Digital
transformation
of sales and marketing

MANUAL

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Abbreviations

BiH	Bosnia and Herzegovina
B2B	Business-to-Business
B2C	Business-to-Consumer
C2C	Consumer-to-Business
C2C	Consumer-to-Consumer
CRM	Customer relationship management
e-trgovina	Electronic commerce
ERP	Enterprise resource planning
FBiH	Federation of Bosnia and Herzegovina
IT	Information technology
KPI	Key performance indicators
OECD	Organisation for Economic Cooperation and Development
PDCA	Plan – Do – Check - Act/Adjust
PPC	Pay per Click
RWD	Responsive web design
SaaS	Software as a Service
SEO	Search engine optimisation
SMART	Specific, Measurable, Achievable, Realistic and Timely
SWOT	Strengths, Weaknesses, Opportunities and Threats
UNDP	United Nations Development Programme

1. Introduction

As a result of the accelerated development of digital technologies, private companies throughout the world are adopting digital transformation as a manner of evolving their business operations in a digital era. Digital transformation in the private sector may offer a wide array of advantages, including a more efficient delivery of products and services, higher efficiency, improved management of customer relations, reduced costs and higher revenues for companies. In addition to this, the Covid-19 pandemic caused market instability and forced companies to adapt to ensuing changes. Digital technologies and the Internet were used as primary means of overcoming difficulties in such a situation. The pandemic has shown that digital transformation is not only useful, but also necessary in order for a company to be efficient and sustainable. During the pandemic, digital transformation (DT) consisted of digitalisation of communication with all stakeholders and of distribution channels. Considering the social isolation and social distancing, digital communication enabled companies to ensure continuity of economic activities. Information technologies (IT) have become crucial for the competitiveness of a company more than ever before, since creating value for clients and other stakeholders increasingly depend on this.

Digital transformation is the process of inclusion of digital technologies for the purpose of improving any segment of business operations, from a product of service, over business processes, to user experience in order to respond to variable business and market demands.

If your business is not on the Internet then your business will be out of business.

★ ★ ★
Bill Gates

NEW

Digital transformation of sale implies the establishment of e-commerce. E-commerce has increasingly become a critical component of business strategies and a catalyst of business success and economic development of economies. Online sale is a growing trend in different industries, from start-ups, over small and medium enterprises, to large corporations. E-commerce has numerous advantages, such as the possibility to directly communicate with the target group of consumers and the fact that such communication is not limited by physical space or time constraints.

E-commerce implies the purchase and sale of goods and services or transfer of funds or data through the Internet. The most frequent forms of such transactions are B2B (*business-to-business*), B2C (*business-to-consumer*), C2C (*consumer-to-consumer*) or C2B (*consumer-to-business*) transactions. E-commerce is a segment of digital business operations of companies that implies the use of digital technologies in internal and external business operations.

Numerous factors contribute to the success of online business operations. Of course, a pre-requisite for it is proactivity, which implies a systematic approach to online operations and development of e-commerce. It starts with a well-defined set of goals that constitute the basis of plans. Plans for the establishment of online operations are typically made in the form of an "e-commerce road map". The Manual for the Development of a Road Map for the Digital Transformation of Sales and Marketing was drawn up in the framework of the UNDP project Diaspora for Development (D4D) in order to provide practical and simple guidelines for managers and entrepreneurs and enable them to improve business processes and responses to business challenges by using digital solutions.

A road map for the digital transformation of sales and marketing (*e-commerce road map*) should deal with numerous issues, and this manual aims to provide the basic guidelines for the development of an e-commerce road map. Such a road map is one of the most essential strategic documents of a company. However, many companies struggle with its development, and many of them also start their e-commerce map development without a clear plan, which frequently leads to failure. In this respect, guidelines for a successful implementation of the e-commerce and e-commerce road map development may be extremely useful for any company that aims at a digitalisation of its sales.

2. Purpose of the manual

The digital transformation of a company refers to the process from the idea about the introduction of digital technologies in business operations to their full implementation and integration. It also includes human resources, since it is not sufficient to only introduce digital technologies. It is extremely important to also optimise business processes and train the staff on how to use such technology. Digital transformation may relate to any business operations segment, such as sales, digital marketing, digitalisation and automatisation of business processes, digital procurement, etc. Digital transformation of sales implies an automatisation of the sales process, but also the establishment of an e-commerce system or sale of goods/services online. From a business perspective, e-commerce changes the way in which a seller and clients communicate. On the one hand, e-commerce makes it possible to provide information to consumers and enable them to buy online without going to a store. On the other hand, sellers have the chance to use new ways of interaction with consumers by means of information technology.

This constitutes a big opportunity for companies. Given the continuous growth and enormous technological achievements over the past ten years, more and more companies introduce e-commerce in their plans. However, how can one start online sales? For this very reason, the manual provides guidelines on the process of introducing or improving e-commerce. The manual also provides answers to two essential questions:

- What are the key steps for the establishment of an e-commerce system or development of an e-commerce road map?
- What are the elements (structure) of the e-commerce road map?

In addition to this, the manual also includes the key resources needed for successful e-commerce.

The purpose of the manual is to provide clear and simple guidelines to private companies in Bosnia and Herzegovina on how to optimise their business processes by adopting information technologies and help them define their own e-commerce road map.

3. Establishment and maintenance of an e-commerce system

The establishment of an e-commerce system at a company is a project with a start and end. The start is defined by initiating the process and planning the project itself, and the end is defined by meeting of project goals, i.e. the establishment of the e-commerce system. It is important to note that companies must be agile and flexible regarding their e-commerce and continuously monitor changes in the market and improve their system. The easiest approach to the establishment of a system (including e-commerce) and its continuous optimisation is the PDCA cycle (*Plan – Do – Check - Act/Adjust*), an iterative approach to project design and management, which is frequently used for continuous optimisation of processes, products/services and control.

PDCA implies the following phases:

- **Plan – Developing a plan**
  The purpose of the plan of a certain project is to answer to questions such as who, what, when, how and why before the implementation starts. In simple terms, the plan turns the vision and goals into specific objectives. In order for an e-commerce plan to be comprehensive and useful for a company, it is necessary to follow certain steps and include the right components.

- **Do – Implementing the plan**
  Implementation turns a plan into actions that make it possible to achieve the defined goals. The planning process itself is important, but a plan or road map do not guarantee that the desired effect will be achieved. It is necessary to clearly manage the process of implementation of the plan in a controlled environment and all stakeholders must know their roles and responsibilities.
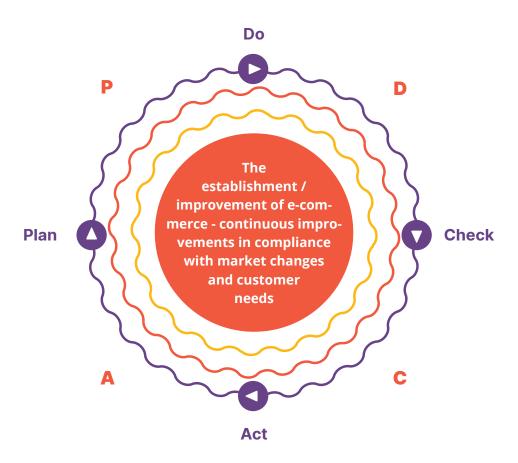
- **Check – Evaluating the results**
  In this phase, it is necessary to evaluate the implementation of the plan and identify potentially problematic parts of the current process. In the process of planning, the company will decide what are the goals of the e-commerce project and what indicators it will use to measure progress towards the achievement of the goals it defined. In this phase, it is necessary to apply the identified indicators and evaluate the success of the project. The results of the evaluation carried out in this phase will be the basis for adopting decisions on the next steps.

- **Act/Adjust – Maintaining and updating the plan**
  The success of the project has been evaluated in the previous phase. That also included the identification of potential problems, which is a basis for changes that must be implemented in this phase. In other words, the plan is updated, re-adopted and implemented in this phase.

The establishment / improvement of e-commerce - continuous improvements in compliance with market changes and customer needs

Do

P

D

Plan

Check

A

C

Act

4. The process of establishment of an e-commerce system

The establishment of an e-commerce system implies the introduction of new product and service distribution channels, and therefore also new business processes. In case of a company that is at the very beginning of its path towards e-commerce, this also implies the need to assign new duties to existing employees or hire new employees. In case of e-commerce, it is necessary to implement the order fulfilment process, i.e. an employee must continuously enter and update data on the offer of the company (products and services) in the web store, an employee must receive orders and package the goods, an employee must deliver goods, an employee must be in charge of customer support, etc. However, if a company has implemented certain business applications (such as ERP, a supply chain management app), the e-commerce system may be integrated in the existing systems and thereby significantly automatise the sales process. An analysis of the current situation or an assessment of the digital potential of a company is therefore a basis of a systematic approach to digital changes at a company. In simple terms, it is necessary to first analyse the current situation or the readiness of a company for digital transformation, and then define goals and create a plan on how such goals will be achieved. A document containing the results of the analysis and defined goals and activities may be treated as a strategic plan, action plan or digital transformation road map of the company. In other words, an e-commerce road map includes goals, planned timelines and necessary resources.

A road map is a business plan that helps companies keep their focus on a pre-defined set of goals. If one of the goals of the company is to sell its products/services online, an e-commerce road map should serve as a path towards the goal. A digital transformation road map consists of a list of activities by the priority of their implementation, which requires a previous well-integrated and systematic assessment of the digital readiness of the company or current situation. The implementation of digital transformation road map measures will result in significant changes at the company, since it will speed up and facilitate business operations, expand the market and increase revenues. The preparation of a digital transformation road map of a company implies continuous dedication to specificities of the company and the industry in which it operates.

The image below shows a proposal for the establishment of an e-commerce system for companies in Bosnia and Herzegovina. It is important to note that the first step of the proposal constitutes an assessment of the overall digital potential of the company and ensures a systematic approach to a digital transformation of business operations. However, companies can initiate the establishment of e-commerce also with the second step.

The process of e-commerce system establishment

1 Digital potential assessment

- Digital communication
- Digital customer relations
- Digital aspects and employees
- Information and IT security
- Digital company management
- Digital production and services

2 Market research

- Industry analysis
- Understanding the consumers
- Competitor analysis

3 Selection of e-commerce platform

- Online market sales (e.g. OLX)
- Establishment of an online store using one of the existing platforms (e.g. Shopify, Woo-Commerce)
- Development of a proprietary (software) platform for an online store

4.1.

Assessment of the digital potential of a company

In order for a company to be able to plan activities for the achievement of goals, it is necessary to assess the initial situation or digital potentials. The company should see the digital transformation as a process of optimisation of all business processes and improvement of business operations by adopting digital technologies. In this context, it is necessary to carry out an assessment of all important business operations segments or the overall digital potential and digital performances of the company. The tool Digital Pulse may be used for this purpose (it is presented below).

4

Defining the order fulfilment process and payment method

- Creating supplies
- Order confirmation
- Packaging
- Delivery
- Replacement and return
- Payment method
- Legal regulations

5

Defining a marketing plan

- Goals
- Marketing strategies
- Activities

6

Development of an e-commerce road map

- Summary
- Company profile
- Market analysis
- Marketing plan
- Management plan
- Operational plan
- Financial plan
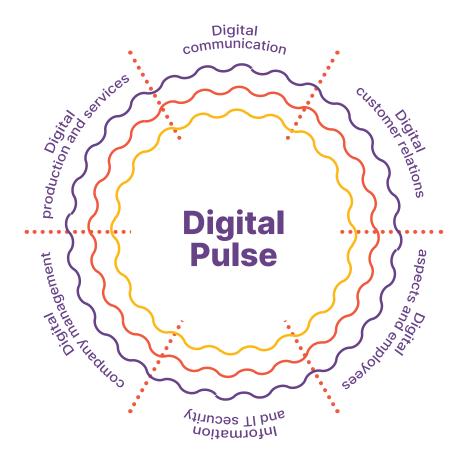
After an assessment of the digital potential of the company, it is possible to conclude whether the e-commerce system will be integrated in the existing business applications or whether it is necessary to invest additionally in order to upgrade the existing systems and automatise the sales process.

Digital Pulse is a digital maturity self-assessment tool (available at *www.digitalnaeko-nomija.ba*) designed for companies in Bosnia and Herzegovina. It is a structured questionnaire that makes it possible to create a set of basic recommendations on digital transformation of companies. The Digital Pulse is presented based on its areas: digital communications, digital customer relations, digital aspects and employees, information and IT security, digital company management and digital production or service.

A brief explanation on Digital Pulse areas and activities and practices analysed within individual areas is given below.

Image 2
Digital Pulse areas

Digital communication

"Digital communication" is a digital maturity self-assessment module that analyses company practices in terms of:

- Use of website, including e-commerce,
- Communication through social networks and e-mail marketing,
- Online communication content,
- Online communication impact analysis,
- Online corporate reputation management practice,
- Use of mobile phones and software tools in internal and external communication.

The process of establishment of an online presence starts with the design of the company website, which may include basic functions or advanced functions such as online store integration. The next step is the presence and visibility on social networks.
This Digital Pulse module helps with the assessment of the current situation in order to be able to identify where a digitalisation of communication may lead a company. In other words, the assessment makes it possible to assess the effect in the field of digital communications in order to provide recommendations on how to use the digital potential for the growth of business operations.

Basic recommendations on digital communication:

› **The company should possess at least one updated and responsive website**
› **The company should use social networks in compliance with customers and business activities**
› **The company should be registered for Google MyBusiness service**

Digital customer relations

"Digital customer relations" is a digital maturity self-assessment tool that analyses company practices in terms of:

- Use of digital channels for finding and keeping customers,
- Use of CRM and ERP software tools,
- Use of accounting software and invoicing method,
- Communication with suppliers, including ordering of raw materials, goods and invoicing,
- Use of e-banking services.

Every time a company communicates with a customer, it is possible to gather some data about the customer, his/her choices and consumer practices. Systematic processing of such data and their use can significantly improve the experience of customers and increase sales. Possessing information on the age, sex, address or marital status of a customer will help the company to better define the group of digital communication and marketing, which will decrease costs and increase the effect at the same time. It is recommendable to use a customer relationship management software (CRM) for efficient management of data on customers.

In addition to the marketing aspect, maintaining good customer relations dramatically increases the chances of keeping them and generating sales. The statistical data show that loyal customers spend more and more frequently as compared to other customers. Some research has shown that attracting a new customer is up to seven times more expensive than keeping an existing one, and that investments in customer relations simply pay off.

This digital pulse module enables companies to assess their digital performance in the field of digital customer and partner relations, which serves as the basis for providing recommendations on how to maximise the digital potential for growth of business operations.

Key recommendations on digital customer relations:

> **Communication with employees on measures to be taken and their involvement in the process of the design of automatisation and digitalisation of business operations**
> **Establishment of a customer data base (CRM)**
> **Reducing the need for paper by giving preference to digital documents**
> **Use of online banking services – Internet banking**

Digital aspects and employees

"Digital aspects and employees" is a digital maturity self-assessment module that analyses company practices in terms of:

- Use of human resources management software,
- Role of employees in the digitalisation of business operations,
- Use of social networks and employment website services.

The resistance of employees in case of new technologies frequently leads to a failure of digital transformation of business operations. For this reason, it is necessary to analyse the process from a holistic perspective, and not only view it as a matter of integration of digital technologies, but rather as a matter of a change of culture and company processes. As a result, the support, buy-in and involvement of employees are essential for the success of the transformation. In case of managers, it is crucial for them to understand that employees should be involved in the process from the very beginning, for example by organising information sessions and open discussions on the digitalisation of business operations and the implications for organisation, various software and device tests that are at the disposal of employees by those who will use them, etc. Finally, employees are the best source of information on opportunities for optimisation or innovation of business processes. Managers should be an example of efficient use of digital tools, lead the process of digitalisation and communicate the digital transformation vision top down.

Hiring through digital channels and enabling employees of larger companies to exercise their rights and fulfil their obligations related to employment and other human resources issues (education, evaluation of work, vacations, sick leave) through the human resources information system may serve as a way to include employees in the processes of digitalisation.

This digital pulse module enables companies to assess digital performance in the field of human resource management and make recommendations on how to use the digital potential for growth of business operations.

Key recommendations on digital aspects and employees:

> **Analysis of digital solutions available in the market that the company might use in order to facilitate the management for its employees (human resources management software)**
> **Employee training – use of digital technologies that are relevant for business operations**
> **Use of digital channels for future hiring (social networks such as LinkedIn, online portals, etc.)**
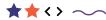
Information and IT security

"Information and IT security" is a digital maturity self-assessment module that analyses company practices in terms of:

- Creation of electronic data copies,
- Protection of devices connected to the Internet,
- Employee training on safe use of information systems,
- Compliance with personal data protection principles.

Attacks against computer systems of companies may significantly endanger the business operations. Antivirus software and firewalls are no longer fully efficient in preventing cyber-attacks. The cyber-attack risk is continuously growing, and for companies and institutions it is no longer a matter whether it will happen, but rather when. As a result, cyber security is a crucial pre-requisite for the digitalisation of business operations. Data protection measures therefore have to be implemented both in case of the internal network and mobile or portable devices.

Most cyber-attacks occur due to human error. For this reason, only technological protection measures are insufficient. It is crucial to train employees on risks and potential consequences of a cyber-attack against business operations and their role in reducing such risks. Employees are experts in their areas of work, but as the technological sophistication of the company increases, their knowledge about secure use of technology increases, too.

This Digital Pulse module enables companies to assess digital performances in the field of information and IT security, which serves as a basis for provision of recommendations on how to use the digital potential for growth of business operations.

Key recommendations on information and IT security:

> **Installation of basic protection (antivirus software, firewall, a strong password) in case of all computers at the company**
> **Verification whether the computer security software is updated automatically**
> **Verification whether an automatic update of all software installed on computers, smart phones, tablets and network devices is turned on**
> **Adjusting the settings in such a manner that security copies of all data are made on a daily basis. It is necessary to regularly check whether security data copies are made accurately and whether they are properly protected from computer viruses or hacker attacks or unauthorised access**
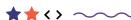
Digital company management

"Digital company management" is a digital maturity self-assessment module focusing on an analysis of company practices in terms of:

- Use of digital tools for a more efficient management of business operations,
- Business areas in which it is possible to control processes based on the available tools and data,
- Sophistication of reports that a company disposes of.

A successful digital transformation requires changes in management in general as well as management of processes by using data to define values of innovations, planning of expected wishes of buyers and monitoring of results. Data constitute a critical resource, and their analysis and conversion into information determine the success of the decision making process. In other words, simple possession of business data is not enough. It is crucial to understand the narrative of the data. Business intelligence tools aim to help companies in identifying patterns, conclusions and narratives based on data. Business intelligence tools make it possible to draft reports that combine data from several sources, which makes it possible to draw valuable conclusions during the decision making process. Even small companies can have a great advantage from a deeper insight into data and thus obtain competitive advantage.

This Digital Pulse module enables companies to assess their digital performance in the field of data management and business reporting, which serves as a basis for provision of recommendations on how to best use the digital potential for growth of business operations.

Key recommendations on digital company management:

> **Use of standard reports of business applications (especially in order to control the finances of the company, revenues and expenses) as a decision-making basis**

Digital production and services

"Digital production and services" is a digital maturity self-assessment module focusing on an analysis of company practices in terms of:

- Use of advanced and new digital tools and technologies in production and provision of services,
- Assessment of potentials for the use of these technologies.

New digital technologies can help a company to successfully achieve its primary business goals. Artificial intelligence, robotics, Internet of things and cloud computing can help companies to reduce their operating costs, increase productivity, improve the quality of products, optimise the use of raw materials and improve user experiences. Investments into advanced digital technology is not only meant for large corporations; a small company is usually more agile and able to implement advanced technologies faster, with clear understanding of advantages that such technology brings to operations.

This Digital Pulse module enables companies to assess their digital performances in the context of advanced digital technologies.

The assessment of digital potentials by means of the digital pulse is an excellent initial basis for a digital transformation of business operations. Every field, activities and processes that are assessed point to potential priorities of the digital transformation.

Key recommendations on digital production and services:

> **Analysis of digital solutions and technologies available in the market that the company might use for the purpose of improving production or provision of services (such as artificial intelligence, robotics, 3D printing, automated production, etc.)**
> **Optimisation of production**
> **Introduction of a system that will make it possible to access company documents from any location**

A summary of recommendations by areas

Table 1
Summary of recommendations by Digital Pulse areas

Digital communicaton	
Use of the website, including e-commerce	Use of at least one responsive website that is updated regularly
Communication using social networks and e-mail marketing	Use of social networks in a manner adapted to customers and business activity
Contents used for online communication	Use of adequate media (photos, videos, animations, texts) depending on the communication channel and target group of consumers
Analysis of online communication impact	Use of available tools to monitor communication results (e.g. social networks analytics, Google analytics etc.)
Online company reputation management practices	Use of available tools to monitor the reputation internally or by using external service providers
Use of mobile devices and software tools in internal and external communication	Use of mobile devices and software tools in internal and external communication

Digital customer relations	
Use of digital channels for finding and keeping customers	Use of available digital communication channels to communicate with customers (existing and potential ones), such as Google Ads, social network advertising, e-mail, Viber/WhatsApp communication, etc.
Use of CRM and ERP software tools	Use of CRM and ERP software tools. Market analysis and identification of adequate CRM and ERP solutions for the company, depending on the industry in which it operates. If the company has an adequate ERP solution, it is possible to integrate an e-commerce system and automatise it.
Use of accounting software and invoicing method	Use of accounting software and digital invoicing. Market analysis and identification of adequate software solutions for the accounting function of the company, depending on the industry in which the company operates.
Communication with suppliers, including ordering of raw materials, goods and invoicing	Use of communication automatisation software in case of suppliers (automatic ordering and digital invoicing)
Use of e-banking services	Use of e-banking services
Use of mobile devices and software tools in internal and external communication	Use of mobile devices and software tools in internal and external communication

Digital aspects and employees	
Use of human resource management software	Use of an adequate human resource management software: registration of employees, tracking of employee vacation, leave and sick leave, work schedule creation/monitoring, performance evaluation, employee skill and competence records, employee training records, etc.
Employee role in the digitalisation of business operations	Creation of an organisational culture that implies that employees actively contribute to the introduction of digital technologies in our business operations, possess the necessary knowledge and skills for the use of digital technologies and have access to the necessary trainings. In addition to this, the company should appoint a person in charge of company digitalisation and IT management.
Use of social networks and employment website services	Use of social networks and employment website services

Information and IT security	
Making of electronic data copies	Use of a more advanced system for keeping data copies – backup system
Protection of devices connected to the Internet	Installation of basic protection (antivirus software, firewall, use of a strong password) for all company computers
Employee training on secure use of information systems	Employee training on secure use of information systems
Compliance with personal data protection principle	Establishment of conditions needed for compliance with personal data protection regulations

Digital company management	
Use of digital tools for a more efficient management of business operations	Use of adequate digital tools as support for decision making, such as business intelligence tools, use of standardised reports generated by business applications of the company as a basis for decision making
Business areas in which it is possible to control processes based on available tools and data	Continuous analysis of sales, cash flow, supplies and transport, human resources, production, etc.
Sophistication of reports that the company disposes of	Use of business applications that automatically generate reports for the above areas based on the set criteria

Digital production and services	
Use of advanced and new digital tools and technologies in the production and service provision	Analysis of digital solutions and technologies available in the market that the company might use to improve the production or service provision, such as artificial intelligence, robotics, 3D print, automated production, etc.
Assessment of potentials for the use of these technologies	In case of every identified type of technology, it is possible to assess the potential for use, e.g. machinery maintenance and repair, incoming material and product monitoring, quality assurance in case of products, processes and operations, expansion of production capacities (scope), optimisation of production processes and production planning, optimisation of the product development cycle (time-to-market), use of existing data that are generated in the production for business decision making, employee skills and technical trainings, etc.

After an assessment carried out using the Digital Pulse, the company will obtain a comprehensive assessment of achievements and will be categorised as belonging to one of the following four groups:

Digital start

The largest number of companies in Bosnia and Herzegovina use some digital tool, but usually without an in-depth integration of digital technologies in business activities. For example, these companies mostly ensure their online presence, but find it challenging to move from a simple presentation of information on their company that they consider to be important towards fully digital business operations using the Internet, which includes online sales, but also establishing genuine links with current and future customers that already have an online presence. From the perspective of internal operations, companies at this level of digital technology use them passively – digitalisation boils down to accounting software, and customer relations to keeping of mailing lists and electronic records on customer orders.

Experimenting with the digital

Companies that consider search engine optimisation (SEO) of their websites and use advertising on social networks show that they have started experimenting with digital technologies. This level implies a certain level of strategic analysis, position of the company by means of digital tools and acceptance of some new, maybe not fully understandable business models. Companies experiment with "open" digital business operations and start recognising that "control" is an illusion that has to give way to words such as "co-creation", "co-design" and "partnership". Customers are seen as allies rather than "enemies" (whose money has to be taken at every opportunity and communication).

Digital education

Companies that are digitally aware question all traditional business activities and processes: "Can this activity be carried out differently?" "How can digital innovations help us in this process?". This requires a strategic decision to continuously question the status quo. Of course, only a small number of companies thinks about these issues in a systematic manner, and not only in some areas of business operations. Introducing e-commerce is good, but digitalisation does not stop there. Too burdened by daily business obligations, only a small number of gritty and digitally aware owners trade the profitable (non-digital) practice for something that most people consider untested and new territory, which frequently makes them leaders in the market.

Digital expertise

This level of digital maturity is reserved for companies that demonstrate strategic decisiveness and commitment to long-term leadership in the field of digital innovations. Their approach "everything is digitalised" continuously opens up new sources of revenues. For them it is normal to use drones in order to control the quality of crops on a field or a virtual bot able to process natural speech in order to communicate with customers. Companies with the most advanced vision and ambition doubt that this level of digital maturity is achievable and while they are trying to get there, they are continuously changing their business model and processes. One cannot be "digital", but rather "more digital".

An assessment may be carried out using the online tool (*www.digitalnaekonomija.ba*) or simply by using the summary of recommendations by areas given above. Every item constitutes an activity for the digital transformation of the company. A table is attached in Appendix 1 and may be used for carrying out an assessment of the digital potential of the company. Based on the assessment, the company should create a road map for the digital transformation of its business operations.

A digital transformation road map is a business plan defining goals or desired outcomes and includes key activities and resources needed for the achievement of these goals. It also serves as a communication tool, a high-level document that helps articulate the strategic thinking and goals and a plan for the achievement of such goals. It is recommended that companies in Bosnia and Herzegovina carry out an assessment of their digital potentials using the Digital Pulse, and create a road map for the digital transformation of their business operations based on the resulting recommendations.

After the assessment of the digital potential of a company, the company may initiate the process of planning and establishment of e-commerce. The planning process will result in a road map of digital transformation of sales and marketing (e-commerce road map) that will serve as orientation in the process of establishment of e-commerce. The creation of an e-commerce road map is called e-commerce planning process.

An e-commerce road map is a communication tool for every organisation selling or intending to sell its products or services online. Such a road map reconciles various marketing, design, sales and development initiatives included in the development and maintenance of the e-commerce platform.

The process of establishment of an e-commerce system implies the introduction of the following steps:

> **Market research**
> **Selection of e-commerce platform**
> **Defining the order fulfilment process**
> **Defining a marketing plan**
> **Development of an e-commerce road map**

4.2.
Market research

Market research for the establishment of e-commerce is one of the most important aspects of the entry into the online market, especially if the company is partially or fully transitioning from traditional business operations to e-commerce.

Market research implies systematic data gathering on individuals or companies in the market and analysis of such data in order to better understand their needs and wishes. Market research offers understanding the potentials of a certain market in terms of their quality and quantity.

There are two types of market research and various tools that can be used for this purpose.

Primary research: includes any type of research in case of which the data are gathered directly by the person/entity carrying out the research. Examples of tools used for data gathering include surveys, interviews, observations, etc. The researcher controls the data gathering method and owns the data.

Secondary research: includes a research method that implies the use of already existing data that are summed up and compared in order to increase the overall efficiency of the research. In other words, data are gathered from existing sources and may be analysed by applying various methods, but they are available to other persons/companies as well.

The company will decide whether it is necessary to carry out primary research or whether the necessary data are already available from existing sources.

The market research process may be implemented based on three basic steps:

> **Step 1:** Industry analysis
> **Step 2:** Understanding consumers
> **Step 3:** Competitor analysis

Step 1: Industry analysis

An industry analysis implies the implementation of secondary research for the purpose of compiling a report that includes the basic information on the current size of the industry, growth rate and trends. Secondary data of this type may be found by using various sources such as state and entity statistics agencies and international institutions such as the OECD and Eurostat. The data may be obtained by simply using a search engine and visiting the websites of the relevant institutions.

Step 2: Understanding consumers

At this phase it is necessary to clearly define the target group of consumers, i.e. identify potential buyers and their wishes and needs, and identify their basic demographic and psychographic characteristics (where they live, age range, level of education, usual behaviour patterns, where they work, what technologies they use, how much they earn, etc.). All the information will differ depending on what product or service the company is offering, but the focus is on gathering as much information on potential buyers as possible, since such demographic data will influence the choice of promotional and marketing activities.

The question here is how such data may be obtained. There is no better way to understand someone's needs or wishes than hearing it from that very person. In other words, the simplest thing is to carry out primary research by using a questionnaire and obtain data on wishes, needs and intent to purchase a certain product. Potential buyers may be reached using the existing profiles of the company on social networks (existing buyers) or through social network fora and communities that gather target consumers (potential buyers). There are many tools that may be used free of charge for surveys (such as Google forms, Google survey etc.).

Step 3: Competitor analysis

Competitor analysis implies obtaining answers to four key questions:

- Who is the market leader?
- How many competitors are present in the market?
- What are the competitors' greatest strengths and advantages?
- What are the competitors' greatest weaknesses and disadvantages?

Market analysis

Industry analysis

- Statistical data and trends related to business environment.
- Use web browsers until you find real and specific data that can be used to make informed decisions.

Understanding consumers

- Understand socio-economic, demographic, psychographic and geographic composition of ideal clients.
- Use all free tools that are available in order to create a detailed profile of clients that will truly purchase your product. Facebook Audience Insights may be useful in this phase.

Competitor analysis

- A lack of competition in the market may be an indicator of negative trends.
- Competitor analysis implies identifying the dominant player, total number of competitors and their strengths and weaknesses.

In-depth research implies identifying direct and indirect competitors, obtaining information whether there are certain market needs that the company may meet, assessing whether products or services may be offered exceeding those of competitors, etc. Once a sufficient quantity of information is gathered, it is possible to decide which strategy may be the best for the company: differentiation (offering a unique product as compared to competitors), consumer segmentation (focusing on only a certain group of consumers) or cost leadership (offering the lowest product or service prices).

SWOT analysis

Strenghts

- What do you do well?
- What unique resources can you use?
- What do others perceive as your strength?

Weaknesses

- What can you improve?
- Where do you have less resources than others?
- What will others probably see as your weakness?

S

T   W

O

Oportunities

- What opportunities do you have?
- Which trends you might use?
- How can you turn your strengths into opportunities?

Threats

- Which threats might be detrimental for you?
- What are your competitors doing?
- Which threats do your weaknesses expose you to?

In addition to information obtained from external sources, it is recommendable to also obtain information from internal sources. Company employees, especially those working in the field, are always a good source of information about customer satisfaction, competitor products and services, market recommendations, etc. It is advisable to interview the heads of key organisational units and employees in important positions in order to obtain sufficient information on what customers want, and what current events and trends exist in a given industry.

Given the environment analysis, it is necessary to position the company by identifying its strengths, weaknesses, opportunities and threats. In this phase, it is recommended

to carry out a **SWOT analysis**. It focuses on strengths, weaknesses, opportunities and threats. It is considered the framework of strategic planning that is used for an assessment of the competitive position of the company and development of a strategic plan.

When identifying strengths, weaknesses, threats and opportunities, it is necessary to particularly focus on those that relate to products/services offered by the company, marketing strategy and activities, operational activities and market position of the company.

Selection of an e-commerce platform

When it comes to e-commerce from the perspective of a seller, there are several options and markets that may be chosen:

> **Online market sale** (such as OLX)
> **Creation of an online store using one of the existing platforms**
> (such as Shopify)
> **Development of a proprietary e-commerce platform**
> (development of a proprietary software solution)

Image 5

Alternatives for the selection of an e-commerce platform

A

Online marketplace

- OLX, Amazon
- A store is created on the portal and products are offered
- It is not recommended for established brands, but rather for start-ups

B

E-commerce platform

- Shopify, WooCommerce, Magento
- Shopify is the simplest option, it offers an interface, online editor and hosting services
- WooCommerce and Magento require a host and domain

C

Development of proprietary software

- Hiring a software development company
- If specific options are needed (due to the industry or business operations in general)

There is no one-size-fits-all solution for all companies. For this specific reason, it is necessary to approach the phase with due diligence and identify advantages and disadvantages of available options and choose the best option for the company.

› Online market

This is the simplest way to establish e-commerce. An online marketplace is a website used to sell the products of various sellers and offering a vast assortment. In other words, an online marketplace is an e-commerce platform that makes it possible for third-party sellers to sell their products and services by paying a certain fee (per transaction, a lump-sum membership fee or a combination of these two). Examples of such platforms include OLX (local market sale) or Amazon marketplace (international market sale).

Setting up a store in case of most of these online markets is very simple, which is one of the advantages for a company starting its online sales. In addition, maintaining a website and ensuring a secure purchase and payment process is the obligation of the platform owner. In other words, the company creates an online store and updates its offer. Once a purchase takes place, it organises the delivery of its products.

This form of online sale is mostly chosen by companies that are starting their business operations and do not have an established brand and companies that do not possess resources needed for administration and maintenance of the website. Also, this is an acceptable form of online sale for companies whose sale is not big enough to justify the establishment of its own store.

› E-commerce platform

This option implies the use of e-commerce service on one of the platforms that make it possible to create a store. As opposed to an online marketplace, e-commerce platforms offer the possibility to create a store with its own domain. A company buys a domain and uses the available online editors to create a web shop and enter products/services in a very simple manner, which does not require any technical knowledge. All necessary functions are already installed and a regular update of the system and web hosting are ensured.

At the moment, the most popular e-commerce platforms are Shopify, WooCommerce and Magento.

Shopify (Shopify Plus) is an e-commerce platform that functions based on the principle software as a service – SaaS and is subscription based. This is one of the largest fully integrated e-commerce services with more than a million of stores. Shopify is the best solution for entrepreneurs that do not possess the technical knowledge needed to crea-

te their own online store (on their own platform). Shopify also offers marketing tools that can help expand the business operations. It is important to mention that the website on which the online store is located cannot be transferred to another service provider, if the company decides to do so at some point. Shopify e-commerce platform for companies offers a function for increased scalability or large-scope sale and several possibilities for control and adaptation.

WooCommerce is an open-code software that may be used free of charge for the transformation of a website into an online store. However, in order to use WooCommerce, it is necessary to buy a domain and hosting package from a service provider. It is necessary to install WordPress CMS with a WooCommerce add-on on the hosting package. After this, it is possible to establish the online store and enter products.

**WooCommerce - WordPress add-on,
one of the most popular e-commerce platforms worldwide**

WooCommerce can be implemented on an already existing website and use the website hosting (whether this includes its own servers or services of a provider). If a company already possesses a website, it is very simple to install and start using WooCommerce. Its key advantage is the fact that data belong to the company and the company may control background options using CMS.

Magento is also an e-commerce platform and is quite similar to WooCommerce. It is an open source platform that requires a host and domain. In other words, Magento Commerce offers third-party integration and makes it possible to manage several stores, locations, languages and currencies in a flexible manner. It also offers a wide range of scalability functions and SEO tools. However, Magento is more demanding and complex to use from a technical perspective. Although Magento offers a basic open-code service that is free of charge, the annual subscription to the B2B package that is leading in the market is relatively high.

There is a series of other platforms for e-commerce that a company may use for the development of its own store, such as Drupal, BigCommerce, OpenCart, PrestaShop etc. A company should in any case carry out a verification of the adequacy of a certain option for its operations, taking into account the size of the company, expected online sale and specific characteristics of the industry.

> **Development of a proprietary e-commerce platform**

This option implies the establishment of an e-commerce system by designing a proprietary e-commerce software. This approach is recommended in case of a specific industry or specific business operations that require special characteristics (more frequent in case of B2B). If a company is considering software development for e-commerce, it should consider various issues, such as budget, design, development, security, hosting (scalability), licencing, support and creation of adapted applications (especially for user support) as well as the possibility of integration in the existing systems.

If a company does not have employees that can develop the relevant applications, it is necessary to outsource this to a company or expert, and the development process will take place in compliance with a software development, delivery and maintenance framework. The usual steps include creation of a request, design of a solution (virtual design, structure, navigation, characteristics, add-ons, etc.), development, testing and commissioning. As opposed to commercial and ready software, the development of proprietary software focuses on a closely defined set of requirements. An optimum e-commerce platform integration in the business model and marketing strategy of the company is simplest in case of proprietary software.

4.4.
Defining the order fulfilment process and payment method

In In this phase, it is necessary to define:

> **The order fulfilment process**
> **The payment method**
> **Legal regulations applicable to e-commerce**

> **Order fulfilment process**

Order fulfilment implies the receipt, packaging, dispatch and delivery of products to a buyer as well as the process of potential return of goods. Once a buyer confirms the order for a product/service, the order fulfilment process starts. Companies should measure this time as one of the e-commerce success indicators and strive to keep it as short as possible.

Order fulfilment steps are as follows:

Creation of supplies – This relates to the procurement of goods (purchase, in case of further sale) or production (in case of a production company). The goal is to make the product available for further distribution. In this phase, it is necessary to ensure the

following: the company should possess a sufficient quantity of products (in case of services, persons able to provide such services should be available) and products should be registered in the system used by the company to monitor its supplies. Products should have an adequate quality (a quality assurance system in place).

Order confirmation – Once a buyer confirms the order on the website or application, it is necessary to check the availability of the requested product and whether the requested quantity is available. In case of companies that possess a higher level of digital readiness, this may be done automatically using the warehouse management system that acts as a central warehouse database. Once it is confirmed that the product is available, the order may be also confirmed by the seller.

Packaging – It implies the selection of the relevant box for the ordered product and packaging in order to ensure safe delivery. It is necessary to provide an adequate transport packaging in order to protect the product (bubble wrap, cardboard boxes of all sizes, air packaging, etc.). Digital transformation makes it possible to automatise this process. It is not necessary for a person to prepare the product manually – there are automated bots that prepare the articles at the warehouse for further delivery.

Delivery – A company may also deliver goods in person or by means of third parties (couriers, delivery services, etc.). Also, if a company possesses its own retail sales facilities, it may offer the option of personal pick-up at a store.

In this phase it is necessary for the company to define the type of delivery it will offer its buyers:

- Store pick-up (if the company has its retail store).
- Home delivery (delivery by the delivery service of the company, if applicable). Here it is necessary to define the price of delivery (a price based on a tariff, lump-sum price, free delivery in case of a purchase exceeding a certain amount, free delivery for all purchases, etc.).
- Delivery by a courier service. In case of this type of delivery, it is necessary to sign a contract with a certain courier service.

It is also possible to offer all options to buyers, so that they can choose what type of delivery they prefer (it may also depend on the value of the order). Delivery options:

Free delivery Free delivery is one of the ways to increase e-commerce turnover. It is possible to set the minimum purchase amount in order for an order to be delivered for free.

Store pick-up A buyer may choose the place where he/she would like to pick up his/her order at a store, if the company has retail stores.

Lump-sum price	A lump-sum price refers to a fixed price that is pre-defined for product delivery.
Tariff	The price of delivery is calculated based on factors such as weight, number of articles, destination, price, etc.
Use of third-party transport services	Reaching an agreement with courier services.

Replacement and return – This implies that a customer's request for replacement or return of goods is fulfilled. In this case it is necessary to define the process by retracing the steps stated above.

The order fulfilment process is shown in the image below.

Image 6
Order fulfilment process

1

Creating supplies

Checking the availability of the requested product, the requested quantities and quality

2

Confirmation of order

Once the client confirms the order and once it is confirmed that the product is available, the seller confirms the order

3

Packaging

Selecting an adequate box for the ordered product and packaging in order to ensure a secure delivery

4

Delivery

Selection of the type of delivery and delivery

5

Replacement and return

Defining the replacement or return process

It is important to point out that platforms such as Magento, Shopify, WooCommerce etc., have an **incorporated stock management software** that makes it possible to efficiently manage orders.

> **Payment method**

Although there is the cash-on-delivery option, a fully functional online store requires online payment as well. The selection of an adequate payment method constitutes an important task in case of the establishment of e-commerce. It is crucial to select a payment method that is adequate for business operations of the company. Payments by a debit or credit card constitute some of the most frequently used and most popular payment methods.

In addition to the selection of a payment method, it is necessary to implement a secure gateway for online payments that processes payment information and creates a link between a client and bank. Namely, when a payment is performed directly through a webstore, the payment gateway ensures the security of transactions. In other words, the **payment gateway** serves as an intermediary in a secure transfer of card data in case of online payment.

A company may also use payment platforms that act as intermediaries (such as PayPal).

Again, Magento, Shopify, WooCommerce etc. have **an incorporated payment gateway** that ensures secure payments.

> **Legal regulations applicable to e-commerce**

As in case of other business operations, e-commerce is regulated by legal regulations. It is therefore very important for a company to comply with all legal requirements for the establishment of an online store and the process of sale itself. It is necessary to comply with copyrights or patents, data protection, special regulations applicable to the industry in which the company operates, etc.

4.5.
Defining a marketing plan

An e-commerce marketing plan is one of the most important elements of the e-commerce road map. The marketing plan directly depends on market research results, identification of target group of consumers and their characteristics. A marketing plan is a document describing marketing goals that a company would like to achieve, and it includes activities, timelines, distribution channels and budget.

A marketing plan mostly includes four key topics that need to be sufficiently explained:

- **Product/service** – What is the company selling and what distinguishes it in the market from its competitors?
- **Price** – What is the price of products/services and why has the company taken such a decision on pricing?
- **Place** – In which geographical area will the company sell its products?
- **Promotion** – How will products/services be presented to buyers?

The product/service, price and place of sale are elements that are quite simple to describe, since they are a result of other operating activities of the company. It is therefore sufficient to briefly present these three elements in the process of e-commerce planning. Particular attention should be devoted to planning of promotional activities. In the context of e-commerce, a company must design ways to attract buyers to its virtual door, i.e. its web shop.

The process of creating a digital marketing plan should start by defining all digital resources that a company possesses (websites, blogs, social media). In addition to this, these channels should be connected to the relevant analytics and identify the most frequent and efficient channels. If possible, return on investment for individual communication channels should be identified. After this, it is necessary to select the digital marketing methods and channels that the company will use and create a content calendar based on this. For every marketing model it is necessary to provide the timetable of promotional activities that should include the topic, where and when a promotional activity will take place, content of activity, etc.

It is also necessary to keep in mind who are our direct competitors (analysis of previous steps) and try to emphasize the advantages of the company when selecting the marketing strategy and methods, that is outperform the competitors.

Image 7

Marketing plan development steps

1

Defining goals and the relevant KPIs

- Financial goals
- Client-oriented goals
- Operational goals

2

Identification and use of a marketing method

- SEO
- Content marketing
- Social network marketing
- PPC
- Etc.

3

Identifying activities for every method

- Specific activities and duties that must be fulfilled in order to reach the goals

There is no generally accepted e-commerce marketing plan format. There is a series of online tools that offer various digital marketing plan templates. For the purposes of this manual, the following three steps were identified for the development and structuring of an e-commerce marketing plan:

1. Defining goals and the relevant KPIs

When business goals are defined, it is necessary that they be **SMART**. A smart goal is **S**pecific, **M**easurable, **A**chievable, **R**ealistic and **T**imely. Every goal must possess these five characteristics. Many managers will nevertheless ask themselves what goals they can define for their company in the process of establishment of e-commerce. There are several basic categories that most e-commerce goals belong to. It is important to be specific while using them and set a deadline.

Financial goals

This is the most frequent type of goals and may be defined as multiple growth (e.g. double revenues) or percentual growth (increase sales by 30%). Examples of such goals include:

- Increased profit
- Decreased costs
- Increased revenues

Customer-oriented goals

Goals may be focused on customers. Such an effect may lead to changes in terms of revenues and profit, but the focus is on customers and customer relation management. Examples of such goals include:

- Increased number of new customers
- Increased number of repeat customers
- More frequent website visits by customers

Operational goals

Operational goals relate to the regulation of business processes of the company or upgrade in any segment of business operations. Examples of this type of goals include:

- Expansion of a product line
- Hiring of new employees
- Reduction of delivery time or costs
- Expansion of warehouse

The most frequent types of e-commerce goals

1

Financial goals

This is the most frequent type of goals and it may be defined as multiple growth (e.g. double the revenues) or percentage growth (e.g. increase sales by 30%). Examples of this type of goals include:

- Increased profit
- Decreased costs
- Increased revenues

2

Client-oriented goals

Goals may be defined as customer-oriented. The effect may lead to changes in income and profit, but the focus is on clients and client relation management. Examples of this type of goals include:

- More new customers
- More repeat customers
- More frequent visits by customers

3

Operational goals

Operational goals refer to the improvement of business processes of a company or upgrade of any business segment. Examples of this type of goals include:

- Expansion of a product line
- Hiring of new employees
- Reduction of time or costs of delivery
- Expansion of warehouse

Defining goals should be a process that will include employees from various management levels, from the strategic to the operational level. Once defined, goals must be clearly communicated within the company. Goals are linked to key performance indicators (KPIs). The company will decide which indicators it will use in order to measure the progress towards the goals it defined. For example, if the company sets the goal "increase the annual profit by 25%", the most important KPI in this case will be the annual profit. However, there are also other indicators in case of e-commerce projects, such as revenues, profit margins, number of sold products, average order value, etc. They are directly relevant for the achievement of the goal, since their improvement ensures the achievement of the goal.

There are several types of KPIs, and they may be qualitative or quantitative. When it comes to e-commerce, KPIs usually belong to one of the following categories:

- **Sales**
- **Marketing**
- **Customer support**
- **Production/provision of services**

❯ Sales KPIs

Sales KPIs are indicators that show the success of business operations in terms of revenues and conversion. Examples of sales KPIs include:

- **Sale:** It may be monitored based on the defined time interval (on an annual, monthly, daily basis, etc.).
- **Average order value:** How much a customer usually spends on an order. This indicator shows the average value of sale and it is easy to calculate: revenues/number of orders = average order value.
- **Number of transactions:** This is the total number of transactions in a certain period of time.
- **Conversion rate:** This is the conversion rate at the web store. It is calculated by dividing the total number of visitors by the total number of conversions. Conversion occurs when a customer takes an action (confirms an order).
- **Cart abandonment rate:** This is the percentage of customers that put articles into their cart, but do not complete the purchase. For example, if 100 persons put an article in their cart, and 77 of them leave the web store without buying anything, this means that the cart abandonment rate amounts to 77%.
- **Customer lifetime value:** This is an indicator showing how much an average buyer spends during his/her lifetime. It is a more complex indicator, and its formula is as follows: average order value x frequency of purchase x estimated customer lifetime = customer lifetime value.
- **Cost of acquiring a new customer:** This is an indicator that shows what costs a company incurs when it acquires a new customer. The basic formula for this indicator is as follows: marketing costs + sales costs / number of new customers = cost of acquiring a new customer.
- **Customer retention rate:** This rate shows the number of customers that a company retains during a certain period of time. It is expressed as the percentage of existing customers of the company that stay loyal during such a period of time. For example, if a company starts a year with 100 clients and loses 20 of them, the retention rate is 80%.

❯ Marketing KPIs

Marketing KPIs show the efficiency of marketing and promotional activities. Some of them are:

- **Store website traffic:** This relates to the total number of visits.
- **Time spent on the website:** It indicates how much time visitors spend on the website.
- **Average session duration:** The time a person spends visiting a website related to a single visit.
- **New visitors as compared to repeat visitors:** New visitors are visiting the website of the company for the first time, whereas repeat visitors have visited it before.

- **Traffic generated by PPC campaigns:** If a company carries out PPC campaigns, this indicator shows the quantity of traffic that was successfully directed to the website.

> ### Customer support KPIs

Customer support KPIs indicate how efficient customer support is and whether it meets customer expectations:

- **Customer satisfaction:** It is usually measured based on customer answers obtained by carrying out a survey: "To what extent were you satisfied with your purchase?".
- **Average complaint resolution time:** It shows how much time is needed for customer service to resolve a problem from the moment in which a customer reported it.

> ### Production/service provision KPIs

These KPIs are related to purchase and production or service provision.

- **Production cycle time:** It shows how much time is needed for the production of a product from the beginning until the end (production efficiency).

A company may define goals based on the mentioned KPIs. For example, a goal may be achieving a customer retention rate of 80%. There is a series of other KPIs, such as order fulfilment time (as explained above), customer satisfaction, etc. The picture below shows the most frequent goal categories.

It is extremely important to adjust the activities of the company with the key performance indicators that were selected. Monitoring and improving key performance indicators will help the company in setting priorities when it comes to activities it needs to carry out.

Every KPI may be analysed for a certain product/service, for a certain employee, a certain time period. In addition to being a success indicator, it is also used for decision making.

2. Identification and adoption of marketing methods

An efficient digital marketing plan implies the selection of adequate digital marketing methods. This depends on a series of factors, starting with the market and target group of consumers and their characteristics, to the industry in which the company operates. When selecting promotion channels, it is necessary to start with the defined goals and characteristics of the target group of consumers (e.g. if the target group includes teenagers, then it is clear that social networks such as Instagram and TikTok are adequate promotion channels; however, in case of B2B marketing, direct marketing will be a more adequate solution). A company in the digital era needs to ensure agile business operations and optimisation of the digital marketing strategy in order to support the digital transformation.

There are several digital channels and marketing communication methods that are available to companies. Those methods that companies should consider when developing their marketing plan in view of B2B and B2C market peculiarities are given and briefly explained below. The key difference between B2C and B2B is the length of sale cycles.

B2C: The sale cycle is usually short and relatively simple, and the strategy is to establish a transaction relation with the whole group of consumers. In other words, the purpose of B2C marketing activity is to bring consumers to the website for the purpose of sale conversion.

B2B: The sale cycle is longer and more complex, and the focus of the marketing activity is the impact on potential customers during all phases of decision making, from research to purchase.

B2B

In the B2B market, a company communicates with another company, which has its peculiarities and requires a different approach as compared to communication with individual final consumers. Companies in the B2B market should:

> **Create and maintain a website**
> **Use search engine optimisation (SEO)**
> **Use content marketing**
> **Use offline marketing by integrating it in online marketing**
> **Use social media marketing**
> **Use Pay-per-Click campaigns**

The mentioned methods are briefly explained below.

Website
★

The establishment of online presence of a company starts with the building of a website. A website of a company should be designed in a responsive manner (RWD) and should be continuously updated. In addition to this, the design of the website should be in compliance with the visual brand of the company. It is important to keep in mind that the design of a website shows the professionalism of a company and in a way serves the purpose of giving a first impression about the company. The website of a company is an information medium that enables customers to obtain important information about the company in a very short time. A B2B website must:

- be responsive (fit all display sizes)
- be relevant for the target group of customers (other companies)
- include the logo of the company and be designed in compliance with the visual brand of the company
- contain updated and necessary content in order for customers to be able to obtain information on time
- include links for other sites of the company (e.g. social media, etc.).

When designing a website, a company operating in the B2B market should start from the fact that the market research process in cases when the buyer is another company is much more complex than in case of an individual consumer. It is therefore necessary to carefully plan the content that will be published on the website in order to provide potential customers with enough information.

Search engine optimisation – SEO
★★

SEO is one of the most important methods for attracting new website visitors. SEO helps a search engine to find the website and position it higher in search results. The goal of every company is for their website to be on the first page of search when potential customers enter the relevant search words. In order to make this possible, it is necessary to identify the most efficient key words that will enable search engines to identify that website. Given the fact that SEO implies a complex set of activities and requires experience, the most frequent recommendation is for a company to hire a SEO expert for this activity.

Content marketing
★★★

Content marketing for the B2B market is a form of promotional activities that implies the creation and distribution of contents for the purpose of raising the awareness of a brand, attracting potential customers and sales. The usual content marketing forms in B2B include **blogs, podcasting, infographics, e-mail** etc. Creating a blog helps in improving SEO and makes it possible to attract a certain profile of visitors. B2B content marketing carries a higher return on investments than any other digital marketing channel.

Offline and online marketing
★★★★

Direct communication with customers is important in the B2B market. As a result, integration and optimisation of online and offline marketing is important. This can be achieved by linking events where potential customers meet and digital market activities. For example, gathering e-mail addresses of customers during conferences and similar events and their use in e-mail marketing activities.

Social media marketing
★★★★★

Social media marketing is much more important in the B2C market, but it may also be a valuable channel for B2B communication. In practice, B2B social media marketing is the second most popular promotion channel. Companies should take care that they identify platforms that are adequate for this type of communication. According to some data, LinkedIn is in the first place in terms of the engagement of B2B audience, followed by Twitter and Facebook. Social networks may be very useful for the B2B market, since they make it possible to share contents such as:

- News from the industry
- Advice related to the industry
- Written or video statements of customers.

When it comes to B2B social media marketing, it is advisable to **avoid obvious sale** and focus on contents that inform and stimulate the interest of customers. Social networks may also serve the purpose of attracting clients to the website of the company (a blog is a useful tool – it is part of a website, and publications may be promoted using social networks).

Influencer marketing is one of the more recent marketing forms of marketing that shows excellent results in the B2B market. This is a marketing field that focuses on hiring influencers to communicate the brand message to the wider market. Influencer marketing campaigns use marketing ele-

ments through social media and content marketing (content is created and communicated by an influencer).

Pay-per-Click (PPC)

★★★★★

PPC is an Internet marketing model in case of which a company pays a fee every time someone klicks on its advertising. As a result, the company purchases customer visits to its website. Promotion on search engines is one of the most popular forms of PPC. An example is Google Ads, which is a platform that enables companies to create ads that will appear on the Google search engine and other Google products. **Google Ads** functions based on the pay per klick model, in case of which companies bid for key words and pay for every klick on their ads. In other words, when someone types in some search words, Google shows them promotional links in the advertisement space on the page with search results. PPC method offers companies the possibility to attract potential customers fast and efficiently. The number of potential customers in the B2B market is much smaller than in the B2C market. B2C key words are more competitive due to a bigger market and are quite generic, whereas B2B key words are specific and correspond to a certain industry niche.

B2C

In the B2C market, a company communicates with individual consumers. The most important trend in B2C marketing is the social media marketing, and the most frequent form is the use of video materials. Some research indicates that **influencer marketing** has the highest return on investments in B2C marketing, followed by **promotion of contents by means of short videos** using various communication channels. In any case, it is obvious that social media are taking over a leading role when it comes to marketing investments. When selecting the social network, it is necessary to analyse whether investments should be made in Instagram marketing, Facebook marketing or marketing in some other social media, depending on the social network used by the target group of consumers. Most consumers today expect that companies will be present in social networks and a strategy should be planned and defined accordingly in order to attract potential customers.

What is also obvious in case of building an image is that consumers expect brands to be more socially responsible and to clearly express their attitudes in public, especially regarding certain current topics (e.g. consumers are frequently publicly invited to boycott certain products due to an unethical attitude of some brands).

Another trend in B2C marketing is maximum **personalisation** of the communicated message or personalisation of contents, products, etc. This may be achieved by gathering data on customers through any form of communication (CRM, social networks, website).

For all mentioned forms of promotion, a company may use one of the forms of marketing stated in the table above (**content marketing, PPC etc.**). In addition to this, although social networks have become dominant when it comes to B2C marketing, designing and maintaining an adequate **website** stills sends a message regarding the seriousness and professionalism of a company. **SEO** and other forms of marketing are also used in order to attract consumers to visit the website of the company, especially in case of e-commerce.

> **Website design phases:**

>> 1. **Selection of a web host** – This refers to the decision on where to place the website. One can select a hosting service provider or their own servers.

>> 2. **Registration of a domain** – This also implies a certain branding aspect, since it is necessary to decide whether the name should include the name of the company, industry, brand, etc.

>> 3. **Content creation and management** – This relates to a text, catalogue, images, sound and video materials that provide information expected by website visitors. In this phase it is necessary to take a decision on which information and in what form should be published on the website. Content creation and management is

crucial for the success of a website, since it presents the company and its products to consumers.

4. Website design – This includes information architecture, navigation, use of colours and graphics and maximising website performances. Information architecture describes how a website is organised and shows all site components and the way in which they are interconnected. The purpose of site navigation is to help visitors to find the information they need fast and easily. Colours, images, sound and video materials may increase the attractiveness of websites, and it is therefore necessary to discover which form of media website visitors prefer. In essence, speed is the key factor of successful design. Visitors that have to wait for more than several seconds for a website to load, might leave.

5. Website design and testing – Companies decide whether they will design the website internally, outsource the project or combine these two approaches. When the website is ready, it is transferred to servers of the host provider, followed by the final testing.

6. Website promotion – In this phase companies promote their website both online and offline.

It is important to mention that digital advertising channels may be free or require a fee to be paid. Some of **paid marketing** channels are the following ones:

- PPC – This online marketing usually includes the use of Google shopping campaigns and product data management.
- Related sales networks – Enabling other blogs and websites to sell products of the company at a small fee.
- Facebook ads – Ads published on Facebook in order to attract customers through social networks.
- Influencer marketing – Hiring influencers from the industry in order to spread information on a company product through their social media platforms and contacts.

On the other hand, there are free promotion channels. Such marketing is called **organic marketing**. Organic marketing refers to any form of digital marketing that does not include paid ads. This also includes sharing content in social networks (whether through one's own website or social network groups and communities), blog posts, case studies, etc. Organic marketing uses SEO, social networks and a series of other channels to raise awareness about a brand.

- Social media (Facebook, Instagram, Pinterest, etc.) – It is necessary to decide which social networks the company will use to promote its products.
- SEO – The company should create and promote the contents in order for persons to organically find their products in their search.

- Content marketing – The company should consider various topics and types of materials that will generate interest in a product in case of the target group of consumers.

3. Identifying activities for every method

In this phase it is necessary to clearly specify:

- What activities will be carried out using every of the methods
- Who is in charge of the implementation of activities
- Time schedule for the activities.

4.6.
Development of an e-commerce road map

Finally, once the company has implemented the mentioned five steps, it should draw up a digital transformation plan or digital transformation road map and implement it. It will have to define certain processes and roles during the development of such a plan, which relate to the digital transformation team (establishment of e-commerce) and e-commerce team (online sale management and management of other related processes).

The company can finally start drawing up a digital transformation road map. The e-commerce road map should include the following components:

> **A summary**
> **Company profile**
> **Market analysis**
> **Marketing plan**
> **Management**
> **Operating plan**
> **Financial plan**

> **Summary**

A summary is usually drawn up as last, once all parts of the road map have been drawn up. It is a short overview of the road map (1 to 2 pages). The summary mostly contains the vision of the online store, a short description of products that will be sold, a short description of the target market, presentation of the marketing plan, operating and management plan, and a short overview of the financial plan. The purpose of the summary is to list key elements of the whole road map.

> **Company profile**

This part of the road map should briefly present the company, provide basic information on business operations, business goals (short-term and long-term goals), and mission and vision.

Appendix 6 includes an example of a company profile summary.

> **Market analysis**

As already stated in the "Market research" section, it is necessary to become acquainted with the industry in which the company operates and long-term perspectives of the given industry. Also, it is necessary to carry out research on potential market opportunities and an analysis as to who are leaders and key competitors in the relevant industry. In order to create potential sales projections (and set goals), it is necessary to assess the level of interest of consumers in products or services offered by the company. Key conclusions of the market research are presented in this part of the digital transformation road map.

Appendix 2 includes an example on how to sum up market analysis findings.

> **Marketing plan**

As already stated in the part "Defining a marketing plan", this phase implies considering a series of issues and identifying goals, marketing methods and specific activities. The results of such a process need to be integrated in the road map and a marketing activity calendar should be created.

Appendix 4 includes an example on how to sum up a marketing plan, whereas Appendix 5 includes an example of a marketing calendar.

> **Management and organisation**

Defining a clear project management methodology is the first step towards a successful e-commerce project. It is necessary to appoint a project implementation team and a project manager or coordinator. The basic goal is to define the roles and responsibilities within the project itself and roles of other organisational parts and employees of the company. In other words, it is necessary to appoint teams or persons for:

- Digital transformation project implementation (establishment of e-commerce). This is the team that will implement the e-commerce establishment project (digital transformation team).
- Appoint a team for e-commerce and e-marketing management. This is the team and employees that will be in charge of e-commerce activities, i.e. sales processes, order fulfilment, marketing, etc. (e-commerce team).

Digital transformation road map - document structure

1 Summary
The purpose of the summary is to state key elements from the whole road map. The summary mostly includes information on the business concept, goals and vision, product and services that are offered, target market, marketing activities, etc., depending on the type of company and industry in which it operates.

2 Company profile
This part of the road map should include an introduction of the company, provide basic information on business operations, goals and vision and mission statement.

When it comes to the appointment of an e-commerce team, it is particularly important to point out employee training. It is necessary to implement trainings in order for employees to acquire skills needed to use sales software and applications. In addition to this, continuous education in the field of sales promotion and digital marketing is something that every company that wishes to develop its business operations must implement.

> **Operating plan**

An operating plan describes the way in which the process of digital transformation and e-commerce processes take place. For successful e-commerce, it is important to ensure continuity of operations and efficiency. It is extremely important to accurately define the necessary operating steps. The operating plan is actually the action plan for the implementation of digital transformation. A company should clearly identify activities that must be implemented and then define the period of implementation, necessary funds and person in charge of the activity.

Appendix 7 contains an example how an operating plan may be summed up.

3 Market analysis	It is necessary to become acquainted with the industrial branch in which the company operates and long-term perspectives of the industry.
4 Marketing plan	The marketing plan implies identification of goals, relevant KPIs, selection of marketing methods and definition of activities.
5 Management plan	Management of digital transformation project and e-commerce system.
6 Operating plan	Action plan – defining priorities, measures and activities, preparation of the budget and defining duties.
7 Financial plan	Project budget and cost-benefit analysis.

> **Financial plan**

This chapter focuses on the preparation of the project budget (the sum of projected costs for all activities presented in the action plan), planned income and expenses and the planned business results for the relevant business year. It is also necessary to present a rentability analysis and calculation of the return on investment in order for the financial projection to be successfully and adequately planned. This basically means that after the calculation of project implementation costs, a cost-benefit analysis will be carried out.

The level of detail in the financial plan depends on company goals. The financial plan is used to plan sales, costs and net business revenues. When doing projections, it is necessary to consider the following three financial parameters:

- Planned revenues.
- Fixed costs – These are business costs that become payable irrespective of the number of products sold by the company. They mostly relate to business premises rent, salaries, licences, etc.
- Variable costs – These are business costs that vary in direct proportion to how many products the company sells. Variable costs usually relate to the costs of sold goods and payment processing fee.

References

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- https://www.webfx.com/
- https://woocommerce.com/

Appendices

Digital Pulse

Assessment of the digital potential of a company
Digital Pulse summary (www.digitalnaekonomija.ba)

Notes:

› **Grade:** Every item should be graded with 3 – advanced development level, 2 – moderate development level, 1 – low development level, or 0 – fully undeveloped.
› **Grade comment:** Explain what the company possesses and what not.
› **Potential improvements:** All items that were graded with 0 should constitute a priority for the company in the process of digital transformation. Potential actions, depending on the expectations, should be stated. On the other hand, all items graded with 1 and 2 may be further improved.

Processes	Expectations	Grade	Grade comment	Potential improvements
Digital communicaton				
Use of the website, including e-commerce	Use of at least one mobile responsive website that will be regularly updated	E.g. 2	E.g. We possess a responsive website, but it is not regularly updated	E.g. Establishment of a monthly website update system
Communication using social networks and e-mail marketing	Use of social networks in compliance with customers and business activity			
Contents used for online communication	Use of adequate media (photography, videos, animations, text) depending on the communication channel and target groups of consumers			

Processes	Expectations	Grade	Grade comment	Potential improvements
Digital communicaton				
Analysis of online communication impact	Use of available tools for monitoring communication results (e.g. social network analytics, Google analytics etc.)			
Online company reputation management practices	Use of available tools for monitoring of reputation internally or by using external service providers			
Use of mobile devices and software tools in internal and external communication	Use of mobile devices and software tools in internal and external communication			

Processes	Expectations	Grade	Grade comment	Potential improvements
Digital customer relations				
Use of the website, including e-commerce	Use of available digital communication channels to communicate with customers (existing and potential ones), such as Google Ads, social network advertising, e-mail, Viber/WhatsApp communication, etc.			
Communication using social networks and e-mail marketing	Use of CRM and ERP software tools. Market analysis and identification of adequate CRM and ERP solutions for the company, depending on the industry in which it operates. If the company has an adequate ERP solution, it is possible to integrate an e-commerce system and automatise it.			
Contents used for online communication	Use of accounting software and digital invoicing. Market analysis and identification of adequate software solutions for the accounting function of the company, depending on the industry in which the company operates.			

Processes	Expectations	Grade	Grade comment	Potential improvements
Digital customer relations				
Analysis of online communication impact	Use of communication automatisation software in case of suppliers (automatic ordering and digital invoicing).			
Online company reputation management practices	Use of e-banking services			
Use of mobile devices and software tools in internal and external communication	Use of mobile devices and software tools in internal and external communication			

Processes	Expectations	Grade	Grade comment	Potential improvements
Digital aspects and employees				
Use of human resources management software	Use of an adequate human resource management software: registration of employees, tracking of employee vacation, leave and sick leave, work schedule creation/monitoring, performance evaluation, employee skill and competence records, employee training records, etc.			
Role of employees in the digitalisation of business operations	Creation of an organisational culture that implies that employees actively contribute to the introduction of digital technologies in our business operations, possess the necessary knowledge and skills for the use of digital technologies and to have access to the necessary trainings. In addition to this, the company should appoint a person in charge of company digitalisation and IT management.			
Use of social networks and employment website services	Use of social networks and employment website services			

Processes	Expectations	Grade	Grade comment	Potential improvements
Information and IT security				
Making of electronical data copies	Use of a more advanced system for keeping data copies – backup system			
Protection of devices connected to the Internet	Installation of basic protection (antivirus software, firewall, use of a strong password) for all company computers			
Employee training on secure information system use	Employee training on secure use of information systems			
Compliance with personal data protection principles	Establishment of conditions needed for compliance with personal data protection regulations			

Processes	Expectations	Grade	Grade comment	Potential improvements
Digital company management				
Use of digital tools for more efficient management of business operations	Use of adequate digital tools as support for decision making, such as business intelligence tools, use of standardised reports generated by business applications of the company as a basis for decision making			
Business areas in which it is possible to control processes based on the available tools and data	Continuous analysis of sales, cash flow, supplies and transport, human resources, production, etc.			
Sophistication of reports that are at the disposal of the company	Use of business applications that automatically generate reports for the above areas based on the set criteria			

Processes	Expectations	Grade	Grade comment	Potential improvements
Digital production and services				
Use of advanced and new digital tools and technologies in the production and provision of services	Analysis of digital solutions and technologies available in the market that the company might use to improve the production or service provision, such as artificial intelligence, robotics, 3D print, automated production, etc.			
Assessment of potentials for the use of these technologies	In case of every identified type of technology, it is possible to assess the potential for use, e.g. machinery maintenance and repair, incoming material and product monitoring, quality assurance in case of products, processes and operations, expansion of production capacities (scope), optimisation of production processes and production planning, optimisation of the product development cycle (time-to-market), use of existing data that are generated in the production for business decision making, employee skills and technical trainings, etc.			

Market research

> **Step 1:** Using the table 'Industry' document the size of the industry, growth rate and trends.
> **Step 2:** Using the table 'Customers' document socio-economic, geographical and general characteristics of target customers.
> **Step 3:** Using the table 'Competitors' document the number of competitors, leading competitor and the greatest strengths and weaknesses of competitors.

Industry

	Size of industry	Growth potential	Trends	Notes
Product **Product/service line**				
Product **Product/service line**				
Product **Product/service line**				
Product **Product/service line**				

Customers

	Demographic and socioeconomic data	Geographical data	General characteristics	Notes
Product **Product/service line**				
Product **Product/service line**				
Product **Product/service line**				
Product **Product/service line**				

Socio-economic characteristics of the population include data such as age, sex, education level, income, marital status, profession, size of the family, etc.

Geographical data describe the location of target customers (continent, state, city, postal code).

General characteristics include qualitative details such as product preferences (packaging, colour, quality, price) and favourite brands, and where customers usually buy.

Competitors

	Number of competitors	Leading competitor	Strengths and advantages of competitors	Weaknesses and disadvantages of competitors
Product **Product/service line**				
Product **Product/service line**				
Product **Product/service line**				
Product **Product/service line**				

SWOT analysis

	Strengths	Weaknesses	Opportunities	Threats
Product **Product/service line**				
Marketing				
Operations				
Market				

Can one of your advantages help to improve your weaknesses or fight threats?
If yes, describe how.

Based on the above information, what are your short-term goals?

Based on the above information, what are your long-term goals?

Marketing plan summary

State the goals.

	Financial goals	Customer-oriented goals	Operational goals
Goals			
Goals			
Goals			
Goals			
Goals			

Repeat the goals and provide details.

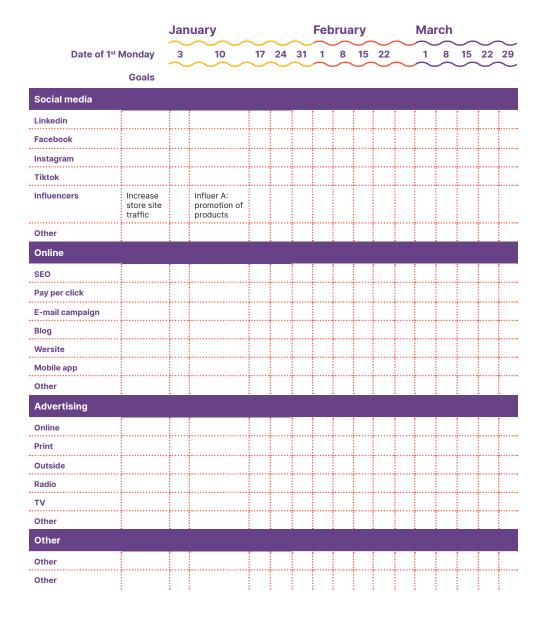| Goal	Marketing method	Activity	KPIs

For every activity, it is necessary to appoint a person in charge of its implementation.

Marketing activity calendar

In addition to the fact that this calendar may be used for the planning and timeline of activities, it may also be used for planning of the budget for marketing activities (only the planned budget should be entered in the cells).

		January					February					March				
Date of 1st Monday		**3**	**10**	**17**	**24**	**31**	**1**	**8**	**15**	**22**		**1**	**8**	**15**	**22**	**29**
	Goals															
Social media																
Linkedin																
Facebook																
Instagram																
Tiktok																
Influencers		Increase store site traffic		Influer A: promotion of products												
Other																
Online																
SEO																
Pay per click																
E-mail campaign																
Blog																
Wersite																
Mobile app																
Other																
Advertising																
Online																
Print																
Outside																
Radio																
TV																
Other																
Other																
Other																
Other																

Company profile

Name of company

Mission

Vision

Target market

Business goals