



AI art by Ed Canela

# Digital Skills for Entrepreneurs

## Topic 9 E-Commerce Fundamentals

## Table of Contents

<b>Topics: 9. e-Commerce Fundamentals</b> .....	<b>3</b>
1 E-commerce, definitions and scope.....	3
2 Types of E-commerce Models .....	4
3 Choosing the Right E-commerce Platform.....	4
4 Product Selection and Dropshipping.....	5
5 Setting Up an E-commerce Store .....	6
6 Payment Gateways and Security.....	7
7 E-commerce Website Design and User Experience (UI/UX).....	7
8 Marketing Strategies for E-commerce .....	8
9 E-Commerce Placements .....	9
10 Customer Service and Support .....	9
11 Scams Stories and Avoidance.....	9
12 E-commerce Analytics.....	10
13 Demo of Appropriate Digital Tools.....	10

### 9 e-Commerce Fundamentals



MSMEs having e-Commerce presence is like having a salesperson selling their products and services online 24/7 for free. The number of Nigerian e-Commerce shops (Jumia, Payporte, Slot, Yudala, Kara, Jiji, VCommerce, MyStore, among others) and e-Commerce makers (Shopify, Magento, Fix, Weebly) have increased recently. This topic will help the participants understand why and how to participate in eCommerce, from setting the stores, to servicing sales, settling payments and deliveries. Also. how to choose the right platform including the right e-commerce business model including dropshipping.

# Topics: 9. e-Commerce Fundamentals

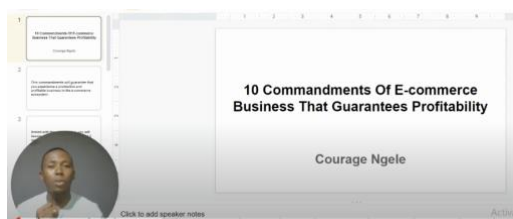
## Learning Objectives

On session completion, the learners will be able to:

1. Identify the key components and best practices and operations of e-commerce platforms.
2. Learn strategies for setting up and managing an e-commerce store.
3. Explore methods for driving traffic and generating sales in e-commerce.
4. Gain insights into e-commerce trends and best practices.

## 1 E-commerce, definitions and scope

E-commerce is the process of buying and selling goods and services over the internet by individuals or company. E-commerce also includes transmitting of funds or data through an electronic means. E-commerce relies on technology and digital platforms,



Video 1: 10 Highly Kept Commandments of Profitable Ecommerce Business in Nigeria | Ecommerce Business 2022

including websites, mobile apps and social media to make buying and selling possible<sup>1</sup>. There is not any product or services imaginable from Nigeria that cannot be sold through E-commerce. An E-commerce transaction can be between enterprises, households, individuals, governments, and other public or private organisations.

The scope of E-commerce in Nigeria is not limited to buying and selling, but all the processes involve in setting up the E-commerce platform, selling and post sales management engagements and many MSMEs in Nigeria are already engaging in E-Commerce. Location wise, E-commerce is very wide and transcends geographical limitation like national, regional and international borders. E-commerce scope also covers digital and non-digital goods, services, online marketplace like websites and social media applications, e-payment systems, e-marketing, advertising, logistics and delivery systems that facilitates the E-commerce processes<sup>2</sup>.

E-commerce offers numerous benefits for MSMEs, including market expansion, lower operational costs, access to new customers, improved customer insights, 24/7 availability, reduced barriers to entry, efficient inventory management, scalability, enhanced marketing opportunities, and participation in global supply chains. It allows MSMEs to reach a global audience without the need for physical presence, allowing them to allocate resources more efficiently. E-commerce platforms also provide valuable customer data, enabling MSMEs to personalize marketing strategies and enhance customer satisfaction. Additionally, e-commerce platforms offer efficient inventory management, allowing MSMEs to scale operations quickly in response to market demand.

---

<sup>1</sup> [What Is E-Commerce? Definition, Types & Getting Started](#)

<sup>2</sup> [e-commerce-and-its-scope](#)

## 2 Types of E-commerce Models

A business model is a process through which a business intent to deliver value to its customers. In E-Commerce, there are four different primary types of E-commerce that describe the electronic transactions that can take place over the internet.

### 1. Business-to-Consumer (B2C)

This popular E-commerce model involves businesses selling their products or services to the consumer who needs it for direct consumption. An example is when a farmer set up an E-commerce website to sell his vegetables directly to consumers.

### 2. Business-to-Business (B2B)

This E-commerce type refers to buying and selling that occurs between businesses. Here, an E-commerce business sells to another business. An example of B2B E-commerce can be raw materials or machinery exchange over the internet.

### 3. Consumer-to-Consumer (C2C)

Some E-commerce platforms are like digital marketplaces connecting consumers. In Nigeria, there are several E-commerce platforms where consumers list their products to meet with consumers. These E-commerce platforms sell both old and new products.

### 4. Consumer-to-Business (C2B)

For this type of E-commerce, consumers sell their products and services to businesses. For example, a photographer sells their photos to companies so that they can use them for ads or social media campaigns.

### 5. Business-to-Government (B2G)

B2G, or Business-to-Government eCommerce, is a digital marketplace focused on businesses whose primary target customers are government agencies at the local, federal, or state level, as well as government institutions. B2G eCommerce can encompass the sale of a wide range of information, services, or products

### 6. Consumer-to-Government (C2G)

C2G eCommerce, also known as **consumer-to-government eCommerce**, is the game-changer that allows consumers to connect with government agencies directly and access government services through an online platform. Unlike the traditional B2G (business-to-government) model, where businesses sell goods and services to government entities, C2G eCommerce gives power to the people.

The beauty of hosting a C2G platform is that it allows you to act as a **link** between consumers and the government. You give the citizens a direct channel to share their thoughts, feedback, or information with the public sector. You also make it a breeze for them to access and utilize government-sponsored services.



Video 2: eCommerce Website for Your Nigerian Business

## 3 Choosing the Right E-commerce Platform

An E-commerce platform is any software application designed to enable online businesses – small or big sell or buy products or services over the internet. This

platform could be an in-house hosted solution or a cloud-hosted E-commerce platform. It is important for Nigerian MSMEs to choose the right platform for an E-commerce business. Sometimes, choosing what already exist is better than building something from the scratch because existing platforms can remove some challenges like security, hosting, product update, PCI compliance and other associated challenges of managing an in-[house](#) owned solution. Some existing E-commerce platforms MSMEs in Nigeria can take advantage of what's available like Jumai, Konga, PayPorte, Slot.ng, Kara, Printivo Store, and Jiji Nigeria. Choosing to build a new E-commerce and which platform to use doesn't come easy as many factors needs to be considered. The first thing to consider is the target market, cost and security and compatibility with mobile phones, especially in the case of Nigeria due to high rate of mobile phone penetration.

Other critical factors that need to be considered when choosing an E-commerce are:

1. **Extensibility:** choose a platform that is flexible and can allow for integration of add-ons from third-party applications. Consider a platform that enables steady development of new features, extended functionality of the online shop and to shape the future experience of digital shopping.
2. **Scalability:** select a platform that can accommodate future growth of the business because the goal of every business is to grow and expand in the future. So, when choosing an E-commerce platform, consider a platform with future scalability support
3. **Compatibility:** choose a platform that can power additional channels such as mobile application. This is very important in Nigeria because there are more mobile phones user than PCs. Ensure that the platform is the best for your store's design and ease of use in its functionality.
4. **Cost Consideration:** cost is very important factor to be considered when deciding on which E-commerce platform to use. Cost factors may include initial cost, management cost and potential scalability cost.
5. **Management:** consider a platform having the ability to automatically synchronise data from 3rd party systems such as a product information and manages inventories, orders, and returns<sup>3</sup>.
6. **Support:** consider a platform that provide 24/7 support and their vision aligns with your E-commerce business. Also ensure that the platform vendor has a good track record of emergency support.
7. **Reporting:** choose an E-commerce platform that enables generation of good data analytics as good data is essential for decision-making.

## 4 Product Selection and Dropshipping

Dropshipping is an E-commerce model where an E-commerce business outsources the processes of procuring, storing and shipping of products and services to a third-party. The E-commerce business does not own a single shop or warehouse, but instead, promote products by providing an online front store where customers can place order. The fulfilment of customer's order is handled by supplier who already sign an agreement with the E-commerce business. In Nigeria, there are several E-commerce businesses that are operating the dropshipping model that MSMEs can key into.

---

<sup>3</sup> [7 Key Considerations for Choosing the Right eCommerce Platform](#)

One significant decision an E-commerce dropshipping business must make is choosing which products to sell and that's a big hurdle. The first step is to find a niche through a research process that will help you determine an in-demand products that are selling at a low cost. The next step is to identify the supplier who matches the standards you have set and sign agreement.

Nigerian MSMEs are already selling through many dropshipping E-commerce businesses available in Nigeria. MSMEs who want to start selling their products through dropshipping E-commerce businesses should first consider the reputation and track records of the E-commerce platform and the MSMEs should be ready to supply products that are of the expected quality and sign agreement with the E-commerce business. MSMEs must pay attention especially to product or service description flyers and specification before they are put up in a storefront. There should be colour



*Video 3: How To Start Dropshipping In Nigeria With no Money | How To Make Money Dropshipping With A LOW BUDGET*

consistency and if possible, add disclaimer to avoid scammers taking advantage of their products to scam others.

## 5 Setting Up an E-commerce Store

Setting up an E-commerce store is a daunting challenge that an entrepreneur must be prepared before embarking on. An entrepreneur, especially in Nigeria interested in setting up an E-commerce store need to go through the following steps:

- (a) Find business idea and choose your product. The first thing to consider here is whether the E-commerce business will only be for the entrepreneur's existing products or other products will be integrated.
- (b) Determine your business structure. This should describe the overall legal structure of the business
- (c) Decide on a target audience where eventually all marketing efforts will be directed
- (d) Design your brand. This is your identity and there should be consistency from the business name, logo, font, colour choices and photo quality of your product<sup>4</sup>.
- (e) Choose an [eCommerce platform](#) which meets the basic requirements of usability, accessible customer support, friction-free-check out and webhosting.
- (f) Set up the eCommerce website and add products including logistics and contact details
- (g) Connect payment gateway. Choose convenient and secure payment option for your ecommerce platform
- (h) Get your store ready for launch
- (i) Launch your store
- (j) Market your store.

<sup>4</sup> [How To Start an Online Store in 2024 \(Step-by-Step Guide\)](#)

## 6 Payment Gateways and Security

A payment gateway is a service that facilitates the transfer of payments or perhaps, electronic payments between a business and its customers. It can also be referred to as an interface that allows customers to pay for goods and services via multiple methods, channels, or both<sup>5</sup>.

Payment gateways is central in E-commerce. When someone makes a purchase or any transaction, the payment gateway's website where they are redirected to enable them to enter their personal and credit card information to complete the payment after verification. There are several payment gateways in Nigeria that MSMEs can leverage on for their E-commerce business. Some payment gateways being used include Paystack, Flutterwave, Interswitch, Quicketeller, Remitter, PayU, JumaiPay, Monnify, Moneypoint and VoguePay.

Choosing which payment gateway to use can be tricky and so Nigerian entrepreneurs must do their due diligence of available payment gateways available before deciding on which one to use. First thing a Nigerian entrepreneur should consider when choosing E-commerce payment gateway is security. Other factors to be considered after security are set up cost, commission per transaction, payment method or channels accepted, transaction success rate, payment settlement time, ease of onboarding and user-friendly interface.

## 7 E-commerce Website Design and User Experience (UI/UX)

75% of E-commerce store credibility is influence by the website<sup>6</sup> and it should not take more than a minute to leave an impression on visitors. The perception visitors have about your website is what will form their reality about your brand. Mobile phone usage in Nigeria is much higher than PC, so for a Nigerian MSME interested in designing an E-commerce, considering a website that is compatible with mobile phone is important. Also, integrating social media marketing, digital campaigns and search engine optimization (SEO) will provide a superior user experience that increases traffic to your store. However, the design should depend on the needs of your customers.

The following should also be considered while designing the website: operational simplicity, strong branding, security of users' data, effective use of visual elements, clear data presentation via menus, catalogs, etc., user's ability to leave feedback about goods and services, general and contact information about the business providing the goods or, services, and design that supports the offer not overshadowing it.

Whilst there are other factors as outlined above, the success of an E-commerce business relies on the User Interface (UI) and User Experience (UX). They determine how easy and enjoyable it is for customers navigation. They are forces behind attracting, retaining customers and boosting sales thereby making a brand stand out. The UI and UX are visual elements and interactive components that users can engage.

---

<sup>5</sup> [Top 9 online payment gateways in Nigeria](#)

<sup>6</sup> [Best Ecommerce Website Designs That Inspire Customers to Spend Money](#)

[UI & UX](#) ensures that everything that is seen – the layout, colours, topography, icons, button and other elements are in syn. Major UX consideration include: utility, usability, accessibility, and desirability, whilst for UI, aligning choice of colour with branding, aligning style with commercial offer, visual hierarchy and general harmony are important considerations.

## 8 Marketing Strategies for E-commerce

Nigerian MSMEs should understand the importance and application of the 4 Ps of marketing in E-commerce business. The first P is Product and in E-commerce, the problem of the product is solving, the quality and content of the product are very important. The second P is the Price, and this is tricky. Setting a competitive, profitable and considerate price for your customers is crucial because they have a lot of options to choose from your competitors. The next P is marketing. Entrepreneurs should leverage different marketing channels to reach target customers. The final P is promotion, and this should be done consciously to convert all your effort into an intended outcome.

Every promotional tactic E-commerce business used is geared towards generating traffic to the online store. There are several E-commerce marketing strategies Nigerian MSMEs can use to achieve their E-commerce marketing goals. The MSMEs should decide which E-commerce marketing and promotional strategies is suitable for their E-commerce business because the goal should be to build brand awareness, drive customers loyalty and increase in sales.

Nigerian MSMEs can leverage on both online and offline E-commerce marketing strategies to generate traffic to their store, convert that traffic to sales and retain those customers. There are many E-commerce marketing strategies that E-commerce entrepreneurs can choose. The best practice is to choose the ones that are relevant to their E-commerce and resonates with their target customers and above all contain useful algorithm.



Some best practices when planning for E-commerce marketing that Nigerian MSMEs can adopt include Defining goals and objectives for the store, assess the target audience and competition, determine the best marketing strategies and tactics, build

Martech Stack (stack suites of applications for the marketing activities), and create the E-commerce marketing strategy. Some of E-commerce marketing Strategies Nigeria MSMEs can use include:

- 1) Search Engine Optimisation
- 2) Content marketing
- 3) Email Marketing
- 4) Social Media Marketing
- 5) Paid Advertising
- 6) Influencer Marketing



- 7) Conversion Rate Optimisation (CRO)
- 8) Customer Service and Support
- 9) Optimisation for Mobile
- 10) Marketing Analytics.

## **9 E-Commerce Placements**

E-commerce business needs to maximise their online visibility to generate proper engagement and sales. They can do this by good positioning, distribution of promotional content and product their online environment. Using keywords that enable customers find their products through is a good and effective strategy in E-commerce placement. Also, adopting product categorisation and highlighting specific products on their store front can also be a useful strategy. A conscious and strategic marketing effort is part of E-commerce placements.

## **10 Customer Service and Support**

Unlike physical store where customers can walk directly to a store assistant for support during shopping, E-commerce shoppers rely on different support channels which may take a little time before they get the support the need. Nigerian MSMEs must understand the importance of round the clock customers service support, especially in E-commerce business. Customer service and support is a strategy for providing online assistance and support throughout the customers' shopping journey on your E-commerce site. It includes answering any questions they have about products before purchase, during purchase and post purchase management. effective customer support is a determining factor in customer satisfaction and loyalty that could lead to repeat purchase and referable to your brand.

Having a dedicated customer service support team and multiple customers support cannels that are effective and responsive are very important for Nigerian MSMEs operating E-commerce business. Some channels they can leverage on include SME, phone, email, Live chat, emails, social media and Help desks/self – service portals. Some of the best practices in customer service support include multi – channel support, personalise marketing support, self – service support, avenue for customers to provide feedback and automated approach where necessary.

Some benefits Nigerian MSMEs can derived from effective customer service support include getting more customers, more sales, more return customers and possible brand promotion by happy customers.

## **11 Scams Stories and Avoidance**

As internet penetration increase in Nigeria and powered by smart phone capacity to support E-commerce, young people are turning to online shopping and more entrepreneurs venturing into the E-commerce space to reach their target customers. However, this huge market opportunity is being threaten by rising rate of E-commerce



Video 5: 5 Common Online Shopping Scam in Nigeria | How to Spot a Fake Store

scam in Nigeria. [Daily, innocent Nigerians are being scammed online](#) while trying to shop. This trend is posing a great danger for the E-commerce industry in [Nigeria as experts](#) continue to warn.

Another trend is that some E-commerce vendors will display quality product in their online stores, but when customers ordered and delivery is made, there is usually

difference in the quality from what was ordered vs what is supplied. Nigerian MSMEs must do the right thing to boost confidence of the teeming youthful Nigerian population who are embracing the online shopping trend.

To restore confidence of Nigerian online shoppers, Nigerian E-commerce entrepreneurs must invest in best technologies that will prevent scammers from bypassing their websites to steal shoppers credit card records or cloning their E-commerce websites to deceive genuine shoppers. Also, Nigerian government, civil society organisations and law enforcement must rise and increase the fight against scammers whose nefarious activity is threatening the growth of the E-commerce industry in Nigeria.

## 12 E-commerce Analytics

Ecommerce analytics is the collection and analysis of all data from the online store for decision making. E-commerce analytics is important because it tracks sales, customer behaviours and provides insight into how effective the E-commerce marketing strategy is, and the overall profitability of the E-commerce business.

Nigerian MSMEs should regularly collect and analyse data from their E-commerce website and seek to understand the data because some of the benefits E-commerce analytics provide include understanding of the marketing data, uncovering of trends, and making data-driven pricing decisions. Data analytics from E-commerce will also show whether customer service support is effective or not by analysing the nature of complaints from customers, the timeframe to resolve those complaints and the most recurrent complaints. Data analytics will help Nigerian MSMEs understand their customers better. Such analysis can be useful when planning for scaling up of the business.

## 13 Demo of Appropriate Digital Tools

Digital tool	Description	Prices and subscription
<b>E-Commerce Platforms:</b>		
<a href="#">Shopify</a>	Shopify is a user-friendly e-commerce platform that helps small businesses build an online store and sell online through one	After free trial, the basic plan for solo entrepreneurs is \$24 per month

	streamlined dashboard. Shopify merchants can build a modern online store and sell on social media sites, seller marketplaces, other blogs and websites and via email, text and chat. In-person selling is a snap on Shopify too, with its built-in point-of-sale (POS) for retail stores, pop-up shops, market sales and more	Shopify for small teams is \$69 per month Advance is \$299 per month and Plus is \$2300 per month
<a href="#">WooCommerce</a>	WooCommerce is an open-source e-commerce plugin for WordPress. It is designed for small to large-sized online merchants using WordPress. Launched on September 27, 2011, the plugin quickly became popular for its simplicity to install and customize and for the market position of the base product as freeware	WooCommerce does not charge for a monthly setup, however, ecommerce owners pay a small fee for each transaction on their online store of 2.9% +\$0.30 for every transaction for every transaction
<a href="#">BigCommerce</a>	BigCommerce is a renowned hosted eCommerce platform that provides software-as-a-service (SaaS) services to merchants and retailers	Prices are on request
<b>Payment Gateways:</b>		
<a href="#">Paystack</a>	Paystack is a Nigerian financial technology company that offers payment processing services to businesses	Cost: No setup fees. Commission for transactions: 1.5% + ₦100 for local transactions, Transaction success rate: near 100% success rate Payment options: card, bank account, USSD, PoS, Visa QR, mobile money, bank transfer, Apple Pay, Visa QR
<a href="#">Flutterwave</a>	Flutterwave is a payment solution gateway that support 15+ payment options like, Debit & Credit cards, Bank Account, Mobile money, POS, M-Pesa, VISA QR, Bank Transfer, USSD	Cost: No setup fees Transaction commission: 1.4% for local transactions Transaction success rate: 100% Settlement time: 24 hours Payment options: Bank transfer, bank account, mobile money, PoS, Visa QR, card, etc
<a href="#">PayU</a>	Specifically designed for enterprises, PayU Enterprise revolutionizes modern commerce by addressing the pain points that high-velocity businesses face. Advanced platform transcends traditional gateway functions to provide enterprises with a trusted partner for business growth and enhanced transaction success	

<a href="#">Remita</a>	Remita is a payment gateway with a focus on government institutions, educational organizations, and corporate clients. It simplifies the process of receiving and making payments, making it a preferred choice for entities that require structured financial management	Cost: No setup cost Transaction Commission: 2% fee capped at ₦2,500 Payment options: USSD transactions, debit/credit cards, PoS terminals, bank transfers
<a href="#">Interswitch</a>	Interswitch WebPAY, a product of Interswitch Group, offers a secure and straightforward way for businesses to accept online payments. With its extensive network and innovative technology, Interswitch WebPAY has established itself as a reliable payment gateway for both e-commerce and brick-and-mortar businesses	Cost: N150,000 Transaction commission: 1.5% for local transactions (capped at ₦2,000) Transaction success rate: 100% Settlement time: The next day Payment options: USSD, card, bank transfer, QR code
<a href="#">JumaiPay</a>	JumiaPay operates an online payment gateway to allow secure and convenient online payments on its Merchant platform with a high availability of service level and payment interface	Free
<b>Website Builders and Hosting:</b>		
<a href="#">Wordpress</a>	WordPress is a web content management system. It was originally created as a tool to publish blogs but has evolved to support publishing other web content, including more traditional websites, mailing lists and Internet forum, media galleries, membership sites, learning management systems, and online stores.	Starter \$4 per month Explorer \$8 per month Creator \$25 per month
<a href="#">Squarespace</a>	Squarespace, Inc. is an American website building and hosting company based in New York City. It provides software as a service for website building and hosting, and allows users to use pre-built website templates and drag-and-drop elements to create and modify webpages.	Free for 14 days and \$16 per month for personal package
<a href="#">DomainKing</a>	DomainKing is a Global Domain Registrar accredited with many Asian & African Registries. Offers wide range of services from Domain Names and Web Hosting to Website Builders and tools that help your business grow.	Prices ranges from N1125 – 2520 per month
<a href="#">Whogohost</a>	WhoGoHost is currently one of the best webhosting platform in Nigeria and the West African region. The company started as a web hosting firm but has grown to offer a lot	Hosting ranges from 1000 – 3500 per month

	of other products and services to help her customers grow and succeed online	
<b>Local Marketplace:</b>		
<a href="#">Jumai</a>	Jumia is a Berlin-based technology company that is a marketplace, logistics service and payment service, operating throughout Africa. The logistics service enables the delivery of packages through local partners while the payment services facilitate the payments of online transactions	
<a href="#">Konga</a>	Konga.com is Nigeria's largest online mall. We launched July 2012 and our mission is to become the engine of commerce and trade in Africa. We serve a retail customer base that continues to grow exponentially, offering products that span various categories including Phones, Computers, Clothing, Shoes, Home Appliances, Books, healthcare, Baby Products, personal care and much more	
<b>Logistics and fulfilment:</b>		
<a href="#">Sendbox</a>	We help you with local and international deliveries to your customers anywhere in the world.	
<a href="#">GIG</a>	Is a local delivery company that MSMEs can collaborate to facilitate ecommerce transaction and delivery. With their mobile app, senders or receivers can track movement of the packages	
<a href="#">Kobo360</a>	Kobo360 is Africa's innovation leader in integrated logistics solutions and truck brokerage services.  We aggregate end-to-end haulage operations to help cargo owners, truck owners, drivers, and cargo recipients achieve an efficient supply chain framework.	