taking the Business Online

Begin by creating an e-commerce plan. A well-thought-out plan is needed for guidance.

##### Advantages of having an online presence for a business:



##### **24/4 ACCESS**

Customers can easily check your products and services anytime.



##### **BETTER CREDIBILITY**

Customers can easily check if business is credible with use of different blogs and forums.



##### **EASY ORDERING**

Customers can finish orders with just a few clicks. There is less chance of mixing orders with other clients.



##### **INEXPENSIVE MARKETING**

Internet marketing is cheaper compared to other media.



##### **EASIER STUDY OF THE MARKET**

Internet market is easier compared to other modes of marketing.



## ii. Opening up an Online Shop or Store

Three things which are needed to start an online store are:

1. A domain name idea (this will be the name of the online store)

2. A web hosting account (this is where the website lives on the internet)

3. Undivided attention for 30 minutes

## iii. Trading in an Online Marketplace

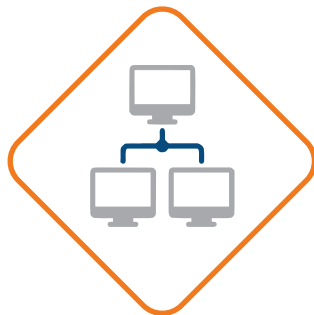
Online Trading is basically the act of buying and selling financial, physical or intangible products through an online trading platform. These platforms are normally provided by internet-based brokers and are available to every single person who wishes to try to make money from the market.

## iv. Using Social Media

Make a separate professional profile for each site one wants to be active on. Although he/she can be active anywhere they want, some industries only use certain social media sites. If in the construction industry, one likely will not find much value in having a Tumblr account. On the other hand, Facebook or Instagram might be perfect for it.

### 9 Online Promotional Techniques

#### Networking



Apart from promoting the services on social media, which are exceptional when it comes to engaging the audience, one should also harness the power of networking. Networking will open a lot of opportunities for selling the services and growing the business. Connecting with the right people will help to reach distances that would not be accessible otherwise.

#### Social Media



Social media networks count billions of daily active users, which is why they should be used to reach out to the target customers. Depending on the type of services being offered, some social networks will work better, while others may not yield the same positive results. Services should be promoted on channels which target demographic preference to use so that every effort can pay off in the long run.



## Blogging



Blogging is one of the best ways to establish an online presence and promote services. As well as, a good way to engage the target customers with the brand's story. That is exactly why one should start a blog. Through a blog, one can let people know everything about their services and explain all the benefits that they will enjoy if they decide to use them.

## Freelancing Platforms



Freelancing platforms are fantastic for selling services online, and there is a large number of them available. They can help to extend reach, as millions of people are using them on a daily basis in search for the particular services they need.

## Developing a Website and Improving Search Ranking

The most important aspect of doing e-business is the establishment of a website for the purpose of selling, displaying, marketing, product delivery and customer support. Domain is the single most important identity of a business in the virtual world that enables a business to remain visible, active and working in front of its customers and suppliers preventing a business's competitors from copying the design and color scheme of its website.

There are other details that need to be looked into before operationalizing a website for trading. These include developing **privacy policy and terms of use** agreements along with getting the website registered as a trademark under the Trademark Law and Copyrights Law.

A privacy agreement explains the mode and manner of collecting and using of personal information of a customer while a terms of use agreement notifies the website users about the copyright protection of the business and the termination/suspension of an account of a user. Both these legal agreements bind the users of a website and are meant to secure the aspiring business from any possible action by a customer.

While giving information of products on sale via website, a business must ensure that relevant details about the quality, quantity and applicability of taxes, if any, are clearly and conspicuously given in relation to the products on sale. Absence of such information may lead to disputes with customers that may end up in a legal battle between the customer and the seller.

## Dealing with Customer Feedback and Ensuring Satisfaction – Improving Ranking

The word of good reputation can be heard across the world, so creating and maintaining one is vital for one's business. It is important to deliver on the promises and provide every customer with what they expect. If one says that they are selling high-quality services, they need to make sure that the services are actually of the highest possible quality.

If customer complaints are received, make sure to act to resolve any issues and help the clients. Do not respond negatively to complaints, but instead be empathetic. One can learn more about customer service from SMEDA or any other relevant source and apply it to best use. Always respond and offer the best solutions to every potential problem.

The same goes for negative feedback on the website or social media. Try to seek the best advice on the matter and resolve the issues ASAP.



## Conclusion

E-commerce is the business done through the internet, where a company creates and maintains business relations with customers and suppliers using tools and practices involving internet technologies. It includes selling, buying, advertising and contacting buyers with credit card, digital cash or payment on delivery by transfer of data between different companies and people using online facility.

The Pakistani e-commerce market is attracting the interest of international investors. For instance, Daraz.pk and Azmalo.pk are some of the most successful and popular Pakistani e-commerce websites developed by Rocket Internet (GmbH), the world's leading online venture builder. Similarly, there are number of Pakistani and local business using online business model including transfer of funds like easy paisa and jazz cash etc.

There are great business prospects for e-commerce to flourish in the country, However, for e-commerce to become ingrained in our economy there are few challenges which include availability of bandwidth at economical price and general education of people.



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