

## “E-Commerce: Opportunities for Small Retailers”

By Erika Rence

As more Americans gain access to the Internet, small retailers are finding it lucrative to expand their business and selling capabilities online within the growing e-commerce market. Though e-commerce only accounts for a small percentage of overall retail sales, the trend is gaining popularity among businesses and consumers as people become more comfortable with shopping on the Internet. “Online shopping represents an unknown variable in the retail equation, but one with great growth potential.” It is expected that online retailing will increase by more than ten percent per year as “E-ignorance” no longer acts as a significant barrier.<sup>ii</sup>

Web based retailing allows small businesses to:

- find new customers through more widespread advertising opportunities,
- find new ideas by allowing small businesses to connect with each other,
- communicate more efficiently through customer email lists and newsletters,
- support relationships,
- brand and market, and
- sell and buy products to and from a wider market.<sup>iii</sup>

Many businesses around the country are already taking advantage of the benefits of web-based retailing. One such example is Cooks Corner (pictured here), a kitchen supply retailer, one of numerous small businesses involved in e-commerce in Manitowoc, Wisconsin.

“The company, which is 11 years old, employs 35 people and stocks 15,000 gadgets and appliances; its Web site, [cookscorner.com](http://cookscorner.com), accounts for a third of the company's revenue. Of the 1,000 customers who visit the site each

day, roughly 200 place a digital order, said Peter Burback, the company's owner and founder with his wife, Cathy. The site has also elevated Cooks Corner to regional and national attention.”<sup>iv</sup>

“Around the corner from Mr. Burback, on Ninth Street, is Healthy Chocolate Treats ([healthychocolatetreats.com](http://healthychocolatetreats.com)), a business founded in April by Paul Stitt, a 65-year-old biochemist who turned another Manitowoc-based specialty food company, Natural Ovens Bakery ([naturalovens.com](http://naturalovens.com)), into a \$29 million-a-year business that gets 20 percent of its sales from Internet orders. Healthy Chocolate Treats, which employs seven people and attracts 100 or so retail customers a day, specializes in vitamin D-fortified candies. Its revenues have already reached nearly \$40,000 a month, a third from orders from the Internet, Mr. Stitt said.”<sup>v</sup>

“Nearby on 10th Street, the Fitness Store ([thefitnessstore.com](http://thefitnessstore.com)), founded in 1993, sells an array of exercise and cardiovascular equipment. John Brunner, the 44-year-old owner, says that his 2005 sales are expected to reach \$2.5 million, twice as much as last year. ‘The Internet accounts for 75 percent of our sales now,’ he said. ‘I started the company in 1993. We launched a Web site in 1995. I didn't know the Internet was going to be such a catalyst for growth until 2000, when we developed an e-commerce site. We're making huge gains now.’”<sup>vi</sup>



"Beyond the revenue from online sales, Manitowoc's merchants say the biggest benefit of e-commerce is that it enables them to turn over their inventory much more quickly, so owners can add more products and variety to their sales floors. That, in turn, encourages more interest and customer traffic, diversifies the revenue stream and contributes to downtown street life here and in other small cities."<sup>vii</sup>

By expanding business onto the Internet, smaller businesses can retain profitability through increasing revenues beyond face-to-face sales and can play a role in reviving the downtown marketplace.

"E-commerce requires a business to change its infrastructure in four ways:

1. The first is understanding the computer hardware and e-commerce software and managing vendors, servers and consultants.
2. The second is applying the technology to sales and marketing by designing the Web site's back-end ordering platforms for customers, while making the front-end digital showplace clear, attractive, informative and navigable.
3. The third phase is hiring a consultant or training staff members or doing both to manage the site.
4. The last is developing the capacity to quickly fill and ship orders, respond to returns and replace inventory, most of which can also be done on the Internet."<sup>viii</sup>

Due to the extent of adjustments required, many business owners may find the prospect of expanding their business to the web intimidating due to a lack of resources or knowledge about the technology and skill required to enter the world of e-commerce. The resources necessary for e-commerce are now all available in turnkey solutions from a variety of sources. For example, a number of state and local retail associations offer e-commerce for their members, aggregating stores and selected products on a common website.<sup>ix</sup>

Another resource available is Yahoo Merchant Solutions ([sbs.smallbusiness.yahoo.com/merchant/](http://sbs.smallbusiness.yahoo.com/merchant/)), which provides business owners with step-by-step instruction for setting up a successful website. According to a New York Times article, "small businesses are tapping into the online sales world primarily through pay-per-click advertising offered by Google's Adwords and Yahoo's Overture. Both companies require e-commerce retailers to bid on keywords and phrases to drive customers to Web sites."<sup>x</sup> Because this advertising can be expensive,

around \$1 per click, businesses can send out newsletters to customer email lists to attract further business and offset the cost of advertising through increased sales revenue.

By entering the world of e-commerce, small businesses can expand their selling capabilities beyond local downtowns and across the nation. There are hundreds of small businesses across the country that have significantly increased their sales through creating a website and introducing their products online.

"A linked global marketplace is now accessible to all" and small businesses should follow other's example and take advantage of the growing opportunity to profit from the expanding world of e-commerce.<sup>xi</sup>

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<sup>i</sup> Milder, N. David. "The Major Social and Economic Trends That Are Now Shaping Downtown Revitalization" Danth Inc. April 2003.

<sup>ii</sup> Ibid.

<sup>iii</sup> Stanyon, Jack. "Challenges of the Future: The Rebirth of Small Independent Retail in America" Underwritten by the George H. Baum Community Charitable Trust, the Illinois Retail Merchants Association and the NRF Foundation.

<sup>iv</sup> Schneider, Keith. "Thriving Online: Small Town Shops Bulk Up on the Web." New York Times. November 16, 2005.

<sup>v</sup> Ibid.

<sup>vi</sup> Ibid.

<sup>vii</sup> Ibid.

<sup>viii</sup> Schneider, Keith. November 16, 2005.

<sup>ix</sup> Stanyon, Jack. "Challenges of the Future."

<sup>x</sup> Schneider, Keith. November 16, 2005.

<sup>xi</sup> Stanyon, Jack. "Challenges of the Future."