

How to be successful at e-commerce

Global

E-commerce is dominated by a few giant companies. But there is still of space for smart competitors, particularly if they find a niche or champion a message that's more thoughtful than the behemoths. Discover how these e-commerce entrepreneurs all found room to thrive.



Bombinate

London

It's rare for young entrepreneurs starting online businesses to get out on the road to do their research; most stick to Google. Yet when London-based Swiss duo Massimiliano Gritti and Elliot Aeschlimann started a high-end menswear and accessories site, the first thing they did was get out of the office so they could really connect with the extraordinary makers and craftspeople they discovered.

"We travelled around Europe looking for small makers and companies making really high-quality products but who were not present online," says Gritti. "We asked ourselves why there was so much quality and craftsmanship out in the world but it was so hard to find online," he adds. "The feedback we got was all the same: these people were focused on their manufacturing but found online hard to cope with."

Having convinced 30 such brands to join the nascent platform, he and Aeschlimann launched Bombinate in May 2017; it now has just under 50. A key part of the website is a content area that tells the stories behind each company. "The future of multi-brand sites like ours is storytelling and community, and being mission-driven," says Gritti. "This is what Amazon will never have." — MAL bombinate.com

Garmentory

Seattle

Seattle-based entrepreneurs Sunil Gowda and Adele Tetangco found an e-commerce niche when they established Garmentory in 2014, which provides small boutiques and emerging designers with an expanded reach by helping them overcome their geographic constraints.

The online marketplace gives independent retailers a way to shift inventory that doesn't sell in-store or — in the case of the small designers — that has no other route to market. It operates on a "make-an-offer" model, whereby customers around the world pitch a price for their garment of choice. The site doesn't hold stock but simply links up the two sides of the transaction.

Sales made through Garmentory tripled between 2016 and 2017. But it's not only customers who have voted with their clicks. More than 500 boutique stores and designers in the US have now signed up to the marketplace. This is largely because doing e-commerce well has become a bigger ask and many small businesses don't have the spare capacity. "It's hard for a lot of businesses to keep up," says Tetangco. "Opening an online store is like opening a second store. It takes the same amount of time and people." — WK garmentory.com

Many happy returns

by Clare Dowdy

Along with the benefits of e-commerce goes the retailer's nightmare: returns, or "reverse logistics". Shoppers increasingly over-order, only to send items back. According to shipping service JDA/Centiro, a third of UK adults who shop online return up to two items a year. Returns have to be schlepped back to the retailer's warehouse, where they must be checked and repackaged before being resold. Fashion entrepreneurs beware: you are at risk of being stuck with out-of-season stock. However much they love your stuff, fickle shoppers are unaware of the problems they're creating but they also hate it if you dilly-dally with their refund. Savvy e-tailers should absorb these tips if they want to make returns a happier experience.

- 1. For keeps:** Typically, shoppers who want to try things before deciding which to keep must fork out for all of them and return unwanted items to get a refund. Allow customers to order goods, try them on and having taken their bank details pay for what they keep.
- 2. Home help:** Could the courier or delivery person double up as a "shop helper" who waits at the front door while a customer tries on a new outfit at home? Any rejected items can be taken away there and then.
- 3. Stretch the trunk:** Use your car boot as a post box. DHL is piloting car-drop delivery in Berlin with 50 Volkswagen Polos. The shopper tells the retailer where the vehicle is parked and the DHL parcel courier accesses the car boot via a single-use, time-limited code; the package is left in the boot for the happy shopper.
- 4. Click happy:** Team up with bricks-and-mortar shops, who will take delivery of online orders. Your customer can then try on an item in a fitting room, with the option of returning it immediately.
- 5. Bot to trot:** Perhaps robots aren't the answer to all the world's problems but a delivery-bot could pick up unwanted online purchases from city-based shoppers. These ground drones have been trialled, under human supervision, by MyHermes and Starship Technologies.

Tannico

Milan

Italian wine brings to mind lush green hills and grand dinners, not the digitalised world of e-commerce. But where Italy and its winemakers broadly neglected the internet, entrepreneur Marco Magnocavallo found a ripe niche. Since launching in 2012, Tannico, his well-stocked wine-selling website, has become the largest retailer of its kind in the country.

"I wanted to create the dream catalogue of Italian wines," says the neatly dressed 45-year-old, with spiky salt-and-pepper hair and rimless glasses, as he sits in Tannico's Milan headquarters.

Last year, Tannico shipped one million bottles from more than 2,000 winemakers stocked in its warehouse, turning an €11m profit. It has grown now to serve 20 countries, including the US, UK and Japan, alongside EU territories. With mostly Italian labels on the roster, Tannico's success increases the reach of the country's wineries, in particular the small-scale kind sought out by its sommeliers. "I like offering small vintners the chance to sell across Italy and the globe."

Italy abounds with artisan wineries that struggle to reach markets even beyond their region. Online sales barely existed before Tannico but Magnocavallo won trust from wineries apprehensive about

e-commerce. Helping to lure customers is Tannico Intelligence, the company's free digital tool that affords his collaborators detailed demographics on who buys their wine, as well as their competitors' wine. In March, Tannico launched a wholesale service selling wines to restaurants and hotels.

Magnocavallo capitalised quickly but his sector is now evolving apace – in 2017, luxury drinks group Moët Hennessy launched Clos19, an online platform for its brands. Still, the Milanese is confident he can overcome bigger foes: "Amazon has a breadth of products you can't compete with but there's no attention to how the inventory is chosen. To compete, you need a speciality and a well-researched offering. It has to be something that inspires passion." — LR

tannico.it



Q&A

FLORIAN TEUTEBERG
Co-founder of
Digitec Galaxus
Zürich



Florian Teuteberg pioneered e-commerce in Switzerland, when he launched Digitec Galaxus with two friends, aiming to offer gadgets and IT products, from computers to cameras, at lower-than-market prices. After the expansion to a broad warehouse complex in 2012 and a 50 per cent stake bought by Swiss retailer Migros, the next step will be expansion to Germany. — CS

How did Digitec Galaxus become a success?

We offer products at good prices, speedy delivery times and high availability. Adding to that we created a pleasant e-commerce platform with interesting articles, recommendations and active customers.

How have physical shops helped you to become successful?

When we launched our first shop in 2001, no one was talking about multi- or omni-channel strategies; we just felt that this was something customers wanted. For now, we don't have any physical stores planned in Germany but it's an option.

Why is now particularly the right time for the expansion to Germany?

We're the Swiss market leader and have reached a size where we're comfortable to tackle new markets. If we take our 2017 revenue of €750m, we'd be Germany's fourth-largest retailer; in relation to the population, we have a comparable size to Amazon there. So we see high potential and a niche there that has not been occupied yet. It's also for practical reasons; if we want to remain competitive it doesn't make sense to invest in a platform only for Switzerland. If Germany is a success, we'll expand to other countries.

galaxus.ch