

# E-Commerce - Electronic commerce

E-commerce is increasingly at the center of our lives and is changing the way we buy and sell. Being present online, obviously in the right way, is therefore **essential for retailers** and companies, be they **traditional businesses or DotComs** (created specifically to operate on the web).

We will see the **e-commerce trends at a national and international level** (with a particular focus dedicated to Covid-19), the main **product sectors** of online shopping, and some **aspects that make the difference in the management of an e-commerce site**, such as **payments**, logistics, Customer **Experience**, a true "thermometer" to measure the success of an online store.

According to [the B2c eCommerce Observatory](#), which has been studying the phenomenon of e-commerce in Italy for more than 20 years, the **demand** corresponds to the **value of online purchases by Italian consumers** both on Italian sites and on foreign sites (**Import**) while the **supply** corresponds to the **value of online sales of e-commerce Italian B2C commerce** that can go to Italian consumers or foreign consumers (**Export**).

## Definition of e-commerce

When we talk about **e-commerce** we are referring to the buying and selling of products and services through the IT channel (*Internet based*). Based on the nature of the subjects involved it is then possible to distinguish 2 different declinations of e-commerce:

- **Business to Business (B2b)** when the relationship is between two companies (one supplier and one buyer);
- **Business to Consumer (B2c)** when the relationship is between a supplier company and a final consumer.

The **definition of B2c e-commerce** includes the sales of **physical products** (for example grocery, clothing, books, IT products) and **services that can be used offline** (see world of insurance

and travel). The **meaning of e-commerce** obviously goes beyond this mere definition. In fact, the online channel offers businesses (large and small) **business opportunities that were unimaginable until recently**. Thanks to digital, every type of geographical and temporal barrier is eliminated (even small businesses can now **expand their range of action** at a national and even international level) with obviously positive repercussions for turnover. New technologies and purchasing and selling paths are being refined and e-commerce becomes a formidable **marketing and profiling tool**, but also the ideal channel for providing increasingly rich and complete information on products/services and strengthening the **company/consumer relationship**.

## The e-commerce market in Italy

The digital impact on **the trade of goods and services** is increasingly relevant and the **statistics on e-commerce in Italy** they confirm it. In this section of the guide we therefore enter the heart of Italian e-commerce.

What is happening in our country? The numbers suggest that we are lagging behind **major foreign markets** where e-commerce achieves penetrations two to four times higher. However, the growth is undeniable, "thanks" also to the period of **lockdown** and health emergency which **stimulated the use of eCommerce**.

But **what exactly do Italians buy on the web?** First of all, **more products than services**.

Which is not a detail given that for several years now online purchases of products have reached and surpassed those of services, thanks to a growth rate four times higher. Among the products, the main sectors are **IT and consumer electronics, clothing, Furnishings and Home living, Publishing and Food&Grocery**. Among others, **Auto**

**Parts and Beauty also stand out and Toys**, emerging and highly

prospective sectors. In services, then, the undisputed protagonist is the **Tourism e-commerce sector and transportation**. This is the most mature and largest e-commerce product sector in Italy, driven by the booking of plane/rail tickets and overnight stays, whose growth in recent years was only slowed down in 2020, due to the **Covid-19 pandemic**. Honorable mention also for **Insurance**, in second place in the special services ranking.

## Covid-19 and e-commerce

**During the lockdown, e-commerce was the main, if not exclusive, driver of generating consumption, making less money**

the crisis in the retail sector is bitter. On the one hand, the closure of borders, the strong limitations on mobility and the ban on gatherings have heavily affected the area of services (Tourism and transport and ticketing for events first and foremost).

On the other hand, as also seen for Italy, the pandemic has favored online purchases of products which have therefore undergone a strong acceleration. From an emergency situation, new services and delivery models have spread, destined to become permanent in purchasing habits. This is the case of contactless delivery, lockers and Click and Collect. Furthermore, the lack of possibility of having in-store experiences has represented fertile ground for the affirmation of a new trend in online sales and purchases: live streaming commerce which brings the physical store experience online, involving and retaining consumers. Covid-19, however, contrary to what one might think, has slowed down the growth of the market at least in numerical terms, with some exceptions in some product sectors, such as Food & Grocery in which it caused a significant acceleration.

## E-commerce trends in the world

What are the trends to follow in international B2C e-commerce? The perception is that the phenomenon is increasingly difficult to interpret. But several **trends** (technological and otherwise) help us chart the path.

Let's take a look at what's happening in **international markets**. In 2021, e-commerce showed two faces: **products did well** on the one hand, **services did poorly** on the other (not yet returned to pre-pandemic levels). It is estimated that **online purchases** in the world have reached a value of **3,900 billion euros**. And it is China, not too surprisingly, that leads this market.

## From e-commerce to Mobile Commerce

Within the definition of e-commerce and electronic commerce, **Mobile Commerce**, i.e. the value of sales of products and services via Smartphone, takes on particular importance. It is a fact that mobile is now taking on great importance in global B2C e-commerce. **Smartphones** and **tablets** have changed the online purchasing habits of consumers, who increasingly decide to complete the purchase

directly from their mobile devices. Suffice it to say that in 2020, in Italy, as many as **51% of e-commerce purchases took place from smartphones**. This means that the Smartphone has become the main device with which online purchases are made.

## How to manage a successful e-commerce

Let's now focus on the **most strategically relevant activities for managing an online store**. Let's analyze the **critical success factors of an e-commerce project**. That is to say all the aspects that create value for the consumer and which represent the real competitive levers in the sector. How to win over consumers, **attract online traffic and offer the best shopping experience?** And in the steps following the selection and purchase of a product, how can we guarantee the consumer the most effective and innovative service possible, in particular during the **payment and delivery phase of the goods?**

### 1. Platforms and tools to increase sales

**Generating value through an e-commerce site** means first of all "attracting" and "interacting", that is, generating and capturing the consumer's interest and **converting this interest into a purchase**. We are talking about one of the most compelling and difficult challenges: that of conquering an increasingly demanding and omnichannel consumer. To succeed in this aim it is necessary to analyze the platforms and **traffic generation tools most used by Italian e-commerce**, but also to identify the most innovative technological and marketing tools.

### 2. Customer Experience: how to innovate it in 5 phases

It should not be overlooked that in the development of an e-commerce initiative, it becomes a priority to guarantee **a fluid, simple and effective purchasing experience**, not only online but also in multi-channel paths. This is where Customer Experience takes over, the factor capable of converting visits into sales. To achieve this goal, every e-commerce operator should design a personalized and highly innovative "**customer journey**". How to do? Operate in the 5 phases that describe the purchasing process: **marketing, usability, check-out, delivery and customer care**.

### 3. E-commerce payment systems

The **payment methods useful for online purchases** are a crucial aspect in the management of an e-commerce because they contribute fundamentally **to the customer experience**. It is necessary to analyze which payment tools are most functional to the success of an online business, **how e-commerce payments take place in Italy** and what are the

technologies to monitor for the future. **PayPal** and **credit cards** are in the lead, but **e-wallets** are increasingly growing!

#### 4. E-commerce logistics

Although at the end of the sales process, it is among the most relevant issues for the development of an e-commerce platform: **logistics and delivery of the goods**. The quality and breadth of delivery and return management services are crucial in consumer purchasing choices.

## **Dropshipping for e-commerce: all the advantages**

Linked to logistics management, the topic of **Dropshipping** **deserves a brief in-depth analysis**. The term "dropshipping" describes a very interesting distribution model for those who manage an e-commerce, in which the seller leaves the **operational phase of storage and delivers to the end customer the supplier of the individual product itself**. This is a very widespread system in recent years, even in Italy. A real business model, which is based on **agreements between the seller and the product suppliers** who must ensure the availability of the product itself and delivery to the end customer within the established times. There are many advantages and opportunities, but there is no shortage of risks and points to pay attention to.

# TRANSLATION

## E-Commerce - Electronic commerce

E-commerce is increasingly at the center of our lives and is changing the way we buy and sell. Being present online, obviously in the right way, is therefore essential for retailers and companies, whether they are traditional companies or DotComs (born specifically to operate on the web).

We will see national and international e-commerce trends (with a particular focus on Covid-19), the main product sectors of online shopping, and some aspects that make the difference in managing an e-commerce site, such as payments, logistics, Customer Experience, a true "thermometer" to measure the success of an online store.

According to the B2c eCommerce Observatory, which has been studying the phenomenon of electronic commerce in Italy for more than 20 years, demand corresponds to the value of online purchases by Italian consumers both on Italian sites and on foreign sites (Import) while supply corresponds to the value of online sales of Italian B2c e-commerce that can go to Italian consumers or foreign consumers (Export).

## Definition of e-commerce

When we speak of e-commerce we refer to the buying and selling of products and services through the computer channel (Internet based). Based on the nature of the subjects involved, it is then possible to distinguish 2 different forms of e-commerce:

- Business to Business (B2b) when the relationship is between two companies (a supplier and a buyer);
- Business to Consumer (B2c) when the relationship is between a supplier company and a final consumer.

The definition of B2c e-commerce includes the sales of physical products (for example grocery, clothing, books, IT products) and services that can be used offline (see the world of insurance and travel). The meaning of e-commerce obviously goes beyond this mere definition. In fact, the online channel offers businesses (large and small) business opportunities that were unimaginable until recently. Thanks to digital, all kinds of geographical and temporal barriers have fallen (even small companies can now expand their range of action nationally and even internationally) with obviously positive effects on turnover. New technologies and purchasing and sales paths are refined and e-commerce becomes a formidable marketing and profiling tool, but also the ideal channel for providing ever richer and more complete information on products/services and strengthening the company/consumer relationship.

## The e-commerce market in Italy

The digital impact on the trade of goods and services is increasingly significant and the statistics on electronic commerce in Italy confirm this. In this section of the guide we therefore enter the heart of Italian e-commerce.

What is happening in our country? The numbers suggest that we are lagging behind major foreign markets where e-commerce reaches two to four times higher penetrations. However, the growth is undeniable, "thanks" also to the period of lockdown and health emergency that has stimulated the use of eCommerce.

But what exactly do Italians buy on the web? First, more products than services. Which is not a detail given that for several years now, online purchases of products have reached and exceeded those of services, thanks to a four times higher growth rate. Among the products, the main sectors are IT and consumer electronics, Clothing, Furniture and Home living, Publishing and Food&Grocery. Standing out, among others, are Auto Parts, Beauty and Toys, emerging sectors with great prospects. In services, then, the undisputed protagonist is the Tourism and Transport e-commerce sector. This is the most mature and largest product sector of e-commerce in Italy, driven by the booking of air/railway tickets and overnight stays, the growth of which in recent years has only slowed down in 2020, due to the Covid-19 pandemic . Honorable mention also for Insurance, in second place in the special classification of services.

## Covid-19 and e-commerce

During the lockdown, e-commerce was the main, if not the exclusive, driver of consumption generation, making the crisis in the retail sector less bitter. On the one hand, the closure of the borders, the severe restrictions on mobility and the ban on gatherings have heavily affected the area of services (Tourism and transport and Ticketing for events in primis). On the other hand, as also seen for Italy, the pandemic has favored online purchases of products which have therefore undergone a strong acceleration. In fact, from an emergency situation, new services and delivery models have spread, destined to become permanent in purchasing habits. This is the case of contactless delivery, lockers and Click and Collect. Furthermore, the lack of the possibility of enjoying in-store experiences has represented fertile



ground for the affirmation of a new trend in online sales and purchases: live streaming commerce which brings the experience of the physical store online, involving and retaining consumers.

The Covid-19, however, contrary to what one might think, has slowed down the growth of the market at least in numerical terms, with some exceptions in some product sectors, such as Food & Grocery in which it has caused a consistent acceleration.

## E-commerce trends around the world

What are the trends to follow in international B2c e-commerce?

The perception is that the phenomenon is increasingly difficult to interpret. But various trends (of a technological and non-technological nature) help us to pave the way. Let's take a look at what's happening in international markets. In 2021, e-commerce showed two faces: good products on the one hand, negative services on the other (not yet returned to pre-pandemic levels). It is estimated that online purchases in the world have reached a value of 3,900 billion euros. And it is China, not too surprisingly, that leads this market.

## From e-commerce to mobile commerce

Within the definition of e-commerce and electronic commerce, Mobile Commerce assumes particular importance, i.e. the value of the sales of products and services via Smartphone. It is a fact that mobile is now assuming great importance in global B2c e-commerce. Smartphones and tablets have changed the online shopping habits of consumers, who increasingly decide to

conclude the purchase directly from their mobile devices. Suffice it to say that in 2020, in Italy, as many as 51% of e-commerce purchases took place from Smartphones. This means that the Smartphone has become the main device with which online purchases are made.

## How to run a successful e-commerce

Let's now focus on the strategically most relevant tasks for running an online store. Let's analyze the critical success factors of an e-commerce project. That is to say all the aspects that create value for the consumer and that represent the real competitive levers in the sector. How to win over consumers, attract online traffic and offer the best shopping experience? And in the steps following the selection and purchase of a product, how can we ensure the consumer the most effective and innovative service possible, especially during the payment and delivery phases of the goods?

### 1. Platforms and tools to increase sales

Generating value through an e-commerce site means above all "attracting" and "interacting", i.e. generating and seizing the consumer's interest and converting this interest into a purchase.

We are talking about one of the most exciting and most difficult challenges: that of conquering an increasingly demanding and omnichannel consumer. To succeed in this aim it is necessary to analyze the traffic generation platforms and tools most used by Italian e-commerce, but also to identify the most innovative technological and marketing tools.

### 2. Customer Experience: how to innovate it in 5 phases

It should not be overlooked that in the development of an e-commerce initiative it becomes a priority to guarantee a smooth, simple and effective shopping experience, not only online but also in multi-channel paths. Here comes the Customer Experience, the factor capable of converting visits into sales. To succeed in the goal, every e-commerce operator should design a personalized and highly innovative "customer journey". How to do? Operate in the 5 phases that describe the purchasing process: marketing, usability, check-out, delivery and customer care.

### 3. E-commerce payment systems

The payment methods useful for online purchases are a crucial aspect in the management of an e-commerce because they contribute in a fundamental way to the customer experience. We need to analyze which payment instruments are most functional to the success of an online business, how e-commerce payments take place in Italy and which technologies to monitor for the future. PayPal and credit cards are in the lead, but e-wallets are growing more and more!

### 4. E-commerce logistics

Although at the end of the sales process, it is among the most relevant topics for the development of an e-commerce platform: logistics and delivery of the goods. Quality and breadth of delivery and return management services are crucial in the consumer's purchasing decisions.

Dropshipping for e-commerce: all the advantages

Linked to the management of logistics, the theme of Dropshipping deserves a brief study. The term "dropshipping" describes a very interesting distribution model for those who

manage an e-commerce, in which the seller leaves the operational phase of storage and delivery to the final customer to the supplier of the single product itself. It is a very widespread system in recent years, even in Italy. A real business model, which is based on agreements between the seller and the product suppliers who must ensure the availability of the product itself and delivery to the end customer within the pre-established times. There are many advantages and opportunities, but there are also risks and points to pay attention to.