Ecommerce sites based on a SaaS Model.

Introduction:

This white paper analysis and explains the pros of using Saas (Software As A Service) model for companies or individuals who want to harness ecommerce as a tool to increase their existing business revenue.

Illustration:

SK's Donuts is a family run business. Established since 1941 based out of Hollywood, California. The place is famous for their unique tasting doughnuts and very a common tourist place where people come to try their doughnuts.

The secret to Sk's Donuts success is their unique and simple recipes.

At Sk's doughnuts there is an urge to expand, but at the same time it is a necessity to safe guard the secret recipes which are a core to their success. Hence a franchisee was not something they are interested in.

Being a family run business they do not have the finance to setup a factory and a distribution network across the state of California. So any kind of huge upfront costs is something which they cannot afford.

The net is making the world a smaller place. They wanted to know if they can take advantage of this even with their small business limitations.

Analysis of the Sk's current situation:

- Find distribution and marketing avenues to increase business.
- Very Limited finance. Unable to setup a factory or large distribution network.
- Core business secret are the recipes which need to be well guarded.
- Famous Tourist destination.
- They sell doughnuts which have a shelf life of one week.
- Unable to get a loan as its a small family business.

Solution:

- Develop an ecommerce application based on SaaS Model so there is no huge upfront costs for the setup.

What is SaaS ?

SaaS stands for software as a service where a vendor makes and delivers an application for a client over the net. There is a minimum upfront costs and a monthly charge based on the sales made or a predefined costs agreed upon.

Sk's doughnuts thus gets a tool where they can interact with their potential customers and increase their business.

Being a web application the shop computer can easily show the the order status online and it integrates easily with the exsisting systems.

Use of Ivr(Interactive Voice response) applications allows customers to place orders via the phone so they get a rich experience as if the shop is in the same locality.

- Use of a courier company to get your distribution done where the doughnuts can be delivered within one working day.

The web application can automatically book for a courier pick up and delivery and the staff and Sk's Doughnuts and their customers can track their packages online.

- Use of online marketing tools like advertising, network and lead generation.

Using tools like google adwrods, seo, network alliances. Sk's Doughnuts can get the word around about their business.

Sk's has the feature of only paying for genuine leads generated by these advertising systems which fits perfectly in their limited budgets.

- As there is no new physical facility the secret recipes remain intact.

Using the ecommerce site they only thing they have done is allowed their existing kitchen to be more productive thus generating additional revenue this ensures the secret recipes remain intact.

Things Sk's Doughtnuts needs to know:

#Geographical Barrier:

    Doughnuts need to be fresh and thus they need to understand what would be the perfect lead time to give a courier company.

#Confusing Check out Process:

    According to studies 48% customers abandon the checkout process. A detailed break up is below:

1. Hidden charges at checkout (36%)
2. Having to register to buy (31%)
3. The customer was simply comparison shopping (30%)
4. Shipping charges were too high (27%)
5. The customer did not have time to complete the checkout (27%)
6. The product was out of stock (16%)

#Unable to Sell Products Under the "Long Tail"

    Traditional retailers with limited shelf space tend to focus on a narrow range of products that sell in high volumes. A retailer would much rather devote shelf space to items purchased ten times a day versus once a year. However as the figure below demonstrates low sales volume products can equal or exceed sales generated by the high volume products highlighted in yellow. This often ignored product range is known as the "Long Tail".

The Long Tail ignored by traditional retail

Products

#7: Customers Can't Touch and Feel a Product.

Amazon.com was founded when CEO Jeff Bezos went looking for a product amenable to online ordering. Books seemed a good fit. Customers don't have to try on books. Despite adages to the contrary, book buyers generally judge a book by a cover. And books generally
sell themselves via reviews and word of mouth. Other products have proven more difficult to sell online as customers are generally accustomed to picking up and examining the product. Groceries and clothing are two notable examples. Merchants wishing to sell certain
classes of goods online may face this barrier.
Solution:
An eCommerce platform needs to support product images.

Images need to fairly and accurately reflect the product. An eCommerce platform should also support the ability to attach multiple pictures to a product catalog page, allowing the consumer to view the product from multiple angles. Another solution involves leveraging human psychology. Human psychology is such that humans trust the stories of their peers. Consider, a person can read half a dozen positive reviews about a product by industry experts but if his/her friend has negative criticism, the peer's story will be given far more weight.

About Harsons

Empowering organizations to harness the power of the Web. Based in Pune, India, Harsons brings scalable software, integration capability and comprehensive services together to provide organizations with a powerful eCommerce tool that grows and changes with today's business landscape. From an organization's first eCommerce project to a complex solution that is the heart of a large corporation, Harsons provides the technology, services dynamic organizations need to reduce friction in daily operations and profit from an additional revenue channel. For more infor-
mation, visit www.harsons.in