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E-commerce Crib Sheet for Local Authority Regulators January 2017

E-commerce accelerates business growth. Why is this relevant to regulators?
Regulators are often the face the Local Authority presents to businesses and they have a statutory duty to consider business growth.[1] Many Councils want to encourage more SMEs to embrace e-commerce. This crib sheet provides the key facts and trends to **enable regulators to start a conversation with their local businesses about improving their online presence.**

Why is this important? E-commerce accelerates business growth: online businesses grow 6x faster than offline businesses[2] and employ more people.[3] A few examples of how the internet transformed UK businesses:

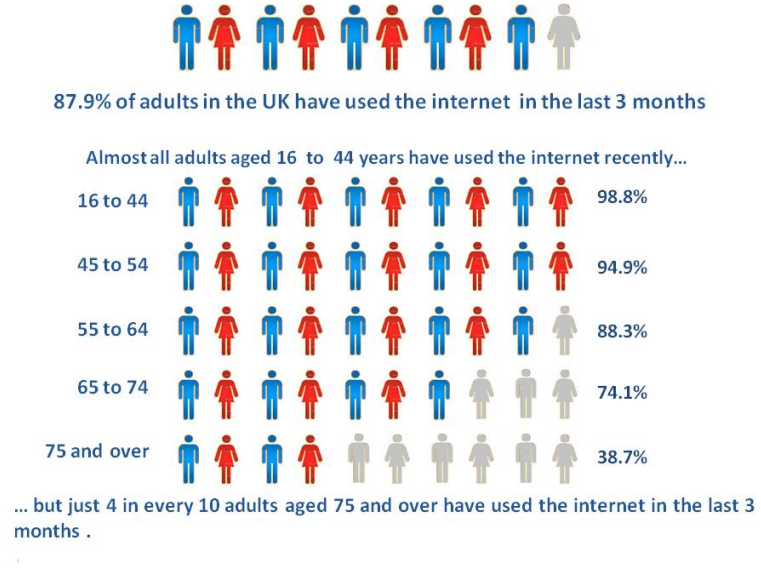
- clothing store – 5x sales increase in 6 years
- small family fancy dress shop - 200 to 300% Year-On-Year growth
- Blues Brothers tribute band - 500% growth in 12 months

E-commerce is great for local businesses and great for Great Britain.

Despite the significant evidence showing a shift in the way consumers research, compare and purchase products, Those e-tailers taking full advantage of e-commerce by selling cross-border, can access over 207[4] million additional potential customers; increase productivity by 34% and increase their survival rate by 11%.[5]

Internet Facts
Some businesses argue that their customers do not go online and so an online presence is irrelevant.

- 87.9% of the population (of all ages) use the internet, with 73% using it daily
- Up to 77% over 65s are online: spending 7 hours online
- Over 55s are the UK's biggest spenders, with 86% over-55s regularly purchasing goods online
- 3.4bn Internet users globally
- 60% of individuals in EU28 use internet daily
- UK is 'most internet-based major economy' - internet is worth 12.4% of GDP



Any feedback/comments, no matter how small, are welcome at loecommerce@tsi.org.uk – please add 'E-commerce Crib Sheet' in subject line. Updates circulated six-monthly on Knowledge Hub.

[1] "Regulators should carry out their activities in a way that supports those they regulate to comply and grow" – BDRO Regulators' Code April 2014

[2] BCG' s The Internet Economy in the G-20 report

[3] In Germany, 93% of "online" SMEs increased employment over three years, compared with only 50% of offline SMEs - European Commission Vice-President Neelie Kroes

[4] With one of the world's most trusted E-commerce markets, UK retailers sell to more international consumers than any other country, bar the US and Japan. 207 million figure fairly conservative as it only considers the 518 million Internet users in the advanced Internet economies of Western Europe and America and research that shows that over 40% of global Internet users shop online

[5] UK Trade and Investment (UKTI) found that companies which export see a 34% increase in productivity within the first year of exporting, and are 11% more likely to survive.

E-commerce Facts

- UK:
  - world's most developed online retail market with the highest share (85% of adults) of consumers buying online
  - world's 3rd largest online exporter - 86.4m international online shoppers bought from UK
  - 30% of European online sales
  - E-commerce accounts for over 25% of all retail sales and growth continues YoY
  - Most purchases & surfing done on mobile devices
- 41% of global, and 65% of EU28, Internet users have shopped online

Trends

- M-commerce experiencing explosive growth – 66% of all "surfing" and over 51% of online spend

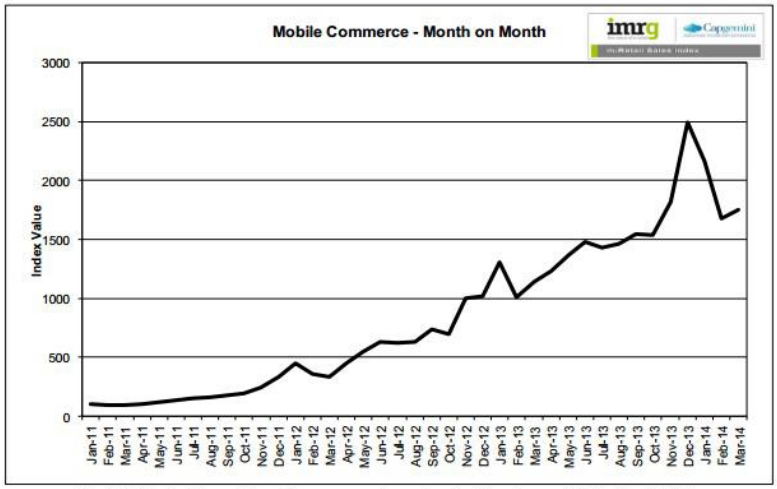


Chart 1: This chart shows UK mobile commerce shopping sales from January 2011 to March 2014

- m-commerce shoppers forecasted to spend £905 per year by 2017[6]
- s-commerce in UK potentially worth £900m and by 2019 an estimated 82% of marketing spend will be on social mobile advertising. UK stats and the US picture
- 72% (vs. 69% in 2010) of consumers in 2012 trust online reviews as much as personal recommendations[7]
- UK Consumers twice as likely to use mobile devices to buy online than European counterparts (59% in UK vs 24% in Germany)

Website Facts

- "mobile" friendly websites increase visits by 218%, sales by 10x and mean 33% more pages clicked, BUT…
  - 38% of micro-businesses and 55% of one person businesses do not have a website[8]
  - 47% of micro-business and 63%[9] of Big Business websites are not mobile friendly
- User friendliness is extremely important: 82%[10] of consumers will only wait 5 seconds for a website to open and 60% abandon it immediately if it doesn't look good on their phone screen.
- Responsive design is better for Search Engine Optimisation (SEO). Do not create a separate mobile version of the website, says Google[11]
- 56%[12] do not trust a business without a site, so even non-ecommerce businesses need an online presence

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[6] Verdict research, "M-commerce in the UK 2012", 2012

[7] Christensen, Lars Bech (2012, pp25). The valence of electronic word-of-mouth (eWOM) and choice of online opinion platform: what role do motivations to engage in positive and negative WOM play in consumers' platform choice

[8] ResearchNow interview

[9] 63% of the UK's biggest 100 advertisers didn't have a mobile-optimized site in 2012

[10] http://www.internetretailer.com/2012/08/07/mobile-consumers-expect-greater-speed

[11] http://searchenginewatch.com/article/2308069/Googles-Matt-Cutts-Responsive-Design-Wont-Hurt-Your-SEO#!

Social Media Facts

- 83% will trial a product because of a brand's presence
- 80% will buy more often in the future because of their brand's presence
- small businesses with web and social media presence are modern and up-to-date (63% of consumers) and customer focused (46%).
- in 2012, only 23% of businesses using social media responded to customer opinions, reviews or questions
- 10 Surprising Social Media Statistics

Consumer Expectations

- most consumers expect an email response in 24 hours[13] but many companies have response times of 5 – 10 days
- Complaints are "gold dust" - customers who have complained and had their complaint satisfied are more loyal than customers who have never had cause to complain

E-commerce bad for high street?

- many retailers with national store networks are seeing over half of online orders collected in-store
- 76% online shoppers are expected to use click & collect by 2017
- Government recognises "E-commerce and multichannel retail are growing rapidly, and are provoking a paradigm shift for the entire retail sector…and how retailers operate as businesses" - A Strategy for Future Retail Department for Business, Innovation and Skills Report - October 2011

Barriers to Getting Online

- over 70%[14] of SMEs fear a cyber-attack and with good reason.[15] Business tips for protection: cyberstreetwise.com and getsafeonline.org/businesses
- 50%[16] are not realizing the benefits of social media, mostly due to fears of reputational risk.
- "My customers are local – they wouldn't shop online". 'Local search' is increasing:[17] 85%[18] of consumers search for local businesses online and most want to buy locally[19]
- Lack of knowledge - 48%[20] of micro-businesses are unsure about SEO or have not used tools to improve SEO[21]
- 47% of micro-business websites are inaccessible to 50% of internet users as they are not mobile friendly

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[12] https://www.weebly.com/press/news/2013/weebly-empowers-millions-to-start-something/

[13] The following surveys show that a consistently high number of consumers surveyed over the years expect a response within 24 hours: 41% of consumers expect an e-mail response within six hours; Lifestyles Online, the pan European data capture agency, has conducted research with 7637 consumers and found that 85% of consumers expect online enquiries to be answered within 24 hours. 19% expect answers within an hour. 88% expect answers within 24 hours according to a December 2011 study by the CMO Council. 60% expect to have an email response to a support incident within 4 business hours and only 22% will accept more than one business day - Fuze Digital Oct 2008 survey.

[14] Zurich SME Risk Index. 559 SME senior decision makers. July 2012. Global Information Security Survey of 1,900 senior executives by Ernst & Young. July 2013 put the figure at 96%

[15] Small businesses were previously not targeted, but are now reporting increasing attacks. 78% of small businesses were victims of cyber attack or network penetration in 2013: 63% were attacked by an unauthorised outsider (up from 41% a year ago) and 15% detected that outsiders had successfully penetrated their network (up from 7% a year ago). 2013 Information Security Breaches Survey. Department for Business, Innovation and Skills. The lack of intelligible security guidance for small firms was identified as a major issue by several speakers at InfoSecurity Europe 2013 Conference.

[16] Most Organizations Still Fear Social Media, Harvard Business Review, July 2012

[17] BIA/Kelsey predict that there will be 169 Billion 'local searches' conducted in 2016. - See more at: http://www.brightlocal.com/2013/09/23/expert-citation-survey-2013/#sthash.B62tfWff.dpuf

[18] Search Engine Land's 2012 Local Consumer Review Survey of 2,862 consumers from US, Canada and UK. BrightLocal's 2013 survey of US and Canadian consumers revealed that 95% had searched for a local business online

[19] 60% of consumers will pay more for a product from a small independent retailer than from a large, corporate retailer.

[20] ResearchNow interview of 1,077 one person businesses and 1,068 micro-businesses - 5/9/16

[21] Over 70% of 1000 small business sites checked in 2010 had almost no Search Engine Optimisation on their sites ie. Google cannot 'see' their website ('The State of UK Business Websites 2010' - study by ThomsonLocal.com and Analytics SEO);