Overcoming the problems of e-commerce

For businesses that depend on e-commerce, one of the greatest problems is the loss of personal contact with their customers. For many small enterprises, the thing that sets them apart from larger corporations is their ability to deliver a personal touch. This competitive advantage can be lost in trading over the internet.

For the customers the downside is not being able to see or touch what they are buying. For certain products, such as books, CDs and so on, this is not a problem: the latest Harry Potter bestseller is exactly the same whoever is supplying it. However, if you are selling products with individual characteristics you have to work your way around this problem through effective website design.

For example, items sold via mail order are usually illustrated in lavish (and costly) colour catalogues. A website can be even more effective at illustrating a product because you can include options that allow different views of the same product or allow customers to 'zoom in' on a particular detail.

But as you are selling products 'unseen', you need to be prepared for a higher than usual number of returns - experts suggest around 20 per cent of goods sold via mail order end up being refunded. This is because customers may discover that it is not the product they want only when it is delivered.

As such, you need to be aware that this significant level of refunds will have a major effect on your cashflow. For this reason, selling customised products over the internet should be undertaken with care.

Making your business stand out on the internet is extremely difficult. Although customers can get a list of everything from 'organic beef butchers in Edinburgh' to 'dealers in spare parts for Hornby model railways' by using search engines, there is no guarantee that they will see your company's name. This is particularly true if you are one of a number of businesses selling similar things. You should consult an expert on internet marketing and search engine ranking if you want to improve your performance in this area.