

# Embracing online

Helping make digital technology a major driver of growth  
for the UK's 1.89 million offline SMEs



Online sales smashed through the £100bn mark in 2014. Growing 14% to reach £104bn, it was a landmark year for the online retail sector. Forecasts for 2015 predict sales will increase by a record 12% to £116bn by the year end, demonstrating the online shopping juggernaut shows no signs of slowing down.

As consumers across the age groups become increasingly confident about shopping online, from the smartphone savvy youth through to the silver surfers, it has never been more important for retailers to have an online presence. Yet new figures from government body Business is GREAT Britain show that 1.89 million – that's 39% – of the UK's SMEs are still offline.

More than half the SMEs that use the internet and associated technology across their businesses see increased sales as a result of effective

online marketing and wider geographic reach. SMEs with a strong web presence grow more than twice as quickly as those with minimal or no presence. The web and new technology are not an optional extra, but a key driver of growth.

## RETAILERS ARE TOUGH COOKIES

Retail SMEs tend to fall into the "digitally unaware" category, according to the research from Business is GREAT Britain, which is part of the Department for Business, Innovation and Skills. This category – called the 'tough cookies' – tend to be aged 40-plus, customer-centric with their whole business focused on the personal, but they also are risk averse and have low growth ambitions for their business.

Sole traders, on the other hand, fall into the 'slow starters' cate-

# RetailWeek

## WHITE PAPER

gory. This group is under 40 years old but they are digitally stagnant and lack the confidence to get started. They are keen to remain competitive in a changing market and tentatively ambitious to grow, but scared about losing control of their business and brand.

But 'tough cookies' and 'slow starters' cannot afford not to be online. Customers often want to support independent and local businesses but, increasingly, if they cannot find any information from a quick Google search they will move on to someone else. Jess Stephens, entrepreneur, founder and chief executive of retail technology company Smartfocus, explains: "You don't have full visibility if you aren't online.

"It limits growth potential but, even if a company doesn't want to grow, it needs to be online to keep the business as it is. Not having an online presence means SMEs allowing their competitors to come into their space. It sounds daunting but there are simple things you can do and you do not have to be a digital genius to get it right."

The very minimum a retail SME can and should do is take control of its Google presence. This means going to Google Local – a free service easily found through Google itself – and verifying the information that is already there about you. The more information that you provide, the higher up you will appear in the search rankings.

### BUILD A SIMPLE WEBSITE

The next step is to build a website, even if it is not a transactional site at the beginning. It should feature exactly the same information as Google Local – who you are, where you are, when you are open and your contact details.

There is a common misconception that you need expensive designers and coding wizards to get started. There are now a number of easy-to-use platforms that have been created with SMEs in mind, says Juan Lobato, chief executive of website platform BaseKit. Magento and Shopify are frequently mentioned and widely used.

Website creation tool WordPress is also a very simple, user-friendly platform to help get SMEs started, particularly if ecommerce will not be available in the initial phase. However, it offers a variety of plug-ins, including ecommerce and search engine optimisation (SEO), that can be added after the site is up and running.

Once a basic site is up, Anita Balchandani, partner at OC&C Strategy Consultants, advises finding a way of adding product details, even if it's just brief information. "Anything that gets customers closer to your inventory," she says.

Having product information online can help small retailers save valuable time, according to Matty England, webmaster at Hot Tubs Superstore, the UK's leading hot tub retailer. "Having an online presence reduces the number of man hours needed to answer customer queries and perform sales functions such as completing credit applications."

### TOP FIVE POINTS TO CONSIDER WHEN BUILDING A WEBSITE

**BRANDING** What does your business stand for?

**CONTENT** Make it relevant and interesting for customers

**PRIORITISE** Make the essential information (location, directions) easy to find

**USER-FRIENDLY** Make it suitable for all devices (mobile and desktop computers)

**RELIABILITY** Invest in the infrastructure to run it efficiently.



### SELLING THROUGH A THIRD PARTY

Online marketplaces, the most well known of which are eBay and Amazon, offer retail SMEs an online shop window – an opportunity to test the waters and see if there is an appetite for products without having to handle the payments or marketing side of things.

For Hot Tubs Superstore, which now has a physical store in Blackpool and a transactional website, eBay played a crucial role in its very early development.

Founders Dennis and Daniel Holmes initially started with 12 hot tubs and a small eBay store, which helped them to test the level of interest in their products. After its first year, the success convinced them to create the first physical store in Blackpool. It has since moved to a 25,000 sq ft, two-storey showroom and warehouse.

Offering 10 to 15 products through a marketplace store is a good place to start, suggests Steve Rivers, chief executive of product data company Intelligent Reach. "You can do that manually but you should spend time describing the products properly and writing good titles for each product – so customers know exactly what you have." Good photography is also key to good presentation.

Tools are available to help successful marketplace sellers to scale their businesses if they do start to sell large volumes. However, as Rivers points out, at that stage retailers should start to consider launching their own site. "You are more in control then and in charge of your own destiny."

### OPENING AN ONLINE STORE

When Fine Art graduate Hannah Stoney launched Yellowstone Art Boutique to support marginalised young artists in 2011, she was keen to maximise her sales potential from day one, so she launched both a physical store in Stoke-on-Trent and an online store.

The site, which she built and designed herself with no budget at all, has become the first port of call for new customers and allows her to sell across the UK. It also means that visitors to the store – many of whom are tourists – are able to shop with her again once they have returned home.

"Ecommerce is such a massive opportunity for every trader," says Jonathan Pritchard, managing partner at Tangent Snowball. "Use eBay and Amazon if

you are already familiar with them but also consider platforms such as Shopify, OscarLink, Squarespace, Ometria or Volusion.”

He adds that retailers should choose the platform based on specific questions:

- How much of your catalogue are you intending to put online?
- How many customers do you think will shop with you in this way?
- Which payments do you intend to accept?
- What level of transactions do you think you make?

Opening an online store should be treated just like opening another physical store so once it has launched, it will need to be serviced and maintained properly. This will require an accurate picture of your stock levels and allowing time for fulfilment and follow-up customer enquiries.

#### MAKE ADMIN MORE EFFICIENT

Business administration tasks such as stock control and banking can also be handled online – in many cases more cheaply than the traditional way.

Stoney sells one-off pieces of art both online and in store through Yellowstone Art Boutique, so she needs an accurate stock take to avoid selling the same piece twice. To do this, she created an online system that logs stock and can be updated by her and her staff.

Meanwhile, she has also used online banking from the outset. Having 40 suppliers plus staff and the business bills to pay means that mistakes have been made but mobile banking means she can rectify any errors immediately.

“I’ve had to do everything over these past three years to get the business going – and on a shoestring,” explains Stoney. “I’ll do anything to make the shop run more efficiently, especially when it’s just me alone, and digital technology has helped hugely with that.”

#### JOINING THE SOCIAL MEDIA SCENE

Georgina Abbott, founder of central London boutique and online store Atelier Millinery, which makes and retails hats but also sells trade supplies, believes social media has been an invaluable tool in building relationships with both her customers and other milliners.

She uses Twitter, Facebook and LinkedIn to talk to other people in the fashion industry. “We have several customer segments and they each seem to have their

#### THINKING OF INVESTING IN SOFTWARE?

Gary Turner, managing director of accounting software firm Xero, suggests SMEs ask the following questions before they invest:

- Does the software work well for retailers?
- Does it have different levels of access for the owner, managers and staff?
- Can it record transactions and manage payroll?
- Can it track inventory, or can that be easily added later?
- Is it cloud-based? This allows access from anywhere and can be cheaper
- Can it be adapted – with new features, for example – to grow as your business does?

#### WHY SHOULD SMEs EMBRACE DIGITAL TECHNOLOGY?



55% of the British public would support local businesses online if they could find them

1.89m of UK SMEs are  
**OFFLINE**



**82%** of SMEs have  
**NOT ADOPTED**  
any new technology in the past year

**11.4** hours **WASTED**  
EVERY WEEK  
on admin tasks that could be  
completed more efficiently using technology

**£18bn**  
Revenue that UK SMEs  
could unlock by using  
digital tech





**AT A GLANCE:  
YELLOWSTONE ART BOUTIQUE**

Designed and built own website on a £0 budget

**Social media used to show products and exhibitions**

Stoney attended a course on Facebook to learn more about it. New ideas, such as blog and competitions, boosted the community. She now has 1,500 likes

**Mobile banking helps Stoney keep on top of payments and cashflow**

Online stock system allows all staff to update it so work is not sold twice.

own preferred medium within social media for keeping in touch with us," she says.

Abbott, who opened her boutique in 2010, adds it has helped her stay ahead of her competitors by enabling her to find her niche. "If customers are spending more and more time researching and chatting on social media then that's where we need to go to interact with them," she says.

Social media is a cheap and effective tool for promoting business and it is open to everyone. Freelance PR and founder of DIY PR Club Kerri Walker describes it as a really simple way of raising awareness. "Literally shouting about who you are, what you are doing or that special offer you have."

It is simple to get started. She has the following advice:

- Find out where your customers are – do they use Facebook? Twitter? Pinterest? There is vast number of sites but you do not need to use them all
- Become familiar with the etiquette – spend time looking at what other local businesses are doing
- Keep it personal – remember people will use it as a means of communicating with you so, even if you decide to automate posts, check in regularly
- Commit to it – once you have set up a profile, decide how regularly you want to post something and stick to it
- Don't waste time, don't over-think it and limit your daily use.

SMEs considering this approach should also spend time considering what kind of approach will suit their positioning, says Joel Windels, marketing manager at social media agency Brandwatch. He explains: "Think about type of company you are; what your personality is; do you want to entertain or inform; are you dedicated to responding to people quickly?"

### EMAIL AS A MARKETING TOOL

Given retail SMEs are naturally closer to their customers than their multiple counterparts, it should be very simple to start collecting customer email addresses and begin to use this as a very simple but effective marketing tool.

"It is a very valuable tool for marketing because an overwhelming majority of consumers check their email daily," says Mike Harris, vice-president EMEA at digital marketing agency Monetate.

Either by simply setting up a mailing list that customers can sign up to or by offering an incentive, such as a monthly prize, start building up a list of customer email addresses. This can then be copied into simple software that will help SMEs begin to build an email without any need for HTML or a designer.

To create a successful campaign, says Harris, SMEs should:

- Ask permission – just because you have someone's email address does not mean you can use it, so check first as it will create a positive impression
- Personalise the email – choose software that allows you to create emails that appear as one-to-one communications rather than mass marketing
- Make it look good – clean, well formatted and informative
- Think quality, not quantity – only send out an email if you have something to talk about, such as a new product line, a new store or a VIP event
- Have regular offers – exclusive deals can make customers feel they are part of club.

### CONCLUSION

Consumers have come to expect the same experience, no matter where or who they are shopping with. Retail SMEs do not need to seek out big business solutions but they should recognise that customers do not discriminate between big and small retailers any more – increasingly seamless multichannel experiences have taught them to expect to get what they want, when they want.

Improving the online capabilities of the UK's small firms cannot fail to result in long-term growth for this vibrant sector.

### DO MORE ONLINE

The Business is GREAT Britain's Do More Online campaign aims to help small businesses improve their digital skills to find more customers, be more efficient and save money.

To find out how you can do more, log on to [www.greatbusiness.gov.uk/domoreonline](http://www.greatbusiness.gov.uk/domoreonline) for tips and guidance on building a website, marketing online, using social media, making the most of online finance and much more.

### HOW TO GET STARTED WITH AN ONLINE PRESENCE IN 2015

- Update your Google Local profile
- Build a website, even if it's just one page to begin with
- Make sure your website is responsive and will suit all devices from the start – even if you don't want to think about mobile at the outset
- Get on social media – decide how frequently you are going to post and stick to it.