

MAXIMIZING

YOUR E-COMMERCE SALES

E-commerce in many European countries is skyrocketing, and more people than ever want to shop online. But the days of internet startups growing first and worrying about profit later are long gone. Find out how you can plan for profitability from day one.

BY STAFFAN J THORSELL

Take any e-commerce company, and you will most certainly find that their core focus is to sell their products to satisfied consumers, while increasing productivity and lowering costs. Yet one bump in the road to sustained profitability is the absence of efficient credit management. Late payments or no payments are often catastrophic to a company's cash flow.

A recent report from J.P. Morgan predicts that e-commerce revenue will grow 19 percent worldwide in 2011, but it also states that large companies such as Amazon are outcompeting smaller players, and that differing payment systems from country to country can limit business growth. Considering the increasingly competitive online market, it is now more important than ever for e-commerce companies to think about how they will manage payments from the very beginning.

"We have seen that there is a lack of an effective infrastructure for e-commerce in many European countries, and es-

pecially cross-border," says Per Christofferson, Director of Credit Management Services at Intrum Justitia. "Any payment failures are a loss for companies. In fact, 25 percent of companies that go bust in Europe, do so because of late or no payments. So many e-commerce businesses still have to rely on consumers who want to pay by credit card."

E-commerce businesses can also spend valuable time and resources chasing down late payments, instead of focusing on their core operations. To ensure profitability and drive growth, companies need to focus on what they do best, supported by a credit management policy that covers the entire financial supply chain.

According to Per Christofferson, sound credit management can begin at the stage when the actual transaction or sale takes place, or even earlier. "In that way we can not only help e-commerce businesses to lower costs, reduce errors and increase productivity, but also allow consumers to feel more secure and prevent them from ending up in debt," he



OPTIMISE YOUR CASH FLOW



FIND PROFITABLE CUSTOMERS

The foundation for any successful transaction is laid long before the invoice is sent out. From day one, Intrum Justitia's analysis model will help you find the best customers for your business to protect your profitability and secure your cash flow.

- INTRUM JUSTITIA SERVICES**
- Credit information
 - Credit decision
 - Credit monitoring



INCREASE SALES

By offering invoicing as a payment method you can increase sales, since this makes people feel more secure when shopping online. Intrum Justitia can help your company with the whole invoicing process, making sure that all follow-ups are precise and swift.

- INTRUM JUSTITIA SERVICES**
- Invoicing
 - Sales ledger services
 - Reminders
 - Customer services
 - VAT refund



GET PAID ON TIME

Are your invoices being paid on time? 25 percent of companies that go bust in Europe do so because of late or no payments. Companies often wait too long before starting the collection process, but with Intrum Justitia's expertise, large databases and analysis tools you can stay one step ahead.

- INTRUM JUSTITIA SERVICES**
- Debt collection, amicable and legal
 - Debt surveillance
 - International collection services

says. "And that is in line with our mission to be a catalyst for a sound economy."

Christofferson explains that the trends in e-commerce today are obvious. E-commerce companies are no longer local. Inevitably they are becoming global, and not only because they want to – they are being compared, evaluated and featured on websites all over the world and have to adjust to the global e-market climate. In other words, today consumers expect to be able to do their shopping and business online.

With this as a backdrop, there is currently a shift towards also paying by invoice. A higher number of consumers want to see the products before they pay for them. Of course this means that e-commerce businesses are faced with more financial administration and more insecurity about getting paid on time.



Per Christofferson

"We want to be a one-stop shop for solutions that make e-commerce businesses' financial supply chain run more smoothly," Christofferson says. "If we can assist from the beginning, with prospecting and by offering information about our clients' customers, until the transaction is finalized by the payment of the invoice, we can unlock our clients' cash flow."

The services that he expects will allow for this to happen are, for example, scoring models in which credit information and payment behaviour determine whether or not a specific type of company will

pay on time, prognoses, and balancing systems in which Intrum Justitia can keep track of payment patterns and credit status.

"We can help handle our clients' whole invoicing administration. And this can work both online, where we handle the invoicing from the start, or at a point-of-sale, like a store. From here, the store clerk would be able to connect to our systems and we would be able to offer the same information to that person as we do in the e-commerce channel," Christofferson says.

"THERE IS CURRENTLY A SHIFT TOWARDS ALSO PAYING BY INVOICE"

He explains that the benefits are obvious. Some of Intrum Justitia's clients have raised their turnover by more than 30 percent when offering invoice as payment method – people feel more secure to make more purchases. And Intrum Justitia can support their businesses in 22 countries.

"Many e-commerce companies may have launched without thinking about credit management," Christofferson says. "But this has to work. It is an investment to have an efficient payment system. They have to get many deals in place with different consumers and companies, which mean a lot of administration. We can handle all of this for them."

But there is also a more philosophical aspect to smooth credit management, according to Christofferson.

"We want to work for both consumers and e-commerce companies," he says. "We say that society as a whole is one of our stakeholders. At the same time as we help our clients with credit management, we aim to help consumers avoid debt traps and other problems. We can help them with payment plans and advice. At certain times in

certain situations perhaps a consumer should postpone a purchase."

Christofferson says that it comes down to ethics. "We need to offer ethical, sound solutions that benefit the economic climate in general. We want to offer services that can benefit people at both ends of a transaction." ▶

3 E-COMMERCE COMPANIES ON CREDIT MANAGEMENT



Jeminee Solanki, designer and MD, Jeminee.com, operations in the UK and internationally:

Have you had a customer who did not pay?
 "We had a customer who paid using PayPal, who dialled the wrong number when trying to contact us and decided to withhold the payment as he was angry for not being able to contact us. PayPal has a resolution centre where we could speedily resolve the dispute, leaving the customer very happy."

If you were starting your e-trade company today, what would you do differently?
 "My first website was very pretty but mainly focused on the aesthetic and design. I have recently had my website redesigned focusing on the sales. It is important to think of the commercial aspect of the website. My customers were lost on my first website and most of my orders were taken over the phone as people did not realise they could purchase online. I would look at websites you aspire to and speak to experts in the area to get an informed opinion on how to start your website."



Camilla Günesli, CFO, Adlibris.com, operations in Sweden, Finland, Denmark, Norway:

What does credit management mean to your business?
 "It's a big part of good customer service to be able to offer many different payment methods. The check-out is the last stage of the purchase and a smooth payment process heightens the shopping experience. During the last year we have expanded the payment options with the option to pay in instalments."



Fredrik Bengtsson, Head of Communication, CDON Group, Cdon.com, operations in Sweden:

What does credit management mean to your business?
 "It's extremely important to our whole organization that we offer our customers simple, secure and flexible payment solutions that are adjusted to our different markets. We know that well-designed payment solutions give our customers better service while at the same time benefits our business."