MAKERERE UNIVERSITY BUSINESS SCHOOL

FACULTY OF COMPUTING AND INFORMATICS

DEPARTMENT OF INFORMATION SYSTEMS

E-COMMERCE

BENT III

Topic IV: Business-To-Business Online Strategies

- Building an online presence.
- types of social media platforms and their use for businesses
- Business strategies for social media
- online orders and payments. shipping and delivery of physical goods ordered online.

Background :

Every business is different. There are micro businesses where the entrepreneur is the sole workforce, doing everything from accounting to logistics. There are small businesses where each worker has their portion of responsibilities. Then, there also are medium-sized businesses with well-defined business structures, chains of command and lots of staff and specialists employed. Regardless of the size and complexity of a business, it may not have had yet a need or a desire to go digital.

This topic considers some starting conditions and strategies for any existing or future business to embark on the digital journey by building an online presence. While most strategies may be similar for micro, small and medium-sized businesses, in practice the larger the size of the business, the greater the range of strategies that it can and should adopt.

Introduction:

Online platforms are services that provide interfaces for users (firms or individuals) to interact via the Internet. Facebook is an online platform, but so are Wikipedia and Amazon.

Social media are popular networking online platforms. Facebook, Instagram, Snapchat, Whatsapp, LinkedIn, WeChat and TikTok are some typicall examples. They foster engagement, entertainment, connections, socialisation, and ultimately, enable the commercialization of goods and services.

With the introduction of social network or social media platforms a few years ago, the Internet received a new dimension that had not been as important before: the social dimension. People understood that interaction can and should occur online as well, and businesses have gladly embraced this idea. Social media platforms have enriched businesses with the ability to enhance their digital presence and connect directly with customers.

Digital presence has become a necessity, where social media plays an increasingly important role as a channel connecting businesses and individuals. It also helps businesses to better target clients through social media marketing. Finally, social media becomes the storefront of the business through promoting brand awareness, increasing business visibility and helping to build relations with clients. Essentially, social media is perhaps the most basic instrument to promote a brand and expand the outreach of a company.

With a variety of purposes, different types of content and instruments used, social media are likely to be accessed by current and potential clients. The ability to harness the power of social media is a hit or miss situation for the future of any business. Some of the most prominent types of social media platforms and how they can be best used for businesses are described below:

Types of social media platforms and their use for businesses

Use for businesses	
Social networks	Using social networks for business typically revolves around building and expanding relationships with customers, connecting and staying in touch with people, promoting brand awareness, showcasing the catalogue, sharing marketing promotions and seasonal deals, etc. Recently, customer support tools such as widgets, chatbots and interactive tools are growing in popularity. **Examples:** *Facebook*, *Twitter* and *LinkedIn*.
Media sharing networks	These networks are predominantly for sharing visual media, such as videos and photos and are tools for advertising, marketing and promoting the brand. **Examples:** *YouTube, TikTok, Instagram, Pinterest, Vime*
Social blogging networks	Social blogging helps sharing information about a business, building trust and engaging customers. Unlike the media sharing networks, social blogging is much more labour-intensive and time-consuming, requiring a regular posting of messages, texts and articles to retain the attention of the audience. **Examples:** *WordPress, LiveJournal, Medium*
Discussion networks	These networks are good for gaining insights about events and trends, learning and sharing best practices and doing market research. These are not ideal for business promotion, but still can help in diversifying the business' offerings or strengthening its social media foundation. **Examples:** *Reddit, Quora*
Review networks	These are specialized networks to monitor the quality of products and services. Reviews are left by customers to fix problems or declare satisfaction. These reviews may enhance a brand's reputation. They work mainly as a marketing vehicle, given that other users base part of their purchasing decision on other users' experience. **Examples:** *Yelp, Glassdoor, Tripadvisor*

Business strategies for social media

For micro and small businesses, the basic start would be to have an account in a social media platform popular in the region where target clients are located and typical for the industry of the firm. For solo entrepreneurs providing services (e.g., accounting, legal, architecture, etc.), the best social media would be one where profile pages showcase credible evidence of professional achievements, such as Facebook or LinkedIn. For businesses selling goods, the best platforms are social media that are built around sharing photos, so that the firm can showcase its products, like Instagram or Pinterest.

Being present on the social media landscape is perhaps more important for small businesses than for micro businesses. Ideally, small businesses should set up an account in every major social media platform popular in region where the target consumers are located and typical for their industry. Setting up accounts does not necessarily mean actively maintaining these accounts. It may be just for the sake of claiming the business name and adding some basic business information to it. Running several social media accounts is the pillar of a small business' online presence. The diversity of sources of information is critical and the business may capitalize on the diversity of experiences, being them good or bad. Surprisingly, five mediocre social media accounts are usually better than one good social media account. The diversity of channels used to reach out to clients is important. However, the business will eventually need to select key social media accounts and put more effort into keeping those well maintained.

The question of time needed to maintain relevant social media accounts is acute, since running a small business is an extremely time-consuming task. One may think about subcontracting the job to a social media marketing freelancer or a small firm offering professional social media marketing services or use paid tools that allow posting the same information to a mass of social media accounts. To hire a social media firm or freelancer, one may ask around for references, do some Internet research, experiment by hiring two to three candidates and assessing their work and/or hire professionals through a freelancer platform (e.g., *Upwork*).

One of the most critical elements of online trade is the collection of payments and delivery of the orders. This is the part where mutual trust, and the tools of promoting and ensuring the trust thrives.

The **Buy > Ship > Pay** model: This model ensures that the trust between parties engaged in e-commerce remains intact, the actors attempt to achieve the simultaneous flow of goods/ services sold in exchange for the money flowing in the opposite direction. This is particularly important for cross-border trade.

Sellers must trust the buyer, ship its products via a trusted **logistics service provider** (post office, commercial fulfilment centres, etc.) and collect the money from the **payment provider**.

Receiving orders and collecting payments

To transact online, a business needs tools to collect payments from customers and to pay for goods and services used when making their offer available. The growth of e-commerce gave rise to multiple payment tools and services and to a huge infrastructure for enabling businesses to receive, process, transfer and review the authenticity of payments. This guide assumes that the reader has a certain degree of financial literacy and focuses on the reception and processing of digital payments.

Any e-commerce transaction has at least these essential actors:

- A buyer
- A seller
- A payment processor

A payment processor is the intermediary between the buyer and the seller that takes care of the technology behind the transfer of money in exchange for a fee. Typically, this technology is integrated into shopping carts on e-commerce websites or other marketplaces. Shopping carts are designed to handle multiple payment processors at once, which means sellers can sign up with more than one payment processor. This increases the flexibility of accepting most debit and credit cards buyers use to pay for purchasing the goods.

Some of the payment processors of online transactions are (Fearn, DeMuro, & Turner, 2021)):

mobile money services like MTN Mobile Money and Airtel Money, digital payment platforms such as Flutterwave, Pesapal, and DusuPay, and business-focused solutions like Xente and MCash. Banks also offer their own solutions, such as Bank Of Africa's BOA Pay.

Other payment processors include; PayPal, Stripe, Payline, Adyen, Authorize.net

To be able to accept payments, the seller needs to sign up with at least one of the payment processors.

Tool: what should be considered when selecting a payment processing service provider/gateway?

Advice	
Does the payment service provider work in your country?	This is a critical question to answer as every provider you sign up with must agree to work in your country. Otherwise, the business may not be able to withdraw money from the payment gateway because of the legislations or sanctions preventing this. Review the payment gateway website and consult their sales staff.
In what form can a business withdraw money from its account?	Some of the payment gateways are offering the withdrawal of funds in form of checks. Checks are often extremely hard and expensive to cash outside of the payment gateway's home country. Ensure that a wire transfer (SWFIT) is available as an option. Withdrawal of funds in foreign currency may or may

	not be allowed by the domestic financial regulator, so check for the currency the payment gateway operator allows withdrawals.
What payment structure of fees does the payment gateway operate with?	Some of the payment gateways are offering the withdrawal of funds in form of checks. Checks are often extremely hard and expensive to cash outside of the payment gateway's home country. Ensure that a wire transfer (SWIFT) is available as an option. Withdrawal of funds in foreign currency may or may not be allowed by the domestic financial regulator, so check for the currency the payment gateway operator allows withdrawals.
What help does the payment gateway provide in the event of fraud, refunds or chargebacks? Are there any penalties to the business for chargebacks?	A chargeback is a forced refund due to customer's instructions to their bank. This may occur in the event of buyer disagreement with seller following a legitimate complaint that was not resolved timely by the buyer (for instance, a complaint about a fraud). Payment gateways tend to side with buyers in case of unresolved customer disputes. In this regard, the business would face penalties. The process of dispute review must be transparent and fair. Any manual or automatic fraud review or protection is a huge plus, and the lack thereof is a sign of caution to any new business. Businesses must expect support and protection from the fraudulent activities, if none is provided, this is a caution sign.
What are the pay-out frequencies, delays, if any?	Often, to cover itself in case of potential refunds or chargebacks, payment gateways freeze a certain percentage of the money and release it after a certain period (e.g., after 3 or 6 months). This delay could create adverse cashflow situations, so understanding the pay-out frequency is critical to avoid those.
Is the payment gateway integrated on the website and/or platforms used to sell online?	Often, shopping cart developers integrate as many payment gateways as possible, so it should not be an issue. If in doubt, consult the payment gateway support.

When signing up with payment service providers, the seller needs to go through several steps. Having been successfully approved, the merchant is ready to sell online and accept payments for the goods sold.

Once an order is placed in an e-commerce, the flow of money works as follows:

1. The buyer receives the invoice to make a payment for the goods purchased.
2. The buyer transfers money to a payment service provider (for instance, Paypal).

3. Once the payment service provider verifies that the purchased goods have been marked as shipped, it transfers the money to the seller.

4. The goods arrive and are marked as delivered.

As can be seen, buyers don't pay their money directly to the seller. Instead, they pay money by card to the intermediary which does not release the money to the seller either immediately or at fixed intervals (weekly or monthly). The offset is designed to leverage the risks of fraud or non-fulfilment.

Example: suspicious order, case of PWRSNAK

Review this example on how common sense and implementing the manual order review system can save a business from losses.:

Khaled and Yusuf are selling their power bars to wholesalers in their region. In the flow of orders, a new order attracts the attention of a sales staff.

The order comes from a bodybuilder club located in the suburbs of their city. The club manager called in. They want to order 28 boxes of their products. This was by far the biggest deal the new company has had since the opening.

The online order transaction and payment went through the payment gateway as OK. The internal payment gateway staff reviewed that transaction. Everything was fine. The billing address matched the physical address, the card was valid, everything was fine, but….

When looking for the address on the digital map of the city, there were no businesses in the corresponding building. Hesitant and suspicious, the sales staff looked for the name of the company online and no information was found about it.

Hence, the biggest order ever received was immediately cancelled and reported back to the payment gateway as fraud. The payment gateway immediately blacklisted the card, the address, and the buyer, thus preventing the fraud in progress.

"Vigilance always pays", thought Khaled and Yusuf.

How do banks, payment providers, platforms as intermediaries ensure that there is no abuse by either of the parties?

Abuse-prevention leverage financial service providers have against the seller	**Abuse-prevention leverage financial service providers have against the buyer**
1. Insurance deposit to offset unexpected refunds for goods not delivered.	1. In disputes, siding with sellers upon presentation of evidence of delivery (signed delivery receipts, etc)

2. Chargebacks – forced withdrawals of funds from the linked account of the business. 3. Refunds – semi-voluntary return of the disputed amount.	2. Charging the amount owed from the card on record to compensate the seller 3. Blacklisting the buyer, suspending buyer account

Shipping and delivering goods

Once the order is placed, either the marketplace platform or the seller itself performs the following actions:

1. Reserves the item purchased by marking it as purchased on the system.
2. Generates an invoice to confirm the order, prompting the buyer to pay for it.
3. The seller handles (packs, supplies documents, etc) the order and prepares the order for shipping.
4. The seller ships the order and marks it as shipped.
5. The order is shipped through a logistics service provider or a post office.
6. The order arrives to destination and the post office marks it as delivered.
7. The seller considers the order fulfilled in full.

Handling and shipping

Handling is essentially the effort a business must put into preparing a sold item for shipping. For example, for large items, such as a custom car engine or a wooden sofa, handling may require additional workers to come to wrap, pack, and load the crate onto a truck for shipping. It costs money to keep the handlers on payroll or to hire them temporarily to perform this work. Depending on the cost structure, these expenses may be part of the total item cost or be charged separately as these costs may or may not vary greatly from item to item. If a business charges for handling, these expenses should be itemized on the invoice and the customer has to be notified of the expenses separately and before completing the purchase. These fees are also often included and described in the handling policy to avoid potential conflicts.

Shipping is dispatching the order placed to the buyer. Theoretically, the beauty of the virtual store is that the store could sell its products globally, with clients coming from all over the world. However, shipping costs also vary according to the client's delivery address. These expenses are also often disclosed separately to customers before they complete the purchase. Additionally, some **shipping restrictions** may exist, including flammable gases, liquids, lithium-ion batteries and devices containing Li-Ion batteries, chemical substances.

Managing returns and exchanges

If a customer has a problem with their order, or if they change their mind about a purchase, they'll probably get in touch with the e-commerce support service asking for a refund or an exchange. In most countries, costumers are protected by distance selling regulations that often guarantee their right to return items purchased online. Some exceptions exist and local regulations need to be verified in any country the business operates.

Once the buyer informs there's a problem with the purchase, the seller has only a couple of business days to resolve it. If an item went missing and never arrived, the seller either needs to provide additional tracking details, or offer a refund. If the buyer got their item but it's faulty, damaged, or doesn't match the listing description, the seller needs to cover the return shipping costs and work with the client to resolve their issue. If they changed their mind and if there is no local regulation assuring their right to return the item and get a refund, how the seller responds (and who pays for return shipping) depends on the business' return policy.

JUMIA Uganda's return policy allows for returns within 7 days for marketplace orders and 15 days for official stores, though this can vary for items under warranty. Items must be in their original condition, and the policy may offer refunds or exchanges depending on the situation.