

FROM STARTING UP TO SCALING UP

E-commerce platforms are powering the growth of small businesses

BY ZHOU JUNJIE

FOR generations, the fundamentals of retail have stayed the same. Offline marketing, window displays and store locations were key factors in ensuring business success. With the rise of the Internet and e-commerce, businesses now have multiple channels and methods to engage with customers. Physical stores are no longer the only way to reach consumers. Online stores have become part and parcel of brands' marketing and sales strategies.

South-east Asia's e-commerce market is expected to hit US\$150 billion by 2025, according to a report by Temasek, Google and Bain & Co. With 350 million Internet users in South-east Asia alone, many small businesses are increasingly jumping onto the bandwagon to gain an advantage and increase their competitiveness in the online space.

The immense potential of the e-commerce space brings many opportunities for start-ups and small businesses that are savvy enough to capitalise on them.

• Leveraging on reliable infrastructure with an extensive customer base

Setting up a business is challenging and not to mention, costly. Instead of building a platform from scratch, small businesses can turn to more established platforms to tap into existing infrastructure and an extensive customer base. Doing so enables them to gain access to existing data on customer preferences while retaining control over their businesses and enjoying higher margins.

E-commerce platforms have become the go-to choice for a seamless user journey, reliable checkout process and a secure payment gateway. One business that has leveraged on such platforms is Fish Sh-nack, a local producer of packaged crispy fish skin and homemade fusion condiments.

It was initially set up as an independent webstore, but is now exclusively with Shopee due to the holistic support provided by the platform. Fish Sh-nack also has access to customer preferences as well as marketing and sales support, especially when it comes to peak sales seasons with huge order volumes. Since its launch on the platform, its sales have approximately doubled.

• Enabling growth through artificial intelligence

In a world of huge selections, great price points and multiple distractions, customers are spending less time on one platform, and on one brand. To capture customers' attention, brands are increasingly turning to artificial intelligence (AI) technology.

AI technology has become an important element in retail, enabling brands to optimise efficiencies and create personalised shopping experiences – crucial in a time where brands are increasingly expected to provide more than just great products for shoppers, whether online or offline.

Retail giants such as H&M now use AI technology to drive efficiencies in its supply chain and operations to give customers what they want, thanks to insight from big data about customers' preferences and the latest fashion trends.

Beauty brands like L'Oréal have also harnessed AI technology in the form of an AI-powered digital innovation tool to offer users instant, personalised and professional acne analyses without having to visit a physical store.

Such efficient use of data and technology is key for businesses, but may not necessarily be cost-effective for small businesses that do not have the spare capital. Small businesses can leverage on bigger and more established platforms like Amazon and Shopee, which employ AI technology through recommendation engines.



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These predict user preferences, based on past purchase history and shopping behaviour, which enables shoppers to see products that they would be more interested in, in turn making for a more enjoyable shopping experience. This goes a long way in building customer loyalty.

• Integrating entertainment and social engagement to drive talkability and sales

The need for entertainment and social engagement has never been more compelling, as shoppers increasingly place a higher value on experiences that are hugely shareable. From live shopping shows to experiential pop-ups, brick-and-mortar and digital stores are investing in entertaining experiences to engage with shoppers, build brand awareness and drive sales.

Local retailer Love, Bonito's latest physical store features an augmented reality walkway where shoppers can scan a QR code to take fun images with various filters. In addition to driving engagement, shoppers can share this actively on social media which helps to generate interest and footfall to the store.

On Shopee Live, the firm's live streaming function, small businesses can live stream product demonstrations and address questions shoppers may have in real time. Some small businesses have even chosen to make live streaming a key focus.

• Equipping small businesses with the necessary know-how

With the e-commerce industry growing at a rapid pace, small businesses need all the help that they can get, especially as they find themselves across

many different aspects of their business. As customer preferences change and expectations for brands continue to grow, small businesses need to continue upskilling to stay relevant.

An increasing number of corporations are beginning to offer training programmes to develop local talents' capabilities. Companies often prefer to collaborate with educational institutions to hold workshops, with most courses involving information and communications technology and technology-related skills such as data analytics, programming and marketing which are needed to equip the workforce of the future.

With the government's push for SkillsFuture, e-commerce platforms like Shopee have collaborated with Nanyang Polytechnic's Singapore Institute of Retail Studies (SIRS) to host workshops aimed at providing sellers with the necessary tools to grow their businesses, including tips on improving store performance and creating the best content.

It is clear that e-commerce is a significant driver of growth for small businesses. E-commerce has provided many opportunities for small businesses to integrate virtual and physical worlds to provide a number of features to better reach their customers, focusing on experiential qualities that will help them to thrive in a technology-focused world.

As more and more consumers become even more connected, small businesses need to leverage on e-commerce platforms – now more than ever. And for shoppers, it is a win-win. ■

The writer is chief commercial officer of Shopee and head of Shopee Singapore