



# B A 250: SMALL BUSINESS MANAGEMENT

## *Lesson 8: E-Commerce, Location, and Layout*

Introduction (1 of 9)

## E-Commerce, Location, and Layout

What method of delivery does your customer prefer? How will customers find you? A small business can begin with a physical location, a website, or both. Most traditional businesses have integrated e-commerce into their delivery systems. In this lesson, you will explore e-commerce and the value of a good location and layout for a small business.

### Learning Objectives

The readings and questions in the lesson should help you to do the following things:

- Define e-commerce and list the steps an entrepreneur can take to be successful in an e-commerce effort.
- Appraise an existing business's website and physical location, suggesting areas for improvement.
- Discuss how to determine the right location for the business and understand the criteria for retail and service businesses.
- Recognize the fundamentals for planning a physical facility layout.
- Outline the benefits of starting a small business in a business incubator.
- Define the ADA and its implications on a building's design and layout.

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Key Terms/Concepts (2 of 9)

### Key Terms/Concepts

#### **business to business**

when a business sells directly to another business and does not go through a distributor or third-party website

#### **business to consumer**

when a business sells directly to the end user and does not sell through a retailer

#### **conversion rate**

percentage of people who visit a website and actually make a purchase

#### **domain name**

a company's address on the Internet

#### **ergonomics**

the science of adapting work, machines, and facilities to the human employees' or customers' physical needs

**facilities**

the buildings, machines, equipment, and furnishings needed by the business to produce products and services

**firewall**

a protective barrier that uses hardware and software to prevent unauthorized access to an organization's computer network, users, and data

**layout**

the arrangement of merchandise and its method of display

**paid inclusion**

a fee paid by a company to a search engine for the right to provide its web address or specific content so that it can be quickly identified when users conduct keyword searches

**phishing**

attempts by criminals to lure Internet users into providing sensitive information, such as Social Security numbers, bank account numbers, or passwords, in an attempt to scam people out of money or to steal their identities

**spam**

unsolicited e-mail trying to sell a product or service

**sticky website**

a website that attracts Internet users' attention and maintains their interest so they return on a regular basis

**viruses**

programs written by hackers to infiltrate computers, destroy information, or harm software

**web analytics**

software tools that monitor and measure how often a site is visited and by what type of user

**zoning**

a system that divides cities into districts so that similar activities can be contained in the same areas

# Road Map

<b>Readings:</b>	<ul style="list-style-type: none"> <li>• Complete the readings for Lesson 8 listed in the <a href="#">course syllabus</a>.</li> <li>• Read the online commentary for Lesson 8.</li> </ul>
<b>Assignments:</b>	<ol style="list-style-type: none"> <li>1. View the videos linked in the Lesson 8 assignments.</li> <li>2. Complete Service Learning Essay 1: Marketing, Technology, and Creativity.</li> </ol>

Doing Business On the Web (4 of 9)

## Doing Business On the Web

Entrepreneurs who expect to sit back and watch the cash flow in once they've established a website and entered the e-commerce market arena are, at best, naive. Doing business over the Internet requires the entrepreneur to operate in a complex business environment.

There are many advantages to conducting business on the Internet, such as reaching a global market, conducting business 24/7, and potentially lowering the cost of doing business. Establishing a business presence on the web can be accomplished relatively easily for most small business owners.



Source: Wavebreakmedia Ltd./Wavebreak Media/Thinkstock

However, there is more to conducting business over the Internet than just establishing a website. Payment and collection logistics, customer service, and even maintaining and keeping a website current all require an investment of time and money.

As you consider using the Internet as a key piece of your business strategy, it is important to determine the following things:

- How will you monitor and evaluate your return on this investment?
- How will you ensure safe business transactions for you and the customer?
- What is a realistic timetable for seeing a return on your investment?

E-commerce can be monitored in a variety of ways. Innovative software capable of collecting incredible amounts of information about potential and current customers continues to evolve. Management of web-based customer relationships also continues to evolve, as entrepreneurs have gone from simple measures, such as tracking visits to a website, to collecting extensive data on relationships among customers' buying habits, click paths, frequently asked questions (FAQs), and profiles.

Source: The Pennsylvania State University

There are many myths that have sprung up over the years about doing business via the Internet. The textbook for this course identifies several myths the authors emphasize as particularly important for small business owners to be aware of and understand. The myths range from "flashy websites are better" to



Graphic created in Microsoft Office (© 2012)

"making money on the web is easy." Each of the myths identified focuses on issues that small business owners should consider before depending on e-commerce as a significant source of sales revenue.

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Online Credibility (5 of 9)

## Online Credibility

Planning is an important factor in the creation of an effective e-commerce business strategy. Small business owners must identify the market niche upon which they want to focus and develop multiple strategies for attracting and keeping customers who regularly frequent their websites.

Small business owners must also be strategic in creating a plan for the image they want their website to convey. In an age of scams and online fraud, it is critical that the small business owner build a website that has a sense of credibility and legitimacy. Alliances with larger businesses can enhance a small business's legitimacy and create secondary business opportunities and alternative income streams. Starbucks has an alliance with United Airlines; United Airlines provides Starbucks coffee in Starbucks logo cups on its flights. And Sirius satellite radio worked with many automobile manufacturers to provide radio in vehicles. Consider a partnership with a key customer, brand leader, or even competitor. This is also referred to as **co-branding**. Many small businesses pay referral fees when a customer is directed from one site to another and makes a purchase. Amazon pays referral fees to other websites that direct customers its way.

Perhaps the most critical non-sales-related factors that small business owners must focus on when creating an e-commerce strategy are privacy and security issues. With alarming consistency, stories of identity theft appear in the news media. Small business owners have both ethical and economic reasons for focusing significant resources on the creation of a safe and secure web environment for customers and business partners.

There are many small businesses that rely totally on the Internet to conduct business, while others use it as a supplemental source of information for current and potential customers. Regardless of the degree to which your business relies on the Internet, one thing remains clearly evident—customers and other users have little patience for inaccurate or outdated sites and will quickly share their dissatisfaction with others. Planning and maintaining a positive, informative, and effective website is critical when entering e-commerce.



Source: Devonyu/iStock/Thinkstock

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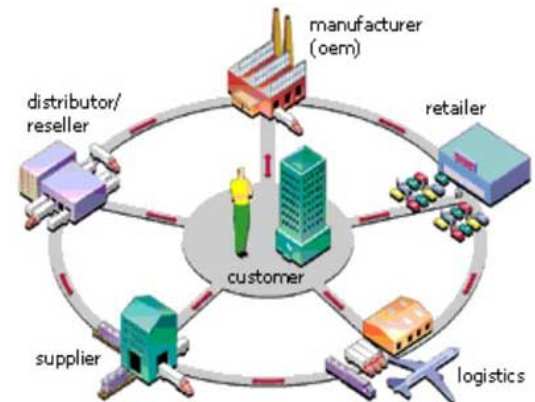
Logistics and Location (6 of 9)

# Logistics and Location

## Logistics

Historically, there have been many individual functions of operating a business to consider:

- purchasing,
- inventory management,
- warehouse management,
- order processing,
- transportation,
- customer service,
- materials management,
- physical distribution, and
- site location.



These activities, important individually, have evolved to become part of a concept called **logistics**. In today's fiercely competitive business environment, logistics has become one of the determining factors between success and failure. The broader term for all of these interrelated pieces is your **supply chain**. The more efficiently and effectively you can meet customers' needs, the more success you should have.

In this lesson, logistics is focused on the transport, receipt, storage, and control of inventory, as well as the location and layout of your business. The concept of logistics is, of course, more diverse. It involves the logistic functions listed above plus the coordination of others, such as production planning, marketing, pricing, information flow, and financing.

As you work through this lesson, keep in mind that logistics is a broad concept and that you are looking at a piece or portion of what it includes. To be competitive, you must focus on the value you add to your customers and periodically evaluate each portion of the logistics of your company to help ensure you provide that value.

## Location

Location is a big issue for the business, because it is expensive and difficult to change. In choosing a location, the entrepreneur should focus on many demographic issues, such as

- the availability of the workforce,
- the adequacy of utilities,
- the variety and affordability of nearby suppliers,
- types of economical transportation (customer and supplier access),
- environmental issues,

- local taxes, and
- governmental requirements.

Every location under consideration should be weighed and evaluated with these issues in mind. Location is especially critical for a retail business, which must rely on the flow of potential customers. When considering location, entrepreneurs must decide whether to buy, lease, or build their own facilities. The answer to this question is dependent on the funds available. If funds are limited, a lease may be the most economical choice, because it does not require a large up-front outlay of cash and the location can more easily be changed if it proves inadequate.

Small businesses that rely on the Internet as their primary marketing tool must also consider many of these factors, as their need for access to shipping hubs and information systems is critical. Additionally, businesses that rely on the Internet need to make sure that customers can find the business; that's where **search engine optimization** (SEO) comes in. A [beginners' guide to SEO](https://moz.com/beginners-guide-to-seo) (<https://moz.com/beginners-guide-to-seo>) is available through Mozilla. These considerations add up to a large portion of the business expenses and cannot be taken lightly.

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Layout (7 of 9)

## Layout

**Layout** refers to the appearance of the business and the arrangement of its facilities—again, to maximize the efficiency of the operation:

- **retail:** For retail stores, the layout should be designed to draw customers in and encourage them to make purchases. The business layout must display the merchandise attractively, allow for good traffic flow, and provide some protection from or deterrent for crime.
- **manufacturing:** For manufacturing layouts, traffic patterns are also a concern, but they focus on a smooth work flow for the employees, not the final customer.



retail layout in store

In either case, the layout can either improve or hurt the economic viability of the business. Careful consideration should be given to all the factors that contribute to a solid business layout.

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References (8 of 9)

# References

Evans, C. (2012, February 2). Business locations: The importance of choosing a small business location [Video file]. Retrieved from <https://www.youtube.com/watch?v=epc6RwIuEJY>

Solutions Are Power. (2009, February 27). E-commerce websites for small businesses [Video file]. Retrieved from <https://www.youtube.com/watch?v=kIQ2eQun-Vo>

Lesson Assignments (9 of 9)

## Lesson 8 Assignments

Complete all of the following tasks and readings by the due dates listed in the [Course Syllabus](#):

### Online Videos

Watch the following online videos. They will provide background for this lesson.

#### **Ecommerce Websites for Small Business**

#### **Video 8.1. Ecommerce Websites for Small Business**



Time: 00:02:12

No transcript available.

### **Business Locations - The Importance of Choosing a Small Business Location**

## Video 8.2. Business Locations - The Importance of Choosing a Small Business Location.



Time: 00:05:31

No transcript available.

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### Service Learning Essay 1: Marketing, Technology and Creativity

You are volunteering in a small business to learn about the business. Please reflect on your experiences with a focus on the marketing practices, application of technology and creativity of that business. Write a two-page paper discussing these areas of business and your suggestions for improvement. The rubric for your essay may be found under [Service Learning Project Guidelines](#) in the syllabus.

The following questions may help you prepare your paper.

#### **Marketing:**

- Does the company focus on a specific target market?
- Does the small business advertise?
- How do they distribute their products?
- Does the small business have a "customer loyalty" program?
- Does the price fit the products or services?
- Does the small business employ sales persons?

#### **Technology:**



- Does the company use a point of sale software program?
- Does the business have a web site?
- Is inventory managed by a computer?
- Do they use social networking such as Facebook and Twitter?
- Do customers place orders on the web site?
- Do they communicate with e-mail?
- Are the manufacturing machines computer controlled?
- Is their technology current?

### **Creativity**

- Are the employees encouraged to offer ideas and opinions?
- Do they solicit ideas from their stakeholders?

### **Suggestions for Improvement**

- Do you have suggestions for the business's marketing strategy?
- Do you have suggestions to improve the business's creativity?
- Do you have suggestions to improve the business's application of technology?

The paper should be double spaced with 1" margins and submitted to *both* of the following:

- **Service Learning Essay 1 Drop Box** (<https://cms.psu.edu/section/content/default.asp?WCI=Goto&WCU=CRSCNT&MATCH=Service+Learning+Essay+1>) (This copy of the file will go to your instructor only.)
- **Marketing, Application of Technology and Creativity** (<https://cms.psu.edu/section/content/default.asp?WCI=Goto&WCU=CRSCNT&MATCH=Marketing,+application+of+technology,+and+creativity>) team discussion forum. (This copy of the file will be shared with your team.) Upload your file when you start a thread within this discussion forum. **You are expected to read and comment on each of your team member's Service Learning Essay 1. Please remember that a quality response to a discussion board must be meaningful feedback about the Service Learning Essay 1 paper submitted.**

Please direct questions to the [World Campus HelpDesk](http://student.worldcampus.psu.edu/student-services/helpdesk) (http://student.worldcampus.psu.edu/student-services/helpdesk) |

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