Project Future Ecom:

State of the Art Report

E-Sales & Marketing

1) Introduction

E-Sales

In Europe, the creation of a Digital Single Market (DSM) is key to global e-Commerce. SMEs are invited to increase their competitiveness while ensuring the economic profit by adopting good practices in the field of digital sales. Future Ecom project aims to provide policymakers with the knowledge and understanding to direct SMEs to take full advantage of digitisation and atomisation.

Electronic commerce or e-Commerce is a business model that lets enterprises and individuals buy and sell things over the internet. Whereas e-business refers to all aspects of operating an online business, e-Commerce refers specifically to the transaction of goods and services. E-Commerce has helped businesses establish a wider market presence by providing cheaper and more efficient distribution channels for their products or services. It can be divided into e-Commerce sales (e-sales) and e-Commerce purchases (e-purchases).

There are five main types of e-Commerce models that can describe almost every transaction that takes place between consumers and businesses.

- Business to Consumer (B2C):
  When a business sells a good or service to an individual consumer (e.g. You buy a pair of shoes from an online retailer).
- Business to Business (B2B):
  When a business sells a good or service to another business (e.g. A business sells software-as-a-service for other businesses to use)
- Consumer to Consumer (C2C):
  When a consumer sells a good or service to another consumer (e.g. You sell your old furniture on eBay to another consumer).
- Consumer to Business (C2B):
  When a consumer sells their own products or services to a business or organization (e.g. An influencer offers exposure to their online audience in exchange for a fee, or a photographer licenses their photo for a business to use).
- Business to Government (B2G):
  When a business sells a good or service to government agencies at the federal, state, and local levels (e.g. A business providing IT consulting to a local government agency).

Recently, the growth of e-Commerce has expanded to sales using mobile devices which is commonly known as "m-commerce" and is simply a subset of e-Commerce.

The largest category of e-Commerce is business-to-business (B2B) commerce. This involves enterprises conducting e-procurement, supply chain management, network alliances, and negotiating purchase transactions over the internet. Businesses use e-Commerce to reducing expenses, increasing efficiency, and improving their business relationships with a limited number of key suppliers.

EDI is one of the main technologies that help organizations achieve these goals and one of the oldest and most successful technologies used in B2B e-Commerce. A dictionary definition is "A comprehensive set of standards and protocols for the exchange of business transactions in a computer-understandable format". Businesses use EDI to integrate and share a range of document types — from purchase orders to invoices to requests for quotations to loan applications and more. In most instances, these organizations are trading partners that exchange goods and services frequently as part of their supply chains and business-to-business (B2B) networks.

Digital marketing

Digital marketing is an umbrella term for the marketing of products or services using digital technologies, mainly on the Internet, but also including mobile phones, display advertising, and any other digital medium. These campaigns are becoming more prevalent as well as efficient, as digital platforms are increasingly incorporated into marketing plans and everyday life, and as people use digital devices instead of going to physical shops.

Digital marketing such as geofencing marketing, loyalty schemes (customer loyalty program), beacon marketing, social media marketing, RFID marketing (radio frequency identification) is becoming more and more common in our advancing technology.

- Geofencing is a technology which draws a virtual line around a physical area so that a signal can be sent to a mobile electronic device such as a phone inside this line or when this line is crossed.
- Customer loyalty programs/schemes are structured marketing strategies designed by SMEs to encourage customers to continue to shop at or use the services of businesses associated with each program by offering special benefits such as discounts, rebates, free products, or other promotions.
- Beacon marketing involves the use of beacons to engage with customers. A beacon is a small, physical object that receives location data from nearby devices via Bluetooth. Beacon data tells the app precisely where in the store customers are walking, which helps optimize the in-store experience. For instance, marketers using beacon marketing can send customers timely, relevant messages about nearby products.
- SMEs crave sources of data to optimize their business. RFID (radio frequency identification) is a tracking technology that uses small tags or chips to transmit a signal to remote scanners by creating a whole new set of data about their in-store environments, product movement, and customer behavior.
- Social media marketing (SMM) refers to techniques that target social networks and applications to spread brand awareness or promote particular products.

2) Summary

In Europe, the creation of a Digital Single Market (DSM) is key to global e-Commerce. SMEs are invited to increase their competitiveness while ensuring the economic profit by adopting good practices in the field of digital sales.

The largest category of e-Commerce is business-to-business (B2B) commerce. This involves enterprises conducting e-procurement, supply chain management, network alliances, and negotiating purchase transactions over the internet. SMEs adopt specific digital marketing strategies to enable successful online sales and increase turnover percentage. The most popular is geofencing marketing, loyalty schemes (customer loyalty program), beacon marketing, social media marketing, RFID marketing (radio frequency identification).

The use of social media has played an important role in Greece, which has led to increased use of the internet. Social media have also been a key tool in the digital promotion of goods and services.

It also mentions the role of policymakers in implementing new policy instruments to exploit digitisation and the challenges SMEs are facing in today's competitive environment such as limited trust in online transactions, lack of know-how and also the opportunities they can seize from a non-border market.

3) Current situation

Data on use of Digital technology in the marketplace - European level (from Eurostat)

The Digital Single Market for Europe is a major priority of the European Commission. The strategy is built on three pillars:

- Better access for consumers and businesses to digital goods and services across Europe.
- Creating the right conditions for digital networks and innovative services to flourish.
- Maximizing the growth potential of the digital economy. More specifically, for the first pillar, the Digital Single Market strategy aims at removing the key differences between online and offline worlds, and to break down barriers to cross-border online activity.

People in the EU engage in a range of online activities — they actively use the internet to get news, browse social networks, communicate, shop, use online banking services and much more. Such activities are captured in DESI's Use of internet services dimension. Denmark, the Netherlands, Sweden and Finland have the most active internet users, followed by the UK, Luxembourg, Estonia and Malta. Romania, Bulgaria and Greece are, by comparison, the least active.

Digital Economy and Society Index (DESI) 2019, Use of internet services
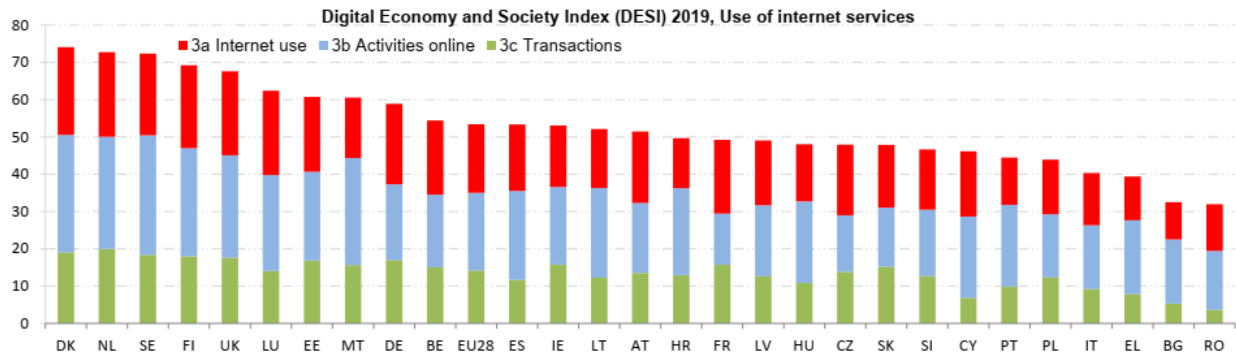
Another dimension of the DESI which applies to our report is the Integration of digital technology.

Integration of digital technology covers

- Business digitisation
- E-Commerce

Business digitisation has four indicators (as the % of enterprises using): electronic information sharing, social media, big data analysis and cloud solutions.

E-Commerce includes three indicators: the percentage of small and medium-sized enterprises (SMEs) selling online, e-commerce turnover as a percentage of total turnover of SMEs, and the percentage of SMEs selling online cross-border.

One out of five enterprises in the EU-28 made electronic sales in 2018. The percentage of turnover on e-sales amounted to 17.4% of the total turnover of enterprises with 10 or more persons employed.

In the EU-28, between 2012 and 2018, the percentage of enterprises selling online increased by 3.6 percentage points and the companies' turnover realised from e-sales increased by 2.9 percentage points.

**Trends in e-commerce, EU
(% of enterprises, % of turnover)**
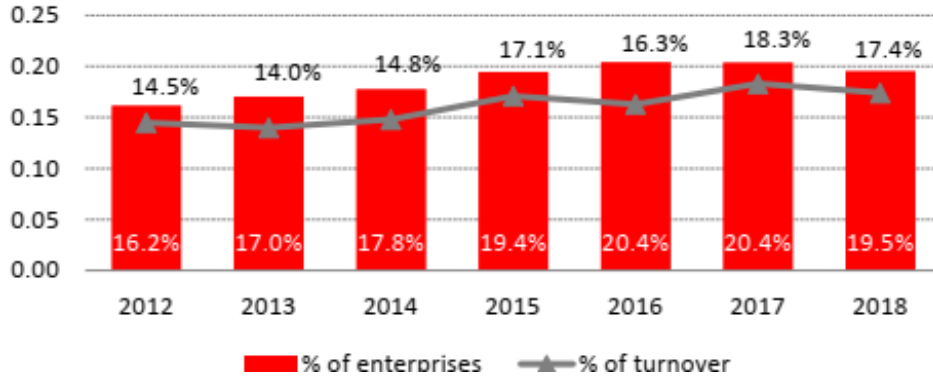
The share of enterprises conducting e-sales and the turnover from e-sales varies significantly according to size. The share of SMEs making e-sales (18.9%) is less than half compared to the share of large enterprises (42.5%). Similarly, the share of the e-sales' turnover on the total turnover by SMEs (10.1%) is less than the half of the share generated by the large ones (24.1%).

E-Commerce can be broadly divided into two types: web sales and Electronic Data Interchange (EDI-type) sales as mentioned in the introduction.

The percentage of enterprises selling online (web or EDI type) ranged from 8% in Bulgaria to 12% in Greece to 35% in Ireland, followed by Sweden (32%). Around 14% of the enterprises sell through a website, 2% exploit both channels, while slightly more than 3% make use of EDI-type sales.

e-Sales broken down by web sales and EDI-type sales, 2018 (% of enterprises)
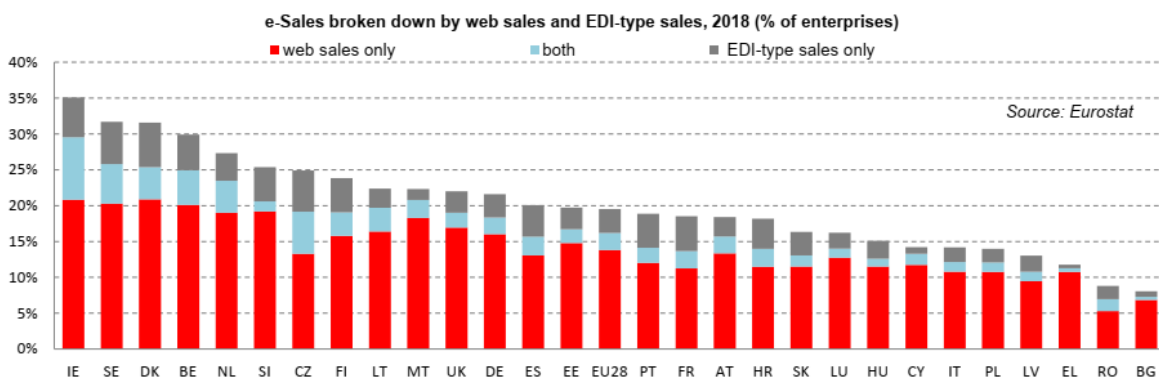
Web sales, made through the enterprise own website or third parties one (including marketplace), is the most common option for e-sales. More than twice as many companies with web sales sell on their websites or apps than in marketplaces.

Altogether 13 EU Member States reported that over 90% share of enterprises with web sales via own sites, with Croatia, Slovakia, Finland and Estonia are leading in this group of countries. Enterprises in Finland, Croatia, Denmark and Czechia have the lowest percentages of web sales via marketplaces (below 20%). Selling online via marketplaces was the most common option in Italy (64%), Cyprus, Poland (both 53% of enterprises with web sales) and Greece (42%).

Web sales broken down by own website or apps and marketplace, 2018 (% enterprises with web sales)
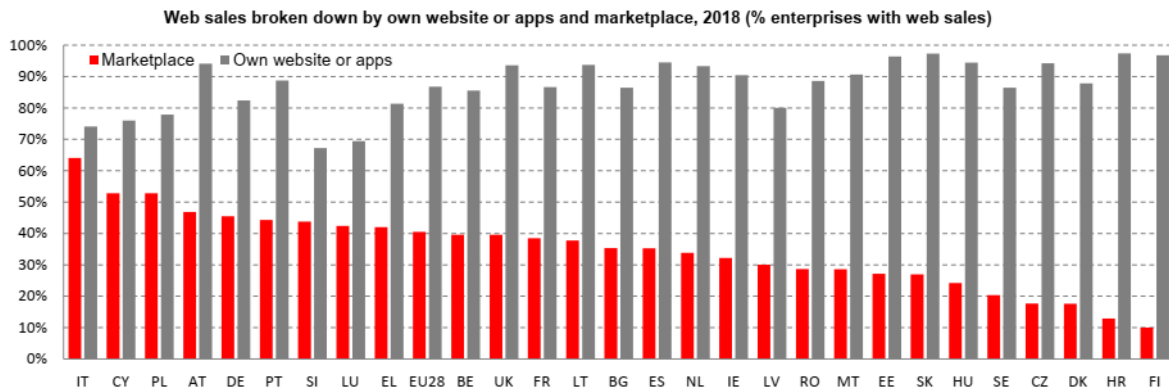
In the EU-28, enterprises gained 7% of their total turnover from web sales. 87% of it (equal to 6% of total turnover) was gained from web sales via own website or apps and only 13% (equal to 1% of total turnover) from sales via online marketplaces. Turnover from sales on own websites or apps had the highest share in total turnover in Belgium (14.2%), Ireland (12%), the UK (8.3%), Sweden (8.1%) while the percentage of Greece was about 3,8%.

The highest share of turnover from selling via the marketplace (from the total turnover of the enterprise) was gained in Ireland (2.5%), in Netherlands (1.6%) whereas in Greece was about 0.2%.
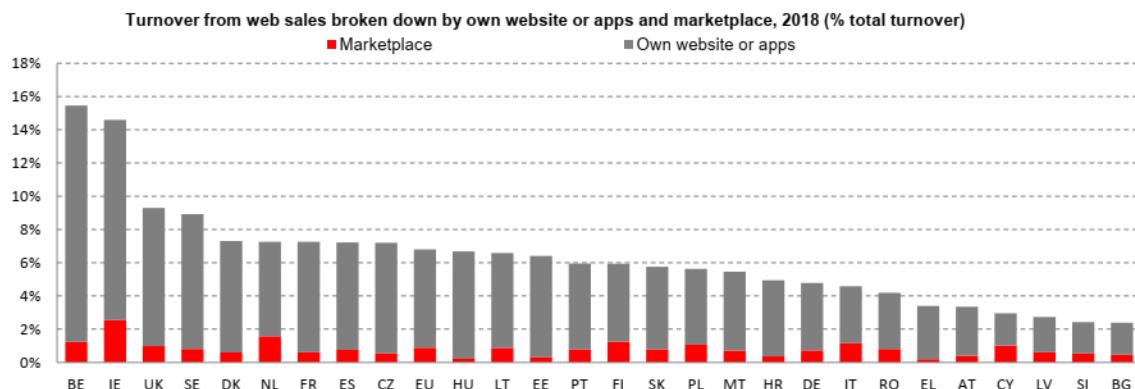
Turnover from web sales broken down by own website or apps and marketplace, 2018 (% total turnover)

SMEs adopt specific digital marketing strategies to enable successful online sales and increase turnover percentage. Social media (along with other technologies such as cloud computing, mobile access to the internet, and "big data") enable business to grow and innovate.

The most popular than other types of social media were Social networks. 45% of enterprises in the EU used social networks empowering customers to connect by creating personal information profiles, to share experiences, to express opinions, to exchange information and, most importantly, to create communities of people with common interests around the enterprises' product brands. Since 2013, the use of social networks has increased more than that of the other types of social media. Denmark and Cyprus (31 and 28 percentage points respectively) reported the highest increases, followed by Finland (27 percentage points), Luxembourg and Belgium (26 percentage points each) and Greece (21 percentage points).
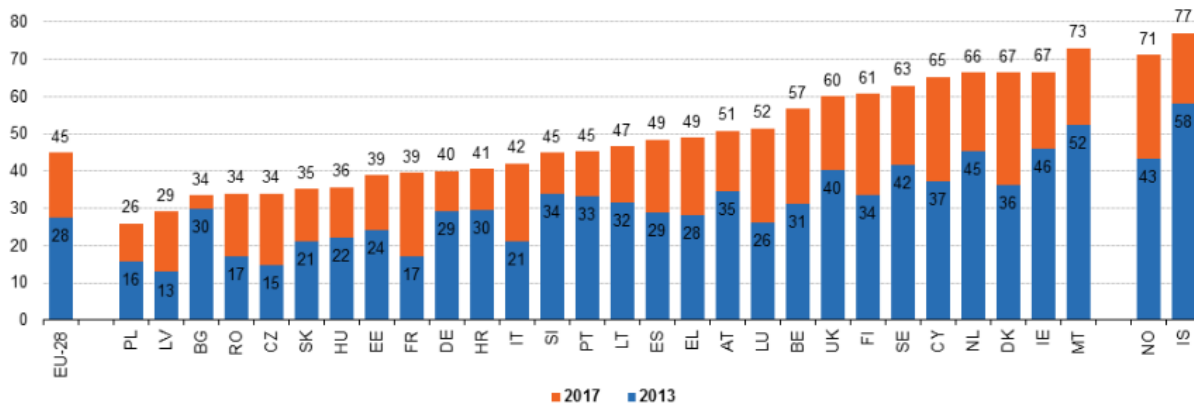
Local Level

In Central Greece during 2014-2018 the percentages of people who have ordered products or services from the internet for private use (B2C) ranging from 21% in 2014 to a significant increase in 2015 of 7 percentage points, following a decline in 2016-2017, however Eurostat data show an increase (2 percentage points) over the past two years (27%). Growth rates recorded compared to other regions of the European Union rank our region relatively low.

According to the data above, all EU countries show a significant increase in online sales. Greeks have embraced social media networks and blogs as a form of communication, networking, and expression. The use of social media has played an important role, which has led to increased use of the Internet but not in the field of online sales where Greece ranks in the last positions compared to other European countries. The strong preference of the Greek users to social media turns brands and advertisers to the social media space.

4) Current Approach

There are various financing programs in our country such as Regional Operational Programs.

The overall objective of the ROP is to boost economic development and to create employment in Greece. Furthermore, it seeks to support enterprises to increase their competitiveness and to become more innovation-driven. There is a driving need to emphasize e-sales and digital

marketing. As the data from the graphs above show (part 3), a significant proportion of business turnover came from online sales.

However many problems need to be resolved and many barriers to be overcome.

What are the challenges?

- Limited commercial trust and user concerns for transaction security.
- Older people tend to speak only Greek while younger people do not always feel confident with their second language. Greek society is not very familiar with electronic transactions and services.
- Policy actions by the Greek government fall behind in helping individuals and professional acquiring the necessary e-skills, being fragmented and lacking an institutional approach.
- Low quality of available Greek electronic services.
- Corporate culture towards Internet business is poor, affecting negatively the quality of service and user experience.
- The economies of scale, that are vital to support sustainable long-term operations, are not easy to be achieved during the recession.
- The costs for maintaining high-quality Internet content and services in the long run are high, thus discouraging local service providers from entering or staying in the market.
- Businesses and entrepreneurs are concerned about the protection of their intellectual property rights.
- Businesses lack the corporate culture and the operational structure to deliver high-quality content and services in the long-term.
- Public sector's initiative to promote the demand for and the supply of electronic services has proven fragmented and insufficient.
- Difficulty of integrating existing databases and transaction-processing software designed for traditional commerce into the software that enables e-Commerce.
- Many enterprises have had trouble recruiting and retaining employees with the technological, design and business process skills needed to create an effective e-Commerce presence.

What are the opportunities?

- A business can reduce the cost of handling sales inquiries, providing price quotes and determining product availability by using e-Commerce in its sales support and order-taking process.
- E-Commerce provides buyers with a wider range of choices than traditional commerce with an easy way to customize the level of details in the information they obtain about a prospective purchase.
- E-Payments can be easier to audit and monitor than payments made by cheque, protecting against fraud and theft losses.
- E-commerce can also make products and services available in a remote area.

5) Best Practice

In the region of Central Greece, there is no any good practice in e-sales. However, in areas such as engineering services and agriculture, the region has shown significant progress in the last years.

––––––––––––––––––––––

Bibliography

J. Ohene-Djan (2008). Electronic Commerce. University Of London.

Hossein Bidgoli (2002). Electronic Commerce Principles and Practice.

Dave Chaffey, Fiona Ellis-Chadwick. (2012). Digital marketing: strategy, implementation and practice.

Alan Charlesworth (2014). An Introduction to Social Media Marketing.

Websites

European Commission (www.ec.europa.eu)

IBM Knowledge Center (www.ibm.com)