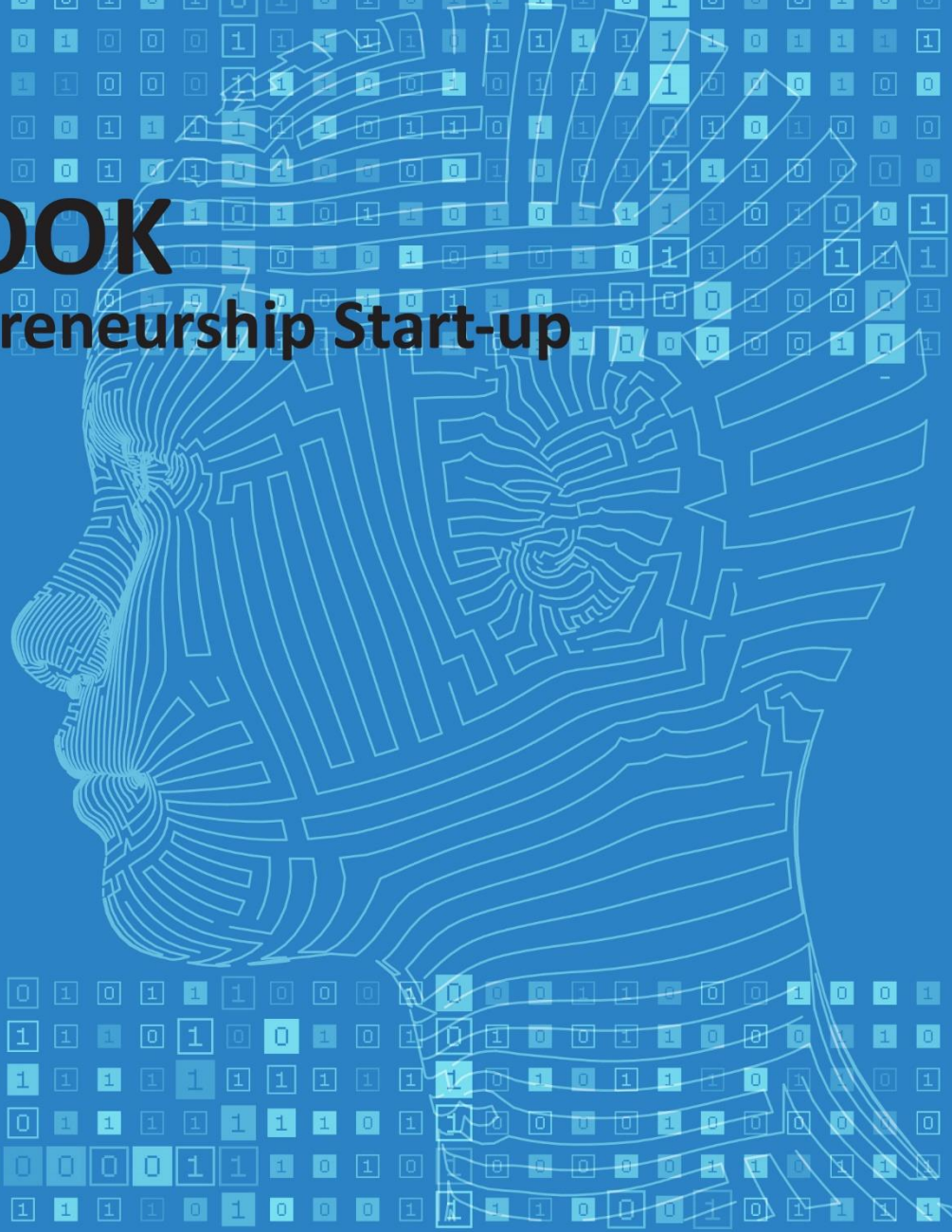


HANDBOOK

Digital Entrepreneurship Start-up





TITLE

Handbook “Digital Entrepreneurship Start-up”

PROJECT:

“Digital Entrepreneurship Start-up for Youth”, funded by the British Council, National Agency in the United Kingdom, within the Erasmus+ programme.

Project partners are:

- Silver Fox North east CIC, UK (applicant)
 - PIN consulting, Serbia
- Association for improvement of modern living skills “Realization”, Croatia
 - Youth Power Germany e.V., Germany
 - Ung Kraft / Youth Power, Sweden

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ABOUT THE PROJECT

“DIGITAL ENTREPRENEURSHIP START-UP FOR YOUTH”

Lately, we are witnessing high unemployment rates, especially for young people who have difficulties in even getting their first jobs and gathering relevant experience for their (future) careers. Self-employment and entrepreneurship has turned out to be a valuable option for careers' building. However, with the development of the IT sector, classic “offline” enterprises do not bring enough clients and profit and, thus, do not survive for long time. We believe that youth self-employment in digital entrepreneurship can reduce youth unemployment.

In order to get into digital entrepreneurship, all interested youngsters / individuals need to have respective high(er) level of ICT / digital competences. As most of our unemployed youngsters admit in our short survey that they lack digital business competences, with this project we are contributing to the development of their ICT/digital competences, or in other words – of the relevant and high-quality skills and competences for digital entrepreneurship of theirs.

With this project, thus, we are answering to the needs defined by institutions, as well as the needs of our own youth workers and youngsters. We are promoting digital entrepreneurship of youngsters and are producing intellectual outputs that will serve as a quality knowledge management material for education of current and future youth workers for efficient and effective empowerment and mentoring of youngsters for digital entrepreneurship.

Project objectives:

- Empower unemployed youngsters for digital entrepreneurship start-up through development of inspiring, innovative and up-to-date handbook, as well as the online course.
- Empower our youth workers and improve knowledge management of youth work organisations in theory and practice for building competences of youth workers in digital entrepreneurship for youngsters, through LTTA and innovative curriculum for youth workers' training and useful toolkit with workshops for youngsters.
- Exchange good practices and further develop quality strategic partnership among partners from 5 European countries with different realities in regards to youth employment and digital entrepreneurship

Project activities are:

- A1 – Project Management
- M1 – Kick-off meeting
- O1 – Handbook “Digital Entrepreneurship Start-up”
- M2 – Second meeting

- O2 – Curriculum “Empowering youth workers to encourage digital entrepreneurship start-ups among youngsters”
- M3 – Third meeting
- O3 – Toolkit “Mentoring and supporting youngsters for digital entrepreneurship start-up”
- M4 – Fourth meeting
- O4 – E-learning course “Digital Entrepreneurship Start-up course for youngsters”
- C1 – The learning-teaching-training activity (LTTA) - “Training of trainers for digital entrepreneurship start-up for youth”
- E1, E2, E3, E4, E5 – Open conferences in RS, HR, SE, DE, UK
- M5 – Final Evaluation project meeting

The youth organisations involved and represented by their youth workers in the project will improve their practices, support systems and knowledge management when it comes to current and future empowerment of their new coming youth workers for empowering youngsters for digital entrepreneurship start-up.

Unemployed youngsters will benefit from the enlarged support tools and mechanisms in their communities for youth digital entrepreneurship start-up. There will be more quality opportunities (through enlarged youth work activities) for unemployed youngsters to develop their competences of innovation and creativity in/for digital entrepreneurship. Thus, more youngsters in communities (also the ones that had not have the privilege to attend the formal education school for ICT / digital competences) will have a chance to improve the competences and practice in using ICT tools for business development. This will further influence those youngsters in the way that they will have more chances for gathering experience for and building their planned career by doing something they desire for their work.

Project partners are:

- Silver Fox North east CIC, UK (applicant)
- PIN consulting, Serbia
- Association for improvement of modern living skills “Realization”, Croatia
- Youth Power Germany e.V., Germany
- Ung Kraft / Youth Power, Sweden



INTRODUCTION

In today's society, in which young people are facing difficulties to find a job, while having basic digital knowledge and digital skills; it is important to present young people with ways on how to utilize skills they already have in order to improve their employability. Facebook and Google are only few of the tools that we use in our everyday life. These pillars of our work and use of internet were developed by young people, students, while they were still in the school/faculty. This was 20, 10 years ago. These are only few examples of start-ups created by young people. Start-up is a young company founded by one or more entrepreneurs who created it with an idea to develop a unique product or service and bring it to the market.

In this handbook, we are trying to explain what digital entrepreneurship is and what steps one should take in order to start a successful digital enterprise. It is important to understand that digital world is constantly changing and shifting, so the sector of digital entrepreneurship is constantly changing – as well. For that reason, before following all the steps and advices presented in this material and reading the whole material, it's important to do parallel searching for newest information – if one wants to be 100% sure that his/her initial digital enterprise will hit the sky.

In the first part of the handbook, we are presenting basic information on what is digital entrepreneurship – from practical and theoretical side of view. Following that are necessary basic skills and know-hows for starting a digital enterprise. We explain how entrepreneurial competencies are divided into cognitive, social and action oriented skills/attitudes, but we also offer overview of different practical skills digital entrepreneur should have and develop.

After offering some theoretical and practical insights into what digital entrepreneurship is, we are starting to explain two different alternatives when it comes to digital entrepreneurship: self-hosted digital business (in this section we explain what it is, and what are the important things you should pay attention to, what are some useful tools and which different platforms you can use, if you decide to have your digital enterprise in a form of self-hosted digital business) and externally-hosted digital business (section in which we present some of the most popular options you can choose from).

Chapters following these two sections of the handbook, which are helpful for understanding basic of digital enterprise and how to start it, are concentrated around the practical topics you need to know about if you want to minimise chances of running not that successful digital enterprise. We are presenting market assessment, selecting the right sales channel, digital strategy, photography and practical tools and advices concerned around the topic which can be used in digital enterprises, medias you can use for promoting and developing your business, shipping options, digital marketing, digital workplace.



Last part of the handbook is concentrated about ideas of customer relationship management, risk assessment and risk management, financial planning and business plan development. These are some of the foundations that need to be set properly in order to develop your digital start-up into successful digital enterprise. Once again, this is a good argument to the statement we wrote in the beginning of the introduction: you need to read the whole material and in the same time do research about up to date information concerning several topics of the handbook – in order to properly start development of your digital start-up.

We wish you to use this handbook in a smart way and we hope it will be useful for you; either if you are a young person determined to try to start his/her first digital enterprise or if you are an educator who will use it to inspire young people to start learning about digital entrepreneurship. We hope that this handbook will be one of the first steps in having more digital entrepreneurs in Europe and around the globe.



WHAT IS DIGITAL ENTREPRENEURSHIP

Digital entrepreneurship is still a new term, which is often not easy to explain in one sentence. It's a term which describes how entrepreneurship is changing and how it will be changing in the future, as business and society in general is being transformed by digital technology.

Digital entrepreneurship includes everything that is new and different when compared to traditional view on entrepreneurship. Digital entrepreneurship, how JP Allen describes it in article "What is Digital Entrepreneurship?" consists of following:

- New ways of finding customers for entrepreneurial ventures.
- New ways of designing and offering products, and services.
- New ways of generating revenue, and reducing cost.
- New opportunities to collaborate with platforms and partners.
- New sources of opportunity, risk, and competitive advantage.


On a practical level, digital entrepreneurship opens up new possibilities for anyone thinking of becoming an entrepreneur. Some opportunities are more technical, and some are within reach for anyone who learns the basic skills of digital entrepreneurship. These basic skills include finding new customers online, prototyping new business ideas, and improving business ideas based on data (Allen, 2020).

Beyond learning new practical skills, digital entrepreneurship is also about new ways of thinking and understanding what entrepreneurship is. Digital entrepreneurship is bringing new approaches and theories of entrepreneurship. Digital entrepreneurship opens up new questions about strategy, opportunity, and risk. Some of those questions are:

- Does the best data win?
- How can I craft a business idea that can be prototyped digitally?
- How can I improve my business idea faster than anyone else?
- Why is there such big competition around my ide, coming worldwide?

When it comes to education, digital entrepreneurship is opening new possibilities for education of new generations of entrepreneurs. Best way to learn entrepreneurship is experiential learning; learning by doing and reflecting on the experience(s). When we look at traditional entrepreneurship, launching new product or new service in the world is costly and brings a lot of risks for beginner. Digital world offers better opportunities for starting something new by bringing variety of pathways to success.

The exact definition of digital entrepreneurship is still being debated, partly because it's early days, and partly because it's a moving target. As digital technology evolves, what is new about digital entrepreneurship will change over time. Perhaps one day, most or all entrepreneurial ventures will be "born digital", and digital entrepreneurship as a separate topic will cease to



exist. Today, however, there's a real need to better prepare entrepreneurs for the digital world, and to give more people a new path to entrepreneurship (Allen, 2020).

Theoretical overview of digital entrepreneurship

Digital entrepreneurship is broadly defined as creating new ventures and transforming existing businesses by developing novel digital technologies and/or novel usage of such technologies, (European Commission, 2015).

Digital entrepreneurship can often be seen as a critical pillar for economic growth, innovation and creation of new jobs. This is applicable in many countries worldwide.

The rapid proliferation of digital technologies with new functionalities has profoundly changed competitive environments, reshaping traditional business strategies, structures and processes (Bharadwaj et al. 2013). In an example, in today's economy where digital entrepreneurship plays an important role, many organisations are getting smaller in terms of number of employees. Today we can find more and more one-person companies and partnerships proliferating.

While it is a rather complex definition, that used by the European Commission (2015, p.1) appears to be good attempt to define digital entrepreneurship:


Digital entrepreneurship embraces all new ventures and the transformation of existing businesses that drive economic and/or social value by creating and using novel digital technologies. Digital enterprises are characterised by a high intensity of utilisation of novel digital technologies (particularly social, big data, mobile and cloud solutions) to improve business operations, invent new business models, sharpen business intelligence, and engage with customers and stakeholders. They create the jobs and growth opportunities of the future.

Digital entrepreneurship is probably the most significant single manifestation of entrepreneurship and has flow-on effects into the structure of business itself. Digital entrepreneurship appears likely to have a profound effect on all advanced economies.

New digital technologies such as social media, big data, and mobile and cloud solutions technologies give rise to new ways of collaborating, leveraging resources, product/service design, development and deployment over open standards and shared technologies (Markus and Loebecke, 2013). These technologies power the digital economy by bringing in a new range of opportunities with substantial potential business value and can dramatically reduce the cost for new ventures (Zhao et al., 2015).

Good example, which can be easily understood, is Alibaba.com. Alibaba helped millions of Chinese to become entrepreneurs and has created many jobs in the process.

Although the opportunities created by digital technologies are enormous, they also bring serious challenges. Digital technologies are reshaping fundamentally the labour market.



Digital entrepreneurship, as an emerging phenomenon, fuses and involves stakeholders from different social and economic sectors. For example, growth in the number of digital entrepreneurs relies on the digital business skills of individuals as well as systemic support through transformative policies and programs from governments, industry/business, education and training institutions and the society as a whole (Zhao and Collier, 2016).

Key message(s) to take:

- **Digital entrepreneurship** includes everything that is **new and different** when **compared to traditional view on entrepreneurship**.
- **Digital entrepreneurship consists of following:**
 - New ways of finding customers for entrepreneurial ventures.
 - New ways of designing and offering products, and services.
 - New ways of generating revenue, and reducing cost.
 - New opportunities to collaborate with platforms and partners.
 - New sources of opportunity, risk, and competitive advantage.
- **Digital entrepreneurship** embraces all new ventures and the transformation of existing businesses that drive economic and/or social value by creating and using novel digital technologies. Digital enterprises are characterised by a **high intensity of utilisation of novel digital technologies** (particularly social, big data, mobile and cloud solutions) to **improve business operations, invent new business models, sharpen business intelligence, and engage with customers and stakeholders**. They create the jobs and growth opportunities of the future.
- Although the opportunities created by digital technologies are enormous, they also bring **serious challenges**. Digital technologies are **reshaping fundamentally the labour market**.



NECESSARY BASIC SKILLS AND KNOW-HOWS FOR STARTING A DIGITAL ENTERPRISE

In this chapter, we will introduce you to the entrepreneurial competencies and division of competencies into following three categories: cognitive competencies of an entrepreneur, social skills of an entrepreneur and action oriented attitude. This division of entrepreneurial competencies is based on Skills, Knowledge and Attitudes (in short SKA) approach to 21st century understanding of learning and behaviours. Many non-governmental organisations have developed structured and comprehensive definitions of 21st century SKAs based on demographic, economic, and educational research, and the contributions of experts in the field. Some of the definitions are different to others, but components remain relatively and substantively consistent.


LinkedIn research has found that business owners – i.e. entrepreneurs – have the highest level of job satisfaction among professionals. That makes sense, as business owners invariably start businesses around topics they are passionate about. And yet, research (and common sense) shows there is a ton of stress that comes with running a business. In this chapter, we will present you with 6 skills that every entrepreneur should have.

Over the past decade, companies in different industries, as well as different enterprises, have digitised their operations and processes. Even now, businesses are employing artificial intelligence to streamline workflows and supply chains. While some colleges, universities and training providers have modified or expanded their curriculums to meet this growing demand for digital know-how, many educators are struggling to provide the essential skills students need. That's why we are presenting you with 10 essential digital skills that are important to develop in order to have your digital enterprise succeed and become better and better over the course of months/years/decades.

Entrepreneurial competencies

As the “new” economy of the 21st century continues to develop around knowledge, service, and information based activities, a company's ability to create and commercialise knowledge has become tantamount to its ability to generate sustainable returns (Apte, Karmarkar, & Nath, 2008; Audretsch & Thurik, 2000; Black & Lynch, 2003). This emphasis on knowledge, service, and information creates space for more new firms to emerge, but also pressures existing companies to hire employees with higher level skills in order to compete successfully. In terms of digital entrepreneurship and developing digital start-ups, it's important to be aware of entrepreneurial competencies and importance of working on development of these competencies.

The number of courses offered in entrepreneurship at institutions of higher education grew from just a few in the 1970s to well over 1600 by 2005, suggesting that today, undergraduate



entrepreneurship programs offer widespread fertile ground for students to develop entrepreneurial skills and abilities (Boyles, 2012). Importance of entrepreneurial competencies can be visible just from this previous information.

Many non-governmental organisations have developed structured and comprehensive definitions of 21st century SKAs based on demographic, economic, and educational research, and the contributions of experts in the field (Cavanagh et al., 2006; Lemke et al., 2003; Tough Choices or Tough Times, 2007; Vockley, 2008). While the categorisation of these SKAs can differ slightly depending on the organisation articulating them, the underlying components of them remain relatively and substantively consistent (Boyles, 2012). Entrepreneurial competencies, based on the SKA model, are divided into 3 types of competencies:

1. Cognitive competencies of an entrepreneur
2. Social skills of an entrepreneur
3. Action oriented attitude

Cognitive competencies of an entrepreneur

Entrepreneurs have a specific way of thinking which increase their likelihood of identifying opportunities and developing new ideas on how to exploit those recognised opportunities. This “entrepreneurial mindset” is thought to be not only distinct, but also learnable and able be developed with by deliberate practice (Baron & Henry, 2006; Mitchell, 2005). In addition, the distinct ways in which the entrepreneurs process information and approach problems contributes to their abilities in opportunity recognition and development, and serves as a basis for understanding why only some individuals become entrepreneurs (Boyles, 2012).

These ideas are described as “entrepreneurial cognitions” and refer to “the knowledge structures that people use to make assessments, judgments, or decisions” (Mitchell et al., 2002, p. 97). Active search, entrepreneurial alertness, and creativity have all been identified as methods through which entrepreneurs recognise and develop opportunities (DeTienne & Chandler, 2004).

Social skills of an entrepreneur

The relationships we have with other individuals generate important connections and networks. These connections and networks impact the likelihood and success of the participation in entrepreneurial activities.

Relationships with other individuals are the basis of an entrepreneur’s social capital. Relationships represent an intangible resource created through social relationships that creates access to both tangible and intangible resources through knowing others. Entrepreneur’s social network and social capital can connect them to new opportunities and are also instrumental in giving entrepreneurs access to resources necessary to start a new venture.



Action oriented attitude

Entrepreneurship simply cannot exist without actions on the part of the entrepreneur to manifest and exploit recognised opportunities. Entrepreneurship can be seen as a conscious process of establishing goals, planning on how to achieve those goals, monitoring implementation of the plan and adjusting the steps in order to reach the success. This process and approach to the entrepreneurship is described as action oriented attitude. For someone to be an entrepreneur, either in digital world or in the real world, action oriented attitude is a key for success and adaptation to the changing environment which we have today in both digital and real world.

6 skills every entrepreneur needs to know for starting the enterprise

Petrone states in the article published in 2017 that “LinkedIn research has found that business owners – i.e. entrepreneurs – have the highest level of job satisfaction among professionals. That makes sense, as business owners invariably start businesses around topics they are passionate about. And yet, research (and common sense) shows there is a ton of stress that comes with running a business. Your next paycheck is never guaranteed, there are always fires to put out and everything ultimately comes back to you.”


In order to be a successful entrepreneur and overcome the stress and lead more successful enterprise, best way is to learn. By mastering several key skills, you will have more confidence to deal with problems once they arise.

We come here to the question: “What skills should I learn if I want to be a successful entrepreneur?”. There’s a lot to learn about particular industry or the area of expertise connected to your specific enterprise – field you are interested in. But there are several key skills and entrepreneurs should have at least basic understanding of in order to run a successful enterprise. Those skills are:

1. Sales - One of the most important skills on this list. If you can’t sell your product or service – you can’t be an entrepreneur.

This extends beyond just closing a deal, too. Most businesses’ sales in the early stages come from word-of-mouth, so relationship management is perhaps even more important than closing (Petrone, 2017).

2. Digital marketing – In order to grow your enterprise and have it become more than a one (wo)man show, you need some aspect of digital marketing. This means that at least you need to build an effective website. And it also means that you need to have some basic



understanding of SEO, basic social media and how to run basic digital marketing campaigns, like Instagram and Facebook ads. All of these can be outsourced of course, but still you need to have some basic knowledge and understanding of some tools for digital marketing in order to manage it properly.

3. Accounting and budgeting - Money is the lifeblood of any organisation, particularly a new organisation. If you don't know how to manage money effectively, you'll run out of it before your business has a chance (Petrone, 2017). In order to avoid running out of money, successful entrepreneur needs to have a basic understanding of accounting and budgeting and knowing how to raise money. As the enterprise grows, you can outsource this as well, but still some basic understanding is needed in order to manage it properly.

4. Hiring and managing employees – If you plan to grow your business, you need to know how to hire and manage employees.

This skill – critical for all business leaders – is arguably even more important to a small enterprise leader, because there's no room for error. If you make a few bad hires or don't effectively lead your first few employees, you risk having the enterprise fail (Petrone, 2017).

5. Time management – When you're starting with a new enterprise you will definitely have an urge to work all the time, especially when it's a digital enterprise and nothing gets in between you and your work. But that's not sustainable.

The best entrepreneurs manage their time effectively, which means two things: they spend most of their time on the highest priority tasks and they give themselves time to unplug. More than anything else, your time is your small business's greatest resource. How you use that time will go a long way to determining how successful your business will be (Petrone, 2017).


6. Resilience – All small enterprises go through failure at some point, and if you don't have the skills to endure and learn from those failures then you have no chance of running a successful business long-term.

A big part of dealing with failure is having a growth mind-set. Rather than seeing failures as failures, it's critical to see them as learning opportunities that bring you one step closer to future success. Otherwise, if see failures as the limits of your capabilities, you've essentially put a boundary around how big your enterprise can grow (Petrone, 2017).

Essential digital skills for an entrepreneur

Over the past decade, companies in different industries, as well as different enterprises, have digitised their operations and processes. Even now, businesses are employing artificial intelligence to streamline workflows and supply chains (D, 2019).

While some colleges, universities and training providers have modified or expanded their curriculums to meet this growing demand for digital know-how, many educators are struggling to provide the essential skills students need (D, 2019).



1. Social media – Social media has permeated the fabric of our society. It has become the primary source of communication and information flow between content creators and consumers (D, 2019). Entrepreneurs who recognise social media’s influence should understand the intricacies of each platform and its potential influence to maximise community engagement in order to provide better engagement with potential consumers and better visibility of the goods or services their enterprise has to offer. Ability to understand and use social media in a proper way is one of the core skills individuals who are starting digital enterprises should have. Social media marketing goes beyond posting a tweet or Facebook update; it is about understanding the dynamic relationship between brands, influencers and consumers. To put it simply, businesses need to reach out to customers in ways that will drive traffic to their website—or product—for potential conversion (D, 2019).

2. Search Engine Marketing – Beyond social media, search engine marketing (SEM) is one of the most influential disciplines that marketers have come to rely on. To put things in perspective, more than 6.5 billion SEM results are carried out each day with Google accounting for 77% of that traffic (D, 2019).

Entrepreneurs with SEM experience will be able to increase the visibility of an enterprise’s website on a search engine (i.e. Google) primarily via paid advertising. By doing so, the business will attract valuable web traffic from the search engine results page. By proper use of SEM, entrepreneurs are able to capture part of the 6.5 billion search traffic results. That is why marketers, Content Managers and webmasters spend a great deal of time optimising their websites and ad campaigns to ensure the highest conversion rates possible. Digital enterprises are primarily selling products or services online, therefore it’s an imperative that the brand is easily found online amongst the competition.

3. Analytics – Peter Drucker, a leader in management education and often described as the founder of modern management, has this to say:

“If you can't measure it, you can't manage it.”

Data analytics essentially allow entrepreneurs to make educated and data-driven decisions in their roles. Numbers define whether a campaign was successful, and by what percentage. The key to analytics is knowing what data to collect and measure in order to improve the next campaign. It’s all about maximising each campaign’s effectiveness and optimising the return on investment (D, 2019).

Analytics typically together with SEM. These two are complementary skills, which work together to ensure an enterprise understands what consumers want, and how best to attract and retain their attention.



4. Content Marketing – Content can be in many forms – blog posts, videos, podcasts, infographics, social media status updates etc. You can spend your time optimising keywords and advertising campaign, but content is still most important.

Marketers may spend their time optimising keywords and advertising campaigns, but content is still king. After all, a website or social media page is driven by its content and without it, customers have no way of understanding the benefits of a product or service.

Content is crucial in driving brand awareness and can establish brands or influencers as thought leaders. Therefore, it's crucial to understand the importance of creating not just content, but content that is relevant to keyword research and optimising them in a strategy (D, 2019).

5. Email – We are all aware that email is one of the oldest forms of direct marketing. From start-ups to multi-national corporations, email helps launch many successful campaigns and attract new customers and users. In fact, email marketing represents art form in itself.

An experienced digital marketer knows that each funnel stage has to be carefully planned. From the signup page—including its placement on a website—to the first welcome email, every step needs to be optimised in order to attract and retain users and build engagement (D, 2019). People may change names on their social media accounts or can move to another address, but people aren't prone to changing their email addresses. That is why professionals that understand the power of email to connect directly with consumers are in high demand.

6. Mobile – According to We Are Social and Hootsuite's recent report, mobile connectivity continues to grow with nearly two-thirds of the world's population using mobile phones, and 55% of all active connections come from smartphones. Since smartphone traffic now exceeds desktop traffic, it's clear that mobile is the future (D, 2019). Future entrepreneurs, especially digital entrepreneurs, can use this knowledge to their advantage by optimising campaigns to make use of the latest developments in mobile search and user experience.

7. Strategy & Planning – Businesses that embed strategic planning in their marketing agenda are most likely to see measurable results in the long-term. Instead of planning on an ad-hoc basis, digital marketers need to create and implement campaigns that are based on analytics and quantifiable SEO data (D, 2019).

8. Social Selling – In order to connect with potential buyers and customers, you need to be there where they are: online. Enterprises from different industries are beginning to understand the importance of social selling. In order to improve their customers' relationship management, they are using different technologies and tools, such as: email tracking tools, productivity apps, and sales intelligence software.

9. Pay-Per-Click Marketing (PPC) – PPC is a popular way for brands to get traffic quickly. Enterprises with big budgets can easily get their search result to appear on Google’s first page, which then guarantees them massive search engine traffic. One of the popular PPC advertising models is Google’s AdWords program.

10. Video – In the digital context, video has evolved from being just a form of entertainment on YouTube to a major social media content driver. Snapchat is now a powerful and influential platform while Facebook now uses video in its Instagram’s Stories. With smartphone users becoming younger by the day, social media apps like Snapchat, Weibo, WeChat and Line are becoming the de-facto tools of instant message communication (D, 2019).

Video as content is easier to consume than a typical blog post. It is also more entertaining and appeals to millennials. By combining the emotional power of social video with the reach and scope of digital advertising, markets can tap into a growing market of engaged consumers (D, 2019).

Key message(s) to take:

- **Entrepreneurial competencies**, based on the **SKA model**, are divided into 3 types of competencies: Cognitive competencies of an entrepreneur, Social skills of an entrepreneur and Action oriented attitude.
- Active search, entrepreneurial alertness, and creativity have all been identified as methods through which entrepreneurs recognise and develop opportunities, and they are identified as **cognitive competencies of an entrepreneur**.
- Relationships with other individuals are the basis of an entrepreneur’s **social capital**. Relationships represent an intangible resource created through social relationships that creates access to both tangible and intangible resources through knowing others.
- Entrepreneurship simply cannot exist without actions on the part of the entrepreneur to manifest and exploit recognised opportunities, which is recognised as **action oriented attitude** of an entrepreneur.
- There are **several key skills** entrepreneurs should have at least basic understanding of in order to run a successful enterprise. Those skills are: sales, digital marketing, accounting and budgeting, hiring and managing employees, time management and resilience.
- Over the past decade, companies in different industries, as well as different enterprises, have digitised their operations and processes. There are **10 essential digital skills for an entrepreneur**: social media, Search Engine Marketing, analytics, content marketing, email, mobile, strategy and planning, social selling, pay-per-click marketing and video.



SELF-HOSTED DIGITAL BUSINESS

Definition: The term **self-hosted** refers to software installed and maintained by the user on a generic web hosting service, such as a VPS (Virtual Private Server). The benefit of self-hosting is that the user has complete control over their data, at a potentially lower monthly cost. The downside is that the user is responsible for maintaining the service. If the service encounters an error, the user is responsible for resolving the issue (Computer Hope, 2020).

When it comes to self-hosted digital businesses there are several things to have in mind when planning how to start your digital enterprise. First of all is choosing the right name and/or domain. By having the right name, you will ensure that your business will attract enough customers. Decision on choosing the right name depends on number of factors; is it more important that the name is relevant and easy to spell so people can find your enterprise easily while Googling, or it's more important that it communicates exactly what your digital enterprise has to offer?

Next step is choosing the right Internet Service Provider (ISP), which is important for launching the digital enterprise you have created, but also for running it smoothly and leaving some room to grow in the future.

In this chapter, we have also covered some of the digital platforms for self-hosted business and recommendations of good practices – tips on what you should pay attention to.


Choosing the right name and/or domain

Choosing a name for any business can give founders a lot of sleepless nights. Getting the right name is crucial, and it can be very tricky as well. Consider the fact that brand name can mean a lot of things to one person, but in the same time; nothing to another individual.

Decision on choosing the right name depends on number of factors; is it more important that the name is relevant and easy to spell so people can find your enterprise easily while Googling, or it's more important that it communicates exactly what your digital enterprise has to offer?

Thirteen years ago, Elaine Clark named her accountancy business CheapAccounting.co.uk. “It does what it says on the tin,” she says. “Accountants hate it, Google searches love it, and I’ve never had to pay for SEO. It generates between 60 and 80 new client enquiries every month without any marketing or advertising spend.” (Coleman, 2020).

Business names that are too clever, too obscure, or too subtle tend to confuse customers and fail to get their attention or ignite their interest. If you're struggling for inspiration Simon Paine, cofounder and CEO of the PopUp Business School, says the 3W rule; Who, Where, What, can get you started. He says: “Who does the product belong to? You could use your first name, your surname or your role in life uncle, granny, etc. Where you're from may also be the location of your initial target. And think about what your product or service gives to



your customers. Circle your favourite words and try out some pairs and trios of combinations. If you don't want to use your own name, replace the words in the 'Who' column with fruit, animals or an adjective, such as super, amazing, or brilliant." (Coleman, 2020).

He offers these **tips for naming your business**:

- Have the target customer in mind when you're naming
- Choose something that excites you.
- Make sure it isn't being used by someone doing the same thing; the number one place to check out your naming ideas is Google. The second place to check is the register of businesses/enterprises in your country.
- Ask people for ideas; they love getting involved! Put it on Facebook! Live with your final choice for a few weeks; test it out.
- The best way to have a great idea is to have lots of ideas. Write down every word you think of and use that to create a shortlist. If you try and come up with a name cold it'll feel like a brain freeze.
- Give it a twist. Playing games with words is an awesome way to fuel your creativity. For example, think alliteration: Great Granola, Really Good Rugs, Cantankerous Cakes
- Don't navel-gaze for too long. Choose something and get on with it. If you've started for free, you can always change it later, without wasting money (Coleman, 2020).


Choosing the right Internet Service Provider

Choosing the right Internet Service Provider (ISP) is important for launching the digital enterprise you have created, but also for running it smoothly and having some room to grow in the future. Cost is important factor, but there are also several factors to decide upon when choosing ISP for your digital enterprise.

Types of connection

Depending on your country, city or local area; you will have a full menu of internet access entrees to choose from. This is a list of five most common ISP connections, as presented by Frost (2020):

- **DSL:** Digital Subscriber Line (DSL) was considered a major improvement on dial-up connections way back when, but it's since achieved middle-ground status. DSL, which uses traditional telephone lines, can still be perfectly functional for a small digital enterprise with only a few employees, however, and it's relatively cheap. The overall distance from the ISP's exchange affects DSL download speed, which rarely exceeds double digits of Mbps anyway.
- **Cable:** With this option, data is transmitted through coaxial cable TV lines, which are pretty much everywhere. At least they were when it rolled out in the late 1990s. Unfortunately, cable internet doesn't hold up as well today. Cable speeds are still impressive (up to, and sometimes over, 100 Mbps), but they're impeded greatly if




nearby businesses and homes are online at the same time. Also, it's still a bit expensive.

- **Satellite:** If cable can carry internet service so well, then satellite must be just as good, right? Surprisingly, no. Both cables and dishes can deliver Game of Thrones flawlessly, but satellite internet can barely match DSL speeds. Moreover, it's not as reliable as a grounded connection and can be more expensive than cable internet. But it's available wherever there's sky—if you're in the middle of unwired nowhere, it'll do.
- **Fiber:** Fiber-optic internet transmits data as pulses of light through microscopic glass or plastic strands with no outside electromagnetic interference—it's the fastest and oldest (the foundation of the internet was built on fiber) connection there is. Fiber internet's only downsides are limited connection reach (it's available in just about half the US and piloted in some locations around Europe) and generally higher prices. But with its speed and potential for growth, fiber is clearly the future.
- **Dial-up:** It might sound strange, but there is still possibility that ISP will offer you this option in certain areas/countries. As it has been since the 1990s, dial-up is as slow as it is cheap; unless your business's internet needs are extraordinarily light, avoid dial-up and live in the present.

Internet speed needs

When planning which ISP you will choose, you should determine your future digital enterprise's high-speed internet service requirements first, so you don't end up paying for too much or getting stuck with too little. In article "How to Choose an Internet Service Provider for Your Business" (Frost, 2020) there's a great overview and explanation of bandwidth numbers that you should consider and see about with potential ISP:

- **15–25 Mbps:** If you're running a small operation of one or two employees conducting basic internet business via web browsing and email, with light file transferring, speeds of 15 to 25 Mbps will suffice.
- **25–50 Mbps:** A five-person office could conduct large file transfers and point-of-sale transactions more easily within the speed range of 25 to 50 Mbps. Video conferencing and other communications would also run more smoothly.
- **50–75 Mbps:** Multiple employees (seven and up) would be able to collaborate online with fewer glitches at 50 to 75 Mbps, which is helpful for remote workers. Data backup capability and increased transfer stability are also a plus.
- **75–100 Mbps:** For enterprises with a lower double-digit employee count, 75 to 100 Mbps is a sweet-spot bandwidth range that can also handle heavy audio and video streaming communications, as well as crowded Wi-Fi usage.
- **100–150 Mbps:** For a rapidly growing business, somewhere within the 100 to 150 Mbps range is good for accommodating more internet demand—such as web hosting, e-commerce, and increased data usage—and more personnel.

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- **150–500 Mbps:** With this much speed, you can achieve all of the above and accommodate increasing employee counts and data demands. In fiber-served areas, there are even more serious 500 Mbps to 1 Gbps plans available.

Questions to ask potential ISP


Internet speed is almost everything, but there are other factors to think about when shopping for an ISP. Frost (2020) recommends that you should inquire about the following with potential ISP:

- **Customer service and technician availability:** You may not be doing business around the clock, but you'll rest, and work, easier with 24/7 tech support from your ISP. Time down is money lost; be sure to ask if an ISP's "always-available" phone or chat assistance is live or automated and how often on-site technicians are accessible.
- **Average yearly downtime:** Many ISPs promise perfect or near-perfect uptime (usually around 98%) but don't always deliver. That's where a Service Level Agreement (SLA) comes in: if your uptime expectations aren't met, the ISP will be required to compensate you in the form of discounts, credits, or early contract termination.
- **Data caps:** Some ISPs will impose data caps (or bandwidth limits) on accounts and then charge a higher rate—or simply throttle down your bandwidth—should you exceed that limit. Data caps are more common with residential connections, though they are sometimes found in DSL, cable, or even fiber business plans. If your business is broadband hungry, look out for data caps.
- **Contract length:** How long will you be obligated to stay with an ISP? The average ISP contract length is two years, though some offer shorter terms—or longer, at greater overall savings. Equally important to look at are early termination fees (which can be pricey) and free trial periods to try out an ISP.
- **Net neutrality:** With the repeal of net neutrality set to go into effect April 2018, it will once again be possible, and legal, for ISPs to sell more speed to the highest bidders while constricting competitors. Naturally, most ISPs deny they'd actually do this, but a company's support, or lack of support, for net neutrality could be telling. Look into it.
- **The fine print:** Besides SLAs and contract-length terms, ISPs' fine print will include terms of service (TOS) and acceptable use policies, which cover the rules of how you'll be allowed to use their service and data or bandwidth caps or limits. Read these carefully, as they may affect your business's ability to do actual business.

Choosing the right platform

With technology advancing each day, starting an online enterprise has become easier than ever.

There are plenty different options and resources that can be accessed easily, as well as many solutions to choose infinite scalability to leverage (based on how much you plan to expand your digital enterprise). While technology is advancing and offering an individual plenty of



solutions to choose from can be seen as a positive thing, it can be negative in the same time; since reaching decision on what platform someone will use can become tricky and many things need to be considered and planned in advance. In an example there are platforms for selling products or services, accounting, shipping, handling, customer relationship management, and many more.

Importance of choosing the right platform

Like any business decision, decision of choosing the right platform should be made carefully and after considering different options and different angles on each option you think about/find. It's important to have in mind that some platforms and services of those platforms can have huge costs, which someone starting digital enterprise is probably not ready to make in the beginning of the work.

According to the start-up lenders Max Funding, a loan can be a viable option, noting that “many operations including lead generation and other sales processes require tailored enterprise level solutions. Without these, it is hard to maintain revenue and providing your services becomes extremely inefficient” (Davidson, 2019).

By choosing the right platform to use, you will gain the advantage over the rival digital enterprises or start-ups.

If you're not sure about whether or not a platform is right for you, look at whether the platform offers a free trial and any initial training or support to help you get set up. This can be a great way to decide whether the platform works for you and your customers (Davidson, 2019).


Niche vs. All-In-One solutions

In most situations, it's better to choose niche product over the all-in-one solutions. That means choosing a service which focuses solely on accounting, creating invoices and managing them, shipping, managing or another specific type of a task/function that is relatable to specific digital enterprise idea.

Since niche product companies/solutions are focused on one area, they are more likely to provide great support for the service they offer. They will usually have consultant that are trained to help specific business success with all aspects of a particular task/function.

Think about your audience

When choosing your online platform, first and foremost you should think about the needs of your customers, clients or members. With that said, clunky 'all in one' platforms are not necessarily the most effective, just because they streamline your processes (Davidson, 2019).



Since you are starting a digital enterprise, one of the most important questions to have in mind, when you think about placing your product or a service is: “Which technology is my audience using?”.

There’s no point having a mobile-only presence for a business aimed at engaging people in older demographics who are less familiar with technology. At the same time, if your target audience (such as busy parents) finds it easier to do things on their phones than on desktop, having a smartphone app or mobile-optimised version of your website is essential (Davidson, 2019).

You can use simple survey (created in Google Forms or SurveyMonkey), which you will send to your customers or potential customers in order to collect data and understand your audience better. By working like this, you will cut unneeded expenses (such as developing mobile app which your audience will not use in the end) and gain better engagement with your audience; thus, gaining more income which is helpful for expanding your operations and enterprise.

Think about maintenance costs

Choosing a digital platform that will save you time, and make the time you do spend working on it more efficient, is essential.


According to the team at MT Medical who use digital platforms to collect and share patient data between specialists, you should also “consider what risks there are to trying to do everything yourself. Building a website from the ground up means that there’s nobody to turn to for help if something goes wrong. On the other hand, going with an established platform or management service means you have backup and support for troubleshooting any issues.” (Davidson, 2019).

Important questions to have in your mind, when it comes to costs of maintenance, are:

1. How much will the initial cost of the platform be?
2. How long will it take to have your digital enterprise up and running on the specific platform?
3. How much will the platform cost?
4. How will the information stored on the platform be secured?

Last question is pretty important in our society where digital privacy is currently a huge issue, especially when it comes to digital enterprises that hold the private or personal information of others, especially children.

All businesses are under greater pressure to consider how they will protect the privacy of their customers. At the same time, digital platforms such as Facebook and Instagram are coming under fire for allowing huge data breaches to occur, and at times lying about whether they happened (Davidson, 2019).



Think about whether the platform you plan to use is trustworthy, and will your audience/customers feel safe using the platform and sharing their private information on the platform.

How will my business growth impact the platform and vice-versa

When choosing platform which will host your digital enterprise, don't think about needs for today. Try to think about how you want to grow your digital enterprise, expand and improve it in next year, 2 years or 5 years. The choices you make now will make impact on the future steps as well.

For example, if you're looking for a platform to send proposals to win new clients, you need to consider the pricing structure. How much extra will you need to pay per user? Will this remain a cost-effective solution as you grow your number of employees? Is it easy to train new employees to use this software? (Davidson, 2019).

Digital platforms are powerful and important tools when it comes to digital enterprises. Choosing the right one for specific needs of your digital enterprise is essential. There's no best platform, but only platforms that suit the best requirements of the digital enterprise individual has in his/her mind.


Digital platforms for self-hosted business development (WordPress + WooCommerce, Magento, Prestashop, Shopify)

Before you can build your digital enterprise, you need a place where you will sell your products or services, thus creating the website where your products/services will be nicely presented is an essential. WordPress is a recommended tool that you can use easily to start creating your online presence.

Not only is WordPress powerful enough to handle a fully functioning online store, but it's an easy and affordable option that can be customised to suit any of your e-commerce needs (Kyla, 2019).

More than a quarter of the web runs on WordPress. There's good reason for this – WordPress is easy to use and free. Plus, there's a ton of free information for novice users to get up and running online in a matter of minutes (Editorial, 2020).

WordPress is the simplest, most popular way to create your own website or blog. In fact, WordPress powers over 35.2% of all the websites on the Internet. Yes – more than one in four websites that you visit are likely powered by WordPress. On a slightly more technical level, WordPress is an open-source content management system licensed under GPLv2, which means that anyone can use or modify the WordPress software for free. A content



management system is basically a tool that makes it easy to manage important aspects of your website – like content – without needing to know anything about programming (Kinsta, 2020).

The end result is that **WordPress makes building a website accessible to anyone – even people who aren’t developers.**

Running a digital enterprise with selling the products or services online comes with many challenges. One of the most significant issues is finding the right platform that will suit your needs and go hand in hand with your vision. There are many solutions which you can use, each claiming to be better than competition.

WooCommerce, Magento, Prestashop and Shopify attract a lot of attention. Each offers a unique way to approach building your e-commerce store. In article by Floship (2018) we have found a great comparison between these four, which can help you while choosing the ideal solution for your digital enterprise.

WooCommerce (combined with your WordPress website)

WooCommerce may be the world’s most popular e-commerce framework. It’s built to work with WordPress. If you’re looking for something that you can customise to fit your needs, this may be the best choice. If you’re already a WordPress user, this is a great way to get started with an online shop.

PROs	CONs
<ul style="list-style-type: none">➤ Perfect for people who are already familiar with WordPress. Since WordPress is the most popular CMS today, WooCommerce is an ideal match.➤ There is a large community around it. There is a worldwide community dedicated to making WooCommerce better. That includes developers and business owners alike, which means that you ‘ll find answers to any question or issue that may come your way.➤ You can extend the functionality. You can choose to hire a developer to create extra functionality. There are	<ul style="list-style-type: none">➤ You need to host a WordPress site. That may be quite lot of work if you’re just starting out.➤ There is some need for technical skill. It’s very likely that you’ll need the services of a developer at some point. Don’t worry about that in the beginning though. As your store grows, you should be able to hire some help easily.

also many scripts that plug into WooCommerce, both free and paid.

- You can start using it for free. There are no fees or membership costs. Just download it, install, and you're good to go!

Magento

Magento is an advanced e-commerce platform. It offers you both free and paid versions. It's been around for many years, so you're getting a reliable solution. The premium options are built for enterprises with large revenues.

PROs

- Perfect for 7-figure (and above) businesses. If your company has a high revenue, Magento is the right choice for you. The paid versions offer both high-level functionality and technical support.
- You can extend the code. You can make changes to the scripts to fit your needs, which means that you have the flexibility to compete in today's fast-moving world.
- Advanced features. Magento's advanced features meet the demands of complex business models. You get stuff like PCI compliance and customer loyalty schemes. It's also useful for fast-growing businesses that want to scale.

CONs

- It's too expensive for most people. The free version lacks several key features needed for a sizeable business. At the same time, the premium options are not affordable for an average company. If you're just getting started or learning, Magento is not the best way to go.
- Technical acumen is a must. To work with Magento, you'll need specialised expertise. In fact, many companies have a team dedicated to managing their Magento stores.

Prestashop

Prestashop is an open-source e-commerce platform. You can download it and start using it completely free of charge. It's built for people who want flexibility and speed when it comes to getting started.



PROs

- You can modify and extend the script. Since it is open-source, you get direct access to the underlying code. That means that you can make any changes you require. As a result, you can create the perfect online store to fit your needs.
- It's 100% free. Prestashop doesn't even take a percentage of your sales!
- You can reach out to a community. Prestashop has avid enthusiasts all over the world. If you have any problems, just join the community and ask for help.
- You can purchase a ready-to-go hosted solution. If you're not happy to get technical, you can buy a hosted option from a Prestashop web-hosting partner.

CONs

- You need your own hosting. You will need to host Prestashop on your server. As mentioned above, you can get a hosting package through a Prestashop partner.
- There is a need for some technical expertise. You may need the help of a developer to assist you with the installation. You may also need someone to manage the technical side when issues arise.

Shopify


Shopify offers you several ways to sell your products online. The list includes integrations with Facebook, a POS system, and a hosted online store. It is an ideal platform if you're a beginner. If you don't want to be bogged down by technical issues, this could be your best option.

PROs

- Shopify makes it quick and easy for you to get started. This platform has been designed to remove the need for technical knowledge.
- Highly compatible with social media. As you may be aware, social media plays a vital role in modern e-commerce. With Shopify, you can sell

CONs

- You have to pay for it. Even though you can enjoy a 14-day free trial, Shopify is a paid solution.
- You cannot host it on your server. You can point a domain name to your Shopify store with the secure hosting, but not on your own. That may be a



via channels such as your own Facebook store or the Facebook messenger.

- You can modify the look of your store. You have the option to change the look of your shop if you're inclined. You can access free and paid themes. Your store will be responsive and display correctly on all sorts of devices.

disappointment if you like to have full control over your store.

Choosing the right platform depends on the specific needs of your digital enterprise/business. It's good to experiment with different platforms in order to make the best decision which platform suits the best your needs.

Recommendations of good practices of self-hosted digital business

Owning a digital business means striving to adapt to new technology and strategies. This will help you offer unique products and services to your consumers. But, to do this, you must focus on innovation and leverage SEO and other related digital marketing services. Here are some ways in which a digital business owner can find success, presented in article by Bajaj Fineserv (2013).

- **Focus on sales by using a strong social media marketing strategy**


Selling your product means success for your digital enterprise. The value of your product or service is nothing if you cannot sell it to possible customers/consumers. In order to increase the sales, you need to deploy strong digital strategy (which is explained later on). It is important that you plan that someone in your team, or part of your team, is dedicated to digital sales. After you increase the level and scope of your work you can build a team of social media content creators, strategists, and designers, along with a well-thought-out marketing budget, to push your products or services on digital platforms.

- **Know your audience**

For a digital business, identifying the target audience is the key to success since your entire communication is driven by the needs and habits of a particular demographic. Remember that while your message may be perfect, it must be relevant to your audience. After all, people are likely to buy products only if they feel that it is relevant to them (Bajaj Fineserv, 2013).

In order to get to know your audience you can ask yourself following questions:

- Who are the people who want to buy your product?



- What is it that they want?

- What do they care about?

- How can your product make their lives easy or solve their problems?

Find the answers to these questions and you'll have a good place to begin.

- **Communicate with your customers/consumers**

Since most of your digital business is set to be done online, it's important to find effective way(s) on how to communicate with customers/consumers of your product/service.

Most of the times, your audience may find the information provided on your website or social media pages to be insufficient or uninteresting. Hence, you should always look at tapping new routes for effective, memorable communication (Bajaj Fineserv, 2013).

- **Have consistent online presence**

Since possible consumers/costumers will find out about your business through different channels, it's important that you have consistent online presence in terms of branding and imagery on all of the communication channels.


For example, a consumer who sees a Facebook post about your business should find some content uniformity when he visits your website. This helps build trust and ensures that your consumers think of your business as reliable (Bajaj Fineserv, 2013).

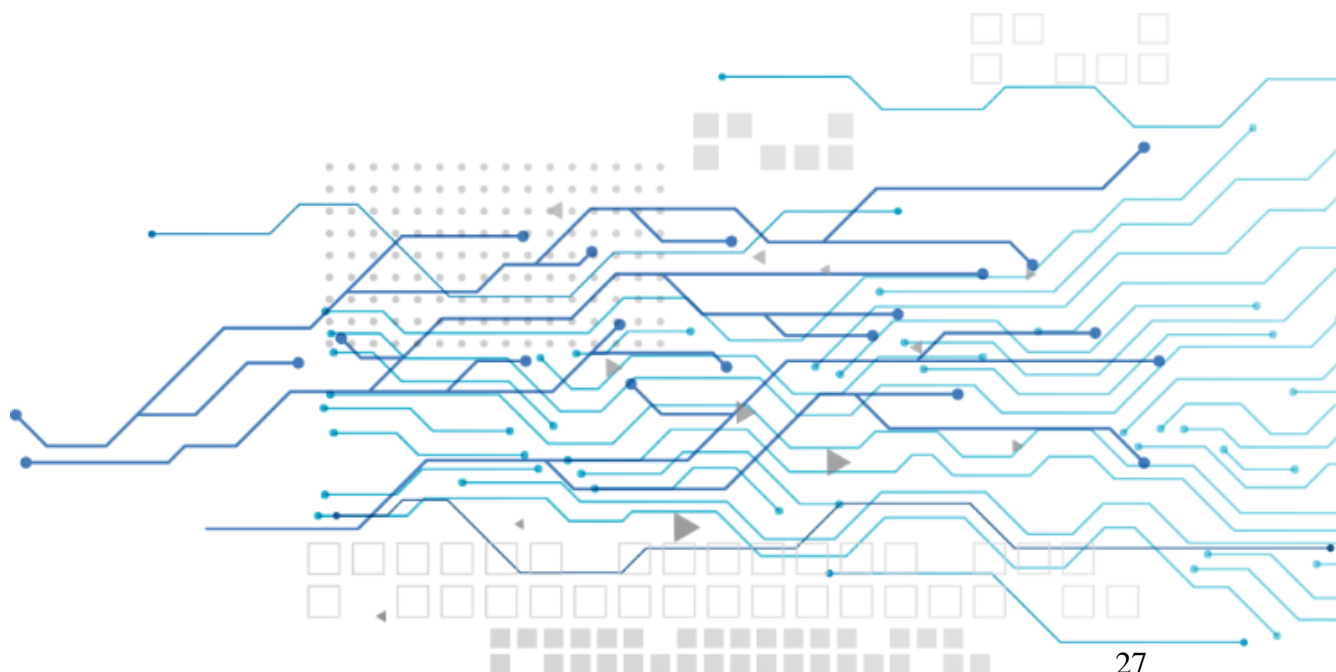
- **Educate yourself and your staff**

As you can see, from the introduction to this material until the end, we are explaining how digital entrepreneurship is something that is constantly developing and changing. You need to be able (together with your team), to adapt to constant changes and follow new strategies and methods. Thus, it's important to educate yourself (especially in early phases of developing your digital enterprise when there's one (wo)man show happening most of the time) and your team, in order to improve and scale-up your enterprise.

Key message(s) to take:

- The term **self-hosted** refers to software installed and maintained by the user on a generic web hosting service, such as a VPS (Virtual Private Server).
- Decision on **choosing the right name** depends on number of factors; is it more important that the name is relevant and easy to spell so people can find your enterprise easily while Googling, or it's more important that it communicates exactly what your digital enterprise has to offer?

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- **Choosing the right Internet Service Provider (ISP)** is important for launching the digital enterprise you have created, but also for running it smoothly and having some room to grow in the future.
 - Like any business decision, decision of **choosing the right platform** should be made carefully and after considering different options and different angles on each option you think about/find. It's important to have in mind that **some platforms and services of those platforms can have huge costs**, which someone starting digital enterprise is probably not ready to make in the beginning of the work.
 - Before you can build your digital enterprise, you need a **place where you will sell your products or services**, thus creating the website where your products/services will be nicely presented is an essential. WordPress is a recommended tool that you can use easily to start creating your online presence.
 - **WordPress is the simplest, most popular way to create your own website or blog.**
 - **WooCommerce** may be the world's most popular e-commerce framework. It's built to work with WordPress.
 - **Magento** is an advanced e-commerce platform. It offers you both free and paid versions. It's been around for many years, so you're getting a reliable solution.
 - **Prestashop** is an open-source e-commerce platform. You can download it and start using it completely free of charge.
 - **Shopify** offers you several ways to sell your products online. The list includes integrations with Facebook, a POS system, and a hosted online store. It is an ideal platform if you're a beginner.





EXTERNALLY-HOSTED DIGITAL BUSINESS OR EBAY

eBay is a third-party retail sales website which allows members, who have good ratings (based on their previous experience in buying and selling products) to buy from and sell to other members.

Hundreds of thousands of eBay members use this website as either a part-time or full-time way to make money. To work on eBay, you need an eBay account and plenty of desirable items to sell (Shepherd, 2016).

In order to start with selling on eBay you need to open eBay account. In order to do this, you need to go to eBay website and click on the link at the top of eBay's home page that is labelled Register.

To do this, go through the link Complete the registration page with your name, contact information and the name that you choose for your eBay account (Shepherd, 2016).

In order to start selling on eBay you need to decide what to sell. Some people use the eBay to get rid of the stuff they don't need anymore. Others use it for selling new products and making and earning based on the sales.


After you have a product that you want to sell, you need to list each item that you want to sell, using eBay's listing form. This form asks you to title your item, describe it in detail and upload at least one picture of it. Be thorough in your description and take a picture that is clear and represents the entire item. You may also want to add additional close-up photos of specific parts of the item or photos of the item from different angles (Shepherd, 2016).

PayPal and eBay – Most of the sellers and users on eBay use PayPal for making payments. If you don't already have a PayPal account – sign up for one. Make sure that you connect right card with your PayPal account so you'll be able to accept payments. PayPal is the most widely accepted form of payment on eBay. It ensures that that you have many more buyers for your items than if you choose an online payment site that isn't as well known.

Once you make your first sales – mail each item that is sold. Once the sale has been made, the buyer will send you an electronic payment for the item plus the shipping amount that you specified on your listing. Pack your item carefully and ship the item in a box for a larger item or one that is fragile or a padded mailer if the item is small and not fragile (Shepherd, 2016).

Dropshipping

Dropshipping is a retail fulfilment method where a store doesn't keep the products it sells in stock. Instead, when a store sells a product using the dropshipping model, it purchases the item from a third party and has it shipped directly to the customer. As a result, the seller doesn't have to handle the product directly. The biggest difference between dropshipping and



the standard retail model is that the selling merchant doesn't stock or own inventory. Instead, the seller purchases inventory as needed from a third party—usually a wholesaler or manufacturer—to fulfil orders (Ferreira, 2020).

Dropshipping advantages

Dropshipping is a great business model to start with, for someone who is new in the entrepreneurship field and aspiring to make success. It gives an opportunity to quickly test different business ideas and learn a lot about how to choose and market products in demand.

The biggest advantage to dropshipping is that it's possible to launch ecommerce store without spending thousands and thousands of Euros or Dollars in the first few steps. In traditional retails, retailers had to buy huge amounts of inventory to be sold later on. With the dropshipping model, it's not require to stack piles of inventory in advance. Once you have made the sale and been paid by customer, then you buy the product that was sold in the first place.

Running an ecommerce business is much easier since you don't have to deal with physical products and worry about managing or paying storage/warehouse, packing and shipping orders, tracking inventory, handling returns, ordering products and managing stock level.

Because you don't have to deal with purchasing inventory or managing a warehouse, your overhead expenses are quite low. In fact, many successful dropshipping stores are run as home-based businesses, requiring little more than a laptop and a few recurring expenses to operate (Ferreira, 2020).


Dropshipping business can be run from anywhere, with a condition that you have an internet connecting. As long as you are able to communicate with suppliers and customers easily; you are able to run and manage your business.

Fact that you don't have to pre-purchase items that you want to sell, means that you can have wide selection of products to sell, without any additional costs.

Dropshipping is a useful fulfillment method for both launching a new store and for business owners looking to test the appetite customers have for additional product categories, e.g., accessories or wholly new product lines. With a traditional retail business, if you receive three times the number of orders, you'll usually need to do three times as much work. By leveraging dropshipping suppliers, most of the work to process additional orders will be borne by the suppliers, allowing you to expand with fewer growing pains and less incremental work (Ferreira, 2020).

Dropshipping disadvantages

Low margins are the biggest disadvantage to operating in a highly competitive dropshipping vertical. Because it's so easy to get started, and the overhead costs are so minimal, many



competing stores will set up shop and sell items at rock-bottom prices in an attempt to grow revenue (Ferreira, 2020). These kinds of sellers will usually have low-quality websites and poor customer service, which you can use to differentiate your business.

If you were to stock all products on your own, it would be simple to keep track of which items are in and out of stock. But since you are sourcing from different warehouses, which are also fulfilling orders for other merchants, inventory can change on a daily basis. Fortunately, these days, there are a handful of apps that let you sync with suppliers.

If you work with multiple suppliers—as most dropshippers do—the products on your online store will be sourced through a number of different dropshippers. This complicates your shipping costs. Let’s say a customer places an order for three items, all of which are available only from separate suppliers. You’ll incur three separate shipping charges for sending each item to the customer, but it’s probably not wise to pass this charge along to the customer. And even when it does make sense to include these charges, automating these calculations can be difficult (Ferreira, 2020).

Even the best dropshipping supplier will make mistakes fulfilling the orders – mistakes for which you will need to take responsibility and apologise to your customers.

Dropshipping doesn’t give you a lot of control over the look and design of the product. Usually, products you offer on your ecommerce business will be designed and branded by supplier.


FBA – Fulfilled by Amazon

Fulfillment By Amazon (FBA) is a service provided by Amazon that provides storage, packaging, and shipping assistance to sellers. This takes the burden off of sellers and grants them more flexibility in their selling practices. FBA program allows sellers to ship their merchandise to an Amazon fulfilment centre, where items are stored in warehouses until they are sold. When an order is placed, Amazon employees physically prepare, package, and ship the product(s).

Benefits of using FBA

Sellers can take several advantages and benefits associated with Amazon, once they sign up for Fulfillment By Amazon. These are presented in article by Feedvisor (2020).

- **Having Amazon’s Name Associated With Their Products:** This is a quality guarantee that most buyers will appreciate, making them more prone to patronise a seller because of it. Having the Amazon name associated with their products will help sellers gain the trust of consumers, who expect excellent customer service and rapid delivery with FBA.
- **Subsidised Shipping Fees:** Because Amazon has a relationship with the shipping companies, sellers using this service will be able to pay less in shipping than if the items were being delivered from an individual’s account. Also, sellers can offer free shipping



over a certain amount since products sold through FBA are eligible for Amazon Prime and FREE Super Saver Shipping.

- **Multi-Channel Fulfillment:** Amazon can ship and handle inventory that is being sold on multiple channels, and not just through the Amazon marketplace.
- **Shipping Standardisation:** All FBA orders are processed in exactly the same way Amazon handles its own merchandise. This means that when someone purchases an item, Amazon picks the item from their inventory, packs the item, and ships it to the buyer.
- **Access to the Prime Audience:** Qualified FBA listings are Prime-eligible and displayed with the Prime logo. This enables the seller to reach new and existing customers who seek out free one- or two-day shipping, filter specifically for Prime-eligible products, and only convert if the Prime badge is visible.

Disadvantages of FBA

As presented in article by Feedvisor (2020) main disadvantages of FBA are:

- **Costly Fees:** Fulfillment and storage fees, including long-term storage fees, can pile up quickly, especially with slow-moving or oversized products. Sellers are also charged removal fees for defective, damaged, and unsellable products as well as disposal fees to get rid of unsellable inventory.
- **Product Handling Issues by Amazon:** Sometimes inventory can get lost or damaged in the fulfillment process. Oftentimes, the error is on Amazon's end, not the seller's. In these cases, Amazon will reimburse the seller proactively. However, some cases might go unnoticed, during which inventory is damaged and sellers' money is lost. Sellers should keep records of their shipments in case Amazon short receives inventory.
- **Precise Product Guidelines:** Amazon has specific requirements for certain products (i.e. poly bagging and bubble wrapping) to ensure they arrive at Amazon fulfillment centers in optimal condition. Sellers can also choose to have Amazon do the prep for a per-item fee.
- **Stickerless Commingling:** Amazon's default inventory setting is to commingle the same products together from a manufacturer. That means if a seller is selling the exact same product as other retailers or sellers, their inventory will be mixed together. Sellers should be wary of commingling, as low-quality products from less reputable sellers may be pooled together with their own products, which can lead to fraud and account suspensions.
- **More Returns:** Given that Amazon handles returns with FBA, sellers may experience higher return rates once customers understand how easy it is to return a product on Amazon.



FBA Fees

It's important to have in mind that Fba comes with some of the fees. Amazon charges several kinds of fees to FBA members (Feedvisor, 2020).

- **Standard Seller Fees:** Amazon takes approximately 15-18% of the product price as a seller's fee when an item is sold. How much will vary depending on the product.
- **Fulfillment Fees:** These fees are per unit, vary depending on if the product is standard size or oversized, and include picking and packing, shipping and handling, customer service, and product returns.
- **Inventory Storage Fees:** Based on the calendar month and daily average volume, sellers are charged a monthly storage fee per cubic foot of inventory.
- **International Shipping:** Amazon now offers Global Export, which allows sellers to send their inventory all over the world.

Key message(s) to take:

- **eBay** is a third-party retail sales website which allows members, who have good ratings (based on their previous experience in buying and selling products) to buy from and sell to other members.
- Most of the sellers and users on eBay use **PayPal** for making payments.
- **Dropshipping** is a retail fulfilment method where a store doesn't keep the products it sells in stock. Instead, when a store sells a product using the dropshipping model, it purchases the item from a third party and has it shipped directly to the customer.
- **Fulfillment By Amazon (FBA)** is a service provided by Amazon that provides storage, packaging, and shipping assistance to sellers. This takes the burden off of sellers and grants them more flexibility in their selling practices.



SELECTING THE RIGHT MARKET (MARKET ASSESSMENT)

The target market is the actual customer group, or audience, in which your business will attempt to sell its products and services (Smith, 2019). Market assessment or market analysis is a critical study of the potential a new product or service or idea has in the market where it is to be launched.

No matter what product are you planning to launch or what kind of services you are providing, selecting the right market and doing market assessment will be the critical step in order to create successful campaign. It is impossible to define all possible single customers at the market, but it is important to be aware of their background, attitudes and habits.


Choosing the right target market means narrowing down your audience to a group of people with similar characteristics, shared traits, and even niche hobbies and interests (Getcraft, 2020).

Targeting a specific market does not mean that you are excluding people who do not fit your criteria, but more likely sending message on a specific market that is more likely to buy from you than other markets (Porta, 2020).

Clearly defined target audience is crucial in order to successfully select the right market.

Some other things that companies should pay attention when doing market assessment are:

- **Analysing your product or service:** it means to analyse all features of the product/service and determine possible benefits and innovations it brings to the customers and how will it help them fix existing problems and fulfil their needs. Different offers appeal to different people for different reasons, so they should have different target markets and messaging (Baadsgaard, 2019). The important thing is to match the product/service you are selling to the customer group you are targeting. Producing and launching different products/services at the exactly same market will not work because all people will not have same needs and issues.
- **Analysing the existing competition:** it is important to analyse what markets is your competition targeting. You should look deeply and analyse who are their customers and what needs they are solving for them. Seek to fill the void within the market, rather than targeting the same market as your competition (Smith, 2019). Also, it is important to be aware of number of competitors on the market, as if it is over-saturated with competitors, it will be difficult for you to stand out. Your product/service should bring an added value to the customers and should bring innovative approach for fixing their needs. If you are unable to answer the question why are you uniquely placed to solve the problem, you either have the wrong target market or the wrong offering (Leboff, 2016).

- 
- **Understanding the existing customer base:** companies should be fully aware who are their customers, in what products/service they are interested, what are their common characteristics and interests, what sales channels they are using and similar. By taking a careful inventory of your ideal existing customers and why they use your product or service, you can figure out what your target market(s) should be and how to promote your offering to them (Baadsgaard, 2019). You should consider things such as their age, gender, average income level, marital status, educational background and occupation. Also, it is important to define what is the target group in the biggest need of your product and how can you help them solve that need or issue.
 - **Identifying the size of the market:** it is important to be aware of the number of customers existing on the market, especially when it comes to the long-term planning. Number of potential customers tends to be low when you filter and target your audience deeply. Apart from number of customers existing, it is important to know their abilities to pay and how much they are spending annually on the types of products/services you are planning to offer. Market with lower number of customers who are spending more money can be better than market with higher number of customers who are spending less money.

Key message(s) to take:

- **The target market** is the actual customer group, or audience, in which your business will attempt to sell its products and services
- It is impossible to define all possible single customers at the market, but it is important to be aware of their background, attitudes and habits.
- The most important thing when selecting the right market is **clearly defined target audience**
- Other important things you should take into consideration are features of your product, existing competition, existing customer base and size of the market and is it likely to spread in the future



CHOOSING/CREATING THE RIGHT PRODUCT AND PLACEMENT AND LEAN ANALYSIS

Choosing the right product

Choosing the right product to enter the competitive market can be the hardest decision for most of the newcomers in the (digital) entrepreneurship world. Selection process and data analyses can be terrific nowadays when almost everything can be already found online and when it is especially hard to come up with new and innovative idea that will be productive and trending at the same time. From this reason, right selection of the product to create can be crucial decision even for the future success of the company.

At the beginning, it is important to understand that consumers' attitudes and wishes are constantly changing. Majority of the products at the market today, were not even existing 5 or 10 years ago. This gives a hope and prove that every company is able to come up with new idea and create something they will be able to compete with on the market.

However, it is important to do lot of researches, thinking and follow some most important rules that are :

- **Reading customer reviews on the existing products:** starting point in deciding what kind of product to create can be reviewing on existing products created by other companies. It is important in order to see what products have lower number of "good" reviews and it will give you an insight at the possible holes in the market where improvement is possible. The special attention in creation of new products should always be put on shortcomings and complaints being shared about existing products on the market (Macdonald, 2019).
- **Bringing an added value:** in the year of 2020 it is especially hard to come up with innovations and create brand new solutions to the problems. However, in order to be successful, sometimes it is enough even to go with some existing product, but to enrich it with your own idea. The trick to getting started is again – finding a product with growing demand, and growing with that demand (Mitchell, 2019). Your product can be more quality, has cheaper price, faster delivery, last longer or anything else based on your personal abilities, expertise and experience.
- **Capitalising the trends early:** Many successful businesses were started by entrepreneurs with an ability to see a trend before everyone else (Noice, 2015). Recognising a trend early enough can be a significant win for a new business as it allows you to carve out a place in the market and establish yourself as a leader before others have a chance to (Macdonald, 2019). Some of the powerful tools to follow trends can

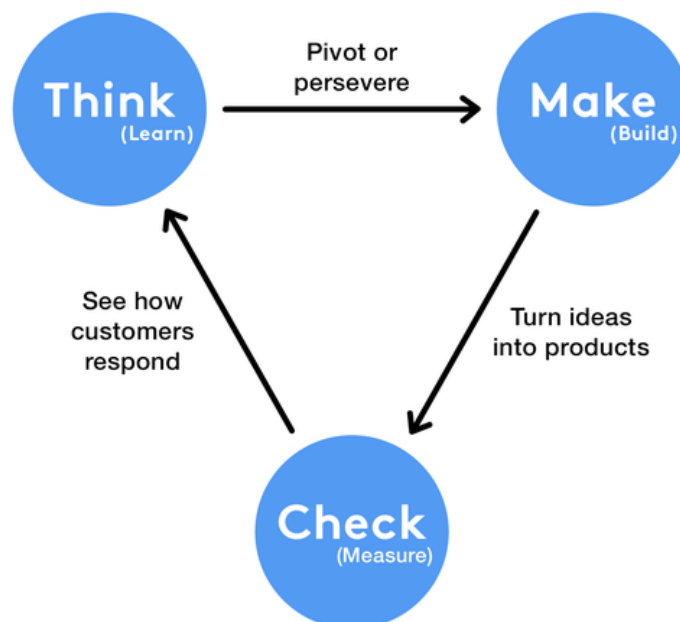
be social networks (such as Facebook, Twitter, Instagram...), Reddit, Quora, Google trends and Trend Hunter.

- **Having passion for the product:** Turning your expertise and passion into your own online business is a smart way to enter the market with a leg up that isn't easy for others to duplicate or copy (Macdonald, 2019). Choosing a product from the industry in which you have previous experience, expertise or passion can help you to easily create more ideas that are not present on the market and have not been used by your competition. Having an affinity for the product and its industry will make getting through the rough spots much easier (Bigcommerce).


Lean analysis

Lean marketing as general strategy originates from Toyota's Manufacturing System (TMS) and was later implemented in many different industries because of its big success. The idea behind Lean methodology is acting faster, iterating more frequently, and deliver value without wasting time and resources (Ivanov, 2018).

Lean analysis is powerful tool to be used when creating a new product and entering a new market for the first time. It allows companies to get better insight and understanding of the situation on the market than with traditional marketing tools and strategies.



System you can see at the photo above was introduced by Eric Ries (2011) in his book "The Lean Startup". The Lean startup is a methodology, which aims to shorten product development cycles and rapidly discover if a proposed business model is viable (Pirogov, 2019).



One of the main benefits of creating/developing new product by using LEAN strategy is that it is based on the expressed desires of the market. Complete LEAN process concentrate and rely mostly on customer-related information and consumer interests. Unlike traditional strategies, process in LEAN strategy is much more based on doing different experimentations rather than creating rigid plans in advance and blindly sticking to them. Creating products in LEAN strategy will often involve creation of prototypes or basic variants of original product in order to see consumers' reactions, and based on them to improve and develop the final product.

In traditional marketing, the final product is determined beforehand and teams can't adjust and adapt throughout the creation process, and even sometimes, marketing specialists start to repeat certain activities until the end of time without measuring success regularly. (Pirogov, 2019). Lean strategy is always based on testing and learning more, never taking a good trend for granted and always seeking perfection (Ivanov, 2019).

Key message(s) to take:

- Choosing the right product to sell is often the most important decision when entering market and can directly lead to success or failure of your business or enterprise
- When making decision for new product, you should always **review feedback** on existing products on the market, bring an **added value** to the existing products, capitalise the **new trends** early enough and have a **passion** or previous **expertise** connected with your product
- **LEAN analysis** is a powerful strategy to use when creating a new product or entering a new market, because it is based on the expressed **desires of the market** and **real needs of your consumers**
- LEAN analysis is based on doing different experimentation, testing, learning more and even creation of several prototypes of products that will later contribute to creation of the final product based on consumers' feedback



SELECTING THE RIGHT SALES CHANNEL (INTERNAL/EXTERNAL/SOCIAL)


Selecting the right sales channel can be equally important as creating and developing the product. Even if you have a good product, if you did good market research, if customers are interested and demand is constantly growing, selection of the sales channel is the step that will launch your product up in the sky or lead you directly to the failure. An effective sales function is vital to the growth of every business (Doorley, 2014).

Sales channel can be defined as internal, external and social.

Internal (direct) sales methods include a solo approach, a direct sales force, and the Internet. Products are directly sold by company and exclude any vendors or third parties. The company is controlling the whole process including sales process, pricing, customer service and customer relationships. People say that the shortest distance between two points is a straight line, the direct route, and so internal (direct) sales is the conventional approach of selling directly to your customer and cutting out the middleman (Dickens, 2015). Advantage of the internal sales is that company is keeping all retail profit instead of sharing it with any other partners involved and is controlling selling process from start to finish. Some of the most important strategies for internal sales are: telemarketing (telephone selling), online shops (such as Ebay), trade shows and exhibitions.

External (channel) sales refers to the process of building partnerships with third parties in order to get a wider reach for your product and to leverage the existing customer base of an established brand (Pilcher, 2019). Advantage of the external sales is that companies don't have to train their own sales team that is usually expensive and time-consuming process, but they can rely on their partners. Another advantage is that partners directly depend on the profit from selling (more they sell, more they earn) that will keep them motivated during the whole cooperation. From this reason, regular communication between producers and vendors is extremely important. Producer should regularly communicate and update vendors about possible changes and issues in order for them to function at their best (Dickens, 2015). Some of the most important strategies for external sales are: resellers, sales agents, retailers, wholesalers, distributors and consultants.

Social sales is defined as turning your social media from just another arm of your marketing operation into a platform that generates sales (Laws, 2020). Social media channels such as Facebook, Instagram or LinkedIn are becoming more and more places where companies are trying to reach their customers, promote their services or sell their products. Social media efforts will not only build brand awareness, but will facilitate that sense of community and engage shoppers, resulting with higher retention and increased sales, which is the ultimate goal (Salerno, 2014).



There are several strategies to use when selling products through social media, but the most important are: paid ads (promotions), utilising influencers and brand advocates, using tools already provided by social networks (such as shoppable tags on Instagram or Pinterest pins).

All these sales channels have their advantages and disadvantages. Selecting the right channel for your company, business, product or service can become challenging and often lead to the mistake. Some of the important factors that each company should take care of when selecting sales channel are:

- **Understanding customers:** companies should be able to identify who their customers are and what are their usual buying habits and attitudes. It is important to understand if customers are spending more time online, coming from specific target group, coming from specific geographic area, preferring to buy directly and similar
- **Product/service characteristics:** nature of the product make this a very short assessment process. For example, some products will sell better if they are promoted directly while some will reach more people if promoted online or through field retailers. Some products need to be sold by staff with previous knowledge or expertise in the field, while some needs face-to-face interaction. The characteristics of products and services are primary considerations when making decisions about how to sell and distribute products to an international market (Roy, 2020).
- **Existing competition:** The sales, marketing and pricing strategies used by competitors can help organisations choose the best sales channels for their own products and services (Roy, 2020). It is important to analyse what sales channels competitors are using in order to be innovative and provide possible new options and opportunities for customers. Providing more practical paying or delivering option can make customers select your company before others.
- **Budgeting:** The main goal of each company is to get the biggest profit possible. Some sales channels can be more expensive than others and it again depends on the type of product/service you are providing. The level of control and customer reach may be lower for certain distribution methods, but could be significantly less expensive, thereby offsetting loss in sales volumes (Roy, 2020). One of the key factors in the growth of inside sales is the fact that it's a relatively cost-effective solution (Doorley, 2014).



Key message(s) to take:

- Sales channels can be internal, external and social
- **Internal sales channels** include solo approach and products are directly sold by company without any vendors
- **External sales channels** include process of building partnerships with third-side parties in order to get a wider reach of your products
- **Social sales channels** include usage of social media as a marketing tool and place for direct sale of your products
- Different sales channels can be differently useful for different businesses, so selection of the right sales channels should be based on knowing your customers and their needs, your product characteristics, existing competition and your budgeting



DIGITAL STRATEGY

Definition: Digital Strategy is a plan that uses digital resources to achieve one or more objectives relevant to specific business or a start-up.

Digital strategy is most relevant to changes in business models, and uses technology to create the capabilities a company needs to become a digital business. Setting down a strategy is a key component of the transformation process, and ensures that technology is being implemented in a way that supports the business objectives.

Digital strategy looks for ways to use technology to transform activity, and therefore business. Digital strategy instead looks at the activities and processes that need to be transformed to provide better services for customers. Then, it looks for the right combination of technologies and strategies that can be combined to create these experiences. Digital leaders have found new competitive advantages and opportunities for growth by making this shift in strategy (Liferay, 2018).

How do you build a digital strategy? Rather than asking, “What’s our digital strategy?”, an article from Harvard Business Review (Favaro, 2017) suggests using the five following questions to ground your understanding of digital technology:

1. Does digital technology change the businesses you should be in?
2. How could digital technology improve the way you add value to the businesses you are in?
3. Could digital technology change your target customer?
4. Does digital technology affect the value proposition to your target customer?
5. How can digital technology enhance the enterprise capabilities that differentiate you from your competition?

10 steps to build an effective digital strategy

In article “10 Steps to Building an Effective Digital Strategy” (Rum,2016) there is a 10 steps guide with advices on how to build an effective digital strategy. Those steps are:

1. Define Your "Why?"

It all starts with this question. Why does your business exist?

Simon Sinek's landmark TED Talk expertly lays out how to find the "why" in your organisation using his golden circle methodology, and I also wrote about it here last week. He connects the dots between exceptional leaders, exceptional brands, and the notion that people don't buy "what you do, they buy why you do it." Once you can identify the core "Why?" of your organisation, crafting an effective brand story, authentic messages, and engaging content will come much easier (Rum, 2016).



2. Create Your Brand Story

Studies have shown that consumers encounter up to 20,000 brands every day, only 12 of which leave an impression. If you have any hope of being among those 12, you must have a brand story that matters to people, which is what 73% of consumers want. Whether you are for-profit, non-profit, or for-purpose, compelling stories-not sales pitches-are what cut through the noise (Rum, 2016).

A way to think about your brand story is to articulate what your brand promises – the statement you want your audience to see whenever they look at your business – brand you’re creating.

3. Define Your Goals

When defining your goals, you need to have in mind that your goals must be achievable in some time period and that you need to be able to check whether you’ve reached the desired goals or not.

Remember to be SMART: your goals must be specific, measurable, attainable, relevant, and time-bound (Rum, 2016).

4. Develop Audience Personas

If you want to tell a story which your audience will understand, first you need to know who your audience is and be able to understand them.

You should aim to create 3-4 personas based on the types of people you attract and want to target. A complete persona will contain the person's background, career, values, goals, reservations, and decision-making tendencies (Rum, 2016).

5. Create a Journey Map

Once you have clear understanding of your target audience, creating a journey map is the next step in the process. Rum (2016) states that having a journey map will help you understand the ways people are already interacting with you online as well as the potential for more or different kinds of interaction. When you start creating your journey map you will want to answer these questions:

Where does a user first encounter your business online?

What touch-points are the most important when a user makes a decision?

What makes them leave and what makes them come back?

The better you understand your audience and their habits and behaviours, the more detailed your journey map can be (Rum, 2016).



6. Identify Key Channels

Number of social medias and apps is huge. A lot of business makes mistakes and have their presence on each popular social medial and communication channel with their (potential) customers / users of their services. This is why understanding your audience is important. If your target audience is not on TikTok, you can leave that app alone for some time. If your target audience primarily uses Facebook to connect, part of your strategy should focus on organic and paid reach on Facebook.

7. Develop a Content Strategy

We are in time of being when marketing is all around us, especially in digital space. Try to answer the question: "Is my content useful for my target audience?".

Craig Davis, Founder of Brandkarma said, "We need to stop interrupting what people are interested in and be what people are interested in." There's no need to re-invent the wheel when it comes to content. Find out what your audience wants and needs, and creatively provide it for them. People share what's good, follow what's regular, and respond to what's appropriate. Think quality, consistency, and customisation and you can't go wrong (Rum, 2016).

8. Draft a Content Calendar

Even though we are in digital age, calendars never go out of style.

A good digital strategy likely has a lot of branches with multiple channels, content formats, deadlines, and deliverables (Rum, 2016). Keeping track of what is happening is half the battle, but it shouldn't be something that slows you down from running your business. A useful content calendar includes everything from benchmarks and major industry events to listing the staff in charge of creating, approving, and publishing each piece of content (Rum, 2016).

9. Plan Your Resources

Make plans based on the resources and staff you have, not resources and staff some other business has. This is an important principle, which many of new digital businesses overlook, but it is critical to development and success of a digital strategy.

10. Measure your work

There is no shortage of data in digital marketing. All the major platforms have analytics offerings and there are countless third party platforms that offer all kinds of data reporting. But before you dive into those choices, refer back to your goals (see number 3). Then you'll know which numbers to look for. And once you have numbers, you'll know what's working and what's not-you'll have insights you can actually act on (Rum, 2016).



Key message(s) to take:

- **Digital Strategy** is a plan that uses digital resources to achieve one or more objectives relevant to specific business or a start-up.
- **10 steps to build an effective digital strategy** are: Define Your "Why?"; Create Your Brand Story; Define Your Goals; Develop Audience Personas; Create a Journey Map; Identify Key Channels; Develop a Content Strategy; Draft a Content Calendar; Plan Your Resources and Measure your work.

PHOTOGRAPHY IN DIGITAL ENTREPRENEURSHIP – PRESENTING THE BEST SIDE OF THE GOODS

The Road of Photography – Then and Now

Photography was created in the first half of the 14th century, although the basic principle by which it is functioning - the camera obscura, had been known much earlier. The earliest records date from the 5th century BC, from the Chinese philosopher Mo-Tzu, and somewhat later from Aristotle in the 4th century BC. Until photography was created, the phenomenon of the camera obscura camera had been studied by many philosophers, scientists, astronomers and artists. Detailed drafts and explanations can be found in Leonardo da Vinci's *Codex Atlanticus* but also in Johann Kepler's *Paralipomena* dated from 1604. According to the research by David Hockney, the progress in the painting realism since the Renaissance is the result of the development of the different optical instruments such as the camera obscura. The full potential of this phenomenon was sensed only at the beginning of the 14th century, when several inventors tried to obtain results by using photosensitive substances. The first of them was Thomas Wedgwood, who managed to actually produce an image, however of an extremely short lifespan. The most important persons for discovering photography and providing the first concrete results of obtaining a photographic image by using the photosensitive substances were Nicéphore Niépce, Louis Daguerre and soon after Fox Talbot.

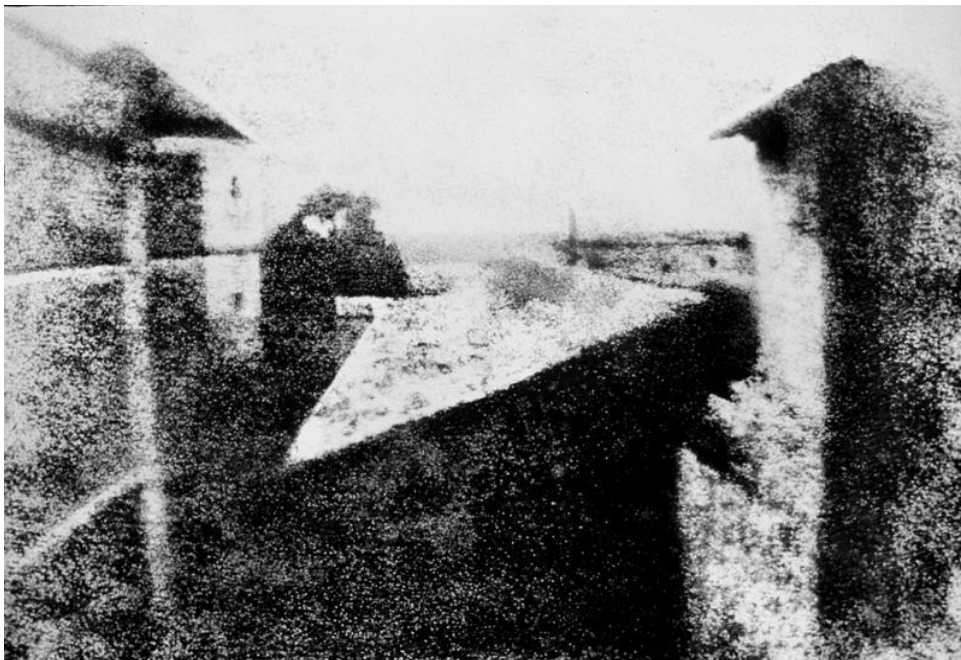


Figure 1: The first photograph ever made, 1826, *View from the Window*, Nicéphore Niépce

Initially, obtaining a photographic image required a very long exposure, just like with the first ever captured and preserved photograph in history – *View from the Window*, by Nicéphore Niépce (Figure 1), which is considered to have been exposed to the light for at least 8 hours.

Later attempts made by Daguerre required considerably less time. His shot of the boulevard made from the window was exposed to light for only ten minutes. However, the problem with these procedures, in addition to the extremely to moderately long exposure, was the fact that these kinds of images were not possible to be reproduced. The results of Niépce's process called *heliography*, and Daguerre's process called *daguerreotype* were unique images. Although these images, especially the ones of Daguerre, were quite rich in detail and tone, they came with a problem of a damageable image plate – which in combination with the impossibility of reproduction created an even bigger problem. The first photograph developed from a photographic negative was taken by Fox Talbot in 1835. His process called *calotype* required approximately the same exposure time as by daguerreotype, but unlike it, it was produced on a transparent paper negative which allowed the creation of identical copies. This moment is one of the turning points in the history of photography which set the postulates of a process that will be perfected and widely used all until the emergence of the digital photography.

The first self-portrait (today's *selfie*) was taken in 1839. It was made by Robert Cornelius using the daguerreotype technique. On the back, he wrote: *The first light picture ever taken, 1839.* (Figure 2)

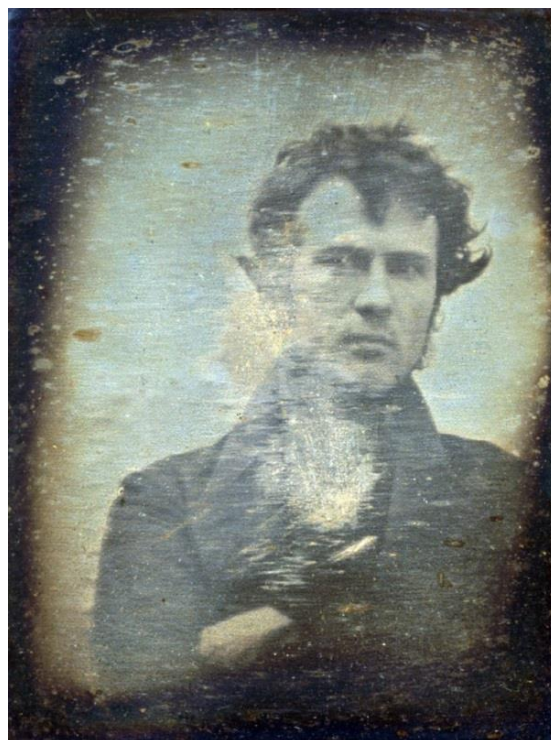



Figure 2: Robert Cornelius, *The First Light Picture Ever Taken*, 1839

The mass usage began with the appearance of the first photographic film in the 19th century. Among the pioneers of photography using film was George Eastman, the founder of *Kodak*, who made the first camera for sale in 1888, naming it *Kodak*. The Kodak was box-shaped, easy to handle, relatively cheap and it came loaded with enough film for 100 exposures. When the



photographer ran out of film, the entire camera had to be sent back to the factory for processing photos and reloading the film.

Photography developed fairly quickly, the photographic cameras became smaller and lighter, lenses became sharper, thus allowing more light to penetrate. At the beginning of the 20th century, mathematician Sidney Chapman concludes: *During the last century, the amount and the accuracy of information available to people has increased greatly; moreover, the time that would elapse between an event and the knowledge of that event has greatly decreased in comparison to the previous periods.*¹

In the 20th century, photography became one of the main media items – photographs were made quickly, sending and distributing them was as easy as placing them all around the world. Journalism without photography becomes unimaginable; the photograph describes, it draws attention, it illustrates the written, it advertises products!

Photography moves in parallel with the advertising industry, so the advertising industry and the consumer society significantly influence the development of photography. Continuous technical progress alongside the design of new photographic methods and the use of the captured material: today's photography covers nearly all visible phenomena and events, and is an indispensable factor of society.

During the exhibition, *Pictures* held in the Artists Space in New York in 1977, critic Douglas Crimp made the following observation: *To an ever-greater extent our experience is governed by pictures, pictures in newspapers and magazines, on television and in the cinema.... While it once seemed that pictures had the function of interpreting reality, it now seems that they have usurped it.* We live in a time where pictures of an event replace the actual experience.

Jean Baudrillard's thought from the text *Terminal Identity* perfectly explains the change brought by new technologies: *We used to live in the imaginary world of the mirror, of the divided self and of the stage, of otherness and alienation. Today we live in the imaginary world of the screen, of the interface and the reduplication of contiguity and networks. All our machines are screens. We too have become screens, and the interactivity of men has become the interactivity of screens.*

Today, life without photography is unimaginable. It is present in all areas of life. From its beginning until the present day, this visual medium has always had a great impact on the entire civilisation. Photographs have long ago become one of the main media for transmission of information and knowledge, and their importance could be compared to the invention of the press, which has also had a great impact on the development of society. Since their creation, the popularity of photographs has grown relatively quickly and they have found their

¹ Chapman, Sydney, *The Lancashire Cotton Industry*, Manchester University Series, 1904, cited by: Briggs, Asai and Burke, Peter, *Društvena istorija medija*, Clio, Beograd, 2006. p. 258 (translated from Serbian into English)

way into newspapers, magazines, books, postcards, as well as other media available to the general public.

Looking at photography from a psychological point of view, one can conclude that it has made a fundamental change in the human consciousness and that it can be interpreted through emotional and thought processes which create perception together. What is shown in photographs is mostly something realistic i.e. something that happened and something that exists; and it is for that very reason that the observers perceive them as true and real. With the accessible use of visual possibilities, a person can enjoy the top-notch pieces of visual communication.²



Figure 3: A minimalist guide to the evolution of the camera

Before digitalisation, photography was not widely used as a hobby. Being a photographer required the skills in and knowledge of a large number of technical processes - from film selection, exposure and aperture to processing the film in the laboratory. Today, it is difficult to imagine a single day without photography, and probably most people do not even give it any special significance. Photography has become omnipresent. This has been largely contributed by the creation of social media as well as the constant improvement of the mobile phone cameras. Social media cannot exist without photos, some of them such as Instagram are essentially created for sharing photographic content.

Nowadays you can hardly take any digital tool which, additionally to its primary functions, does not also give you a possibility to take photos.

² https://sr.wikipedia.org/wiki/Vizuelna_pismenost



Free and Easy Photography Tools ([canva.com](https://www.canva.com), [paint.net](https://www.paint.net), [gimp...](https://www.gimp.org)) for Promoting and Developing an Enterprise

Internet is an integral part of the modern daily life. The same goes for the promotion of your enterprise. In the 21st century, there is a high chance that the new customers will find you via Google search, Instagram posts or on Facebook. Whichever business you might do and whatever it is that you want to place, it is inevitable that you will need a visual presentation. It is your photos what the customers will base their first impression on. If your promotion includes photographs, editing them is an indispensable part. High-quality photo editing programs are generally also quite expensive, they have their purpose and they are cost-effective for professional photographers or designers; however, there are also very useful photo editing tools that are affordable and above all free to use. They can help you edit the photos yourself with a minimal memory usage on your computer, making your work faster and more productive.

Free photo tools will help you transform your photos, adjust colours, erase stains, and much more – in order to be prepared for publishing.

CANVA.COM

This platform is an online program, meant for users who need a simple way to design photos, create publications for printing or the web and which will help you to create the perfect visual solutions for your business. You don't need any prior knowledge of design to use Canva, the platform allows you to make images, digital postcards, posters, website graphics, social media backgrounds or *memes*. This program is very popular among entrepreneurs who want to present their brand on their own.

To get started on Canva you need to create your own account. You can also sign in with your Google or Facebook account. After you've logged in, using the program will be very easy. To create your image, you can choose one of the image types from a very diverse variety of already existing formats - from Facebook covers, through Infographics, to Pinterest and Instagram posts, etc. Canva offers more than 60,000 templates with which you will create interesting Instagram and Facebook posts and stories; you can design your logo, blog banner, advertising template, flyer, memo, event invitations, brochures, business cards as well as create advertising for your product.

You will be able to do all of the above on your own, because the program is above all practical and user-friendly. Whichever style you choose for your presentation, Canva will make you stand out.

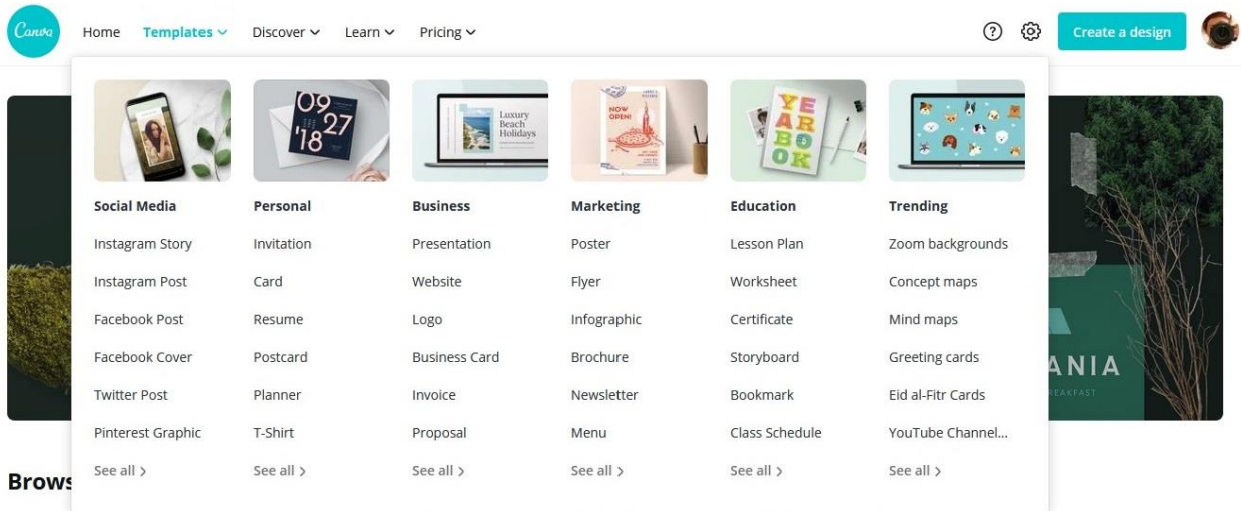


Figure 4: Canva, Screenshot

GIMP.ORG

GIMP (GNU Image Manipulation Program) is a powerful graphics editing tool and photo editing program. It is also known as the best free alternative to Photoshop available today, therefore it is used by many photographers and graphic designers. Generally, you have to install the app to use it, but the *rollApp* version allows you to use the program online. What is specific is that you can upgrade this program by installing the various plugins. GIMP supports formats such as: JPEG, GIF, PNG, TIFF, PSD. This program is a little more demanding and it is necessary to have some prior knowledge or at least will to master the program tools, but its high quality makes it worth the dedication and effort. There is no limit to the size and number of open photos and a large number of pencils, lines and brushes will allow you to draw freely. In addition, in this program you can retouch and edit photos very professionally.

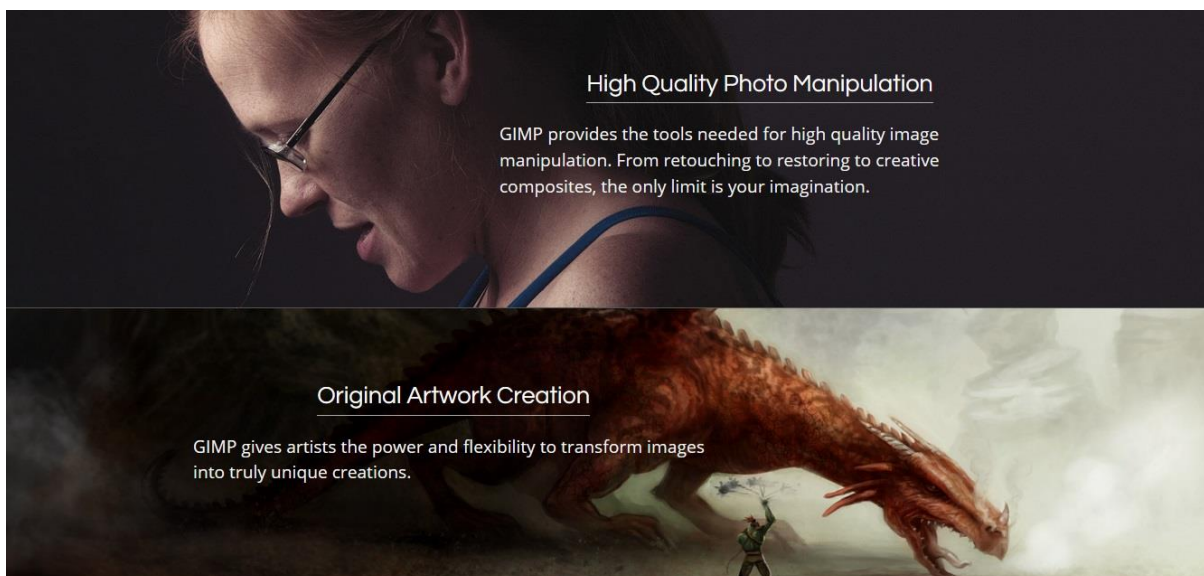


Figure 5: GIMP, Screenshot

FOTOJET.COM

FotoJet is the perfect photo editing tool for creating photo collages and your own unique design. It contains a range of modern and fun collage layout suggestions and lots of options for customisation. You can add personal or stock photos, change the collage layouts and backgrounds, as well as use interesting and creative text fonts. After you've finished editing, you can automatically post the project on Facebook. FotoJet does not have the popularity and visibility like Canva, however some users find it easier to use. In the end, both programs provide very similar results. You can compare these two editing tools and decide for yourself which one suits you better.

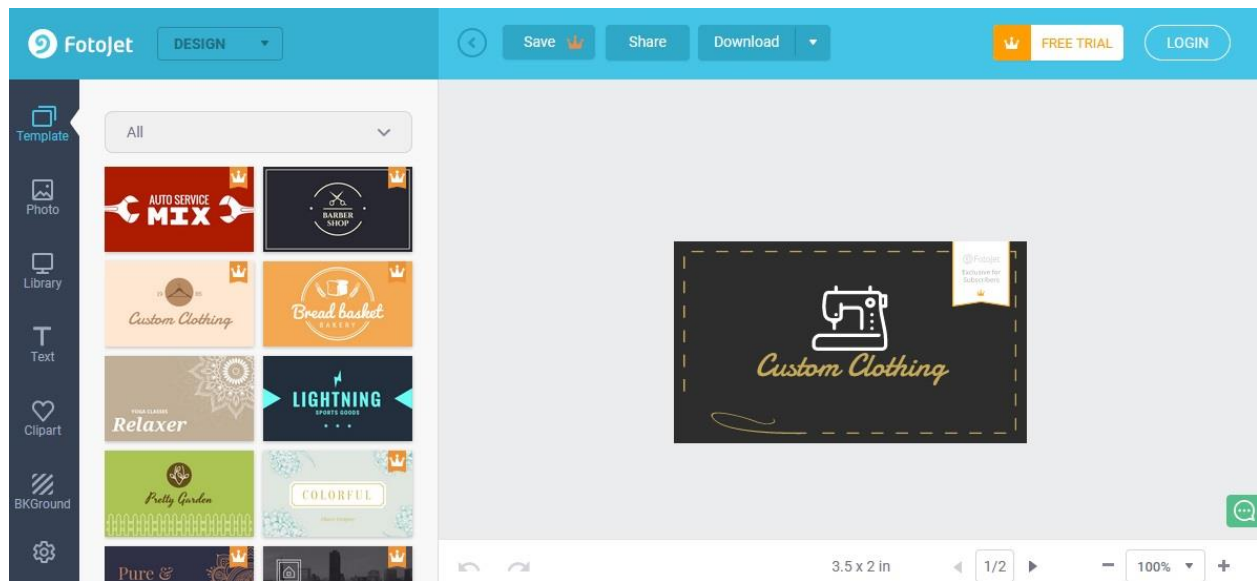


Figure 6: FOTOJET, Screenshot

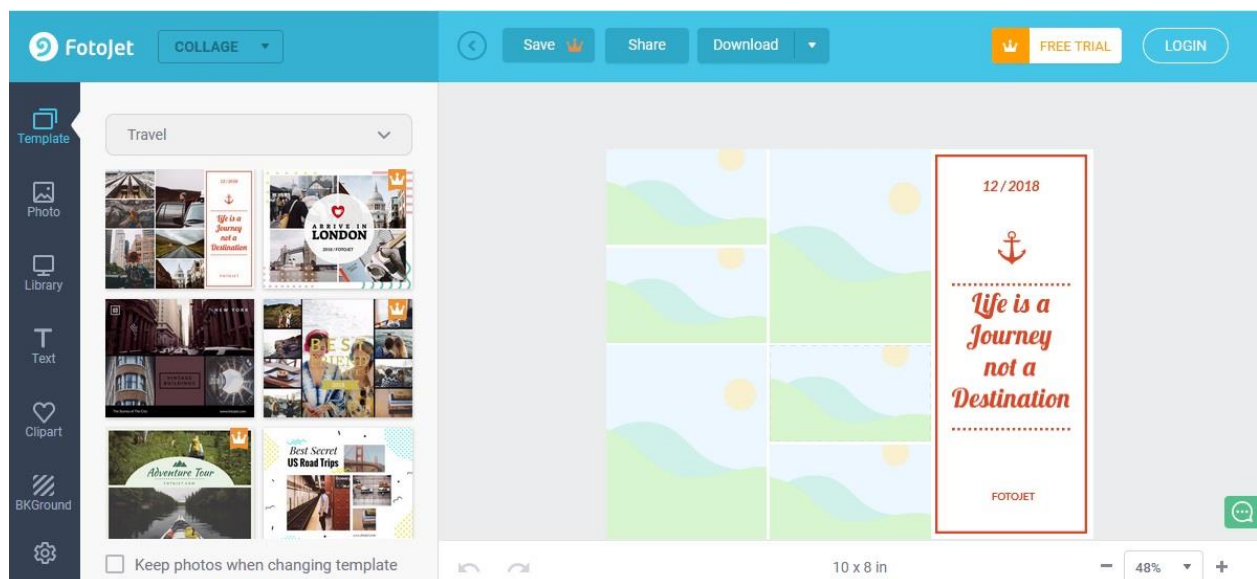


Figure 7: FOTOJET, Screenshot

PIZAP.COM

The free online photo editing tool PiZap is available in HTML5 and Flash editions, which makes it suitable for any device. You have the choice to work with photos from your computer, Facebook, Google Images, Google Drive, Google Search, or simply use the program's available photo catalogue. The selection is very impressive, although some photo sources are only available to premium users. Make sure to also pay attention to copyrights if you use photos directly from Google Images.

The PiZap interface carries a modern design with dark backgrounds and is quite easy to use. The advantages of PiZap are clear and functional navigation options.

Once you've finished your work, you can share the final product directly on Facebook, Twitter, Pinterest, Tumblr or save it on Dropbox or Google Drive. You can also download it to your computer, email it, or simply copy the embedded code. PiZap also offers a paid Pro version; however, the basic processing and editing can be successfully done on the free version.

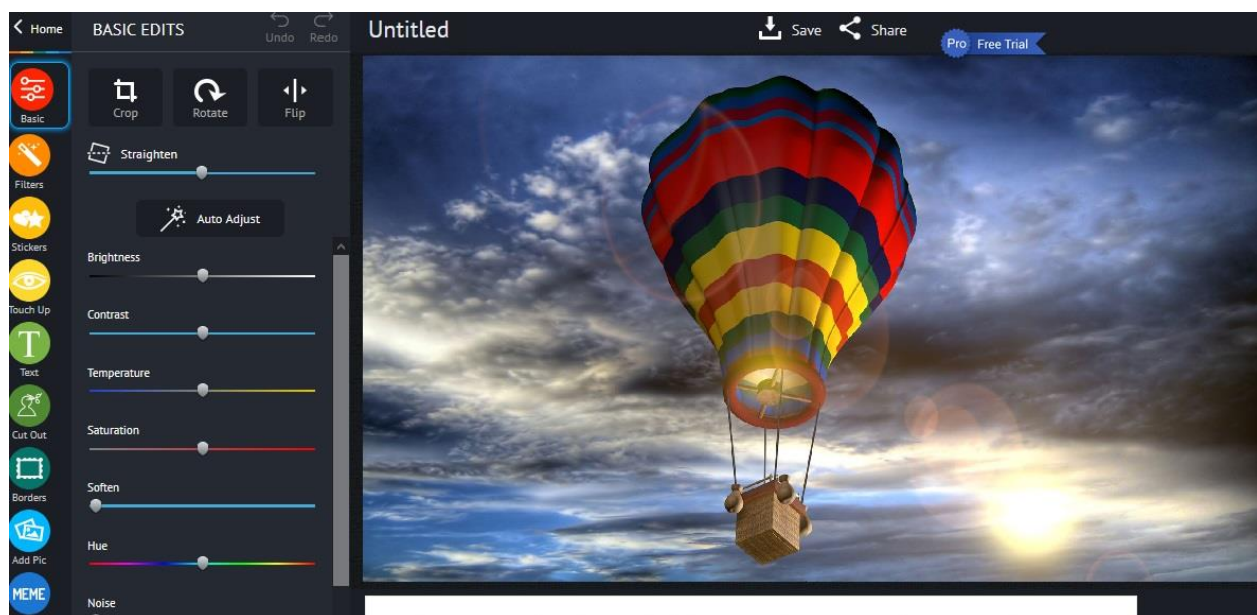


Figure 8: PiZap, Screenshot

FOTOR.COM

Fotor is a program which contains all the necessary tools for fast, efficient photo editing and processing, as well as creating collages. It is supported on all platforms. It's a great app for your Android or iOS, but it also serves as a great addition to your PC (Windows or Mac OS). With slightly fewer options, Fotor can also be used online i.e. you can access it directly from your web browser.

Fotor offers a variety of filters, which makes it easy for beginners to find their way around the program quickly and achieve the desired results. It provides a large number of options for technical improvement of the photo, such as 13 different filters used for automatic adjustment of the photo parameters according to predefined conditions; contrast, brightness, saturation, focus, colour levels, etc. can also be adjusted manually.

For those who want to be a bit more creative, there are also: more than 50 different effects (Cinematic, Mono, Analog, Art, B&W, Lomo, Vintage), numerous frames, stickers, as well as the option to add text on to photos. On Fotor you can also use the option to focus on a certain part of the image in different shapes, blurring everything outside of the frame. Another option among many is to create collages. This program allows you to combine your favourite photos into a collage with a large number of offered templates. Processed and edited photo can be saved in the following formats: JPG, PNG, TIFF. You can download the final product on your computer or share it directly on social networks - Fotor is easy to use and brings great results.

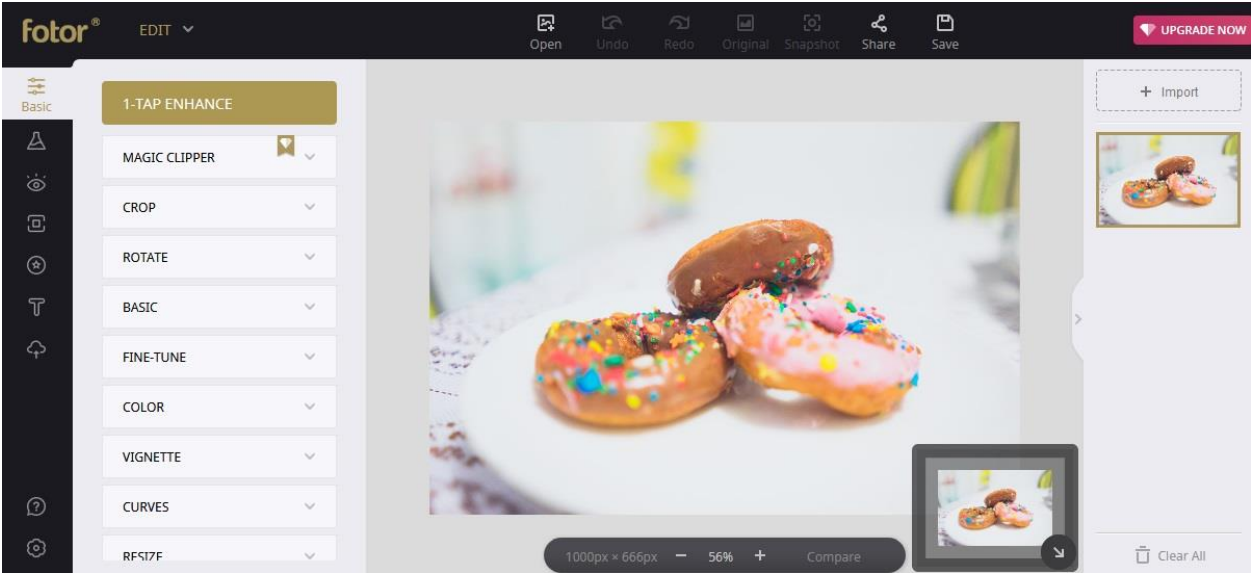


Figure 9: PiZap, Screenshot



Creating Your Own Brand – What Makes You Unique as a Photographer and How to Use It to Brand Your Business

The best idea is a new idea

Edward de Bono

What is a brand?

Products have a price, services have quality, brands have a personality.

Brands have a story people can identify with.


Brand is alive, it has experience.

Brand communicates with its consumers.

The terms *branding* and *advertising* are often confused, and they don't speak about the same process. Advertising a product is only part of a big branding plan, together with sponsorship and licensing of a trademark – logo. We can understand the brand to be the main aspect in the existence of a modern corporation, whereas advertising is a means to communicate this aspect to the world.

Branding is related to perception - the perception of an enterprise, its products or services. The connection and emotional attraction between the enterprise and its customers must be achieved through the consistent use of visual communication. For some, the brand is associated with the social status: convincing clients that they can afford a certain lifestyle or that they can obtain luxury. For others, brands are associated with attitude and individuality. Brands have the power to make customers identify with a product or service, to make them feel like they belong in something important. They influence the consumer's decision to make the purchase, convincing them to buy one product instead of another, whereby they often have to spend more money.

The very power of branding to act on the psyche of the audience presents a complex creativity challenge for photographers, a challenge which goes far beyond the traditional identity. Brands come very close to the corporate identity because they require visual consistency. However, the usage of the brand is much wider than two-dimensional printed material; it includes the overall relationship with the customer, starting from the logo and packaging going all the way to customer service and sales. The packaging communicates with the customer about what the product looks like, how it feels when picked up, how well it functions or what it tastes like; all of these elements cooperate to help customers form an opinion about a company, product, or service. This is known as the *brand experience*. The brand experience begins with the basic values and promises of the brand, which are symbolised by recognisable and specific visual elements.



The essence of branding is consisted in the famous sentence of Mr. Charles Revson, the founder of Revlon cosmetics: ***In the factory, we manufacture cosmetics. In the store, we sell hopes.***

And this is exactly the essence. People don't buy your products because of the products. People don't buy photographs because of photographs. **People buy the story! And your story is unique.**


Nowadays, there are almost no restrictions when it comes to photography. We are not limited to one medium and we are able choose how we will place our *story*. Storytelling is what can make you stand out in the sea of photographers – because your story is unique and as such it can become your own brand. The key question is what would be the most effective way to tell your story. You might use traditional analogue film or Instagram or social media; you might use your own photos; you might make audio recordings or videos or write postcards.

The digital revolution has changed not only the way photos are created, but also the way they are shared and consumed. Photographers can now post their work directly online and reach the audience quickly and easily. They can place their story on their own, without intermediaries.

Using Photography as a Tool for Online Marketing Campaigning of Your Own Enterprise

Advertising and photography have for long been linked into one whole. Photography in marketing serves as a tool to engage with the audience and create emotional connections. The motto that *a picture is worth a thousand words* found its use in photography as well, telling a thousand words in marketing. Photography in the digital surrounding powerfully captures a unique and specific moment used to tell a story and convey a message through a single, independent photo. We live in a time where most of the information we receive is transferred visually: posters, billboards, moving pictures, flyers, photos, videos, internet content. This is exactly why we can conclude that visual communication is the key in marketing.

Photography in marketing should convey thoughts, ideas, messages and emotions to the observer, in order to convince them in a certain information, encourage them to think and finally lead them to action. If you decide to use photography for your online campaign, the first rule you must follow is - pay attention to the photograph! Be its creator but also critic and observer. In the abundance of competing content, users will notice the one that is the most interesting, that stands out and that is well done. A bad photo will give the impression that your product or service is also bad. For a good photograph, of course, it is always desirable to hire a good and professional photographer, but while you are at the beginning of your



business and do not have enough funds for professional service, dedicate your time seriously to creating a good photograph. A good photo does not have to be taken in a studio with expensive equipment, it will be enough to use your phone and make a home studio, which will be explained later. In the beginning make sure to pay attention to three things: framing, light and whether the message which should be conveyed to consumers is clear and understandable.

Another important philosophy is: *less is more*, i.e. simplicity above all. Take photos of individual products on a neutral background so as not to distract from what is important. If possible, always photograph all products in the same conditions (position, lighting, dimensions) so you'll be able to create a visual identity of your product, giving it recognisability. The photography harmony is pleasing to the eye, thus giving the impression of professionalism. Imagine looking at a menu in which each photo is taken from a different angle, with different backgrounds and lighting. Such food will look non-standard, messy and will give out the impression of chaos. Moreover, photos are not disposable, you should always think of all the ways how you can use them in your marketing and how they can fit into various promotional materials - either online or printed.


As previously mentioned - less is more; we can repeat this to ourselves during the online marketing process, because we must not exaggerate in any way. Clients are already oversaturated with contents we are bombarded with from all sides. We must have a measure so as not to create the impression of over forced marketing. Avoid posting a large number of photos on social networks, choose the ones you find best and that you think the audience will like the most. Before posting, consult your friends, and ask for their opinion. Beautiful photos will bring better results in the online marketing, users will click on them more often, comment and share them, in that way increasing the reach of your posts and the visibility of the page itself. When posting, also pay attention to the size of the photo because each social network works with predefined dimensions, and if you do not adjust the size your photos will be cut off, thus leaving the impression of unprofessionalism.

Together with a good effective photo, it is also important to have a good accompanying text. As we have already mentioned, the photo tells the story of your product, service or business, and everyone wants that story to be convincing, professional and authentic!

If you lack time, ability or simply affinity to take your own photos, there are various platforms where you can download them for free.

There are really a lot of websites with free and available photos, here is a list of some where you can download free photos for commercial use:

1. [Pixabay](#) – offers a large choice of high-resolution copyright-free photos with no attribution required,
2. [Pexels](#) – publishes up to 10 photographs daily, all with a license for commercial use

- 
3. [Unsplash](#) – source of numerous free photographs under the CC0³ license,
 4. [Gratisography](#) – free photos in high resolution under the CC0 license,
 5. [Magdaleine](#) – a great source of free photos under the CC0 license,
 6. [StockSnap](#) – a great website with free photos with no attribution required,
 7. [Kaboompics](#) – a great source of photos with an additional option to download a colour palette for the photos, everything is free for commercial use,
 8. [Travel Coffee Book](#) – mostly traveling photos,
 9. [Cupcake](#) – free photos,
 10. [Public Domain Photos](#) – all photos from this website are in the public domain, therefore there is no copyright and there is no attribution required,
 11. [Realistic Shots](#) – high resolution photos, 7 new photos for free download added weekly,
 12. [Life of Pix](#) – mostly nature photos,
 13. [Snapwire Snaps](#) – new photos for free commercial use added each week,
 14. [SplitShire](#) – offers a lot of free photos under the CC0 license,
 15. [ISO Republic](#) – offers a wide selection of free high resolution photos for designers and developers for commercial use.

Some of the websites initially ask for payment for certain categories of photos so be sure to pay attention to this. Although the photos are free, some require the attribution of the author and the source. When downloading photos, it is necessary to take into account whether they have a label *free for commercial use* and *no attribution required*. Additionally, some photos must be used in their original form with no modification allowed.

³ Creative Commons



How to Set Up a Home Photography Studio

When we look at photos on the Internet that capture our attention, we often think that they were taken with expensive equipment in a professional photography studio. Many of them probably are, but many of them were made in an improvised home studio. If photography is not your profession and the main source of income, then there is no need to invest too much money in professional photo and studio equipment. However, that doesn't mean that you can't be ingenious and give your photos a more professional tone in a home studio which won't require you to spend a lot of money. Here, we initially look at the need for studio photography of an object. This type of sale is specific precisely because the client buys what they see in the picture. And the better the picture, the better your chances of making money. So, there are things that you can make or redesign yourself and that can serve you for those purposes. With a little resourcefulness, you won't need a big budget to make your own home studio. What is important is to create a photo studio where you will not have to worry about the background and shadows.

You will need:

1. an unused space in your home
2. a cart board box (dimensions will vary depending on the size of the object you will be photographing)
3. good quality duct tape
4. white cardstock paper
5. white fabric or tracing paper
6. two LED lamps with cool-tone lighting



How to make your own light box?

Step 1. Get a cardboard box



Figure 12

Choose a cart board box which will fit your needs based on the size on the item you want to photograph. The bigger the better. The light box can also be made out of more durable materials such as wood or Styrofoam. Cut out the front parts which are meant to close the box; you should get a result as shown in Figure 12.

Step 2. Use a ruler and a pen to draw the cutting lines for frames



Figure 13

Mark the frames on the three sides of the box: left, right and the top (Figure 13). Each frame should be at least 3cm away from the edges. These openings will be covered with fabric or tracing paper, so make sure to leave enough space for the material to stick to the cardboard.

Step 3. Create holes in the box

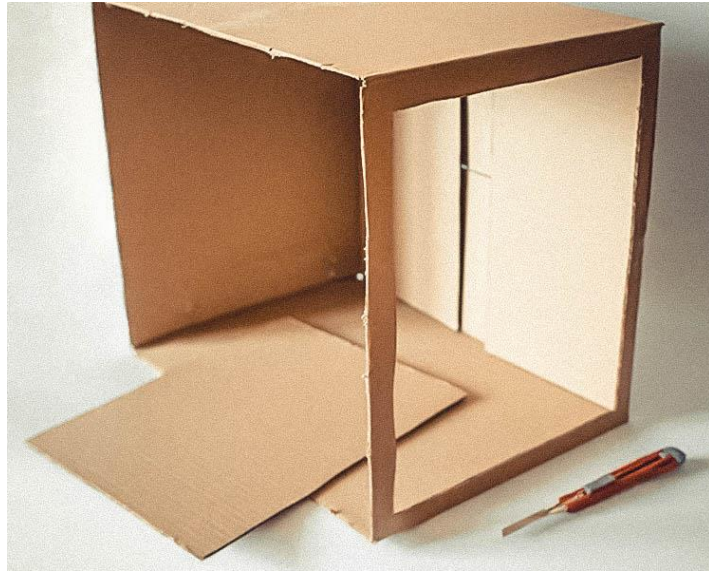


Figure 14

Cut the holes you previously marked on all three sides with scissors or a scalpel (Figure 14).

Step 4. Cut a piece of white fabric or tracing paper



Figure 15

Cut three pieces of white fabric (Figure 15) or tracing paper following the dimensions of the cut holes in the box. Cut the pieces of material or tracing paper to be slightly larger than the opening itself.

Basically, fabric or tracing paper can be in different colours depending on the effect you want to achieve. It is easiest to start with white, and after you have gained routine and technique, you can play with your imagination and make your own original light boxes.

What is important is that whichever colour you use, the surface of the material must be matte; the glossy surface of the paper or fabric for your light box will be useless.

Step 5. Close the openings on the box



Figure 16

Secure the fabric or tracing paper with duct tape on the outside of the box, covering all three openings: 2 on the sides and one on the top of the box. Then attach the white cardstock paper to the inside of the box as shown in Figure 16. The cardstock paper serves as a base on which the photographed objects will be placed.

Step 6. Start using your light box



Figure 17

Place the LED lamps on the sides (if necessary on the top as well), put the object you want to photograph in the box and get started!

Once you've mastered the basic technique, play with your imagination and change the shape and size of the box, improvise with materials, try new colours, both on the outside and the inside of the box. You can also play with various designs when it comes to the background of the object: stripes, polka dots... and everything else that comes to your mind. You can also use an umbrella lined with aluminium foil on the inside which serves to reflect light; turning the light source towards the inside of the umbrella will reflect the light towards the desired object.



Figure 18: Photographed with and without the light box



Tips and Tricks for Photography – Composition Concepts and Types in Photography

The composition of an artistic piece is a set of artistic elements (point, line, direction, shape, texture, size, gradient, colour) and their relations within it. We can say that these elements and relations are organised according to certain principles of repetition, balance, contrast and mutual positioning within the whole. These principles also relate to the art of photography and are applied when composing a photographic piece.

Photographic composition is based on certain rules and laws of the theory of forms. Art elements are an integral part of a photograph and they group according to the principles of art composition, thus building an artistic whole of a two-dimensional photographic form. The aim of composition is to emphasise what we want to show and give a purpose to our photograph.

Less is more

We have already mentioned the concept *Less is more*. We can use this motto entirely when it comes to composition; because what are all the elements that we can place inside a photograph? There are objects, space, texture, colours, shadows, moving objects, horizon lines, perspective... and many more. This is exactly why it is very important to gain a control over these elements and try to use them as little as possible. The difference between painting and photography, among other things, is that in painting we have a blank canvas on which we transfer the elements of the composition; in photography on the other hand we have a whole world at our disposal from which we need to eliminate elements in order to make a composition. That is why when creating a composition of a photograph (which we can handle), we need to eliminate the elements which do not contribute to the whole - if we don't, there's a good chance we'll get a distracting, mediocre photo.

An example of *Less is more* is presented in Figures 19 and 20, which show a rainy day in Barcelona. The first photo shows the street Via Augusta in Barcelona with buildings, people on a crosswalk, traffic lights, a piece of sky above the roofs, two people in the foreground and water on the asphalt. This photograph definitely includes too many elements which make it look confusing and uninteresting. By eliminating the excess elements, you'll notice that the photo still presents the same main motif: rain, which is probably even more emphasised than before now that there are fewer elements that could distract us, whereas the person on the street reminds us of moments when we are caught by sudden rain and when there is nothing else to do but to come to terms with it and get wet.



Figure 19⁴



Figure 20⁵

Format

Format is one of the components of a photographic composition that we need to take into account in basically all photographs. You usually choose the format at the moment the photo is taken, but it can also be changed later by cropping, if the space on the photo allows it. Depending on where the photo will be published and what it is we want to show, we can choose two basic formats: landscape or portrait (horizontal or vertical). The usage of the square Instagram format is also increasing.

The landscape (horizontal) format is the most natural format. The width of the photo is always greater than the height. It best depicts the usual form in which our vision perceives the environment: from one side to the other. It is relaxing and often used to depict landscapes or motifs located in a wider space, where we want to place that same motif in a specific place and time. It is used in panoramic photography as well as in digital media (Figures 21 and 22).



Figure 21: Lluís Ribes Portillo, *Això és Escòcia*, Kelso (2007)

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⁵ Under the license [Creative Commons Reconocimiento-NoComercial 3.0 Unported](https://creativecommons.org/licenses/by-nc/3.0/)



Figure 22: Lluís Ribes Portillo, *Els colours de Rickshaws sota la pluja*, Delhi (2009)

On the other side, there is the portrait (vertical) format (Figures 23 and 24), where the height is always greater than the width; it is more aggressive and decisive. This blocks our natural view and forces us to look at the photo from top to bottom. It is often used in portraits because it allows the analysis of all facial features. It also gives us a chance to emphasise the size of an object in relation to its surroundings. For example, if we photograph a waterfall in a vertical format, we can more easily grasp the size of the waterfall in relation to the rocks. The vertical format is extremely common in publications and newspapers which also use the same format.



Figure 23: Lluís Ribes Portillo, *Falles*, València (2007)



Figure 24: Lluís Ribes Portillo, *Tsunami*, Death Valley (2010)

Angle

The angle stands for the position of the camera in relation to the basic subject. As you will see, the position will greatly affect the composition of the photo because specific angles allow you to put a greater emphasis on the motif of the photo, in one way or another.

The most basic angles of photography are:

- Eye level (Figure 25)
- Ground level (Figure 26)
- High angle (Figure 27)
- Low angle (Figure 28)
- Overhead (Figure 29)

The following figures show examples of the basic angles of photography.

Eye level photograph



Figure 25: Lluís Ribes Portillo, *Erhu davant de les compres*, Barcelona (2009)



Ground level photograph



Figure 26: Lluís Ribes Portillo, [*L'infern d'un fotògraf*](#), Barcelona (2009)

High and low angle



Figure 27: Lluís Ribes Portillo, [*Cadira*](#), Barcelona (2007)



Figure 28: Lluís Ribes Portillo, [*Basquet 4*](#), Barcelona (2007)

Overhead



Figure 29: Lluís Ribes Portillo, *Manifestació Plataforma per a la Defensa de Collserola*, Barcelona (2008)

Perspective

Photography is a way of capturing reality on a two-dimensional medium, where one of the most common ways to evoke interest in the photograph and the reality it represents is to give it depth using perspective. It is exactly the perspective which is an ally of the composition, since the feeling of depth can bring us closer to reality and allows us to dive into to photograph and remain captured in it.

In photography, there are two important types of perspective: **Linear perspective** (Figure 28) in which the lines connect into one, two or three points. The more emphasised the connection, the greater the depth. **The aerial perspective** (Figure 29) is achieved by changing the tone and sharpness of objects as they are further away from the camera. It is very common in landscape photography where e.g. mountain ranges lose their sharpness with distance from the camera. This perspective can be enhanced by weather conditions such as fog which contributes to the depth of the photograph where there is a small distance between the elements.



Figure 30: Lluís R. P, [Passatge de La Pau](#), Barcelona (2008)



Figure 31: Lluís R. P, [Sagrada Família](#), Barcelona (2008)

The rule of thirds

The rule of thirds is one of the most used ways of photo composition due to its simplicity and effectiveness. It involves dividing the photo plan into a 3x3 grid (Figure 32). The places where the horizontal lines intersect with the vertical lines are called *power points* or *crash points*. When we place the motifs of a photograph on these four power points, they automatically become more interesting to the observer.

This rule is used at the point of shooting. If there are several motives that we want to draw attention to, we can place each of them on one strong point and thus highlight them. This rule is very effective, by using it we can achieve a very strong effect.



Figure 32: An example of the rule of thirds

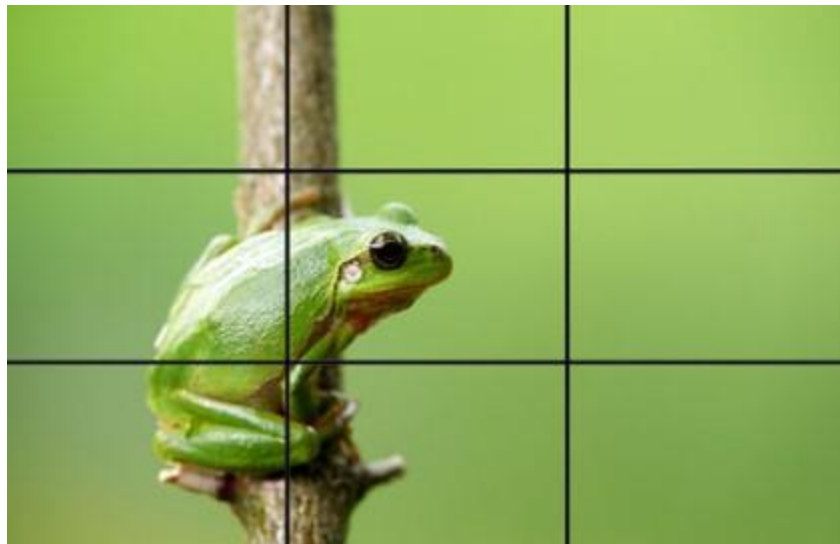


Figure 33: An example of the rule of thirds

Symmetry

Another component to keep in mind when dealing with the photographic composition is symmetry. The world we are photographing is not perfectly symmetrical, nor is our perception of things, so there is no point in searching for the complete symmetry when dealing with the photographic composition.

By arranging the number of elements in a photo, we can influence its interestingness. For example, by placing an odd number of elements on a photograph it will become interesting because we move away from symmetry, and thus the photo becomes asymmetric (Figure 34). Imagine a photo with the basic motif of flowers. If we decide to put two or four flowers, our attention will be drawn to the reason why we decided to show one or two pairs, while the

reasoning will be found in something that does not correspond to the truth. On the other hand, if we decide to show an odd number, it will be perceived as imperfect, which will distract us from the number itself and direct our attention towards the photograph as such, or towards flowers as the basic motif. If we want to capture unnatural elements, perfection and order, it is the symmetry that will help us to emphasise the basic idea (Figure 35).



Figure 34: Lluís Ribes Portillo, *Companys d'habitatció*, Boixols (2006)



Figure 35: Lluís Ribes Portillo, *British Museum Great Court*, London (2009)

Lines

Lines are an important component of any photograph, they direct the viewer's attention and gaze towards what we as authors want to emphasise - most often the main motif of the photograph. They are a very useful and direct tool. In principle, there are two types of lines. **Straight lines** (Figure 36) are especially related to perspective; in many cases, they emphasise the depth of the photograph. They are not very common in nature, so they indicate art and human intervention. Horizontal lines express balance and stability, and vertical lines depict instability and tension. **Curved lines** (Figure 37) add beauty and evoke movement, which

especially relates to those following the S-shape, emphasising sensuality and outlining the moving path - which should be followed by the eye wherever it goes, thus resulting in a visual play with the photograph itself.



Figure 36: Lluís Ribes Portillo, *Entrant a la foscor*, Barcelona (2008)

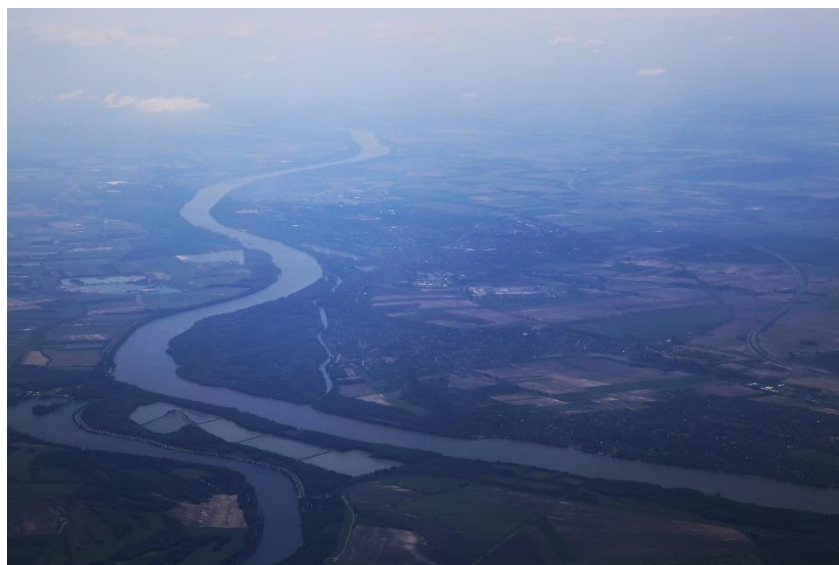


Figure 37: Milica Milović Kinoli, *Landscape*, Budapest (2018)

The use of composition rules depends on the subject of the photograph. Photography is a kind of language, and before we can write it, we need know what we want to say and who are the readers we are addressing. This is fundamental! The rules of the photographic composition are available to us as tools for this language. Finally, we are not saying that you should know all rules of composition by heart, but rather that you need to understand them and keep them



in mind. You don't even need to use them all. Depending on the photograph, using one or two rules can bring great results. Once you've learned them all, the advice is to choose two favourite rules and use them constantly. This will connect all your photos into a kind of authorial entity and give them your recognisable signature.





NEW MEDIA – PROMOTING AND DEVELOPING YOUR BUSINESS USING NEW MEDIA PLATFORMS

It has been long considered in the marketing management circles that a successful IMC⁶ clearly reflects the values stated in the enterprise's mission and contributes to the fulfilment of the company's goals. To complete these goals, the elements of the promo mix are carefully coordinated so that the information which is sent to the point of sale uses these elements to communicate a unique message which reflects the fundamental values of the enterprise.⁷

*Corporate social responsibility appears as a generator of new ideas and innovations in business. Therefore, we can say that corporate social responsibility has been implemented as an entrepreneurial component within companies and sluggish global corporations.*⁸ Unavailable has become available. In line with the new trends, enterprises had to share their business with consumers. The essential advantage of the emergence of social media and the need for promotion of enterprises through them is the fact that they were given the opportunity to meet their consumers. This gives them the power to receive feedback to anything in their interest. Once they receive it, companies will set focus on the individual. Each company will then put efforts in making their clients feel unique and special. They do this by affirming topics of mutual importance, with the aim of creating more of a partnership than a commercial relationship.

*The growth of the share of online social networks in the total communication with consumers corresponds to the advantages this type of communication has in relation to other types of communication. The main reason for the commercial use of online social networks lies in their efficiency, accessibility and proactive composition.*⁹

The Internet is a part of everyday life. It is the place of entertainment, education, purchasing of services and products. Just as you find what you need using the Internet, in the same way your clients find you.


To successfully promote your business, you need to be present and active on social media. Although different platforms are built on the same principle (building a community to share content with), each uses a different medium: photography, text and photography or sharing content, text in the form of a longer story.

⁶ IMC – Integrated marketing communication

⁷ Mangold W, Faulds D, Social Media: The new hybrid element of the promotion media, 2009, 357-365, accessed 12.03.2017 <http://sci-hub.cc/10.1016/j.bushor.2009.03.002>

⁸ Drobniak R, <http://digitalizuj.me/2012/02/kako-drustvene-mreze-daju-nove-mogucnosti-drustveno-odgovornom-poslovanju>

⁹ Ilić D, Marković B, Začaj upotrebe Internet društvenih mreža u procesu dostizanja održive konkurentne prednosti, 2014



Whichever social media channel you decide to use, there are some general unwritten guidelines which you should be aware of:

1. Post regularly, but never overwhelm your followers with too many posts in one day. It is enough to post once or twice a day on Facebook and Instagram.
2. Always add a caption to your photo to increase the reach and engagement of your followers.
3. Use hashtags to make your post more visible

Another way of saying it is that the *New media marketing* involves promoting products, services and brands through the myriad developing online channels.

New media marketing encompasses many different mediums, including display advertising, content marketing and social media promotions (Bigcommerce). As it could be seen from the name, it is relatively new concept developed together with innovation in technology and digital revolution. As more people are using social networks and similar online platforms, they present a great opportunity for companies to reach them and offer their products or services more easily.

Some of the most important and innovative new media platforms to use are:

- **Social media** (*Facebook, Instagram, LinkedIn, Twitter...*)
- **Websites and blogs** (*WordPress, Wix...*)
- **Video platforms** (*YouTube, Vimeo...*)
- **Messaging applications** (*WhatsApp, Viber, Messenger...*)
- **Internet forums and discussion platforms** (*Reddit, Quora...*)

Not all new media platforms will work same for all companies. Selection of right new media platform to use depend on your usual audience, characteristics of your customers (such as age, gender, country, income, using of internet), which media platforms are using your existing customers, which media platform will be the best to serve their needs and similar. Also, different products and services can be promoted better or worse on different platforms based on their types, features and characteristics.

In order to provide you better insight into the most popular new media platforms, we will briefly describe them and opportunities they are offering to companies for marketing.

Social media

Social media marketing is simply defined as using any kind of social media platforms to connect with your audience and promote your product or services. It guides your actions and lets you know whether you're succeeding or failing and every post, reply, like, and comment should serve a purpose (LePage and Newsberry, 2019). Social media is the fastest growing trend in the history of the world and the sector has grown faster than internet itself (Patel, 2020).



Facebook

Facebook is far the largest online platform with more than 2 billion users monthly worldwide. Because of the nature of this network, people usually spend even few hours daily on it that even increase its potential and power.

Many different content types are appropriate for Facebook, but the key is content that shows a different side of your company such as human sides of it, building relationships with customers and turning leads into loyal followers and customers (DMI blog).

On Facebook, you can easily upload photos, videos, stories and even do Facebook live. Moreover, unlike traditional media where the effectiveness and efficacy of a marketing campaign cannot be measured directly and instead, readership or viewership metrics are used, Facebook marketing can be measured for its efficacy as click through and conversion of eyeballs into purchases is readily available (Juneja, 2017).

Facebook also provide great options to target specific audience based on your preferences through Facebook ads. There you can choose your audience based on their age, gender, location, job, interests and similar that helps you to easily reach your possible customers and their needs based on products or services you are providing.

Instagram


Pictures. Instagram is and was always about pictures. Out of all of the big networks, Instagram has the highest engagement rate (Patel, 2020).

It has around one billion users monthly from which at least half use it on daily basis.

Instagram presents great marketing platform for different variety of businesses ranging from your teen neighbor making earrings to huge corporations and media (Barysevich, 2019).

As mentioned before, Instagram mostly rely on posting pictures and videos. Another important feature is “hashtags” that allows you to keep content at the same place and reach audience specifically interested in some field on relatively easy way. Keep track of which hashtags are popular in your industry and use them on your posts.

Instagram is also the most popular social media platform for *influencer marketing*. Instagram has the most influencer marketing programs simply because platform is so visual. For companies and business, this present another great opportunity to promote products and services through influencers who already have developed relationships and connections with users, but also their loyalty and trust. These are people/profiles whose Instagram profiles have a lot of followers. These can be, for example, celebrities from the world of show business or famous athletes, but also people who are not necessarily famous, but have an impact on their followers for various reasons.



Some influencers require you to pay a serious amount of money if you want them to suggest to their followers that they should pay attention to your products/services, while other influencers agree to work with you completely free of charge. Namely, some influential people on Instagram will simply like what you offer, so they will recommend your products or services to their followers out of pure good will, and so the information about your brand will reach a wide range of potential consumers.

Furthermore, you may already be friends with some people whose Instagram profiles have thousands of followers, so you can ask them to mention you in their posts or you can *pay* them with gifts in the form of free products and services.

However, Instagram as platform is mostly used for engagement. It also allows you to directly sell and market your products, but ensuring audience engagement and promotion of your brand is much safer option to play on at Instagram.

LinkedIn

LinkedIn is an ideal platform for editorial content, and it can help you establish your company as a trusted leader in your field, build authority for your brand, and engage leads through conversations (DMI blog).

LinkedIn is one of the world's largest professional networks, which has a community of educated, working professionals. Unlike Facebook or Instagram, LinkedIn serves only and only for business purposes. This makes its audience pretty different as well as writing style and content. People on LinkedIn want to find out more information about companies, their employees, job opportunities, regular activities and similar.


LinkedIn presents the best possible and the most effective marketing platform for B2B business. It's not only great for finding leads, but also for reaching out to them and building a strong relationship with leads that can lead to more sales and customers for your business.

Websites and blogs

Your website is the single most important marketing tool for your business as it serves as a virtual equivalent of a physical business for the 3 billion internet users (Villegas, 2016). When audience and possible customers want to get more information or search about companies, their products and services, first step they usually do is to find company website.

When creating company website, it is important to fulfil as much needs as possible that your potential customers could have and provide them content they want to see.

No matter what your content marketing, inbound marketing or outbound marketing strategy, the success (or failure) of it will boil down to the design, prowess and intuitiveness of the website it draws people towards.



On the other side, we have blogs. Blogs are revolutionary marketing platforms because they present mini-magazines that give businesses and individuals a dynamic vehicle in which to promote their products or themselves, but also build brands and attract attention in a way that advertising can't do (Greene, 2020).

Blogging first started as a tool for writing different kind of personal diaries and expressing personal interests. However, their ability to reach and engage wide audience positioned them as a great tool to promote your company, products or services. Another advantage of blogs is that customers and business can easily interact with each other and it allows business to gain trust and credibility.

Many business owners use a blogging platform, such as WordPress, for both their website and blog.

WordPress

WordPress is a content management system that is basically a tool that makes it easy to manage important aspects of your website (like content) without needing to know anything about programming and it makes building website accessible to anyone, even people who aren't developers (Kinsta, 2020).

WordPress is used by more than 77 million websites worldwide.

Using WordPress as marketing platform and for improving marketing strategies of your company is closely connected with plugins.

Plugins are used all over the web for different purposes. The purpose of plugins is to add a little piece of software that can extend the functionality of, or add new features to your web page (Brackett, 2019).


Marketers at WordPress are constantly looking to leverage plugins to out-do the competition, streamline their workflows and reach new audiences. WordPress is good marketing platform for everyone, doesn't matter if you are a small start-up or famous multinational brand.

Any marketer can manage their calendar, create posts, bolster search traffic and syndicate content directly in WordPress without any special previous knowledge or expertise (Patel, 2020).

Video platforms

Video marketing is getting more and more popular. Video content is one of the easiest to consume for human beings.

Creating a video content in any kind of marketing campaign will help you to maximise outreach potential.



Video content enables companies to present their products and services in interactive way and allows them to use their creativity and innovation to strengthen their marketing campaigns.

It can also give you an information about what are real needs of your audience and what content they want to see. If you can instantly see which locations are the most popular for your videos, you know to double down your efforts on those channels. If you can see why people stop watching your videos, you can identify trends and patterns in user behaviour and this can help you tweak your content to better meet your customers' needs (Bedrina, 2020).

YouTube

Youtube is a free video sharing platform that makes it easy to share and watch videos online. It is one of the most popular internet platforms with visitors watching around 6 billion hours of video every month.

YouTube differs from most other major social networks in that it is not a feed-based platform, but instead content is presented to users after it is actively searched for.

Thanks to YouTube, people can now build a nice, small business teaching thing, sharing makeup tutorials, doing funny pranks, or sharing their athletic abilities. For marketers, it's a great way to share long-form content with your audience, especially if they're not avid readers (Patel, 2020).

Advantage of YouTube apart from being used worldwide, is that it is used by people of all ages. Businesses who are promoting their products and services on YouTube can select any particular audience they want. Also, YouTube will ensure long-term impact of the marketing campaigns as videos will be available for much longer time, especially when comparing with other social media platforms.


YouTube's focus on search, archival content, watch time and delivering content based on user behaviour, in addition to the sheer volume of traffic, makes it a practical choice for marketers (Blake, 2016).

However, creating and editing videos usually require at least basic skills and competences and previous knowledge or expertise.

Messaging applications

Messaging applications are becoming even more popular than social media platforms and this means businesses are looking at a huge, largely untapped opportunity to personally connect with customers and generate viable leads (Hyder, 2016).

People around the world are using messaging applications for most of their online communication and it immediately presents a great opportunity for marketers and companies to promote their products and services.



The potential of using messaging applications is however not only about advertising and promoting, but also about creating the wider dimension of the relationship with audience and helping establish a personal and direct link between brands and customers.

In today's fragmented landscape where brands are in strong competition to catch people's attention, messaging offers an unmissable opportunity for communicating with a young and ultra-connected audience (Serventi, 2018).

WhatsApp

WhatsApp is a free mobile application that allows you to chat with other users totally free of charge, once you are connected to the internet.

WhatsApp is the leader in the most of the world countries with 1.5 billion active users monthly.

Messaging applications like WhatsApp have incredible engagement rates: 98 percent of mobile messages are opened and read, with 90 percent of them getting opened within three seconds of being received (Mazereeuw, 2018).

As a marketer, WhatsApp gives you so many ways to communicate to an audience. Images, text, videos, voice messages, video chats...the possibilities are endless.

Advantage of promoting on messaging applications is that they are connected with mobile phones that people nowadays bring everywhere around with themselves. They are using mobile devices during most of the day, including both their working and free time.

As WhatsApp is not offering paid ads at the moment, your campaigns and strategies should be innovative and creative. WhatsApp has the potential to benefit any business, but it works exceptionally well for businesses that frequently sell internationally.


Internet forums and discussion platforms

Forum marketing can be an effective way to make your online business stand out from the crowd.

Marketing strategy at online forums include creation of company's account and getting engaged with wider audience that includes your possible customers in the future.

Forum users are generally tech savvy and open to making online purchases, but also respected experts and bloggers on the specific topic covered by forum (Go, 2019).

The most important thing for successful forum marketing strategy is to find the right community where audience that could possibly be interested in your product or services is present.

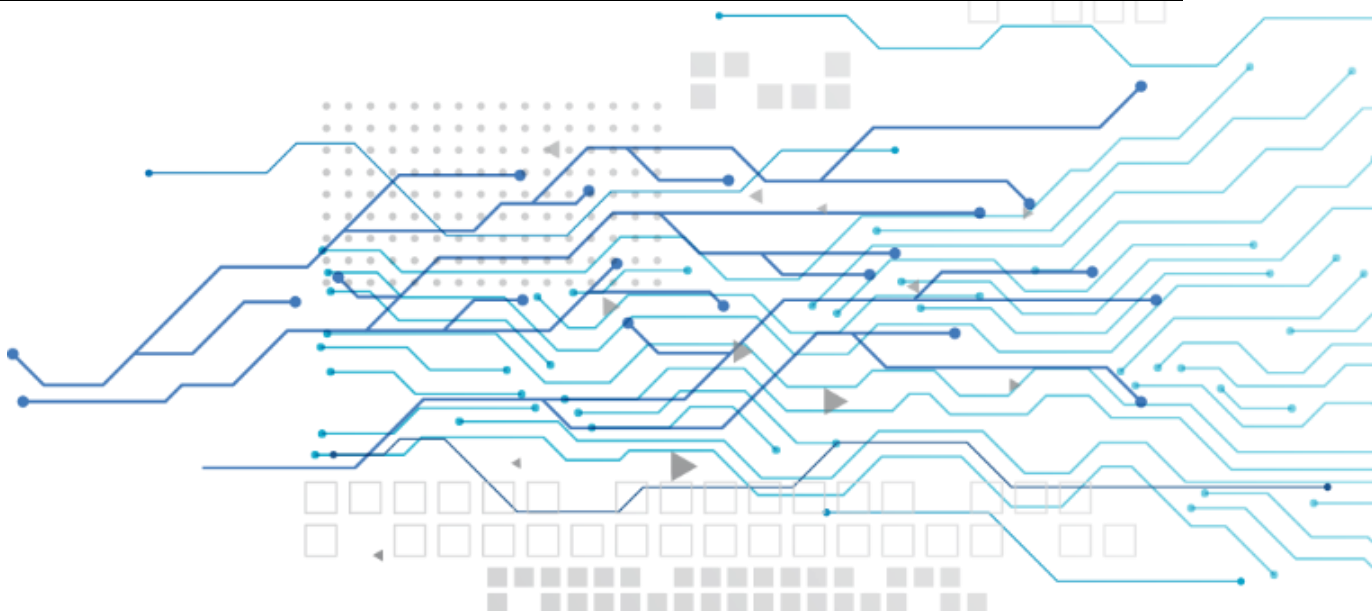


Another advantage of using forums marketing platform can be engaging with your previous and existing customers. Spending time at online forum where your previous customers are present can help to get better understanding of their profile, their needs, solutions they are looking for, products in demand, strengths and weaknesses of competition and their products or services.

Marketing to customers via an Internet forum delivers this proven path and helps ensure success by enabling a series of regular and intimate communications between the company and the customer (Clinger, 2020).

Key message(s) to take:

- **New media marketing** involves promoting products, services and brands through the myriad developing online channels.
- **New media platforms** include social media, website and blogs, video platforms, messaging applications and online forums
- **Social media marketing** is simply defined as using any kind of social media platforms to connect with your audience and promote your product or services. The most important social media are: Facebook, Instagram, LinkedIn, Twitter etc.
- **Business website** is the single most important marketing tool for your business as it serves as a virtual equivalent of a physical business for the 3 billion internet users
- **Blogs** are revolutionary marketing platforms because they present mini-magazines that give businesses and individuals a dynamic vehicle in which to promote their products or themselves and build their brands. The most important blogging platform is **WordPress**
- **Video platforms** enable companies to present their products and services in interactive way and allows them to use their creativity and innovation to strengthen their marketing campaigns. The most important and famous video platform is **YouTube**.





EMS AND OTHER EXPRESS SHIPPING

Definition: EMS is an international postal Express Mail Service, for documents and merchandise. The Universal Postal Union created the EMS Cooperative to develop express delivery worldwide. The EMS Cooperative promotes cooperation between member postal organisations to allow them to provide a high quality global EMS delivery service. In 2019, the EMS Cooperative celebrated its 20th anniversary (from <https://www.ems.post/en>)

So far, we have covered the topics of hosting your digital enterprise, selecting right product and presenting it to potential customers, ensuring that you have good quality of website hosting, options to use with some of popular solutions for ecommerce (Shopify i.e.), developing digital strategy. But one important thing that there's still to cover is sending your product to customers.

When it comes to shipping, it can feel like you're handing your brand over to a stranger. With some thought and planning, however, it doesn't have to feel that way—which is a good thing, because shipping is a key part of your business. It's the point where a customer finally experiences your product in person, and it can also represent a major expense in your business, depending on your shipping strategy. That's why it's so important to map out a defined shipping strategy (Earl, 2018).

Shipping strategy

When it comes to shipping strategy there are few possible solutions/strategies to consider, as presented in article “The Beginner's Guide to Ecommerce Shipping and Fulfillment” (2018). Those are:

Your shipping rates and methods. Are you going to pass the full cost of shipping on to your customers or will you offer free or flat-rate shipping to absorb some or all of the cost? How will you get orders to your local customers? By the end of this post, you'll have more information on how to make this choice for your business.

Product weights. To streamline the process, measure and update the weight of each product you sell. Having that information set up will help you get a good sense of your total costs, and pass along accurate prices to your customers.

Choose your preferred packaging. While there's more to be said about what kind of packaging is right for your products, once you've selected it, you can calculate accurate shipping prices.

Source your packaging. You can order free packaging from USPS, UPS, or DHL, or invest in branded packaging if that's part of your strategy. Besides these big players in the shipping industry, you can always see to do a research about smaller companies that can offer similar service but for lower rates.



Consider your margins

To be successful at ecommerce, you always need to keep an eye on your profit margins. Because shipping represents a significant expense for ecommerce merchants, if you don't do your research, you could end up losing money on shipping (Earl, 2018).

Set your shipping rates and methods

Before you can ship your product to customers, you need to decide which pricing strategy for shipping you'll use. There are several common methods, but your choice should always be in line with your current budget. There are several options you can use:

1. Offer free shipping

Offering your customers free shipping is one of the best ways to reduce shopping cart abandonment. However, shipping is never free. Someone always has to pay. So you should see if you will increase product price in order to cover shipping costs, pay the full price of shipping, offer a discount to some customers for free shipping (under some specific conditions, i.e for purchases above 100 € you offer free shipping).

2. Charge Real-Time Carrier Rates

Another option when it comes to shipping is to charge real-time carrier rates for shipping.

3. Charge a Flat Rate

A popular option is to offer flat rate shipping. The best practice for this option is to try and make sure that you don't drastically undercharge or overcharge your customers. Flat rate shipping works best when you have a fairly standard product line of items that have similar sizes and weights (Earl, 2018).

Calculating shipping costs

All shipping couriers base shipping rates on a variety of factors including:

- Package size
- Package weight
- Origin country
- Destination country
- Plus, additional shipping options like tracking and insurance.

It can be difficult to compare services exactly as they all offer slightly different options, and every business will have their own unique variables (Earl, 2018).

Packaging and marketing

As the world of ecommerce develops so do the expectations of customers who buy online. Years ago, packaging and shipping was simply a way to receive a product purchased online, but more and more people are looking for shipping, packaging and presentation as part of the



ecommerce experience (Earl, 2018). This means that many business are competing to each other by going above and beyond to impress customers and exceed their expectations by delivering an experience, not just a product.

Packaging options

Before sending your product, you need to package it first in order to have it reach your customer in one piece and be presentable. There are a few common options for packaging including boxes or envelopes (padded or unpadded). For many businesses and products, you'll a box as well as some other packaging materials to safely ship your products.

Insurance and tracking

Depending on the cost of your product, having shipping insurance and tracking could be important and will offer great deal of security – for both you as a seller and for your customers. With most carriers, insurance and tracking is relatively inexpensive and provides you recourse should one of your packages get lost or damaged. Decision on should you include insurance and tracking with your product should be made based on the value of your product.

Customs declaration and forms

If you're shipping outside of your own country, you'll need to include the proper customs documentation. These are available at your local post office or shipping retail location. These forms tell the customs officers at the country of import what is in the package, how much it costs, and whether it is a gift or merchandise.



Key message(s) to take:

- **EMS** is an international postal Express Mail Service, for documents and merchandise. The Universal Postal Union created the EMS Cooperative to develop express delivery worldwide.
- When it comes to **shipping strategy** there are few possible solutions/strategies to consider:
 - **Your shipping rates and methods.** Are you going to pass the full cost of shipping on to your customers or will you offer free or flat-rate shipping to absorb some or all of the cost?
 - **Product weights.** To streamline the process, measure and update the weight of each product you sell.
 - **Choose your preferred packaging.** While there's more to be said about what kind of packaging is right for your products, once you've selected it, you can calculate accurate shipping prices.
 - **Source your packaging.** You can order free packaging from USPS, UPS, or DHL, or invest in branded packaging if that's part of your strategy.



ONLINE PAYMENTS

Definition of Ecommerce Payment Gateways: Let's say that you have come across an ecommerce store where you liked something. You have added some product to your cart and you navigate to checkout. In order to make payment, you need payment gateway through which you can pay for it. An ecommerce payment gateway is responsible for all transactions of the store.

All you need to do is to enter the details of your credit card on the payment gateway page and make the purchase. The payment gateway will deduct the amount from your credit card and send it to the ecommerce's bank account after deducting some fees. The ecommerce can then transfer this to his/her bank account (Shahid, 2019).

To sell products you need a payment gateway to make transactions.

Payment methods are different and people prefer the ones that they are already familiar with. For example, in the United States, PayPal is the most commonly used ecommerce payment gateway. In Canada, Payoneer and Stripe are mostly used. Even in Ukraine, Stripe is the most used payment gateway. So, while targeting a country, choose a payment gateway that is already prominent (Shahid, 2019).

Criteria for choosing Payment Gateway

In article "8 Best Payment Gateways for Ecommerce Dropshipping Stores in 2020" (2019) there are presented criteria that you should follow when choosing Payment Gateway:


- Select a payment gateway that is popular in the country where you are targeting your products
- Ensure the payment gateway offers a low transaction fee
- Check if it is compatible with your digital enterprise/business. Most ecommerce gateways don't prefer dropshippers because of higher refund rates.
- Check if you can use the gateway, once you plan on expanding in the global market
- Check if it offers a good shopping experience to the customers.

Some of the best Payment Gateways for digital enterprises

We will list below several Payment Gateways which are compatible and user friendly with most of the ecommerce stores and dropshipping stores/websites/services (Shahid, 2019). It's important to have in mind that you should check official website for each of the proposed solutions and see the list of countries where it's available.

PayPal

PayPal is the most commonly used payment gateway for ecommerce stores. It is an accepted payment gateway in more than 203 countries. It supports all prominent credit cards: Visa,



Mastercard, American Express, Citibank, and more. To start using PayPal as a seller, you will need a business PayPal account.

Stripe

Stripe is a US-based payment gateway that's available in more than 25 countries. It supports all major credit cards. But, it is mostly used in Canada, Australia, and United Kingdom. It offers WooCommerce integration as well.

2Checkout

2Checkout is another payment gateway that's available in more than 87 countries. It supports all major credit cards such as Visa, Mastercard, Diners Club, American Express and others. It is available in many third world countries, where it is used in combination with another payment gateway.

Authorize.net

Authorize.net is currently available in more than 33 countries. It is one of the oldest and most trusted payment gateways available for credit card users. It also features multiple extensions for easy integration with WooCommerce stores. Authorize.net also has the lowest transaction fee or 2.90 + \$0.30 for ecommerce and dropshipping stores.

Skrill

Skrill is a payment gateway available in over 40 countries. It charges 1.9% checkout transfer fees. It also offers an official extension for integration with WooCommerce-based dropshipping stores.

WePay

WePay is an online payment option for dropshippers who would like to add a seamless and fast payment gateway to their website. Although WePay is a customisable payment solution it has a limited number of payment options available at this time.

Google Checkout

Google Pay is another great option for ecommerce store owners in western region. Many people in the US and Europe use Google wallet for storing money. Since they shop online, they can easily pay with Google checkout option. Not on this option is faster than other dropshipping gateways, but also much more reliable. Google checkout also deducts the least amount of money since the payment holder also works as a bank account.



Apple Pay

Apple Pay is one of the most widely used contactless payment gateways in the market. So, you can also use it for your dropshipping store. With Apple Pay, customers can easily pay with the click of a button. The contactless payment gateway accepts Visa, Master Card, American Express, Union Pay, QUICPay, and Suica.

Key message(s) to take:

- To sell products you need a **payment gateway** to make transactions. Payment methods are different and people prefer the ones that they are already familiar with.
- **Criteria that you should follow** when choosing Payment Gateway:
 - Select a payment gateway that is popular in the country where you are targeting your products
 - Ensure the payment gateway offers a low transaction fee
 - Check if it is compatible with your digital enterprise/business. Most ecommerce gateways don't prefer dropshippers because of higher refund rates.
 - Check if you can use the gateway, once you plan on expanding in the global market
 - Check if it offers a good shopping experience to the customers.



KEEPING TRACK OF THE MULTIPLE-CHANNEL MONEY FLOW

Definition of multi-channel distribution management system: When distributing a product, each “channel” is an additional avenue to reach customers. Thus, multi-channel distribution management is a strategy to provide customers with multiple ways to purchase the same product. A multi-channel distribution management system is the set of business processes that enable profitable, sustainable development of multiple distribution channels (Sincavage, 2017).

Many multi-channel distribution systems have benefits by using the support of technology. The system includes more than just software that supports the execution of a multi-channel strategy. It also includes strategic business planning to help create and improve the execution.

Multi-channel management is **the art and science behind decoding the subtle nuances of who, what, where, when and why people are buying from you on each individual channel** you sell your products on (Lui, 2017).

Multi-channel management is about creating balance and understanding where to amplify and restraint throughout youth channels, so you won’t overwhelm your following or burn your marketing dollars trying to convert people when they’re not interested.

It’s about finding opportunities in your data and implementing creative or budget changes to capitalise when the opportunity arises (Lui, 2017).

How to keep track of multiple-channel flow – step-by-step

1. Take Inventory of Top Performing Channels


In order to manage multi-channel ecommerce, you need to understand which channels are actually performing well, relative to themselves and to their counterparts.

The goal isn’t just to understand which channels generate the most sales relative to their reach, but which channels attract customers with highest lifetime value, show the most promise given the time and attention currently being spent (Lui, 2017).

Goal is to better prioritise time, budget, and energy to drive the most impact from each individual channel.

2. Look for Trends in Sales Patterns

Once you have image on how good each channel is doing, you’ll want to analyse more and see what performs well, where and why. Analysis is not a fun activity to do, but it is fundamental to any solid multi-channel management strategy.



It means taking the time to understand potential causations and why certain things happen, and developing forecasting abilities and the ability to make “happy accidents” or successful experiments more consistent (Lui, 2017).

3. Analyse and Set Key Performance Indicators for Each Channel

You’ve figured out the best performing channels for sales and your other objectives. It’s time to establish a baseline on key performance indicators that will guide how you and your team executes.

In an example (Lui, 2017), let’s say your team’s goal for the upcoming year is to expand internationally. While your advertising efforts are performing well, you notice in your channel reports that Facebook generated a disproportionately high volume of international sales for the amount of exposure it received. Upon digging deeper, following the ideas in Step 2, you notice there’s a high-degree of international orders, and realise “It’s because Facebook translates and localises information extremely precisely, and we haven’t done multi-language on our own site!”. This is an area where you can improve your business and gain more customers.

4. Prioritise and Plan What Comes Next

With all the analysis, and all the observations and changes you can make amidst your operational tasks — you now have a tough decision ahead of you: How do you prioritise these changes? (Lui, 2017).

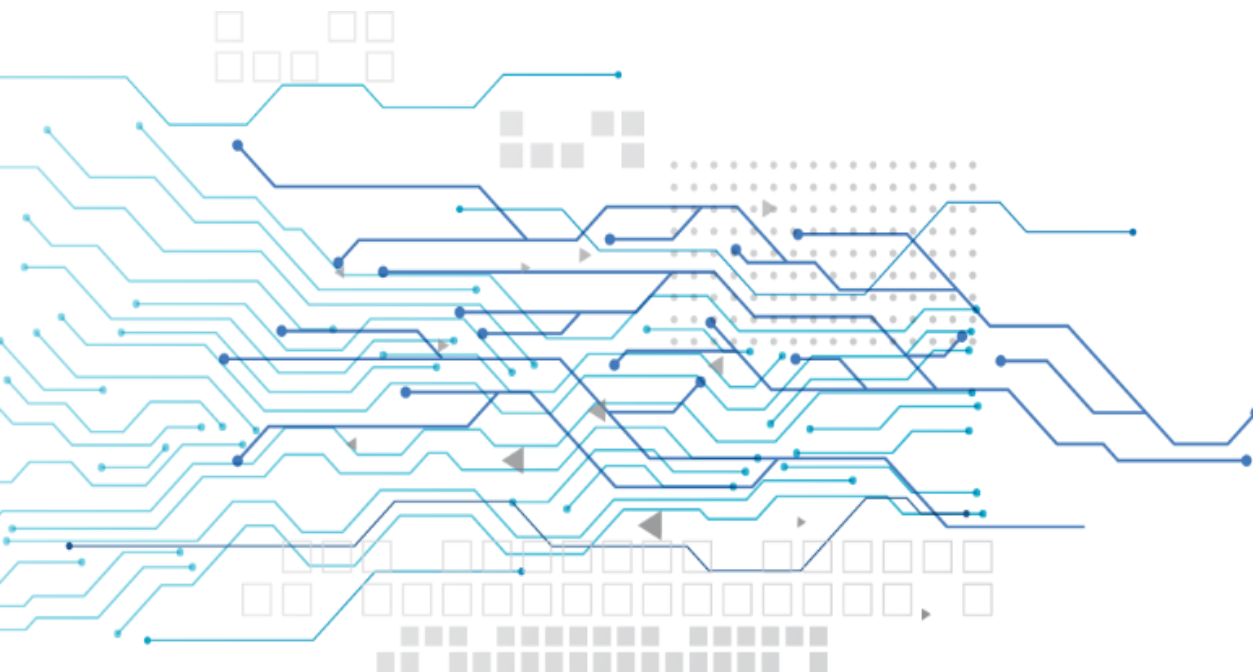
You should prioritise your next activities and steps based on the defined goal(s) you want to reach in specific time frame. This sounds simple, but needs a lot of thinking and planning in practise.

Selling on multiple channels is a natural evolution of any business, but it takes a special type of system to manage multi-channel seamlessly and to have the adaptability to keep up with change, and sell directly on Facebook, Pinterest, Twitter, BuzzFeed, eBay, Amazon, and your website. You’ll also need this one system to manage pricing, product descriptions, and a lot of other information — and integration into all your other management software. Eventually, this system should be the first step to an even more powerful system — one that expands into a larger promise and vision enabling customers to buy anything, anywhere. Your system needs to have stability, adaptability, and — most importantly — reliability. There cannot be any compromises. This sort of thing isn’t easy to build on your own, and sometimes there are good offered systems that can support you in running and managing multiple-channels.



Key message(s) to take:

- Multi-channel management is **the art and science behind decoding the subtle nuances of who, what, where, when and why people are buying from you on each individual channel** you sell your products on.
- Selling on multiple channels is a natural evolution of any business, but it takes a special type of system to manage multi-channel seamlessly and to have the adaptability to keep up with change, and sell directly on Facebook, Pinterest, Twitter, BuzzFeed, eBay, Amazon, and your website.





DIGITAL MARKETING

Digital marketing has transformed how business and other organisations communicate with their audience and allowed consumers to have access to much wider choice of entertainment, products, services and prices from many different suppliers (Chaffey and Ellis-Chadwick, 2019).

Number of people worldwide who are using internet at daily basis is constantly growing. As generally marketing in its core means attracting customers and connecting with them at the right time and place, all companies had to find a way to adjust their existing marketing strategies to digital revolution that was happening.

Right place to meet your customers nowadays is a place where they are already gathering by themselves – internet.


Digital marketing can be defined as the use of the Internet, mobile devices, social media, search engines, and other channels to reach consumers (Barone, 2020); marketing approach that primarily relies on the internet to connect with the target audience through various digital media channels and platforms (Deshpande, 2020); includes all marketing channels and methods you can use to promote products or services such as TVs, mobile phones and electronic billboards (Chris, 2019).

Both traditional marketing and digital marketing have same goals of promoting and maintaining relationships with consumers. However, digital marketing has a big advantage in reaching wider audience and making bigger impact in more cost-effective way.

Digital marketing strategies

There are several strategies and channels in digital marketing that can be used to achieve good results. Some of them most important are following:

- **Website marketing:** it is usually simple to use as most of the businesses already have established websites they are using. A website should represent a brand, product, and service in a clear and memorable way (Barone, 2020). It presents starting point for creation of online campaigns and most of the other digital marketing efforts and tools will be connected and linked to the website. The quality website should have several landing pages (or sales pages) to present the company and its products (Chris, 2019).
- **Content marketing:** Content creation is the spine of entire digital marketing strategy (Deshpande, 2020). Content marketing concentrates on creating different outputs such as images, texts, videos, podcasts, blogs, online courses, webinars that are later promoted through websites or similar communication channels.

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- **Social media marketing:** ensure you are present on the platforms your users are spending the most time on (Deshpande, 2020). The most important and used social networks as Facebook, Twitter, Instagram, Snapchat, Reddit, YouTube, Pinterest and LinkedIn. Reaching out customers on social networks can be done both through paid and organic channels. Social network marketing strategies can start from simply taking care of company's profile and content on social networks, to creation of campaigns and paid ads targeting specific target group of customers. Great marketing on social media can bring remarkable success to your business, creating devoted brand advocates and even driving leads and sales (Wordstream).
 - **Email marketing:** even if the oldest form of online marketing, it can still be implemented and used in order to reach customers. E-mails can be used by companies in order to inform their existing customers about new products, organised events, special promotions or new activities implemented. Many digital marketers use all other digital marketing channels to add leads to their email lists and then, through email marketing, they create customer acquisition funnels to turn those leads into customers (Barone, 2020).
 - **Affiliate marketing:** affiliate marketing is one of the oldest and powerful tools in traditional marketing. However, even in existing digital reality, it can be easily adapted and present powerful strategy. Generally defined, affiliates earn a specific cut/commission every time someone buys through their custom link (Deshpande, 2020). Influencers presents the great example of implementation of affiliate marketing in digital environment. Many companies are promoting their products through these already established channels that presents the perfect place to attract big number of new possible customers.
 - **Search engine optimisation (SEO):** simply defined, it is optimising your website to be placed higher in search engine result pages. SEO acts as a jetpack for your content marketing efforts (Deshpande, 2020). The great advantage of SEO is that you don't have to pay directly for every click, but getting a page to rank usually takes quite a bit of time and effort (Andrus, 2020).

The huge benefit of digital marketing is that it combines the best of inbound and outbound marketing, i.e., push and pull strategies (Deshpande, 2020). Through digital marketing channels, companies can strictly and precisely select their target group and reach them, but also allow "ideal customers" to find these businesses more easily. Using digital marketing tactics is the most cost-effective way to market your business (Sherman, 2019).



Key message(s) to take:

- **Digital marketing** includes all marketing channels and methods you can use to promote products or services such as **Internet, TVs, social media, mobile phones and electronic billboards.**
- The main difference between **digital marketing** and **traditional marketing** is that digital marketing campaigns are executed exclusively through **digital channels** and this gives marketers more control, tools, and data to analyse the **effectiveness of a campaign.**
- Some of the most important **digital marketing strategies** are: website marketing, content marketing, social media marketing, email marketing, affiliate marketing and search engine optimisation (SEO) marketing.



PROSUMERS

With rise of social media, such as like Twitter, blogs, Facebook, Instagram and YouTube, communications are flowing faster and farther than ever before – causing the world to shrink.

Those changes affect most aspects of our daily lives, including our roles as individuals with buying power, and that's a shift that businesses and their employees need to understand if they want to stay profitable in the future. In simplest terms, **people have moved from being CONsumers to PROsumers** with far more influence than ever before.

Term “prosumer” is not a new term. It’s been present in marketing world more than a decade, but in today’s world of web and social media it has taken a a new importance that business leaders and marketers can’t ignore.


The term “prosumer” has transformed from meaning “professional consumer” to meaning “product and brand advocate.” Rather than simply “consuming” products, people are becoming the voices of those products and significantly impacting the success or failure of companies, products, and brands, particularly through their involvement on the social web (Gunelius, 2011).

Businesses are no longer in complete control of their products, brands and messages they want to send out. Consumers are in control, today. The leader of this change are the members of social medias and web presence – bloggers, microbloggers, forum posters, social media influencers. They are the ones who spread messages, influence people around the world and drive demand on certain product or service. Try just to remember how many Instagram stories you have seen in last 7 days, where someone with high numbers of followers was explaining why certain product is the best and why you should get it too.

Prosumers are the online influencers that business leaders and marketers must not just identify but also acknowledge, respect and develop relationships with in order for their products and brands to thrive (Gunelius, 2011).

As explained in article “The Shift from CONsumers to PROsumers” (2011) the high-level steps to leveraging the power of prosumers are as follows:

- Identify the key online influencers for your product, brand, business or industry (i.e., the prosumers).
- Acknowledge those people (e.g., send product samples, ask opinions, etc.).
- Join the online conversation where those people already spend time.
- Develop relationships with those people by interacting with them, providing useful information, and being accessible and human.

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- Leverage the opportunities of the social web by creating your own branded destinations such as a blog, Instagram account, YouTube channel, Twitter profile, Facebook group or fan page, LinkedIn group, podcast, etc.

The bottom line to connect with prosumers and to get them talking about and advocating you, your brand, products and business is to deliver content that adds value to their experiences with your brand online. Then, don't be afraid to let them take control and spread your messages. That's where the power of the social web and online influencers to drive word-of-mouth marketing farther than ever comes into the picture, and that's the ultimate goal for business leaders and marketers (Gunelius, 2011).

Key message(s) to take:

- **People have moved from being CONsumers to PROsumers** with far more influence than ever before.
- The term "prosumer" has transformed from meaning "professional consumer" to meaning "product and brand advocate." Rather than simply "consuming" products, people are becoming the voices of those products and significantly impacting the success or failure of companies, products, and brands, particularly through their involvement on the social web.
- Prosumers are the online influencers that business leaders and marketers must not just identify but also acknowledge, respect and develop relationships with in order for their products and brands to thrive

DIGITAL WORKPLACE

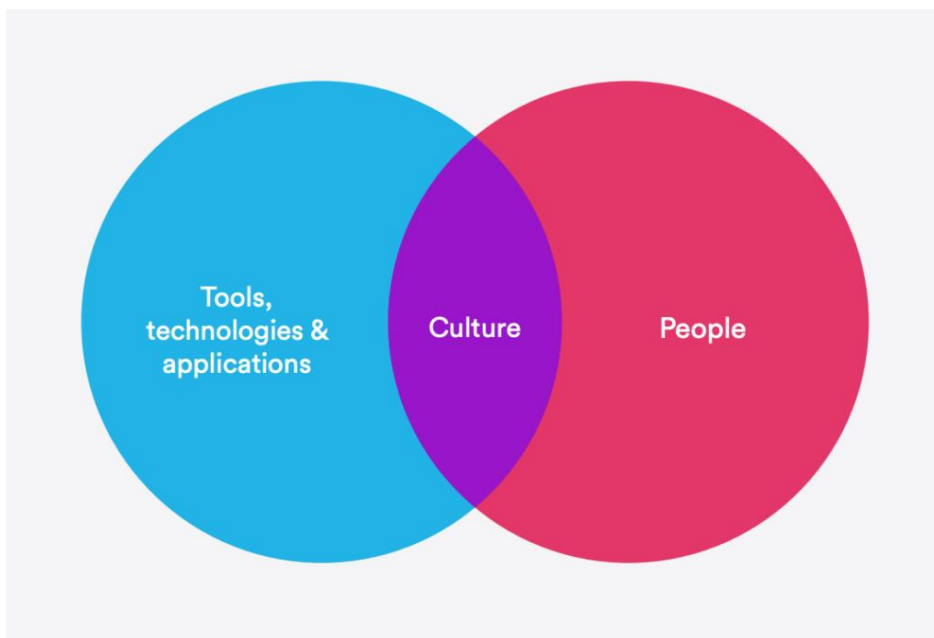
With innovations in technology and digital revolution, the way companies work has transformed and changed. Environment of many workers in the same big building, in their offices, at the desks using their desktop computers is slowly becoming a past.

We are living in the age where the workplace isn't just a physical space occupied by employees during office hours, but is always connected environment providing instant access to everything employees need (Elcom, 2020).

Digital workplace encompasses all the technologies people use to get work done in today's workplace – both the ones in operation and the ones yet to be implemented (Delloite). It presents virtual equivalent to the usual physical workspace and can involve any kind of program, platform, software, device or application employees are using to execute and complete their regular job tasks.


Digital workplace enables Digit employees and staff members of any company or organisation to use innovative digital technologies and tools in order to improve their internal communication, collaboration and productivity, but also improve general work with their customers.

Digital workplaces of our age



Becki Hall (2018) describe digital workplace as a connection of three core elements:

- **People:** it presents employees, their digital needs and the impact that has on key indicators such as engagement, productivity and innovation. The goal of every digital



workplace is to forge productive business relationships within and beyond natural work groups (employees) and to enable knowledge sharing across the organisation (Deloitte). Employees will be more motivated and desired to take more challenging tasks and projects if they are excited and fulfilled by their work.


- **Tools, technologies and applications:** technology is the heart and the core of any digital workplace. Depending on your industry and business needs, the tools needed to support your digital workplace will vary, but always the key is to adopt the right tools for your employees to do their jobs (Deloitte). Tools in digital workplace environment have a task to allow employees do their regular job tasks out of their traditional offices, when at home or when travelling.
- **Culture:** company's or organisation's culture and values are another important part of the digital workplace. Transforming from traditional to the digital workplace shouldn't change culture, directions and overall mission of the company as it is what usually drives both success and failure of the performance. The key is to understand how your employees prefer to work and then develop a change management plan and digital workplace strategy that aligns to your organisations working culture (Deloitte).

Benefits of digital workplaces

In addition to improving the employee experience and expanding the digital culture, digital workplaces are **advancing productivity** and making it easier for businesses to grow (Simplr, 2017). The change from paper-based to digital-based work already offers an opportunity for labour-saving and budget-saving potential. Digital workplaces also enable companies **to downsize their physical footprint**; therefore, reducing operational costs, as processes such as document storage and employee collaboration are replaced (Rouse et, 2016).

Digital workplace also allows employees and staff members **to work remotely** and access their work from anywhere. Employees are able to adjust their working time based on their needs as all company data and applications can be accessed at any time from any device online. This helps workers to become more productive and generally increase their satisfaction at the work. For organisations, that means, implementing digital workplace strategies will not only increase employee satisfaction but also help retain and attract talent (Kissflow, 2019).

Implementing digital workplace also leads to **increased efficiency**. Adopting a digital workplace goes a long way toward helping companies become more efficient and by streamlining operations and removing standard roadblocks, digital workplaces help teams operate at peak capacity (Simplr, 2017). For their employees and workers, it will mean more free time as they are able to complete their tasks faster than usually, and more free time means more time for new ideas and investing in other innovations and problem-solving tasks.



Another important benefit is **providing better general customer experience**. With improved collaboration, cooperation, efficiency and productivity of employees at the workplace, customers will be benefiting from it. Employees will be able to provide more quality services that will make customers more satisfied and happy. Satisfied and happy customers are customers who will surely come back to you for more business.

Key message(s) to take:

- **Digital workplace** presents virtual equivalent to the usual physical workspace and can involve any kind of program, platform, software, device or application employees are using to execute and complete their regular job tasks.
- **Digital workplace** enables employees and staff members of any company or organisation to use **innovative digital technologies and tools** in order to improve their internal communication, collaboration and productivity, but also improve general work with their customers.
- Digital workplace is a connection of three core elements: **people, technologies and culture**
- **Benefits of digital workplace** are increased productivity and efficiency of employees, better general customer experience, working remotely and downsizing physical footprints of companies



CRM – Customer relationship management

Important feature for every business is understanding customers, their behaviours and wishes, and creating relationships with them based on meaningful two-way communication process where they are given an opportunity to contribute and collaborate.

Customer relationship management can be defined as a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer (Parvatiyar and Sheth, 2001); integrated approach to managing relationships by focusing on customer retention and relationship development (Peppard, 2000); a technology for managing all your company's relationships and interactions with customers and potential customers (Salesforce).

It is important to understand that customer relationship management is equally beneficial in both improving connections and retaining existing customers, but also in finding and creating base of new customers.

CRM systems through several platforms and channels offer solution for enterprises to more easily find new possible customers and interact with them more often in a way to keep them happy and interested.

Customers are enabled to see regular updates about company's activities, their plans for the future, launching new products, developing campaigns; while companies are getting basic information about customers, their social network data, e-mail and telephone contacts, websites and personal preferences on communication. With visibility and access to all these data, it becomes much easier to create productive and effective communication.


Elements and tools in CRM systems have been changing and improving through the years and can vary from company's websites or mass mailing lists to using social media.

Direct benefits from successful CRM strategy can be increased profitability, increased productivity and improved customer service (Young, 2020).

Increase in profit is ensured through long-term lasting and sustainable relationships with customers created through exploring and understanding their real needs. Companies are able to know what and when their customers want, so they can save money in their marketing spend and still provide customers with content and products they are interested in.

Increase in productivity of employees is a result of automatization and digitalisation in CRM systems. Instead of wasting time on manually entering data and clicking buttons, workers can concentrate on finishing other tasks while automatic system will do all the job for them. Equally successful!

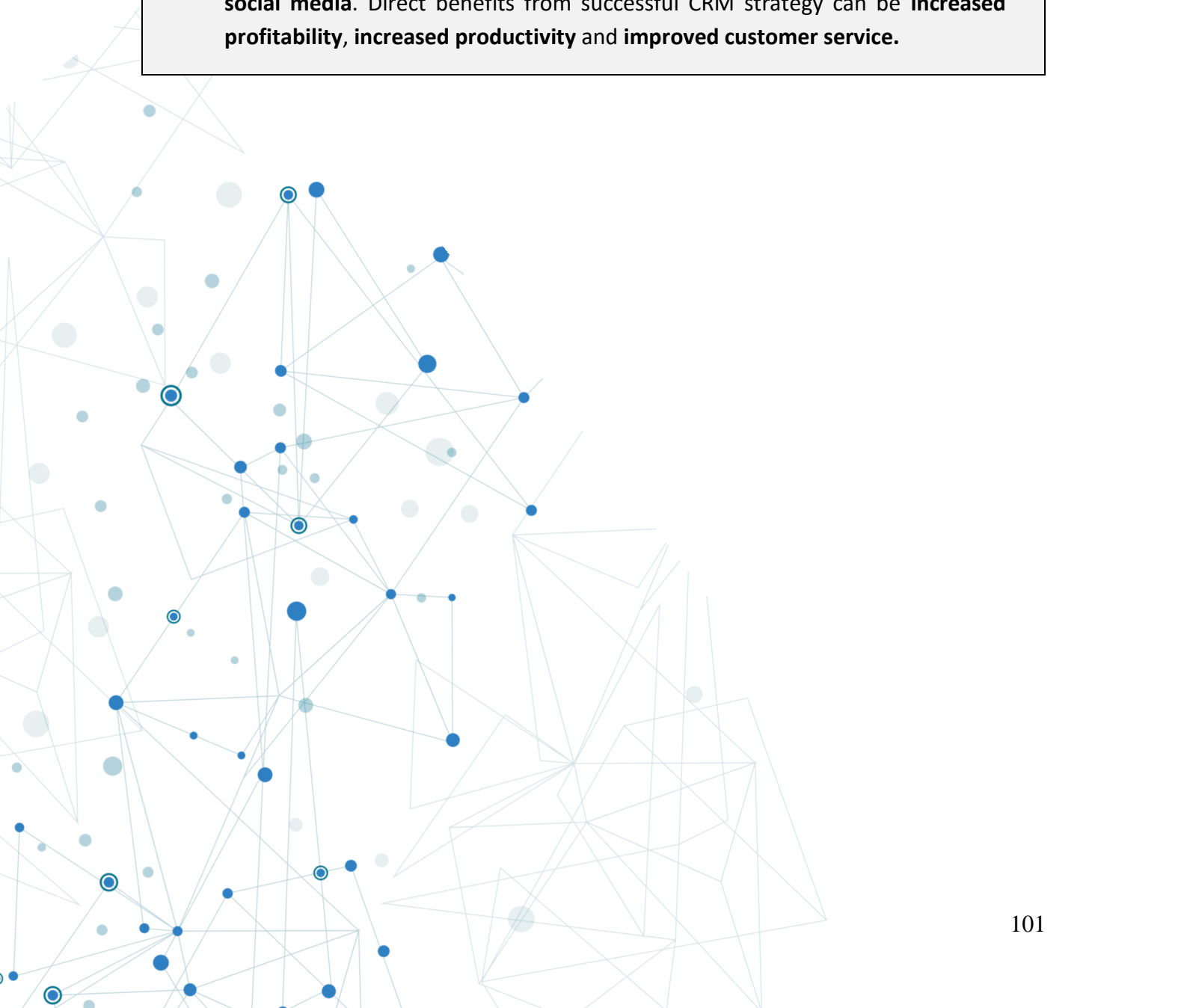
Customer service is improved by enabling companies to offer products and offers customers are interested to buy. When they know backgrounds of their customers and content they have



been looking for recently, companies can avoid bombing customers with unnecessary calls and e-mails, but be able to offer them right things at the right time.

CRM can be quick and easy to implement. A cloud-based system doesn't need special installation, and there's no hardware to set up, keeping IT costs low and removing the headache of version control and update schedules (Salesforce).

Key message(s) to take:

- **Customer relationship management** is a technology for managing all your company's relationships and interactions with customers and potential customers. It can be used for both improving connections and retaining **existing customers**, but also in finding and creating base of **new customers**.
 - Elements and tools in CRM systems have been changing and improving through the years and can vary from **company's websites or mass mailing lists** to using **social media**. Direct benefits from successful CRM strategy can be **increased profitability, increased productivity** and **improved customer service**.
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RISK ASSESSMENT AND RISK MANAGEMENT

Risk management is a process in which businesses identify, assess and treat risks that could potentially affect their business operations.


Risk can include any event or circumstances that will negatively affect your business.

If and when a risk becomes a reality, a well-prepared business can minimise the impact on earnings, the lost time and productivity, and the negative impact on customers (Davis, 2019).

For businesses, it is crucial to recognise, identify and consider possible risks even before they happen. This is because a robust risk management plan will help a company establish procedures to avoid potential threats, minimise their impact should they occur and cope with the results (Rouse, 2020).

Risk management process involve 5 different stages:

- **Identifying the risk:** it includes listing possible risks that can occur and their the most important characteristics. Risk identification begins with the sources of internal problems and benefits or those of competitors (PWS, 2020). The main objective in this stage is to ensure that all possible risks are identified and listed, because that presents basic and fundamental step in order create a successful plan and avoid them (or react better once they appear).
- **Analysing the risk:** once you have identified risks, you can thoroughly analyse the potential effects that each will have on consumer behaviour, your company and other current endeavours (PWS, 2020). The main objective in this stage is to analyse likelihood of each risk occurring together with consequences it will bring to regular business activities of your company.
- **Evaluating the risk:** it is firstly important to understand that all risks are not the same and they will not affect your company or business equally. Some risks will bring more negative consequences, while some will be calculated risks worth taking. You evaluate or rank the risk by determining the risk magnitude, which is the combination of likelihood and consequence, and then you make decisions about whether the risk is acceptable or whether it is serious enough to warrant treatment (Kloosterman, 2019). The main objective of this stage is to have clear picture of how much is each identified risk dangerous for your product, campaign or approach.
- **Treating the risk:** once when risks all identified and evaluated, next task is to develop plans for treating those risks. At this stage of risk assessment, preventative and contingency should be prepared so that there are no surprises as your move forward



with action plans (PWS, 2020). The highest ranked risks are usually treated before the lower ranked risks. The main objective of this stage is to create mitigation strategies, preventive plans and contingency plans in order to minimise the probability of the negative risks as well as enhancing the opportunities (Kloosterman, 2019). Also, it is important to understand that all risks can't be fully avoided, but minimised to the acceptable risk level.

- **Monitoring the risk:** it includes monitoring the effectiveness of your risk management approaches and controls. Risks are monitored by tracking involved variables and proposed possible threats to chain reactions (PWS, 2020). Risk management is dynamic, iterative and responsive to change and as risks and priorities change, risk treatments should be monitored as a part of the risk management process (Kolomiyets, 2017).

Customer disputes (chargebacks)

Managing risks is crucial in order to avoid commercial disputes.

While businesses face pressure to keep costs, including legal spend, down, the importance of taking a proactive approach towards risk management cannot be overstated in mitigating cost and management time in the long term (Morgan, 2020).


Knowing how to resolve complaints and disputes is critical to upholding a professional reputation and maintaining good client relationships.

But one of the main things digital business should take care of are chargebacks. In simple terms, chargebacks are disputed transactions. These are charges that customers dispute on their credit cards for different transactions. When a dispute is made, the merchant reverses the transaction and the customer receives his money back (Solomon, 2019).

Chargebacks are created to protect customers from unauthorised transactions. However, there are some unscrupulous and irresponsible customers that are taking advantage of it and can cause major losses to small digital businesses.

The most common reasons for chargebacks and ways how to possibly avoid them are:

- **Products not shipped or defective goods shipped:** customers will almost always dispute a transaction if they don't receive a product or receive it in the state that wasn't expected. It is therefore important to keep shipping receipts and track the goods that you ship. Also, always print your contact details (e-mail and phone number) so customers can contact you directly and try to fix the issue before chargeback or leaving negative feedback

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- **Invalid credit card or account number:** chargeback can occur when system cannot locate account number of the credit card that has been used. Also, it happens if your system accepts expired credit cards so always try to avoid it. Putting authorisation for the full amount of the price is always a good option.
 - **Human error:** if your accountant is processing credit card and transactions manually, there is always a room for possible mistake. So always try to use digital systems and avoid doing manual processing
 - **Quality of your products:** possible chargebacks can happen when customers receive your product and are not satisfied with it, or it just didn't meet their expectations. Make sure you always provide value to your customers and clearly indicate what they should expect when they make a purchase (Solomon, 2019). Also, it is good to have clearly published return and refund policy, so customers can better understand their rights and options before taking a chargeback

It is really hard for merchants to get positive when it comes to the chargebacks. From that reason, it is much more important to prevent these from happening by using different protections and authorisations that will put you and your digital business in the better position.

Return and refund policy


In majority of countries, there are several laws protecting the right of customers. These laws are the basis and actually dictate minimum return and refund policy you have to respect.

A well-written refund policy can boost your sales and increase profits, while an overly restrictive refund policy can scare potential customers away and cost you dearly (Website Policies, 2020).

When you are running an online business, having return and refund policy is highly recommended even if it is not required in some countries (such as privacy policy that is required everywhere).

Return and refund policy should have at least following points:

- Clearly state if refunds, returns and exchanges are accepted by the company
- The number of days in which customer can refund, return or exchange a product
- Any products that could possibly be exempt
- Any possible other conditions customers must meet in order to refund, return or exchange
- Details about shipping charges in the case of return or exchange



Benefits of having return and refund policies are that you are always playing on the right side when it comes to the legal requirements. You are avoiding any risk if unsatisfied customers decide to put you and your case on the court as you are obtaining with the laws of local institutions and countries.

Your customers will also trust you more and will decide to purchase more easily when they have provided answers on all their possible questions. Return and refund policies should be clear, concise and not too long. They should be easily understandable and shouldn't confuse your customers.

Return and refund policies are definitely “a must thing” for any digital business. Having no policies will result in having much more trouble because you are much more likely to lose your customers. An angry and unsatisfied customer can often cost you much more than a refund or return. They can put negative reviews on your products even if they are untrue that will definitely slow down demand for your products and slow down your sales.


Negative feedback

Negative feedback and reviews can permanently damage your digital business reputation. However, negative feedbacks are part of the life and it is important to know how to react on them.

Every business gets negative reviews from time to time; and the sooner you can figure out how to mitigate their impact – or even get them to work in your favour – the better (Rampton, 2017).

Some tips for addressing negative feedback online are:

- ***Always respond quickly:*** as longer is negative review unanswered, it can cause more harm to your business. Even if you answer correctly and you are in right but too late, it will doesn't mean anything. The best way is to answer at the same day when review was posted in order to show to customers that you care about them. Also, it is important to always respond even if reviews are untrue and doesn't make much sense. Unanswered negative review will be assumed as true as long as it is not answered!
- ***Sympathise with customers and their problems:*** it is crucial to try to understand problems your customers are having, even if you don't agree with it. You should never, but never, answer in angry or frustrating tone. However, it is recommended to provide apology to customers for not getting level of the product or service they expected. Words of sympathy are the least an angry person expects. When they hear them, they may be more willing to understand you as well (Benton, 2020).

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- **Provide an explanation:** try to investigate problem and see what really happened. It can always happen that actually you or your staff have made some kind of the mistake, so try to use it as something that can help you to improve your business and the future work. If that is the case, it is important to fully take responsibility and find a way to ensure a customer that similar mistake will not happen again if they decide to engage with your business
 - **Discuss it offline:** try to resolve a problem and get in the contact with the customer through e-mails or private messages as soon as possible. You never know how will customer respond to your answer, so it is better to have conversation behind the scene and not in front of wider audience. However, your goal still stays the same and it is to resolve the problem and have a customer return to your business soon again.
 - **Offer a compensation:** Making mistakes can often cost your business money and time. However, if you recover from the mistake well, then you can build a stronger relationship with the customer than you had before (Muther, 2019). Make sure to give customers a reason to continue working with you. You can simply offer them replacement, discount or free shipping depending on the nature of your business. Taking this step can turn your angry customer to a regular customer, but also show great example to all other possible customers.

Negative reviews are scary and intimidating for most business owners, but instead of panicking stop and think about how to respond. The right response can turn disappointed customers into your most loyal fans (Muther, 2019).

Key message(s) to take:

- **Risk management** is a process in which businesses identify, assess and treat risks that could potentially affect their business operations.
- **Risk management process** includes identifying the risk, analysing the risk, evaluating the risk, treating the risk and monitoring the risk.
- **Chargebacks** are disputed transactions that customers dispute on their credit cards for different transactions. Chargebacks are created to protect customers from unauthorised transactions, but can present a big problem for digital businesses if customers use them irresponsibly.
- The most common reasons why chargebacks happen are that **products were not shipped, invalid credit card or bank account was used, human error or products didn't meet customers' expectations**
- A well-written **refund policy** can boost your sales and increase profits, while an **overly restrictive refund policy** can scare potential customers away and cost you dearly



- **Negative feedback and reviews** can permanently damage your digital business reputation, so it is important to react on them properly.
- When you receive negative feedback online, you should **react as soon as possible, sympathise with customers and their problems, provide an explanation, discuss problem offline and offer a compensation**



FINANCIAL PLANNING AND RETURN OF INVESTMENT (ROI)

Financial planning

Financial planning is the process of estimating the capital required and determining its competition and the process of framing financial policies in relation to procurement, investment and administration of funds of an enterprise (Juneja, 2020).


Financial planning is equally important for creation of short-term, medium-term and long-term goals and creating a strategy for achieving them.

Financial plans can serve as a tool to monitor finances of your company, to monitor and be aware of the progress and quickly head off troubles.

Instead of looking at what's already happened, you make projections for the coming months, forecasting income and outlays. Your projections will act as an early warning system, helping you to plan for cash flow dips, identify financing needs and pinpoint the best timing for projects (BDC, 2020).

Successful financial planning process should include and involve following logically-connected steps:

- **Determining current financial situation:** at this stage, it is important to collect all financial information such as incomes, expenditure, assets, liabilities, risk attitude, tolerance and capacity.
- **Setting goals:** setting goals can help you to see bigger picture and identify possible business targets. Your goals and objectives should be specific as much as possible and listed by priority. They should also be measurable, reasonable, achievable and capable of planning. Using various finance and accounting instruments such as financial statements and invoices can significantly help you in the goal setting process (D&V, 2015).
- **Identifying courses of action:** in order to make crucial and good decisions, it is important to develop possible alternatives. You can decide to continue with the same course of action, improve existing course of action or to take totally new course of action. It depends on different factors and situation your business is at the moment. Creativity and strategic thinking is crucial for making effective and right choices.
- **Creating and implementing financial action plan:** creation of action plan simply means deciding and choosing the best ways to achieve your previously set goals and objectives. As you reach your immediate or short term goals, the next priorities will be focused (CAA, 2019).

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- **Reviewing and revising your plan:** financial planning is a dynamic process that changes through time and should always be revised and updated. It is also important to regularly evaluate your financial decisions and their impact. Periodically reviewing this decision-making process will help you make priority adjustments that will align your financial goals and activities with your current business situation (CAA, 2019).

Return of investment (ROI)

Return on investment (ROI) is a financial ratio used to calculate the benefit an investor will receive in relation to their investment cost.

Basically, it's a measure of what you get back compared to what you put in and it's used in many areas of finance, as well as in business (Duermyer, 2019).

When it comes to calculating ROI, the main should be to have maximum return for minimal investment. ROI is usually expressed as a percentage and is typically used for personal financial decisions, to compare a company's profitability or to compare the efficiency of different investments. It can also be used to measure the effectiveness of marketing.

Basic formula for calculating ROI is:


$$\text{ROI} = (\text{Net Profit} / \text{Cost of Investment}) \times 100$$

For example, if company pays 1000€ for advertising and marketing campaign at particular platform and generate 3000€ in revenues directly from that campaign, there ROI would be 3€ or 300%. In other words, for every 1€ spend on that campaign, company earned 3€.

Every company should measure ROI on all their marketing efforts so they can be sure to spend their time and money on activities that generate the best results, but they should also consider ROI or benefits of any expense they have (Duermyer, 2019).

In general, companies monitor ROI to compare it against projections and goals, to monitor profitability trends and to compare their results with those of competitors. Meeting or exceeding ROI objectives and seeing steady gains over time are positive signals (Kokemuller, 2019).

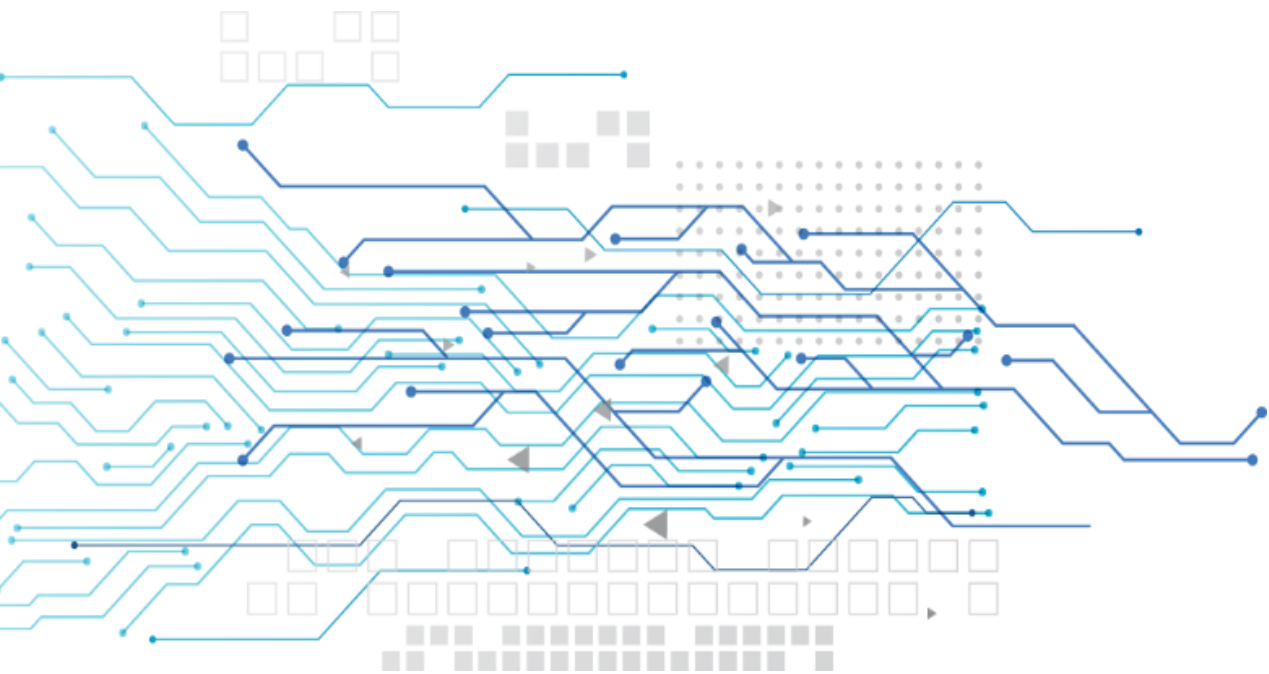
Calculating ROI can help every company to better understand their current situation and what is actually working and not working for them. If single marketing campaign is not gaining money and making profit for the company, then it should be probably changed. If company is doing more different marketing campaigns at the moment or have done in the past, they should concentrate to analyse those with higher rate of ROI. Information they could take from them (such as which strategy was used, which platform was used, customers' feedback etc.) will help them to implement those things in following campaigns and increase their success.



It is important to never equal ROI with profit because they are two different things. ROI is calculating how effective was the investment, while profit is simply expenses subtracted from total income.

Key message(s) to take:

- **Financial planning** is the process of managing your money for economic satisfaction and it allows you to control your financial situation
- **Financial planning process** includes determining current financial situations, creation of strategic goals, identifying courses of action, creating and implementing action plan, and regular revising of the decisions
- **Return on investment (ROI)** is a financial ratio used to calculate the benefit an investor will receive in relation to their investment cost.
- **ROI = (Net Profit / Cost of Investment) x 100**
- It is important to never **equal ROI** with **profit** because they are two different things. ROI is calculating how effective was the investment, while profit is simply expenses subtracted from total income





BUSINESS PLAN

Business plan is vital for the success of each company or organisation.

A business plan is a written description of your business's future, a document that tells what you plan to do and how you plan to do it (Entrepreneur, 2020). Even if you write down something on the back of the envelope or on the A4 paper white regarding your business strategy, you have already created a business plan, or at least part of it.

Business plans have been one of the most important steps in creation of almost all businesses in the past. But with the changes in recent years, they are starting to lose their popularity and purpose. However, need and benefit for creating business plan can vary from type of the business you are running and how do you intend to use a business plan.


Your business plan should pull all three of the important plans together, incorporating elements of your marketing plan and your financial plan into a comprehensive document (Gregory, 2019).

We will provide some reasons why business plan is still necessary for all companies:

- **For pitching your idea(s):** if you need to pitch your idea to possible investors, or to pitch your idea to possible business partners, or to pitch your idea to get a loan from the bank, business plan is required.
- **For making final decisions:** when creating a business plan, you will need to put down all important information about your business. Sometimes, if you are not sure about specific segment of your business, such as what products you want to sell or what will be exactly your target group, these decisions will be made while working on development of business plan. Business plans help you eliminate the grey area because you have to write specific information down in black and white and making tough decision can often be the most useful part of business plan (Gregory, 2019).
- **For avoiding big mistakes:** some of the biggest mistakes that entrepreneurs are usually making when starting new businesses are: no market need, lack of capital, stiff competition, wrong pricing and inadequate team. All these things will however be part of your business plan so you can review them by using several tools and analyses. Every piece of your business plan can help you spot and avoid some of these big mistakes.

When creating a business plan, it is important to stay up-to-date and use innovative tools and approaches that will help you achieve better results and get more clear view on your business future.

Some of the most important business plan tools (sections) we will present you are:

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- 1.) **Sales analyses/forecast** – estimating quantity of goods or services you can realistically sell in the certain timeframe
 - 2.) **Projected cash flow** - breakdown of the money that is expected to come in and out of your business.
 - 3.) **Assets and liabilities** – breakdown of the things that your company owns and your company owes
 - 4.) **Projected balance sheet** – includes incomes and spending that aren't profit or losses
 - 5.) **Break-even analyses** – tool that helps you to determine at what stage your business or product will be profitable

Sales analyses/forecast


Sales forecasting is the process of estimating future sales. It can be defined over monthly, quarterly, half-annually and annually period.

Accurate sales forecasts allow salespeople and business leaders to make smarter decisions when setting goals, hiring, budgeting, prospecting, and other revenue-impacting factors (Frost, 2019).

Sales forecast is usually based on data from previous months and years, so it makes creation of these analyses much easier for already established business than for the new ones. However, importance of creation of sales analyses is same for new established business, but their forecast and will be simply based on less-trustable and less-verified information usually coming from market research analyses.

Sales analyses can present a point that directly leads to success or failure of your business. From that reason, it is important to know the most important factors that should be account in when creating sales forecast:


- **Hires and fires:** when salespeople leave your company — either because they quit or were terminated — revenue will decrease unless you have a pipeline of potential hires (Frost, 2019). Situation will also change if there are planned hiring of salespeople and significant number of them enter the company in the same period of time, then big jump in revenue should be predicted.
- **Competitive changes:** as in the most of the other business related topics, you never really depend on yourself alone, but also on the competition at your market. If competitors are getting out of the business or decreasing their presence, it will enable you to sell more and make bigger profit and revenue. However, if competition at the market is getting bigger or your competitors are putting lower prices, it can negatively influence demand and prices for your products or services

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- **Economic conditions:** this is one of the factors that it is the hardest to influence on. In the situation of the stronger economy, consumers are more like to invest, buy and generally spend money. On the other side, if there are some special circumstances like recession, consumers are spending less money and sales cycles take much longer.
 - **Industry and market changes:** demand and sales predictions for your products or services can also depend on complementary products and existing trends. For example, if you are owning a hotel and there is an increase in number of tourists visiting your city (due to many possible reasons), your company will see a rise in the revenue and profit. Or imagine if you are owning a gas station and selling petrol, and there is a huge demand rise for buying cars on your market. More people buying more cars will result in you selling more petrol.
 - **Seasonality:** Some products or services are just more needed or popular for consumers in specific period of the year or consumers are willing to buy them at the certain time. For example, if you are selling an ice cream, you can expect to sell more products during the summer season and months. Or if you are selling school equipment, you can expect to have risen in demand in September and February when school/university semesters are starting and consumers are buying products they will need.

If you are not exactly sure about your data, it is recommended to create sales forecast in shorter period of time (for example weekly). Also, it is good to create few different forecasts, for example the most optimistic and the most pessimistic one and later compare them with real situation.

Some of the most common mistakes companies are making when creating sales forecast are:

- **Wishful thinking:** companies can often get too optimistic and create sales forecast that are not realistic, expected or achievable at the market. Already established businesses should rely their forecast on data from previous years, while new business should do detailed market research and rely on that data. It is also important to be aware of existing capacities of your company and how much you can produce and sell based on your equipment/machines and working force.
- **Doing it all alone:** salespeople in any company are usually and probably the best ones to consult with. They have the best knowledge about your customers, their profiles, their needs, buying attitudes and habits. Also, it is always a good option to get into the contact with your customers directly and ask for their inputs and feedback.
- **Falling to be flexible and adapt:** sales environment and market realities are constantly changing. Ideally, your forecasting approach should be a real-time effort that tracks and takes into account these changes and new developments (PlanPlus, 2020). If there



are new trends or any other significant changes appearing, you should always revise and update your forecast in order to be sure that it is up-to-date and following real situation at your market.

Projected cash flow

Cash flow statement can help you to see current financial health of your business. But doing cash flow projection (forecast) for the future period can be much more beneficial and helpful, especially when creating your business plan.

Cash flow projection is a breakdown of the money that is expected to come in and out of your business and this includes calculating your income and all of your expenses, which will give your business a clear idea on how much cash you'll be left with over a specific period of time (Lindzon, 2019).

Well-predicted and analysed cash flow projection is probably the most important part of your business plan, as all other predictions, plans, strategies and tactics will mean nothing if you don't have enough money in order to cover necessary surviving costs (bills or domain).

Two the most important terms for creation of cash flow projection are:

- **Accounts receivable:** it includes all money business is expecting to collect during the period of time selected (month, year...). It mostly includes customer payments and deposits, but can also include bank loans or different grants if planned. Another important feature to outline is how quickly you are expecting to receive payments from your customers. For example, if most of your customers pay within 15 days, your assumption will be that 80%-90% of sales will be collected within 2 weeks.
- **Accounts payable:** it refers to exact the opposite – all money business is expecting to spend money on. It includes costs such as taxes, payroll, payments to suppliers and vendors, overhead, inventory, hosting and similar. Also, here, it is again important to outline how quickly payments and when are they due. For example, if suppliers or vendors require payment within 21 days of delivery, your assumption will be that payables are due within 3 weeks.

Your cash flow projection will simply be breakdown of expected receivables and payables. It will provide you with an overview how much of cash is your business expected to have at the beginning of each month.

Cash Flow = Estimated Income – Estimated Expenses

There are few other terms that you will surely see or use when creating any kind of cash flow protection and we will briefly describe them for you:

- **Operating balance (cash):** it is your operating cash, amount of money your business will have at the beginning of each month
- **Sources of cash:** it is all money coming into your business each month (receivables)
- **Total sources of cash:** it is simply adding sources of cash amount to the amount of opening/operating balance
- **Total uses of cash:** it is all money coming out of your business each month (payables). You simply list all your expenses and sum up at the end
- **Excess of cash:** it is the most important category. Positive number in this category means that you have positive flow of the cash and you will be having some extra money at the end of the month. However, if you see a negative number, it doesn't mean that your business is impossible to start, but that you should just use bit more time for preparation and considering other possible options.

Cash flow projections typically take less than an hour to produce but can go a long way in helping entrepreneurs identify and prepare for a potential shortfall, and make smarter choices when running their business (Lindzon, 2019).

Cash flow projections as all the other projections in business are not fixed and should often be revised and updated (Mills, 2016).

The most important thing in order to achieve accuracy is to put realistic numbers and be aware of the existing situation at the market. Numbers you put into the projection are only thing that matters, so they should be realistic prediction and not optimistic and generous personal wishes.

Other important thing can be seasonality as in peak months the demand for your products and your sales will increase, that will result in increased receivables. It can again depend directly on your products or services as for example demand for sun protection creams will increase in summer or demand for scarfs will increase in winter.

The other things that shouldn't be forgotten are increase in taxes and hiring additional workers. If you sell more products and have increase in cash coming to your business, you should also expect increase in taxes you are paying that will result in increasing amount of cash going out of your business. Also, if your business gets increase in certain period of the year, you will probably have a need to hire additional workers so your payroll amount will increase.



Assets and liabilities

Assets and liabilities are fundamental part of any company balance sheet that is a financial document that shows financial health.

Assets are anything valuable that your company owns, whether it's equipment, land, buildings, or intellectual property (Zarzycki, 2019). Assets are resources that your business owns and can provide you with future economic benefit.

There are two different types of assets:

- **Current assets:** they include cash or anything else that can be converted into cash in some period of time (usually a year). Current assets are important especially for small businesses and enterprises because as more current assets they have, they will be able to survive longer without borrowing or taking loans.
- **Fixed assets:** they include any "long-term" assets that usually last longer than a year. They can be company's equipment, tools or value of the brand.


Assets can also be divided into:

- **Tangible assets:** these are all physical objects that can be touched such as vehicle and similar equipment
- **Intangible assets:** these are all non-physical objects that still have some financial value such as company website, copyright or brand value

Liabilities are your business' debts or obligations which you need to fulfil in the future such as money you need to repay, the goods you need to provide or the services you need to perform (NI Business, 2020). It is everything your business or enterprise is owning, at the moment or in the future. Some of the best examples for liabilities are payment you owe to your suppliers, loans you are owning to the bank or salaries payable to your workers that you have already agreed.

There are two different types of liabilities:

- **Current liabilities:** they include all money you are owing and debts in shorter period of time (usually a year). They represent money owned for operating expenses such as salaries and wages for workers, accounts payable (paying to your suppliers), short-term loans and income taxes. Most of the liabilities of any company or enterprise are actually current liabilities.

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- **Long-term liabilities:** they include all financial obligations that can be paid back in period of more than a year. They represent money owned such as long-term loans, mortgage debts, bonds payable or pension liabilities.

Once when you calculate and get an idea about your assets and liabilities, important financial data you can get is **equity**.

Equity tells you how much value is left over once you've summed up everything valuable that you have, and subtracted everything you owe to your creditors. For small business or enterprises owners, equity is actually showing the net worth of the business (Zarzycki, 2019).

Equity = Total assets – total liabilities

In order to have it clear for you how assets, liabilities and equity work in real life situations, we will provide you an example.

EX: Imagine that you and your friend John got an idea for starting a business or an enterprise. You have an amazing idea about creation of mobile application and you agree to both invest 10.000€ (so in total 20.000€). When you deposit this amount of money in your business (assets), you decide to buy laptops for your company worth 5.000€. Balance sheet of your company will look like this:

Assets: 15.000€ (cash) + 5.000€ (laptops)

Liabilities: 0€

Equity: 20.000€

Let's say then that you decide to buy desks for your company worth 8.000€ and you take a loan from the bank. Then your financial balance will look like:

Assets: 15.000€ (cash) + 5.000€ (laptops) + 8.000€ (desks)

Liabilities: 8.000€ (bank loan)

Equity: 20.000€

In the second example, you can see how your company liabilities increased together with your company assets. Difference between two examples is that in the second one is that increase in company assets was paid directly with liabilities and not with equity (cash) like in the first example.

Projected balance sheets

As we have already introduced terms of assets, liabilities and equity, we can speak more about project balance sheets and their development.

A projected balance sheet communicates expected changes in future asset investments, outstanding liabilities and equity financing and help businesses to facilitate long-term strategic planning (Way, 2019).

Projected balance sheet includes spending and incomes that are directly profit or loss. A projected balance sheet provides the most relevant financial information needed in the business planning process.

Information that you will need for creation of projected balance sheet are assets, liabilities and equity that you can explore more in the previous chapter.

New business or enterprises who are just starting and doing project balance sheet for the first time will find it probably much more challenging. The main reason is that they don't have any previous data they can rely on and analyse. Also, it is much harder to know how fast will your sales turn into assets or how much time you will need to pay off your debts and loans.

Already established business should always use past information as the basis for assumptions about the future. Your books from previous accounting periods can provide numbers telling what percentage of revenue you typically spend on direct costs such as materials and payroll (Gartenstein, 2019).

In order to show you how to create a projected balance sheet through several steps, we will use another real-life example.

EX: This example will be based again on imaginary business that you decided to start with your friend John.

- 1.) In the first step, it is important to decide on the format of your balance sheet. In the simplest form, only rule you need to remember is that **Total assets = Total liabilities + total equity**.

In order to make a process even more easier to you, you can spread your assets and liabilities columns in more basic lines like provided below

ASSETS	LIABILITIES	EQUITY
Cash:	Salaries:	Paid in capital:
Accounts receivable:	Accounts payable:	Owner draws:
Inventories:	Loans:	Retained earnings:
Equipment:	Other liabilities:	

Total assets:	Total liabilities:	Total equity:
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2.) In the second step, the first thing that needs to be done is entering starting balance. As you remember from the previous example, both John and you invested 10.000€ (in total 20.000€). However, you also decided that laptops were your necessary equipment and spent 5000€ on buying laptops. Now your balance sheet looks like this:

ASSETS	LIABILITIES	EQUITY
Cash: 15.000€	Salaries:	Paid in capital: 20.000€
Accounts receivable:	Accounts payable:	Owner draws:
Inventories:	Loans:	Retained earnings:
Equipment: 5.000€	Other liabilities:	
Total assets: 20.000€	Total liabilities: 0€	Total equity: 20.000€

3.) Next step in creation of balance sheet are sales. Let's say that your business managed to sign a contract with 5 local companies and that you will take care of their websites. Let's also say that you will charge each company 500€ (so 2500€ in total), but you will send them invoice at the end of the month. So, at the moment, that money doesn't show in the cash category, but in Accounts receivable. However, at the end of the month you are also expected to pay salaries to your workers. Your sheet now looks like:

ASSETS	LIABILITIES	EQUITY
Cash: 15.000€	Salaries: 1500€	Paid in capital: 18.500€
Accounts receivable: 2500€	Accounts payable:	Owner draws:
Inventories:	Loans:	Retained earnings: 2500€
Equipment: 5.000€	Other liabilities:	
Total assets: 22.500€	Total liabilities: 1500€	Total equity: 21.000€

4.) In the final step, let's say that you also decided to buy some standing desks for your company worth 8.000€ and you take a loan from the bank. Your balance sheet will then look like this:

ASSETS	LIABILITIES	EQUITY
Cash: 15.000€	Salaries: 1500€	Paid in capital: 18.500€
Accounts receivable: 2500€	Accounts payable:	Owner draws:
Inventories:	Loans: 8.000€	Retained earnings: 2500€
Equipment: 5.000€ + 8000€ = 13.000€	Other liabilities:	
Total assets: 30.500€	Total liabilities: 9500€	Total equity: 21.000€

In the previous example and different steps, you could see how different assets (sales, equipment...) and liabilities (loans, salaries...) affect your project balance sheet. As you are creating your own financial model, just remember that each transaction that impacts an asset, must impact a liability or equity account equally so that you always stay balanced and that total assets always equal sum of total liabilities and total equity.

Break-even analysis

A break-even analysis is a useful tool for determining at what point your company, or a new product or service, will be profitable, or in the other way it's a financial calculation used to determine the number of products or services you need to sell to at least cover your costs (Campbell, 2018).


Break-even analysis refers to the point in which your total cost and total revenue are equal. It is a situation in which you are neither making money nor losing money, but all your costs have been covered.

Knowing when will your enterprise or new product "break-even" is important business decision and part of any business planning or strategic thinking.

In order to understand or calculate break-even analysis, there are some important terms you should know.

Fixed costs or **overhead costs** are costs and expenses that always stay the same and don't depend on how much you are selling. They are not connected to the quantity of production or outputs and even if you have zero outputs or high number of outputs for some period of time, these costs will stay the same. The most important fixed costs are interest, taxes, salaries, rent, energy costs (bills), marketing costs, hosting and similar.

Variable costs are costs and expenses that are directly connected with sales and quantity of production or outputs. Variable costs will increase or decrease if your production value



increase or decrease. The most important variable costs are raw materials, packaging costs, transport and similar.

Contribution margin is calculated by subtracting an item's variable costs from the selling price. So, if you are selling a product that has a selling price of 50€ and total variable costs for this product are 20€, then your contribution margin is 30€. Contribution margin (30€) is then used to cover fixed costs and everything that is left after that is your net profit.

Formula for calculating break-even point is:


Break-even point = Fixed costs / Contribution margin

Ideally, you should conduct this analysis before you start a business so you have a good idea of the risk involved and actually to figure out if the business is worth it (Egen, 2020).

All already existing and established businesses and enterprises should anyway conduct break-even analyses before launching any new products to determine if potential profit is worth starting costs. Also, if you are planning to switch your business strategy (such as changing from wholesale to retail business) in order to figure out what should be the change in the final selling price of your product or services.

The most important benefits of doing break-even analyses are:

- **Smarter pricing:** finding the break-even point will help you understand and create final selling price of your product. Sometimes your existing price can be too low to allow you to break-even in your desired timeframe, so then you might want to increase it by taking care of both effective pricing and your profitability. It is also important to check prices of comparable products at the market in order to not price yourself out of the market.
- **Catching matching expenses:** when creating a business plan for enterprise you want to start, or when creating a new product you want to launch in already existing enterprise, it is common to forget about some expenses and costs. In order to create break-even analyses, you will must rethink and list different financial parameters once again and chance that you will forget or miss something is much lower
- **Setting revenue targets:** when you calculate break-even point, and create break-even analyses, you will have cleared how much you need to sell in designated timeframe in order to get profitable. This will enable you to set clear both short-term and long-term goals and to additionally adapt to possible changes in the future.
- **Making smarter decisions:** when creating business plans or any business strategies, most of the entrepreneurs can get emotional and base their numbers on personal wishes instead of real situation at the market. In the process of doing break-even



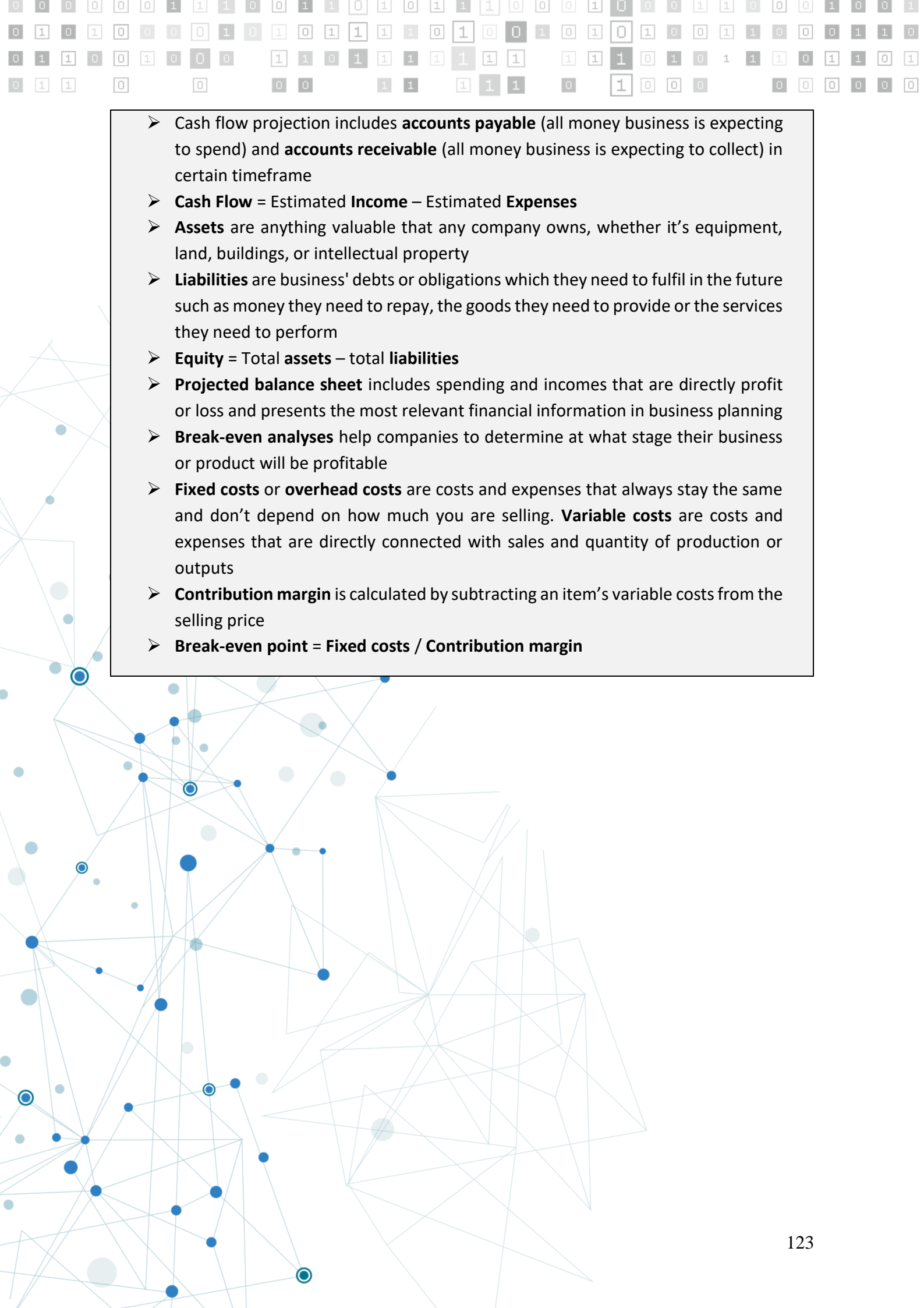
analyses, they will have a chance to once again recall on their market research and reconsider facts and prices they are putting to not be based on personal optimistic expectations but on general objective expectations.

If you calculate your break-even point and end up with high number, there is no need for panic. You should just reconsider few changes and use few advice in order to lower your break-even point and make your product or business profitable early. Simply try to:

- **Lower fixed costs:** check all possible opportunities to lower your fixed costs. If your total fixed costs are lower, your contribution margin will be higher and your will need to sell less in order to reach your break-even point.
- **Lower variable costs:** lowering variable costs is usually much harder than lowering fixed costs, especially if you are just starting the business. However, it is worth considering your opportunities and possibly negotiate with your suppliers, changing complete process or selling strategy.
- **Raise the prices:** putting the higher prices will increase your contribution margin and you will need to sell less products in order to reach break-even point. However, when thinking about raising your prices, you have to take into consideration what are your customers ready to pay and compare it with prices of your competitors. Putting too high prices can lower your demand and you will not be able to sell enough in order to achieve your goals.

Key message(s) to take:

- **A business plan** is a written description of any business's future, a document that tells what business plan to do and how they plan to do it
- Business plans are important for pitching business idea, making final decisions and avoiding big mistakes
- Important tools and sections to be included in the business plans **are sales analyses, projected cash flow, assets and liabilities, projected balance sheet and break-even analyses**
- **Sales analyses/forecasting** is the process of estimating future sales and it can be defined over monthly, quarterly, half-annually and annually period
- Important factors affecting sales analyses are **hires and fires, competitive changes, economic conditions, industry and market changes and seasonality**
- **Cash flow projection** is a breakdown of the money that is expected to come in and out of the business and this includes calculating income and all of the expenses

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- Cash flow projection includes **accounts payable** (all money business is expecting to spend) and **accounts receivable** (all money business is expecting to collect) in certain timeframe
 - **Cash Flow** = Estimated **Income** – Estimated **Expenses**
 - **Assets** are anything valuable that any company owns, whether it's equipment, land, buildings, or intellectual property
 - **Liabilities** are business' debts or obligations which they need to fulfil in the future such as money they need to repay, the goods they need to provide or the services they need to perform
 - **Equity** = Total **assets** – total **liabilities**
 - **Projected balance sheet** includes spending and incomes that are directly profit or loss and presents the most relevant financial information in business planning
 - **Break-even analyses** help companies to determine at what stage their business or product will be profitable
 - **Fixed costs** or **overhead costs** are costs and expenses that always stay the same and don't depend on how much you are selling. **Variable costs** are costs and expenses that are directly connected with sales and quantity of production or outputs
 - **Contribution margin** is calculated by subtracting an item's variable costs from the selling price
 - **Break-even point** = **Fixed costs** / **Contribution margin**



Conclusion

Digital entrepreneurship is still new term, which is not easy to explain. Digital entrepreneurship describes how entrepreneurship is changing and how it will be changing in the future, as business and society in general is being transformed by digital technology. On a practical level, digital entrepreneurship opens up new possibilities for anyone thinking of becoming an entrepreneur. Some opportunities are more technical, and some are within reach for anyone who learns the basic skills of digital entrepreneurship. Beyond learning new practical skills, digital entrepreneurship is also about new ways of thinking and understanding what entrepreneurship is. Digital entrepreneurship is bringing new approaches and theories of entrepreneurship.

In order to start a digital enterprise, one needs to be prepared to constantly learn, improve skills and investigate about new tools that can be used for improving the business. There are several key skills entrepreneurs should have at least basic understanding of in order to run a successful enterprise. Those skills are: sales, digital marketing, accounting and budgeting, hiring and managing employees, time management and resilience. Over the past decade, companies in different industries, as well as different enterprises, have digitised their operations and processes. There are 10 essential digital skills for an entrepreneur: social media, Search Engine Marketing, analytics, content marketing, email, mobile, strategy and planning, social selling, pay-per-click marketing and video.

One way of starting digital enterprise is starting self-hosted digital business. The term self-hosted refers to software installed and maintained by the user on a generic web hosting service, such as a VPS (Virtual Private Server). The benefit of self-hosting is that the user has complete control over their data, at a potentially lower monthly cost. The downside is that the user is responsible for maintaining the service. If the service encounters an error, the user is responsible for resolving the issue. There are few important things that individual starting self-hosted digital business needs to pay attention to; choosing the right name, the right internet provider and choosing the right platform. When it comes to platform for self-hosted digital business there are several solutions which are easy to use by beginners, such as WordPress with WooCommerce, Mageno, Prestashop, Shopify.

Another way of starting digital enterprise is by using externally-hosted digital business. I.e. eBay is a third-party retail sales website which allows members, who have good ratings (based on their previous experience in buying and selling products) to buy from and sell to other members. Hundreds of thousands of eBay members use this website as either a part-time or full-time way to make money. To work on eBay, you need an eBay account and plenty of desirable items to sell. Second option that we find easy to start with when it comes to externally-hosted digital business is dropshipping. Dropshipping is a retail fulfilment method where a store doesn't keep the products it sells in stock. Instead, when a store sells a product using the dropshipping model, it purchases the item from a third party and has it shipped



directly to the customer. As a result, the seller doesn't have to handle the product directly. The biggest difference between dropshipping and the standard retail model is that the selling merchant doesn't stock or own inventory. Third option is by using Fulfillment By Amazon (FBA). FBA is a service provided by Amazon that provides storage, packaging, and shipping assistance to sellers. This takes the burden off of sellers and grants them more flexibility in their selling practices. FBA program allows sellers to ship their merchandise to an Amazon fulfillment center, where items are stored in warehouses until they are sold.

In order to succeed in digital entrepreneurship, you need to pay attention to selecting the right market, selecting the right sales channel and developing digital strategy which is in line with your business idea and goals you have. Besides that, you need to develop digital marketing strategy, risk assessment and planning how to address the risks, financial plan and business plan. In order to reach out to more customers and market your business, you need to be aware of how to use new media for promoting and developing your digital enterprise.

Once the digital enterprise is created and all steps above are followed, you need to deal with sending your products and getting paid for them. For that you will need to use some international postal service. EMS is an international postal Express Mail Service, for documents and merchandise. The Universal Postal Union created the EMS Cooperative to develop express delivery worldwide. The EMS Cooperative promotes cooperation between member postal organisations to allow them to provide a high quality global EMS delivery service. When it comes to online payments, payment methods are different and people prefer the ones that they are already familiar with. For example, in the United States, PayPal is the most commonly used ecommerce payment gateway. In Canada, Payoneer and Stripe are mostly used. Even in Ukraine, Stripe is the most used payment gateway. So, while targeting a country, choose a payment gateway that is already prominent.

This is short overview of how developing and running your digital enterprise looks like, and what are the most important aspects of digital entrepreneurship.



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