



# E-COMMERCE STRATEGY

Practical Exercises

# Exercise 1

## Lesson Goal: Recognize the fundamental concepts of an e-commerce business model

You work for a Scottish Woolen Cardigan company, based in a rural part of the country. The company has traditionally sold its clothes through a variety of local tourist shops and a small number of retailers operating in the major Scottish cities. They are looking at ways to expand their distribution capability and have been receiving a few enquiries from individuals living in the United States.

The managing director has asked you to develop a short report on the advantages and disadvantages of using e-commerce as a way to increase sales.

Write a 200-word summary in bullet-point format on the advisability of e-commerce adoption for this particular business, considering the following points:

- Price comparison
- Customer service
- Product testing
- Convenience
- Accessibility
- Choice
- Resources needed
- Security
- Delivery
- Criminal behavior
- Scalability

# Exercise 2

## Lesson Goal: Manage e-commerce logistics

The Scottish Woolen Cardigan company has started to sell its garments online and regularly get orders from the United States. One of the major considerations is the post and packaging element, and your managing director is concerned that the current packaging is not adequate for shipping the product overseas.

Your main customer base is women between the ages of 40 and 55 who have recently visited Scotland. You also sell a variety of kilts for weddings and to people of Scottish and Irish descent. Your current packaging is unbranded, white paper, one layer thick, and one large size package for all deliveries.

Describe in a short paragraph the type of packaging you believe would be most suitable for the product and brand, considering your target audience and the following points:

- The importance of a gratifying unwrapping experience
- Exposure to advertising
- An enhanced customer experience
- Avoidance of overpayment to carriers

Additional components you may consider including in your packaging plan are:

- Sticker
- Tissue paper
- Voucher/promotional material/business card
- Receipt
- Custom note
- Gift
- Sample (for cross-selling)

# Exercise 3

## Lesson Goal: Outline how to set up an e-commerce payment system

The managing director of the Scottish Woolen Cardigan company is unsure of the typical steps that a customer undertaking an e-commerce transaction would typically go through. Following the e-commerce transaction steps detailed below, explain three bottlenecks or problems that may occur at each stage for this particular company:

- Customer places order.
- Merchant forwards the transaction details to their payment gateway.
- Payment gateway forwards transaction information to the payment processor used by the merchant's acquiring bank.
- Payment processor forwards the transaction information to the card association.
- Credit card issuing bank receives authorization request.
- Processor forwards authorization response to gateway.
- Payment gateway receives the response.
- The merchant fulfills the order.
- The merchant submits all their approved authorizations.

Now make recommendations on how these problems may be avoided and the process improved at each stage. Consider implementing any or all of the following to avoid such problems:

- Risk management policies and procedures
- Fraud avoidance
- Extra security measures
- Privacy policies
- Shipping, billing, and refund policies
- Compliance measures (e.g. PCI)

# Exercise 4

## Lesson Goal: Manage e-commerce customers in accordance with current laws and legal guidelines

Finally, the Scottish Woolen Cardigan company has been trading online for 6 months. You notice the company is getting a number of similar complaints about the e-commerce business. The complaints are broken down by percentage below:

- ↗ 29% of complaints were due to the customer not being called back when promised.
- ↗ 21% of complaints were due to the customer being accused of doing something wrong.
- ↗ 29% of complaints were due to the customer not being contacted after a problem was resolved.
- ↗ 12% of complaints were due to a billing error or an incorrect charge.
- ↗ 9% of complaints were due to an incorrect product delivery.

Make three recommendations for each of the above problems and rank the issues from high priority to low. Then create a complaints action calendar for the next month, ensuring that your objectives are realistic and manageable. Assign a person responsible to each activity.

