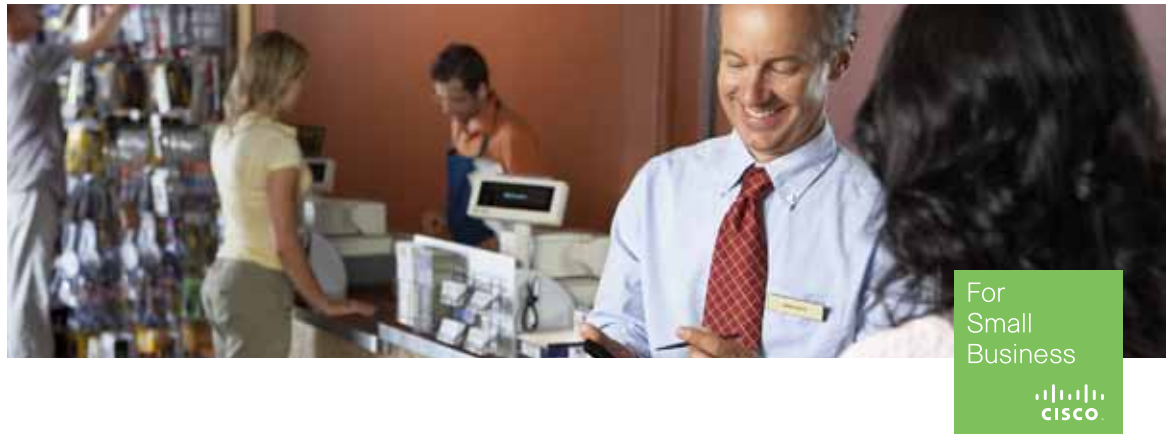


E-Commerce Moves For The SMB: Virtual Plunge Or Global Leap?

With the Globalization movement leading business agendas on priority lists, e-Commerce is fast-gaining ascendancy as the perfect platform for Small- and Medium-Businesses (SMBs) to advance onto the international stage.



But first, let's weigh the odds. Today, SMBs face multiple business challenges, more than ever before. Although various components of the recovering economy are slowly climbing towards stability, the fragile market environment remains highly volatile. With this, the stakes for SMBs are also higher, with any form of new investments deemed as additional burdens to the balance sheets. Expenditure now falls under heavier scrutiny, as business efficiency and Return on Investment (ROI) face increasing expectations against significantly-diminished IT budgets. The cards are unpredictable against the backdrop of a business climate characterized by ever-changing regulatory and compliance challenges. Add the host of constantly-evolving sophisticated security threats and the number of hostile players vying for the same market pot and you now have a pile of odds firmly stacked against you.

UPPING THE ANTE

However, there is an ace shuffled somewhere beneath all that competition decked up amidst the full house of business challenges. In the face of escalating competitive levels, the economic situation has upped the ante for SMBs. They are forced to search for new growth avenues in the current collaborative age. For example, the flush of Facebook identities, Twitter avatars and other social networking what-have-yous. Their windfall? This would come in the form of e-Commerce – a powerful tool that can drive new markets and generate exponential sales results for SMBs in the global marketplace. More importantly, this trump card holds tremendous potential with a natural ability to connect SMBs with a huge customer base beyond local home markets. And not only can e-Commerce fulfil the Globalization mandate by placing SMBs on the world map, but also, elevate them to a level playing field with the bigger boys by simply offering the same quality and reliable services.

Now, all you need is a virtual platform – lined up with a shopping cart, a booking system and an easy payment option – and you are well on your way to e-Commerce success. *Really? Think again.*

THE EVOLVED E-COMMERCE LANDSCAPE



E-Commerce has come a long way. Once upon a time, e-Commerce (or electronic commerce) was simply defined as any business or transaction that includes information being transferred via the Internet.¹ And the first e-Commerce types were identified by your friendly neighborhood auction, retail, and music sites. But today, the very products which first fuelled the e-Commerce onslaught during its first-generation debut – easy-to-ship books, software and music – no longer represents an exhaustive list. With this, we now witness the emergence of a new group of consumers, ROBO (research online, buy offline), who goes beyond simple transactions to research and purchase more complex products online². Now, with their new demands for richly-synchronized information, this has moved the traditional online abode of e-Commerce out of websites, now extended offline into physical stores. We witness the outset of a second e-Commerce wave in “Considered Commerce” – where a seamless, cross-channel pre-shopping consumer experience holds a telling impact over actual end-purchases.³

Together with the explosion of the social networking phenomenon in the current digital age, e-Commerce no longer refers simply to “enabling consumers to browse, view and add products to a shopping cart”. But now, it includes an extended parameter of “within the context of a social site, like Facebook or a blog.”⁴ For the SMB owner, this can be viewed under two different perspectives: Has a more social Web placed e-Commerce closer within reach for SMBs (even for those without a global brand); or has it become a new compulsory business imperative for growth?

PLAYING THE CARDS RIGHT

A recent study, “The Face of The New Marketer”, revealed that although SMB owners recognized e-Commerce as the main driver to lead their organizations towards increasing global reach (56 per cent), providing additional sales (51 per cent) and staying ahead of the competition (46 per cent), they felt that their existing technology was not adequate enough to support their ultimate marketing goal of using online data to personalize their marketing efforts and deliver tailored offers to their customers.⁵

This sentiment was mirrored in the Singapore E-Commerce Survey 2009-2010, which showed that while most SMBs agreed on the positive overall standards of e-Commerce in the country, and generally understood the importance of conducting e-commerce; they were not satisfied with their own existing e-Commerce capabilities.⁶ Although most were savvy with regards to the specific requirements for e-Commerce features on their websites, i.e. shopping carts, booking and payment systems, etc., these were no longer deemed adequate as more are recognizing the need to provide emerging add-on features like mobile site and live casting in order to differentiate themselves from their competitors.

¹ *What is e-Commerce?* Derek Rogers, 21 Sep 2009
<http://www.discoveryarticles.com/articles/343194/1/What-is-Ecommerce/Page1.html>

² *Understanding the pre-shopping ROBO mentality*, Carl Prindle, 02 Sep 2010
<http://www.ecommercetimes.com/story/69295.html>

³ *The Next Wave of E-Tail – Considered Commerce*, Carl Prindle, 17 June 2009
<http://www.ecommercetimes.com/story/67349.html>

⁴ *2010 Social Commerce strategies: Reaching beyond the website*, Fumi Matsumoto, 25 Nov 2009
<http://www.ecommercetimes.com/story/smb/68744.html?wlc=1269232000>

⁵ *Study finds online marketers still flying blind, despite rise in spending*, SearchSMB Asia Editors, 5 Feb 2010
<http://www.searchsmbasia.com/en/content/study-finds-online-marketers-still-flying-blind-despite-rise-spending?page=0%2C0&src=related>

⁶ *Singapore SME not satisfied with their e-commerce capabilities*, SearchSMB Editors, 24 Feb 2010
<http://www.searchsmbasia.com/en/content/singapores-smes-not-satisfied-their-e-commerce-capabilities>

Furthermore, due to budget and knowledge limitations, SMBs also face the challenge of imposing a unique online presence. The e-Commerce report reflected the lack of knowledge and measurability as the biggest challenges for SMBs to conduct and benefit from online marketing. In addition to the usual security concerns, language and currency differences, shipping costs, fulfillment time and customer support issues, SMBs now have a whole new set of hurdles to overcome. As adequate drivers – tools that can help secure real sales and Return On Investment (ROI) – continue to elude; this simply concludes the need for SMBs to introduce new e-Commerce initiatives to existing business structures in order to reach the very same group of customers.

DON'T TAKE THE GAMBLE, PLAY IT SAFE



Two of the top concerns when establishing an e-Commerce platform were payment and information security, as revealed in Blackbox Research report which interviewed 1,200 SMBs in Singapore, Malaysia and Thailand.⁷ This stems primarily from consumers' security fears, which can be defined in three ways – the threat of fraud, their online perception of the merchant's security practices, and concerns over the checkout process.⁸ With 220 million data breach incidents reported in 2009 (up from 35 million in 2008)⁹, the onus now lies on

SMBs to protect, and draw security-spooked customers back into the e-Commerce fold. The Internet provides easy access, but you must protect your assets against accidental or malicious misuse. Your system security should not inhibit flexibility or create unnecessary complexities. Most importantly, your customers' confidential information must be protected and privacy systems should be in place. These are to safeguard the information critical to satisfying both their personal and business needs.

1) Internet Payment Service Providers (IPSPs)

Using an IPSP will help you manage risks in your e-Commerce set-up. With an IPSP, e-Commerce businesses are no longer required to view or store any confidential consumer data such as credit card numbers. In addition, some IPSPs such as Paypal have opened up their core platforms via the release of application programming interfaces (APIs) which will enable SMBs not only to incorporate payments into their e-commerce site, but also to add innovative features such as mobile payments. Research has also shown a marked average sales increase of 14 per cent in SMBs which add PayPal to their site.¹⁰

2) Compliance

Certifications of authenticity, validation such as Secure Socket Layer (SSL) certification, reputable third-party payment options and compliance standards (i.e. PCI-certified) will increase your website's reliability and consumer confidence levels.

3) The Trust Factor

Put the trust back into your website by displaying the various security features clearly. Easily-

⁷ *Paypal eyes Asian SMBs' e-commerce moves*, Vivian Yeo, 26 Nov 2009
<http://www.zdnetasia.com/paypal-eyes-asian-smbs-e-commerce-moves-62059624.htm>

⁸ *What security fears cost e-Commerce*, Sheila James, 04 Jan 2010
<http://www.ecommercetimes.com/story/69667.html?wlc=1270522121>

⁹ *E-Commerce Data Security 2010: Learning from 2009 debacles*, Pankaj Kumar, 18 Jan 2010
<http://www.ecommercetimes.com/story/69129.html>

¹⁰ *Paypal eyes Asian SMBs' e-commerce moves*, Vivian Yeo, 26 Nov 2009
<http://www.zdnetasia.com/paypal-eyes-asian-smbs-e-commerce-moves-62059624.htm>

available price comparisons (price matching) and coverage for any purchase defects or dissatisfaction can go a long way. A logo, symbol or any other form of security certification will increase credibility. Implementing security policies such as a zero-liability clause will encourage purchases. Presenting a clear and simple return policy will enhance the customer's experience and providing more than one payment option (credit- or cash-based) at checkout will help deliver an overall sense of security.

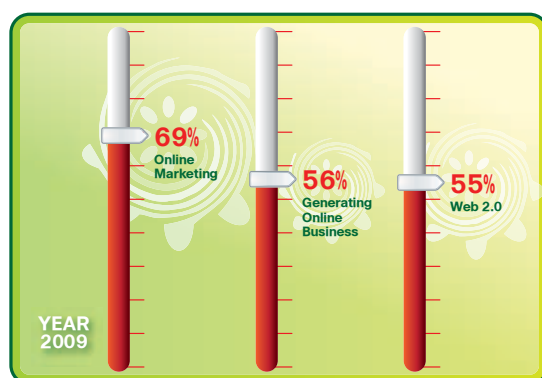
SOCIAL MEDIA: JOKER IN THE PACK

“Social networking, especially for SMBs is a cost saver, differentiator, and equalizer.”

- Kyung Han, EmPower Research, LLC

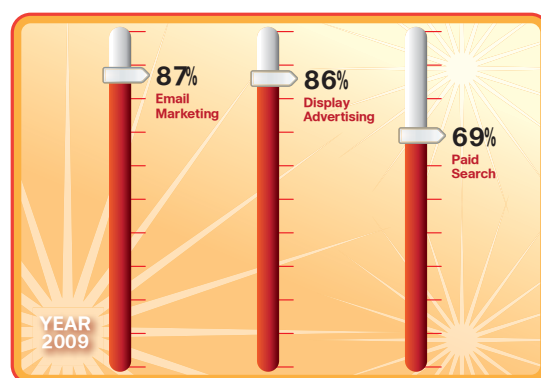
As “The Face of The New Marketer” report revealed, the most popular forms of online marketing SMBs utilized were: search engines, which they found the most effective amongst the various channels, but also the most costly. Emails were not as effective, but it cost much less. In social networking tools, they found the winner.

Top Areas for Online Marketing Expenditure:



Source: The Face of The New Marketer Study 2009

Top 3 Forms of Online Marketing:



Source: The Face of The New Marketer Study 2009

The Differentiator & Equalizer

1) Social Media Presence

By participating in social media, SMBs can increase brand awareness and also interact directly with their customers via existing social networking tools such as Facebook and YouTube. Social media enables a unique online presence, and often accompanied by a company blog or microsite, and deployed as an extension of their interactive marketing strategy.

2) Third-Party Shopping Portals

By participating in social shopping portals, SMBs can receive a boost in their e-Commerce site traffic. For businesses with highly-differentiated products, the most common use of this channel is via an affiliate site taking the form of an expert blog or discussion forum.

3) Social Commerce

By adding commerce capabilities directly into their businesses and brands' presence, SMBs can convert social media traffic into sales. They can also reach new customers through their social

¹¹ Top 9 Web 2.0 Drivers for e-Commerce success, Linda Bustos, 28 Oct 2009
<http://www.ecommercetimes.com/story/68486.html>

networks and the new shopping experience is now seen as a natural extension of consumer interaction with the brand or business.

The Cost Saver

As Web 2.0 becomes a core component of e-Commerce, SMBs can also leverage on tools such as web analytics to differentiate their online services from competitor sites. This refers to customer reviews, shopping widgets, user-generated cross-sells or video-sharing.¹¹ Data presented by analytic tools can also be utilized to estimate ROI. In addition, this can be achieved in a cost-effective manner with managed services that minimizes application management and infrastructure expenditure.¹²

Although social media faced lower adoption rates during introductory stages, SMBs have gotten past that phase as we witness the acceleration of social media adoption into e-Commerce strategies. As we look back at 2009, an Internet Retailer Survey revealed that 54 per cent of e-Commerce businesses already have a presence on Facebook.¹³ In a separate research report, Forrester Research found that 64 per cent of e-Commerce businesses invested in social media – primarily around interactive marketing, blogs, or other third-party social media such as Twitter or YouTube. Why? Their compelling reasons can be attributed to the following:

1) That's where most of your customers can be found.

Shopping IS a social activity, doing it online simply validates and facilitates this. Also, peer validation, which is important for many shoppers, can be built into your e-Commerce platforms. And finally, product discovery is more fun and conducive to impulse purchases when in a social context.

2) You snooze, you lose.

If you don't have a presence on social media equivalent to your competitors, you might see your social brand mind-share fading quicker than you realise. Furthermore, social media is the most cost-effective way to capture traffic and market reach. And it empowers your business with the ability to mine data and obtain market intelligence – giving you an added edge.

THE FUTURE OF E-COMMERCE

As we look back at the exciting developments in 2009, these will also shape the slew of exciting opportunities to be unleashed in the New Year. What are the trends to look out for and where will the future of e-Commerce be in 2010?^{14 15}

Maneuvering The Rough e-Commerce Terrain

As the economy recovers, 2010 holds a fine prospect for e-Commerce. Albeit increasing cash liquidity, online consumers are still expected to look for the best deals before making purchases. With the increasing amount of clutter on the web, the way to stay ahead of the competitive curve is to reach to your customers in the most innovative ways:

- Target your customer segments with personalized offers, and generate qualified sales leads via observation and analysis of customer behavior.

¹² Differentiate online presence with Web Analytics, Khoo Boo Leong, 28 Oct 2009
<http://www.searchsmbasia.com/en/content/differentiate-online-presence-managed-web-analytics?page=0%2C1>

¹³ 2010 Social Commerce strategies: Reaching beyond the website, Fumi Matsumoto, 25 Nov 2009
<http://www.ecommercetimes.com/story/smb/68744.html?wlc=1269232000>

¹⁴ Trends to Watch: All of eMarketer's 2010 Predictions, Geoff Ramsey, 17 Dec 2009
<http://www.emarketer.com/blog/index.php/trends-watch-emarketers-2010-predictions/>

¹⁵ 2010 predictions for Ecommerce – the exciting road ahead, Volusion, 31 Dec 2009
<http://onlinebusiness.volusion.com/articles/2010-ecommerce-predictions>

- Sales-enhancing site design that allows personalized content and adaptive selling processes that do more than just list catalog items.
- Integrated sales-processing capabilities that provide secure credit card authorization and payment, automated tax calculation, flexible fulfillment, and tight integration with existing backend systems, such as inventory, billing, and distribution.
- Automated customer service features that generate responsive feedback to consumer inquiries, capture and track information about consumer requests, and automatically provide customized services based on personal needs and interests.
- Targeted and automated up-selling and cross-selling are the new fundamentals of online retailing. Sites that most frequently provide the best and most appropriate products and services are rewarded with stronger customer relationships, resulting in improved loyalty and increased value.

The Perennial Security Issue

For any e-Commerce businesses, online security will be more important than ever. As security attacks, breaches and thefts advance in strength and numbers, the ability to protect your customers' confidential data and information will hold the key to your success in the e-Commerce arena.

From e- to Mobile-Commerce

With advanced collaboration features being increasingly in-built into your iPhones, Smartphones, and other mobile devices, more online consumers will be doing their shopping on the go. Mobile-commerce's time will have arrived, and e-Commerce sales in 2010 are expected to surpass the \$1 billion mark. Businesses will become more serious about trying to measure social media's impact on sales. One main question an e-Commerce provider will be interested in is: how much will a large (social media) fan base translate into real sales or brand loyalty?

e-Commerce Integration: From EAI to SOA

"Enterprise Application Integration", or EAI, is the traditional legacy approach representing how most e-Commerce sites are built today. The emergence of a second vehicle – the "SOA," or "service-oriented architecture", focuses instead on point-to-point technology patchworks based on industry-standard open technologies to connect e-Commerce services. Data now flows in real-time, giving your customers up-to-the-second insight into inventory, accounting, etc – and your management unprecedented visibility into business metrics.¹⁶

REAL OPPORTUNITIES IN THE E-COMMERCE WORLD

As Forrester Research predicted a more than rosy outlook, e-Commerce is on track to account for 53 per cent of all purchases by 2014¹⁷. If 2009 was the year of social media, then 2010 would surely belong to "Social Commerce". The opportunities are real, and it is evident that e-Commerce will play a vital role in SMBs' business growth. And most SMBs recognized the potential, with over 90 per cent of respondents indicating that e-Commerce would be an important driver for growth in 2010 from findings revealed in the Blackbox Research. 36 per cent of SMBs which use the Internet for business are looking to establish an e-Commerce site within the next 12 months, and more than two in five (43 per cent) of such companies are already engaged in e-Commerce activities.¹⁸ This was no wonder, especially with revenue from online sales currently standing at one-third (36 per cent) of the annual turnover of the SMBs surveyed.

¹⁶ *E-Commerce Integration: what you don't see can hurt you*, Krish Khambadkone, 03 Jan 2010
<http://www.ecommercetimes.com/story/69438.htm>

¹⁷ *What security fears cost e-Commerce*, Sheila James, 04 Jan 2010
<http://www.ecommercetimes.com/story/69667.html?wlc=1270522121>

¹⁸ *Paypal eyes Asian SMBs' e-commerce moves*, Vivian Yeo, 26 Nov 2009
<http://www.zdnetasia.com/paypal-eyes-asian-smbs-e-commerce-moves-62059624.htm>

While the shadow of the recent recession still lingers over some, for the SMB owner, the e-Commerce showhand might still seem like a daunting step to take. However, as long as you prepare your business well to match the stakes on the international stage, the risks will be safely waived from the equation. The hand has been dealt, but the game has only just begun. Are you ready?

KEY SUMMARY

e-Commerce (or electronic commerce) is defined as any business or transaction that includes information being transferred via the Internet. It is a powerful business tool that can help drive new markets and generate exponential sales results for SMBs in the global marketplace.

e-Commerce is on track to account for 53 per cent of all purchases by 2014, with 56 per cent of SMB owners recognizing e-Commerce as the main driver to lead their organizations towards increasing global reach.

SMBs found lack of knowledge and measurability (of ROI) as the biggest challenges for them to conduct and benefit from online marketing. SMB owners named payment and information security as their top concerns when establishing an e-Commerce platform.

e-Commerce has evolved to include an extended parameter of “within the context of a social site, like Facebook or a blog” – “Social e-Commerce”.

64 per cent of e-Commerce businesses are currently invested in social media while 54 per cent of e-Commerce businesses have a presence on Facebook.

The top three e-Commerce trends predicted for 2010 are: the increasing significance of online security, a shift from e- to mobile-commerce, and the advent of a service-oriented architecture (SOA) approach in businesses to focus on point-to-point technology patchworks based on industry-standard open technologies to connect e-Commerce services.

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