

WP T2.4.3

Report summarising work  
undertaken with  
Participant SMEs

<b>Contents</b>	<b>Page</b>
1 Methodology	p3
2 Rationale	p4
2.1 The impact of Covid-19	p5
2.2 The impact of Brexit	p6
2.3 Staffing and recruitment	p6
2.4 SMEs by Sector	p7
3 Technical support undertaken with the SMEs	p8
3.1 New Market Entry Plans	p8
3.2 Work undertaken on Website Development	p10
3.3 Work undertaken on Data and the DMCP	p12
3.3.1 Inventory - and DMCP Inventory Quality Score	p13
3.3.2 Marketing Opportunities as identified by the DMCP	p14
3.3.3 Business Growth	p14
3.3.4 Profit and Costs	p15
4 2B and B2C Work undertaken with the participant SMEs	p16
5 Summary: The SME journey to greater e-commerce confidence and independence	p18

<b>Diagrams</b>		<b>Page</b>
Diagram 1	Illustration of E-Channel overlapping support for the participant SMEs in four key areas	p3
Diagram 2	Source: <b>FR SME 1</b> Data Dashboard, Soledis	p9
Diagram 3	Example of New Market Opportunities for <b>FR SME 8</b> (Technology Sector)	p14
Diagram 4	<b>UK SME 2</b> online sales made up for the revenue lost by having to close their physical shops	p15
Diagram 5	The impact of the B2B work undertaken to support <b>FR SME 1</b> (Homeware Sector) in preparation for the busy Christmas period	p17

<b>Tables</b>		<b>Page</b>
Table 1	SME overview by sector	p7
Table 2	Examples of the inventory development work undertaken with the participant SMEs	p13
Table 3	Specific B2B support for participant SMEs	p16

# 1. Methodology

Data for this report was collected from a variety of sources including:

- Formal Project Management Meetings;
- Meetings between French and UK Launchpad staff;
- Feedback from Launchpad Account Managers about SME New Market Evaluation Plans;
- Discussions from Launchpad micro-meetings and informal catch-up meetings,
- SME feedback from their regular cycle of reviews;
- Briefings at monthly project management meetings;
- Reviews with the Joint Secretariat;
- DMCP data.

Data collection, by the Launchpad Account Managers and data assimilation, at project management meetings, was ongoing throughout the project, during the timetabled, formal meetings and regular discussions and this process helped to inform the project at all stages of the reporting periods. The main findings for this report have been captured and grouped into overarching reporting lines, to create a summary of the four key areas of work with the participant SMEs so as to compile a narrative, which identifies common themes and outcomes.

The four key areas overlap as illustrated below:

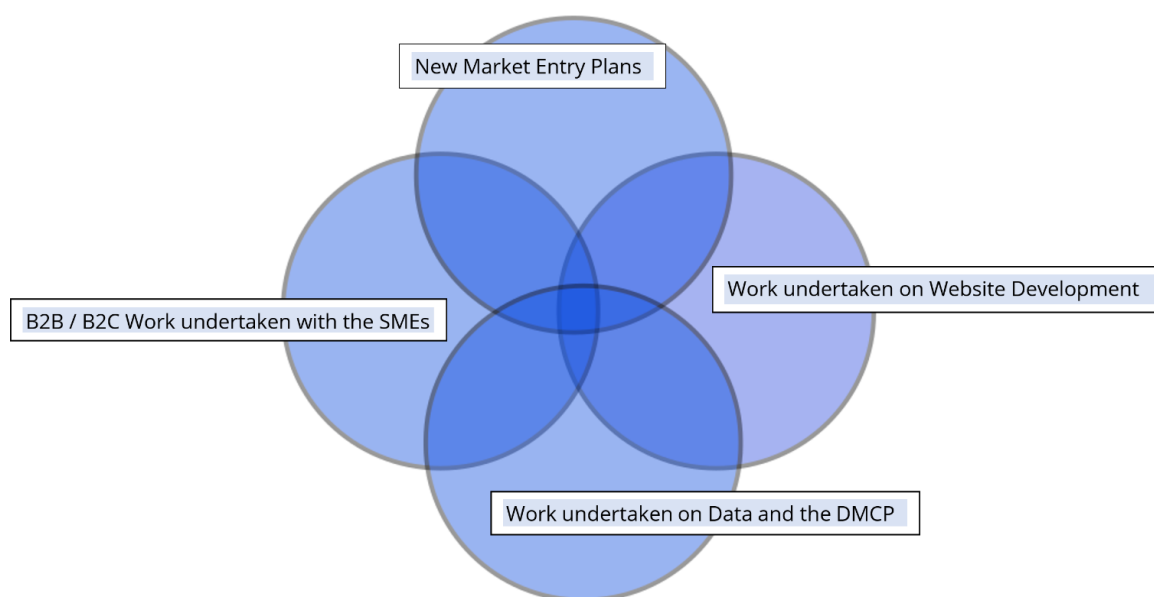


Diagram 1: Illustration of E-Channel overlapping support for the participant SMEs in four key areas

## 2. Rationale

This report is a summary of the work undertaken with the 24 project participant SMEs to enter new markets.

E-Channel set out to provide e-commerce support in a combined, coherent package as otherwise, participant SMEs would have had to work with a wide range of unconnected businesses and business support organisations (BSO), many of which would not have been focused explicitly on the needs of SMEs.

E-Channel has created and provided a framework to support and build capacity for SMEs to enter new markets, using a unique action-based consulting model<sup>1</sup> where each SME was supported by a Launchpad Account Manager who provided advice, training and support for the SMEs on their e-commerce journey.

To support participant SMEs with their e-commerce new market aspirations, E-Channel set out to develop simple data modelling to assist in Key Performance Indicator (KPI) assessment. A single Data Management Control Platform<sup>2</sup> (DMCP) was created to help SMEs enter the market successfully. The DMCP was designed to be a unified platform for data analysis and Key Performance Indicator (KPI) review for SMEs to track and monitor their sales data.

KPIs include:

- Product advertising and sales;
- Customer behaviour;
- Point of Sale (POS) and web;
- Inventory, stock and sales.

With the skills and tools needed to enter new markets, using e-commerce, it was envisaged that the participant SMEs would achieve the following:

- a) The development of their brand in a new market e-commerce context;
- b) The development of their inventory, sales performance and business growth;
- c) A positive change in their attitude to e-commerce;
- d) A positive change to the operation of their business, incorporating e-commerce with recommendations and options for future development.

The long-term goal for the participant SMEs, beyond the project timeframe, is sustained new market growth through e-commerce.

The E-Channel Launchpads supported the participant SMEs in developing their e-commerce supported new market entry through:

- Their own Launchpad Account Manager;
- A New Market Evaluation Plan;
- A regular cycle of reviews;
- One-to-one coaching in data use;
- Website UX<sup>3</sup> support and guidance;

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<sup>1</sup> A report on the E-Channel Coaching and Partnership Model is available at <https://www.e-channel.org/resources/>

<sup>2</sup> The Data Management Control Platform (DMCP) is a data and support model for organising inventory, identifying opportunities and measuring success in online marketplaces. A report on the Creation of the E-Channel Data Management Control Platform (DMCP), and a set of guides for the use of the four DMCP Tools, are available at <https://www.e-channel.org/resources/>

<sup>3</sup> User Experience (UX) is the interaction and experience users have with a company's products and services.

- Data driven market advice;
- Creating confidence in e-commerce;
- Using SME data to look for short term wins and longer-term opportunities.

## 2.1 The impact of Covid-19

The work undertaken with the participant SMEs was affected by Covid-19, specifically from Spring 2020 to Spring 2021. Many of the engagements with the participant SMEs were of a different nature than had originally been envisaged.

The main points are summarised below:

- The Launchpads could not be used as training hubs with SME peer learning as part of the experience.
- The physical nature of the Launchpads was replaced by remote working and video conferencing tools, including the initial SME sign-up and induction, with an option to use the project's distance learning platform.
- The DMCP was modified to support the participant SMEs with remote working.
- Lockdowns in the UK and France operated under different rules as well as different dates and time periods.
- Between March 2020 and February 2021, no SMEs visited the UK or French Launchpads, the UK Launchpad made no face-to-face visits to see any of the UK SMEs. The French Launchpad was able to make face-to-face visits to 50% of the French participant SME at the SMEs premises.
- Covid-19 impacted on the balance between the SMEs long-term development work and their short-term opportunism. At the start of the project, the participant SMEs were less focussed on longer term, strategic thinking because they had to react to the on-going pandemic situation quickly.
- During these uncertain and turbulent times, the participant SMEs often had to respond quickly to their own business situations. As a result, there were, understandably, times when the SMEs were not always highly project focussed. At times, this impacted the work undertaken with the participant SMEs.
- All public-facing sectors were affected by Covid-19. For example, many of the UK and French participant SMEs temporarily closed their physical shops due to their own Government lockdown restrictions, and then due to low footfall.

For example, **UK SME 8** (Homeware Sector) and **UK SME 11** (Leisure Sector), decided to close their shops, or had to close them due to lockdown rules. As those participant SMEs with physical shops had reduced footfall or had to close their premises, support for new market entry concentrated on online-only opportunities.

- Some of the participant SMEs wanted to balance their participation in the project with staying focused on their physical shops.

For example, **UK SME 12** (Food and Drink Sector) lacked e-commerce experience and was not confident in their own ability to survive if they concentrated solely on e-commerce so they kept their shops open, in keeping with UK rules.

- Consumer buying habits also changed during this time in both the UK and France. In retrospect, after the period of unpredictability in March 2020, there was a strong boost for online purchase of essentials such as food and drink. In addition, there were increasing fluctuations in discretionary or self-reward online purchases, such as

Homeware, Arts and Craft and Clothing and Accessories, which replaced travel and eating out.

- Some of the participant SMEs were already used to some element of remote working, but the majority were not. All 24 SMEs advised that they had limited experience of remote working, if any, before the pandemic.
- The amount of time and commitment the participant SMEs were able to give to engage with the technical work varied at different stages of the project, again due in part to the impact of Covid-19. All the participant SMEs advised they had to adapt and restructure their businesses, organise their employees to work remotely, where possible, or mitigate against the challenges in their market sector, as the pandemic unfolded.

## 2.2 The impact of Brexit

The work undertaken with the SMEs to enter e-commerce new markets depended on which side of the Channel they were on. Post-Brexit trading conditions<sup>4</sup> impacted on the SMEs long term plans for entering international markets, including the EU market. Some of the participant SMEs were affected by both import and export difficulties, as they needed to import products or parts prior to subsequent sale or potential export.

Despite the provision of information, advice and guidance during Brexit, none of the French participant SMEs expressed an interest in the UK market as an area for new market growth. Many of the French SMEs cited uncertainty around post-Brexit trading conditions as the reason for this. Likewise, 11 of the 12 UK SMEs said they wanted to concentrate on new domestic markets. Only one UK SME, who was already doing business with the EU persevered, but faced post-Brexit uncertainty after January 2021.

For example, **UK SME 9** (Clothing and Accessories Sector), experienced delays in receiving stock from Europe and then had to pay additional tax.

- Some UK and French SMEs, as well as UK and French customers, were subject to inconsistent practices with regards to tax, and other delivery charges, depending on which country they were in, where the goods came from and which courier delivered them.

## 2.3 Staffing and recruitment

As the Launchpad Account Managers and the participant SMEs worked on the SMEs' New Market Entry Plans, the Launchpad Account Managers were mindful that many of the participant SMEs lacked significant experience with e-commerce and so had to balance the amount of support given with the SMEs capacity to act upon it during this time. Many SMEs identified staffing as an area in need of more strategic investment if their New Market Entry Plans were to be fully realised. Specifically:

- a) SME staff availability (linked to furlough and staff reorganisation)
- b) SME staff skill set for e-commerce. E.g. training was required and many SMEs could not afford to invest in the recruitment of additional, skilled staff during this period of great uncertainty.

The availability of staff with an appropriate key skills set impacted the work undertaken with the participant SMEs. Participant SME focus and engagement was often inconsistent. At times, the participant SMEs accomplished a lot of their New Market Entry Plans and made great strides and at other times, very little progress was made.

<sup>4</sup> A report on Post Brexit trading conditions and the impact on SMEs is available at <https://www.e-channel.org/resources/>

Recruitment, an expensive process, was particularly difficult during lockdown and was made more difficult when some of the participant SMEs also had to make other staff, without the necessary skills set, redundant. These were hard decisions for the SMEs.

For example, **FR SME 2** (Leisure Sector) had to make staff redundant and did not replace them.

The SMEs ability to keep their commitment to provide e-commerce relevant, competent staff to work with the Launchpad Account Manager as they went through the cycle of SME reviews was an issue. It was not always possible for the participant SMEs to provide e-commerce relevant, competent staff with the relevant skills set. This was a key problem if the SME had been identified as lacking key technical skills.

The expectation from E-Channel FR was that the FR SMEs would make two people available, at 60% (basic requirement) for the development of their website, but it was very difficult, time-consuming, and costly, and this situation, including staff recruitment challenges, was exacerbated by the pandemic.

## 2.4 SMEs by Sector

The E-Channel Project worked with participant SMEs from different sectors with differing dispositions towards innovation, at different stages of growth and maturity, from start-ups to longer established SMEs. A sector breakdown is important because the work undertaken with each SME was linked to:

- How each sector fared due to FR/UK Government imposed Covid-19 trading restrictions;
- Consumer spending trends and behaviour in each sector due to Covid-19;
- Post Brexit trading conditions<sup>5</sup>;

Table 1 is a breakdown of the different sectors from which the SMEs were drawn and compares French and English SMEs.

Sector Overview											
	Food and Drink	Home ware	Clothing and Accessories	Arts and Craft	Health and Beauty	Technology	Service	Pet supplies	Baby Products	Toys and Games	Leisure
UK	5	4	1	1	0	0	0	0	0	0	1
FR	0	2	0	0	1	3	2	1	1	1	1
TOTAL	5	6	1	1	1	3	2	1	1	1	2

Table 1: SME overview by sector

It can be seen that Homeware (total of 6 SMEs, 4 UK and 2 FR) and Leisure (total of 2 SMEs; 1 UK and 1 FR) were the only sectors which overlapped in France and the UK with the participant SMEs.

<sup>5</sup> This is discussed further in a report on key lessons learnt in working with participant SMEs in a Brexit context which is available at <https://www.e-channel.org/resources/>



### 3. Technical support undertaken with the SMEs

Technical support was a key element in the work undertaken with the participant SMEs. 22 of the 24 French and UK participant SMEs, nearly 92%, did not have sufficient e-commerce tracking analytics in place. This required more preliminary work than anticipated. The Launchpad Account Managers worked proactively with all 24 participant SMEs, taking them through the steps required where necessary, to help them get these vital tracking tools in place. Once these were established, work began with the SMEs on optimising marketing and other key activities to improve sales.

#### 3.1 New Market Entry Plans

The New Market Entry Plan is the stage of the SME Journey where all the data and information has been gathered, analysed, evaluated, shared and discussed with the SME. Following this in depth process, the Launchpad Account Manager writes the New Market Entry Plan. This plan is then shared and discussed with the SME. As part of this plan, training and development opportunities for the SME are also discussed. Every participant SME received a New Market Entry Plan.

A large part of the work undertaken with the SMEs was about the access and interpretation of their sales data. This data also had to be pertinent, for example, to include the number of sales and products. The Launchpad Account Managers discussed, explained and showed examples to the participant SMEs of how data could be used. The DMCP tools were configured to provide self-explanatory reports for the SMEs, designed to be as user-friendly as possible as the aim was for the participant SMEs to access and use them remotely. The main issue was timing, due to Covid-19, as the participant SMEs had to prioritise their own current business survival, while working towards business growth including staffing and recruitment as well as sales and profits.

Examples of the work undertaken with the participant SMEs:

- Support with data analysis gave the participant SME a better understanding of their data and metrics generated by the E-Channel DMCP platform, and their own websites after the cycle of SME reviews with their Account Managers, and was positively received.
- To support the participant SMEs, the Launchpad Account Managers shared examples of reports from Google Analytics and other data with a commentary regarding how to interpret the data and coached the participant SMEs with the use and interpretation of this data as part of their new market entry plans.
- The majority of participant SMEs were open and receptive to making changes as a result of the consultancy, including making strategic staffing decisions, and were happy to take the advice of their Launchpad Account Managers.
- The Launchpad Account Managers advised that the participant SMEs often appreciated the ideas and direction provided and recognised the impact it could have.
- Trying to get the participant SMEs to take the lead and embed the uses of the data in their business planning was impacted by distractions such as Covid-19 and Brexit (UK).

Examples of the main actions carried out by the participant SMEs as part of their New Market Entry Plans include the following:

For example, **FR SME 2** (Leisure Sector):

- Restructuring of products and price profiles (multipacks);
- Implementation of a marketing policy aligned with competing international practices.

For example, **FR SME 11** and **FR SME 12** (Technology Sector):

- Implementation of highly targeted campaigns (Christmas period); in view of the success, a study of a modification of the marketing plan, using direct sales to complement indirect sales.

For example, **FR SME 1** (Homeware Sector):

- A makeover of technical structure or redesign of website;
- Complete modification of the product catalogue during the Covid-19 period: traffic and sales, action held between March and April 2020;
- Adjustment of the product catalogue in the context of export and direct sales;
- Drop in sales due to impact of Covid-19 (February/March 2020);
- Restructuring of the catalogue in March/April 2020;
- Recovery of sales on the new catalogue between April and June 2020.

Diagram 2, below, is taken from the DMCP Data Dashboard for **FR SME 1** (Homeware Sector). It clearly illustrates a drop in sales due to the impact of Covid-19 in February/March 2020, and that a restructuring of the product catalogue in March/April 2020 led to sales recovery. The success of the new product catalogue between April and June 2020 also had an impact on sales.

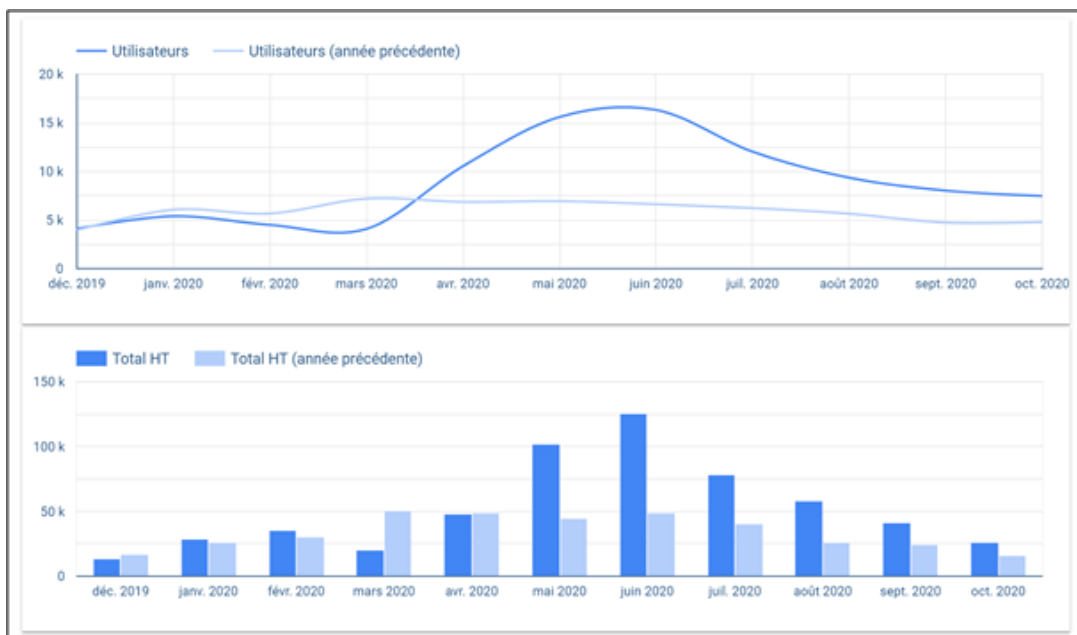


Diagram 2: Source: **FR SME 1** Data Dashboard, Soledis

All the participant SMEs actively worked on inventory quality and improving their product descriptions. Some participant SMEs created or added additional products based on direct advice and suggestions from their Launchpad Account Managers.

For example, **UK SME 7** (Food and Drink Sector), developed new hamper packs, flavours, and products. This Account Manager advised that this idea to develop new hamper packs, flavours, and products was based on the Account Manager's own knowledge and experience in that sector. The Account Manager was aware of potential opportunities that **UK SME 7** ( Food and Drink Sector) was not, The Account Manager could also step back and see the full SME operation while the SME was focussed more on the day-to-day running of their business than strategic overview.

- The Launchpad Account Managers took photographs for the participant SMEs who were missing images on their websites, or whose images were not of sufficient quality. Those UK and FR SMEs who updated their photography, in line with the advice of their Launchpad Account Managers, advised that they saw an early increase in online sales as a result.
- Inventory improvements tended to be an action for most SMEs to begin working on immediately.

For example, **UK SME 7** (Food and Drink Sector) improved their photography.

For example, **UK SME 3 and UK SME 8** (both Homeware Sector) worked on improving product descriptions as descriptions duplicated by multiple suppliers have a negative impact on their positioning within search engines. The Google Search Engine does not like duplication of description so the SMEs products were lower in the ranking as a result of this. Taking out the duplication led to more positive positioning. They also improved their photography.

### 3.2 Work undertaken on Website Development

A key activity for the participant SMEs was the work undertaken on their websites, including:

- Improving the SMEs websites, product ranges and descriptions;
- Updating or identifying new opportunities for social media and marketing activities;
- Giving advice about targeted, paid marketing once an SMEs website was in a position to push more traffic to it;
- Adding positive reviews to the site. This can have a huge impact on customer purchase decisions.
- Website design and redesign work was carried out either by Soledis or Vertical Plus, in-house by the SME themselves or by another e-commerce company chosen by the participant SME.
- The Launchpad Account Managers supported the participant SMEs to make adjustments to their websites so as to optimise sales and operations. The Launchpad Account Managers gave every participant SMEs advice about their websites, from small tweaks and technical changes to complete redesigns. This advice was actioned by all the participant SMEs but often led to delays in launches and measuring results.
- Many of the participant SMEs were using outdated website building and hosting software so much of the initial work with the SMEs was talking to them (remotely) about what they wanted their websites to do. The dilemma was that for SMEs inexperienced in e-commerce, they 'didn't know what they didn't know'. Some of the SMEs acknowledged that they did not want to pay for upgrades as they were unsure what they needed.

- As a longer-term strategy, with support from E-Channel, many of the participant SMEs invested in new e-commerce software in order to progress their online ambitions. This was directly due to the impact of the advice offered by the Launchpad Account Managers. Once up and running, the participant SMEs reported that this had an immediate impact. Many of the participant SMEs upgraded their software or changed subscriptions to allow them to access more functionality and data reporting tools.
- Switching to a different e-commerce software solution, with a monthly subscription, and updated monthly, was better value for many of the participant UK and French SMEs.

For example, **UK SME 9** (Clothing and Accessories Sector) invested in new e-commerce software, as their existing site software was out of date, with a number of missing areas of functionality such as reporting. In addition, **UK SME 9** had been having issues tracking transactions in Google Analytics. The Launchpad Account Manager helped guide **UK SME 9** through a range of options, suitable for their business, which enabled **UK SME 9** to select the one they felt was most appropriate.

There were delays in redesigning websites, either for technical or content creation reasons, or due to a lack of staff resource, including SME staff being on furlough.

For example, **FR SME 5** (Service Sector), **FR SME 8** (Technology Sector), **FR SME 11** (Technology Sector), and **FR SME 12** (Technology Sector) required additional support with website redesign and restructuring or had websites which required a technical overhaul and redesign. This work was carried out but took 2 to 4 months instead of 3 to 4 weeks as had originally been estimated, so the impact of the work is yet to be fully evaluated.

There were some technical challenges as some of the participant SMEs' websites needed to be adapted to allow the DMCP to access specific data.

For example, the DMCP had to be modified and enhanced so as to be able to analyse the precise data required by the B2B market and the export targets for **FR SME 6** (Pet Food Sector).

The SMEs who were more successful during the life of the project were keener to plan longer-term and this included investing in their websites.

For example, **UK SME 2** (Food and Drink Sector), updated its website and seized the opportunity, as presented by its data, and advice from the Launchpad Account Manager, and did very well with its e-commerce sales once it had expanded its product range to include a wider range of gift boxes.

For example, **FR SME 5** (Service Sector) launched a new website at the beginning of 2021. **FR SME 11** (Technology Sector) and **FR SME 12** (Technology Sector) launched new websites in late Spring 2021. However, the impact on sales may not become clear until after the project concludes.

Those UK and FR participant SMEs who updated their websites, in line with the advice of their Launchpad Account Managers, saw an early increase in online sales as a result. All the participant SMEs with online shops fed back that, as a result of the project, they were

planning to make their online shops a more significant part of their business plan going forward. E-Channel has therefore had a 'whole business' strategic impact on these SMEs.

For example, **UK SME 8** (Homeware Sector), **UK SME 10** (Artisan Craft Sector) and **UK SME 12** (Food and Drink Sector) invested a lot of time and energy into their websites to help support their physical shops.

As well as working with participant SMEs who were relatively inexperienced with, or new to technology and e-commerce, E-Channel also worked with experienced participant SMEs from the technology sector. This provided a separate level of complication.

For example, it was not as straightforward as had been anticipated to integrate the systems from **FR SME 8**, **FR SME 11**, and **FR SME 12** (all three from the Information Technology Sector) with other systems, including the DMCP. This digital assimilation was a challenge as these participant SMEs were, at times, resistant to changing their own established systems. It took time to find solutions and to implement them.

Website design was an important issue for the participant SMEs so a lot of work was undertaken, as part of the consultancy, to ensure the websites had maximum e-commerce sales potential and data tracking. Some of the SMEs wanted a complete overhaul of their websites which was time-consuming and complicated, especially as this work had to be supported and carried out remotely.

For example, **FR SME 10** (Technology Sector) decided to completely redesign their website but it took more than 4 months to launch the new website redesign, so their consultancy period was extended. As part of their New Market Entry Plan, work with **FR SME 11** (Technology Sector) to redesign their website took only one week, and this was achieved with **FR SME 12** (Technology Sector) in 3 weeks.

The process of website upgrade was more straightforward for those SMEs already involved in e-commerce, digital processes, such as **FR SME 1** (Homeware Sector), **FR SME 3** (Health and Beauty Sector), **FR SME 4** (Homeware Sector) and **UK SME 1** (Food and Drink Sector), and slower for those participant SMEs with no online sales process, or non-functional processes<sup>6</sup>, such as **FR SME 7** (Baby Product Sector), **FR SME 8** (Technology Sector) and **UK SME 9** (Clothing and Accessories Sector).

### 3.3 Work undertaken on Data and the DMCP

The DMCP is a data and support model, linked to the E-Channel consultancy model, for organising inventory, identifying opportunities and measuring success in online marketplaces.

Overall, the participant SMEs lacked technical understanding and technical skills, and many only had a basic level of understanding of their data as well as their basic e-commerce infrastructure set up, including, but not restricted to, Google Analytics. The Launchpad Account Managers gave more time to the participant SMEs for technical support during the intense consultation period than had been anticipated, especially on data and inventory, which was more complicated and took longer to do remotely.

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<sup>6</sup> A nonfunctional process is a system feature such as security, reliability, performance, maintainability, scalability, or usability.

The DMCP incorporates four important stages of E-Commerce new market entry and growth, and the DMCP tools supported the SMEs in the following areas:

- Product Inventory Standardisation
- Market Assessment
- Costing Assessment
- Business Growth

### 3.3.1 Inventory and the DMCP Inventory Quality Score

Table 2 contains examples of the inventory development work undertaken with the participant SMEs:

Area of inventory development	SME
Development of online product catalogues	<b>FR SME 1</b> (Homeware Sector) <b>UK SME 8</b> (Homeware Sector)
Development of online product structuring, for example, having fewer products per category, or reducing the number of categories	<b>FR SME 7</b> (Baby Products Sector) <b>UK SME 9</b> (Clothes and Accessories)
Developments in marketing target segmentation and data enrichment for DMCP dashboards, with as much as much stock visible on the website site as possible	<b>FR SME 3</b> (Health and Beauty Sector) <b>FR SME 6</b> (Pet Food Sector) <b>UK SME 12</b> (Food and Drink Sector)
Development of product content	<b>FR SME 8</b> (Technology Sector) <b>UK SME 2</b> (Food and Drink Sector)

Table 2: Examples of the inventory development work undertaken with the participant SMEs

The DMCP Inventory Tool allowed the participant SMEs to check their inventory against a range of common mistakes and set their own objectives, to try to get a quality score of 100% in the DMCP. All 24 participant SMEs required advice on their inventory. The participant SMEs were generally very open to adapting their working methods, and the Covid-19 situation accelerated the need for this.

For example, **UK SME 2** (Food and Drink Sector) is a typical illustration of many SMEs who made common mistakes on their websites, such as missing or poor descriptions and no images. After support from the Launchpad Account Manager, **UK SME 2** Inventory Quality Score in the DMCP rose to 96%.

The Inventory Quality Score rose after support from the Launchpad Account Managers:

- **UK SME 11** (Leisure Sector), Inventory Quality Score rose to 97%.
- **UK SME 1** (Food and Drink Sector) and **UK SME 5** (Homeware Sector) Inventory Quality Score rose to 100%.

SME feedback was that by using the DMCP inventory tool, it was straightforward to see which products were missing descriptions, images, and price.

### 3.3.2 Marketing Opportunities as identified by the DMCP

The Marketing Opportunities Tool in the DMCP flagged Strong, Good, and Potential opportunities for the SME identified in the data from their various data sources. The Marketing Opportunities Tool had an immediate impact for the participant SMEs as it provided them with the ability to work on products immediately to improve their sales. Examples of SMEs who used the Marketing Opportunities Tool to take fast action to capitalise on their current situation include **UK SME 5** (Homeware Sector), **UK SME 8** (Homeware Sector), **UK SME 9** (Clothing and Accessories Sector) and **UK SME 10** (Artisan Craft Sector). All three participant SMEs agreed that this effective, quick win gave them more confidence in the e-commerce process. The Launchpad Account Managers made suggestions for marketing campaigns. Many of the SMEs were not taking full advantage of social media and so were supported with social media and marketing advice.

For example, **UK SME 10** (Artisan Craft Sector) successfully launched an Easter promotion and created some quick and easy video content to showcase their products to share on social media.

### 3.3.3 Business Growth

The Business Growth Tool was very popular with the participant SMEs as it allowed them to track their long term objectives for their new market entry, to see how well their business was doing, to project potential sales growth based on current trends, and to gain an overview of sales performance over longer periods.

For example, **UK SME 7** (Food and Drink Sector) is one of several SMEs who worked proactively with their Launchpad Account Manager on improving their inventory, until they only required occasional assistance. As **UK SME 7** began to see increased sales, they moved on to looking at new market activity, including exploring additional platforms, internationalisation outside the UK and B2B opportunities.

For example, as part of their business growth, **FR SME 8**, **FR SME 11**, and **FR SME 12** (All Technology Sector) looked at new market opportunities in India and North America as well as Europe.

Diagram 3, below is typical of the work undertaken with those SMEs who were interested in business growth outside their domestic market.

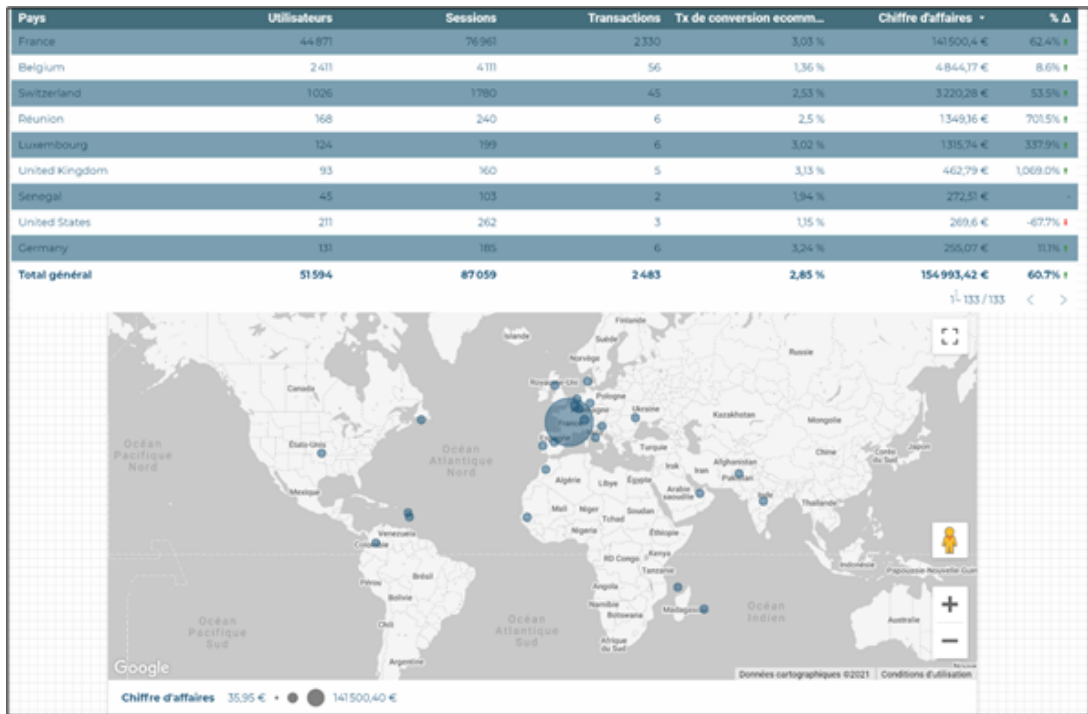


Diagram 3: Example of New Market Opportunities for **FR SME 8** (Technology Sector)

### 3.3.4 Profit and Costs

The Profit and Costs Tool allowed the SMEs to see much money they were making from each order, from their e-commerce operations. The Profit and Loss Tool sometimes required a longer piece of work as it needed to be populated with quality data. However, SME feedback was that this was an invaluable tool as it allowed them to see the relationship between their sales and their profits. High sales volume does not necessarily equal a high profit. A lot of SME capital was tied up in their stock. This tool allowed the SMEs to consider the range of their inventory, whether to cut back on some of their product lines or focus on specific higher margin products.

For example, **UK SME 9** (Clothing and Accessories Sector) reduced some of their online product lines using this tool, because they had sold so little due to their physical shop being closed.

For example, **UK SME 2** (Food and Drink Sector) e-commerce sales fluctuated due to Covid-19 but their online sales made up for the revenue lost by having to close their physical shops. Please see Diagram 4, below:

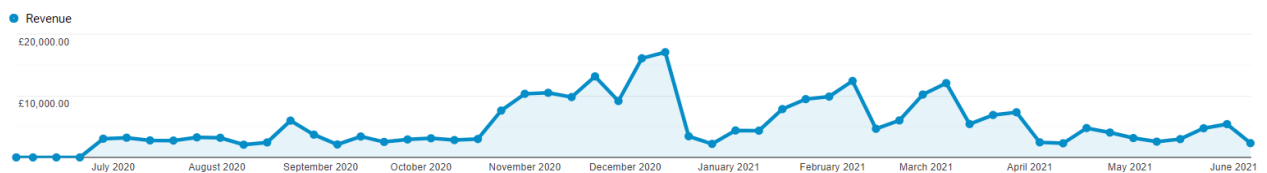


Diagram 4: **UK SME 2** online sales made up for the revenue lost by having to close their physical shops



## 4. B2B and B2C Work undertaken with the participant SMEs

One opportunity for new market entry includes the move from B2C<sup>7</sup> to B2B<sup>8</sup>. Of the two project partners, Soledis had more experience of B2B than Vertical Plus. The two project partners combined their experience of B2B and B2C to support the SMEs on their e-commerce new market journey, and to offer them both B2B and B2C options.

In France, at the start of the project, 50% (6) of the French participant SMEs were, or had been, involved in B2B. By the end of the project, this interest had increased to 67% (8) of French SMEs expressing an active interest in B2B.

In the UK, at the start of the project, 100% (12) of the UK SMEs wanted to focus their new market entry on Business to Consumer (B2C) sales. By the end of the project, B2B interest had increased with 34% (4) of the UK SMEs expressing an active interest in B2B, including **UK SME 1** (Food and Drink Sector), **UK SME 2** (Food and Drink Sector), **UK SME 7** (Food and Drink Sector) and **UK SME 12** (Food and Drink Sector).

A small cohort of 24 SMEs is not necessarily representative of the UK and FR participant SME attitudes to B2B as an opportunity for new market entry. It should be considered that:

- The UK participant SMEs who came forward and were recruited were all retailers, whose business model was mainly B2C.
- Two of the UK SMEs, **UK SME 1** (Food and Drink Sector) and **UK SME 7** (Food and Drink Sector) had a separate B2B arm, which they wanted to keep outside the project. They initially saw the E-Channel project as an opportunity to focus specifically on B2C but by the end of the project, they had both incorporated new B2B market entry plans.
- Some of the French participant SMEs included those who were far more focussed on B2B than B2C. By the end of the project, two of these French SMEs were considering new B2C market entry plans.
- To some extent, a move to B2B was also dependent on the SMEs market sector, as seen with the four UK SMEs, who were all in the Food and Drink Sector.

Work undertaken with the participant SMEs included advice given on:

- Implementation of specific B2B tariffs;
- Implementation of specific products (as multipacks) to ensure B2C / B2B separation;

Table 3 is an overview of the B2B support work undertaken with the participant SMEs in the following areas:

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<sup>7</sup> Business-to-consumer (B2C) refers to the process of a company selling products and services directly to the consumer.

<sup>8</sup> Business-to-business (B2B) is a transaction or business conducted between one business and another, such as a wholesaler and retailer.

Area of B2B Support	SME
Implementation of specific tools to monitor B2B sales	<b>FR SME 11</b> (Technology Sector) <b>FR SME 12</b> (Technology Sector)
Calculations for specialist hydraulic systems and services	<b>FR SME 10</b> (Technology Sector)
Netlinking <sup>9</sup> work on third party B2B sites	<b>FR SME 8</b> (Technology Sector) <b>FR SME 11</b> (Technology Sector) <b>FR SME 12</b> (Technology Sector)
Systems for referrals to a central office and fulfilment centre <sup>10</sup>	<b>FR SME 1</b> (Homeware Sector)

Table 3: Specific B2B support for participant SMEs

For example, support for **FR SME 3** (Health and Beauty Sector) included an opportunity for B2B objectives. The DMCP was therefore enhanced for **FR SME 3** to present the impact of B2B internationalisation on current and future sales.

For example, B2B support for **FR SME 1** (Homeware Sector) included a successful medium-term strategy, including:

- Advice on sales to supermarkets and other specialised distribution centres for their specific products;
- A trial of direct digital sales to B2B markets using e-commerce;
- An additional trial during the Christmas period, successfully tracking traffic and sales data;
- A complete overhaul of sales strategy, to include an e-commerce channel (in progress). This was embedded as an integral part of future business strategy and not a 'bolt-on'.

<sup>9</sup> In the field of search engine optimisation, Netlinking describes actions aimed at increasing the number and quality of inbound links to a webpage with the goal of increasing the search engine rankings of that page or website.

<sup>10</sup> Fulfillment is the name given to the process of order processing in e-commerce. It is the entire process from ordering a product to delivery to the end customer. Fulfillment often includes post-processing and the handling of returns.

Diagram 5 below, shows the impact of the B2B work undertaken to support **FR SME 1** (Homeware Sector) in preparation for the busy Christmas period. It can be seen that turnover rose by 150%.

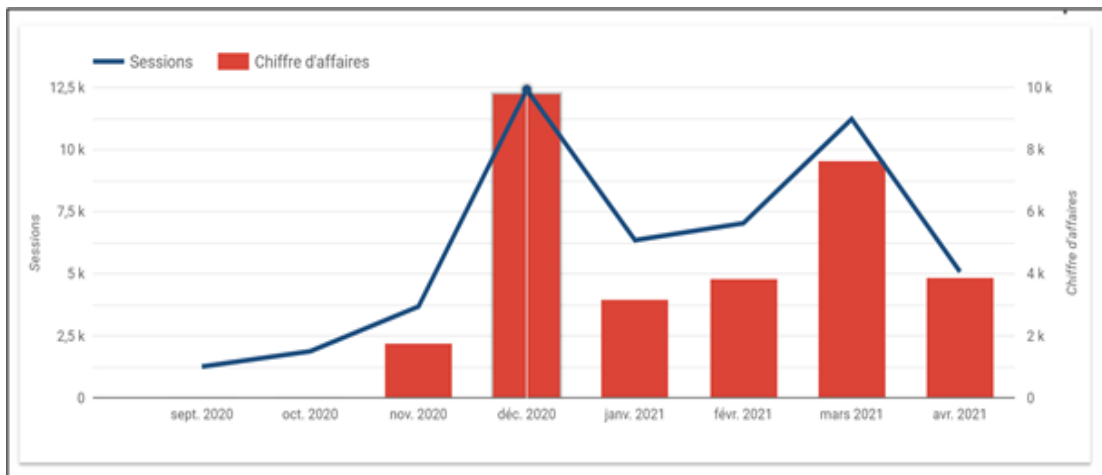


Diagram 5: The impact of the B2B work undertaken to support **FR SME 1** (Homeware Sector) in preparation for the busy Christmas period.

## 5. Summary: The SME journey to greater e-commerce confidence and independence

Despite the challenges of 2020, the E-Channel Project worked with 24 participant SMEs and successfully supported them in developing their e-commerce new market entry strategies via new platforms and multi-channels, a focus on B2B or B2C markets, new cross-border opportunities, selling through social and digital media, the use of video and interactive content, user generated content and mobile e-commerce.

The work undertaken by E-Channel with the participant SMEs included:

- Support from their own Launchpad Account Manager;
- A New Market Evaluation Plan;
- A regular cycle of reviews;
- One-to-one coaching in data use;
- Technical support;
- Marketing Support:
- Website support;
- Data-driven market advice.

As a result of this work, the 24 participant SMEs have been equipped to plan accordingly for the future and refocus their efforts, where required, to help develop their systems and processes to increase the success of their e-commerce ambitions.