

Silver Advantage **Consulting Alert**

E-commerce – The New Marketing Frontier

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Mark Twain created the character Mulberry Sellers, who was famous for saying, “There’s gold in them thar hills.” In today’s world, those hills have been replaced by websites. E-commerce is here to stay, and we have just scratched the surface.

I broadly define e-commerce as business conducted on the internet. There are very few industries that are not already using e-commerce and even fewer that couldn't benefit from it. Amazon and eBay are the most common examples of web business, but it doesn't stop there. Online sales include:

- Airfares
- Rental cars
- Lodging
- Entertainment event tickets
- Peapod groceries
- Blue Nile diamonds
- Legal Zoom
- Automobiles
- Sports equipment
- Music
- Loans
- Much more

According to Kiplinger's website, "Online sales grew by 14% compared with a year ago in 2016's holiday season — the fastest growth in five years. However, in-store holiday sales grew by only 1.4% from a year ago."

E-commerce Offers Numerous Advantages:

- Cost savings (no property/building expenses, no sales personnel expenses, no other retail space operating costs)
- Greater opportunity to create brand awareness
- Consistency in product or service descriptions
- Centralized distribution requires less inventory vs. multiple retail locations
- Customer buying habits information is available
- Websites are open for business 24 hours a day and 7 days a week, offering shopping flexibility

- Less product order time (no driving time, no waiting in line, no shopping store to store looking for the right product)
- Transactions can be conducted from any location
- Product comparisons are readily available
- Global customer reach –within the neighborhood or around the world

E-commerce Advantages Can be Partially Offset by These Disadvantages:

- Seeing the product in person is important. Customers like to kick the tires.
- The technology costs of setting up and maintaining an e-commerce website can require a major investment.
- Poorly designed or maintained sites can scare off customers.
- Customer loyalty is harder to cultivate without personal contact.
- There is a risk of cybercrime, including information theft and other fraudulent activity.
- Customers don't get instant gratification of taking the product with them when it is purchased.
- Shipping costs add to the cost of the sale.

If you don't presently use e-commerce in your business, I strongly recommend you consider it. If you are using e-commerce, I strongly recommend you to consider expanding its use—your competition is. E-commerce does not have to be your only method of selling your product or service, but it needs to be a component of your sales and marketing strategy.

Michael Silver & Company specializes in helping clients develop strategic plans. E-commerce should be part of your strategic plan. Please contact Steven Handler, Certified Management Consultant, at 847-213-2107 or Stevenh@mSCO.net to discuss your specific needs.