THE MADNESS OF UNDERTAKING IN ELECTRONIC COMMERCE

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An article by Mauria Finley in Pando Daily said “is it crazy to start an e-commerce company in the age of Amazon?” about the madness, or not, of starting an e-commerce business today in a sector in which there are very well-positioned agents and which is characterized by a fierce price war. The article reveals some of the keys to electronic commerce that to a large extent many of the new ventures are ignoring in Spain. In Spain, one still hears too much that starting a business on the Internet is cheap or that it is very easy to "set up" an online store. Indeed, assembling it is simple, that it works in the market not so much. Is it crazy to go into e-commerce?

Mauria Finley points to three things that Amazon, like many other large companies, does not do well: “curation, discovery and social recommendations”. It is true: the user does not go to Amazon to discover new products, and in many cases it is very difficult to distinguish between quality products and those that do not have it. The social factor is not in Amazon's “DNA” either. Amazon is a place where the user finds everything at the best prices. Other than Amazon, the large Internet companies generally do not incorporate these factors. Another of the consolidated agents of sales on the Internet, e-Bay, although with a very different approach, also competes by basically offering products at very competitive prices. And the famous coupons are also an alternative mechanism to bring offers to the consumer.

Aggressive pricing models work on the Internet. But, where does the opportunity niche in electronic commerce for new startups seem to be, since it is so difficult to compete on prices with these players? In the US they are clear about this and are firmly committed to the so-called "social e-commerce": sites where there is a community of interests through which the user discovers products that may interest him, meets people who have used those products , get recommendations on how to use them, discover new stores and consumers like him... Sites that offer a much more social experience than the most classic e-commerce. Sites like Lockerz.com, Houzz.com, Pose.com are achieving very significant growth following these new approaches. In the case of Houzz.com, for example, the integration they have made of the social layer, e-commerce and their work marketplace is truly extraordinary. From Houzz.com you can from discovering the latest in decoration, see expert recommendations, buy the best items to hire an architect in your area.

Electronic commerce is a sector in broad growth, not only in the US where it will reach 256 billion dollars in 2013 -14.8 percent compared to last year- but also in Spain where, according to the CMT, electronic commerce e-mail reached 2,822 million euros in the first quarter of 2013, 15.1% more than in the same period last year. These figures attest that there are many opportunities in this field; opportunities that will surely require strategies other than price warfare. It may seem crazy to start a traditional online store business today and try to compete on prices -even in Spain where electronic commerce is not so developed- but there is a window of opportunity for more social approaches and more careful and moderate content.

As buyers on the Internet, we know where to go to buy our new mobile at the best price, but we are not so sure which models are the best. We can know on which website the cheapest sneakers are, but not which ones are the most suitable for us. At the moment, in Spain, there are few e-commerce initiatives that guide us in our purchase. These are two worlds, that of recommendation and purchase, which at the moment are somewhat separated; there can be a great reward for startups that know how to approach them.

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