



FINAL PROJECT REPORT
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Jack Ma

Jack Ma	
	
Ma in 2018	
Native name	马云
Born	10 September 1964 (age 55) Hangzhou, China
Education	Hangzhou Normal University (BA)
Occupation	Business magnate investor politician philanthropist
Known for	Co-founding and leading Alibaba Group
Net worth	US\$41.1 billion (October 2019) ^[1]
Political party	Communist Party of China ^[2]
Spouse(s)	Zhang Ying
Children	3

Jack Ma, or Ma Yun (born 10 September 1964), is a Chinese business magnate, investor, politician and philanthropist. He is the co-founder and former executive chairman of Alibaba Group, a multinational technology conglomerate. Ma is a strong proponent of an open and market-driven economy.

A prominent business leader, Ma is seen as a global ambassador for Chinese business and as such is frequently listed as one of the world's most powerful people & world's 20th Richest Person by Bloomberg Billionaires Index & Forbes. He also serves as a role model for startup businesses. In 2017, he was ranked second in the annual "World's 50 Greatest Leaders" list by Fortune. In September 2018, he announced that he would retire from Alibaba and pursue educational work, effective in one year, with Daniel Zhang succeeding him as executive chairman.

As of 2 February 2019, he is China's richest man, with a net worth of \$41.1 billion, as well as one of the wealthiest people in the world and also was ranked 21st in the world by Forbes Magazine' World's Most Powerful People.

Venture or Jack Ma

Early life and education

Ma was born on 10 September 1964 in Hangzhou, Zhejiang, China. He began studying English at a young age by conversing with English-speakers at Hangzhou International Hotel. He would ride 70 miles on his bicycle to give tourists tours of the area to practice his English for nine years. He became pen pals with one of those foreigners, who nicknamed him "Jack" because he found it hard to pronounce his Chinese name.

Later in his youth, Ma struggled attending college. The Chinese entrance exams are held only once a year and Ma took four years to pass. Ma attended Hangzhou Teacher's Institute and graduated in 1988 with a B.A. in English. While at school, Ma was head of the student council. After graduation, he became a lecturer in English and International Trade at Hangzhou Dianzi University. He also applied ten times to Harvard Business School (HBS) and got rejected.

Business career

Jack Ma on the future of online trade and globalization at the World Economic Forum 2017Ma applied for 30 different jobs and got rejected by all. "I went for a job with the police; they said, 'you're no good'", Ma told interviewer Charlie Rose. "I even went to KFC when it came to my city. Twenty-four people went for the job. Twenty-three were accepted. I was the only guy who was rejected.

In 1994, Ma heard about the Internet and also started his first company, Hangzhou Haibo Translation Agency. In early 1995, he went to the US with his friends, who helped introduce him to the Internet. Although he found information related to beer from many countries, he was surprised to find none from China. He also tried to search for general information about China and again was surprised to find none. So he and his friend created a website related to China. He launched the website at 9:40 AM, and by 12:30 PM he had received emails from some Chinese investors wishing to know about him. This was when Ma realized that the Internet had something great to offer. In April 1995, Ma and He Yibing (a computer teacher) opened the first office for China Pages and Ma started their second company. On May 10, 1995, they registered the domain chinapages.com in the United States. Within three years, the company had made 5,000,000 Chinese Yuan which at the time was equivalent to US\$800,000.

Ma began building websites for Chinese companies with the help of friends in the US. He said that "The day we got connected to the Web, I invited friends and TV people over to my house", and on a very slow dial-up connection, "we waited three and a half hours and got half a page", he recalled. "We drank, watched TV and played cards, waiting. But I was so proud. I proved

the Internet existed". At a conference in 2010, Ma revealed that he has never actually written a line of code nor made one sale to a customer. He acquired a computer for the first time at the age of 33.

From 1998 to 1999, Ma headed an information technology company established by the China International Electronic Commerce Center, a department of the Ministry of Foreign Trade and Economic Cooperation. In 1999, he quit and returned to Hangzhou with his team to found Alibaba, a China-based business-to-business marketplace site in his apartment with a group of 18 friends. He started a new round of venture development with 500,000 yuan.

Jack Ma at 2007 China Trust Global Leaders Forum

In October 1999 and January 2000, Alibaba twice won a total of a \$25 million foreign venture capital investment. The program was expected to improve the domestic e-commerce market and perfect an e-commerce platform for Chinese enterprises, especially small and medium-sized enterprises (SMEs), to address World Trade Organization (WTO) challenges. Ma wanted to improve the global e-commerce system and from 2003 he founded Taobao Marketplace, Alipay, Ali Mama and Lynx. After the rapid rise of Taobao, eBay offered to purchase the company. However, Ma rejected their offer, instead gathering support from Yahoo co-founder Jerry Yang with a \$1 billion investment.

In September 2014 it was reported Alibaba was raising over \$25 billion in an initial public offering (IPO) on the New York Stock Exchange. Alibaba became one of the most valuable technology companies in the world after raising the full \$25 billion, the largest initial public offering in US financial history. Ma served as executive chairman of Alibaba Group, which is a holding company with nine major subsidiaries: Alibaba.com, Taobao Marketplace, Tmall, eTao, Alibaba Cloud Computing, Juhuasuan, 1688.com, AliExpress.com, and Alipay. In November 2012, Alibaba's online transaction volume exceeded one trillion yuan. As of 2016, Ma is the owner of Château de Sours in Bordeaux, Chateau Guerry in Côtes de Bourg and Château Perenne in Blaye, Côtes de Bordeaux.

On 9 January 2017, Ma met with United States President-elect Donald Trump at Trump Tower, to discuss the potential of 1 million job openings in the following five years through Alibaba's interest in the country. On 8 September 2017, to celebrate Alibaba's 18th year of establishment, Ma appeared on stage and gave a Michael-Jackson-inspired performance. He performed part of "Can You Feel The Love Tonight" at the 2009 Alibaba birthday event while dressed as a heavy metal lead singer. In the same month, Ma also partnered with Sir Li Ka-shing in a joint venture to offer a digital wallet service in Hong Kong.

Ma announced on 10 September 2018 that he would step down as executive chairman of Alibaba Group Holding in the coming year. Ma denied reports that he was forced to step aside by the Chinese government and stated that he wants to focus on philanthropy through his foundation. Daniel Zhang would then lead the way ahead for Alibaba as the current executive chairman.

Entertainment career

In 2017, Ma made his acting debut with his first kung fu short film Gong Shou Dao. It was filmed in collaboration with the Double 11 Shopping Carnival Singles' Day. In the same year, he also participated in a singing festival and performed dances during Alibaba's 18th anniversary party.[33][34][35]

Awards and honors

- In 2004, Ma was honoured as one of the "Top 10 Economic Personalities of the Year" by China Central Television (CCTV).[36]
- In Sep 2005, the World Economic Forum selected Ma as a "Young Global Leader".[36]
- Fortune also selected him as one of the "25 Most Powerful Businessperson in Asia" in 2005.[36]
- Businessweek also selected him as a "Businessperson of the Year" in 2007.[37]
- In 2008, Barron's featured him as one of the 30 "World's Best CEOs"[38]
- In May 2009, Time magazine listed Ma as one of the world's 100 most powerful people. In reporting Ma's accomplishments, Adi Ignatius, former Time senior editor and editor-in-chief of the Harvard Business Review, noted that "the Chinese Internet entrepreneur is soft-spoken and elf-like — and he speaks really good English" and remarked that "Taobao.com, Mr. Ma's consumer-auction website, conquered eBay in China." [39] He was also included in this list in 2014.[40]

Views

- At the annual general meeting of shareholders for Alibaba.com in May 2010, Ma announced Alibaba Group would begin in 2010 to earmark 0.3% of annual revenue to environmental protection, particularly on water and air-quality improvement projects. Of the future of Alibaba, he has said, "our challenge is to help more people to make healthy money, 'sustainable money', money that is not only good for themselves but also good for the society. That's the transformation we are aiming to make."
- In November 2018, the People's Daily identified Ma as a member of the Communist Party of China, something which surprised observers.
- Ma received international criticism after he publicly endorsed the Chinese work practice known as the 996 working hour system.

Philanthropy

Jack Ma is the founder of the Jack Ma Foundation, a philanthropic organization focused on improving education, the environment and public health.

In 2008, Alibaba donated \$808,000 to victims of the Sichuan earthquake. In 2009 Jack Ma became a trustee of the Nature Conservancy's China program, and in 2010 he joined the global Board of Directors of the organization.

In 2015, Alibaba launched a non-profit organization, Alibaba Hong Kong Young Entrepreneurs Foundation, which support Hong Kong entrepreneurs to help them grow their businesses. During the same year, the company funded the rebuilding of 1,000 houses damaged by the earthquake-hit in Nepal, and raised money for another 9,000.

In 2019 Jack Ma's foundation started the Netpreneur initiative that grants ten prizes of one million dollars each to ten African entrepreneurs per year and launched a fund with 14.6 million dollars to develop education in Tibet.

Challenges faced by Jack Ma and his company Alibaba

As a multinational company Alibaba is facing several challenges, that have recently slowed down its growth speed, some of them are discussed as below:

1. The trade war between China and the U.S. is dampening consumer confidence and suppressing spending and investment. As Alibaba vice chairman Joe Tsai put it, "If people aren't buying new homes, they aren't buying appliances". Shares of Alibaba are down 19% since January. As a comparison, stock prices for Amazon and Apple increased 47% and 23%, respectively during the same period.
2. Local Chinese competitors, such as Tencent backed JD, and low cost Pinduoduo have woken up to the opportunity to offer time-limited discounts. Both have now launched their own versions of Singles' Day. JD, for example, has claimed 2018 sales of \$23 billion in its own version of Singles' Day, which actually occurs over 11 days.
3. Chinese retail is slowing as an inevitable result of a maturing market. Growth rates have been falling steadily since 2008, and now sit around 6.9%. Alibaba still relies on China for a vast majority of its revenues, and all of its profits.
4. The global expansion of Alibaba has not provided the dividends that many had predicted, despite large investments into India, Africa, and South-East Asia. Further, any expansion of Singles' Day into the West could be hampered by November 11th's association with war commemoration, i.e. Armistice Day.

Market strategy of Alibaba

Alibaba is known for its good marketing strategy which is up dated and comprehensive, the Ps in Alibaba's marketing strategy are discussed as below:

Product:

The product strategy and mix in Alibaba marketing strategy can be explained as follows:

Alibaba is one of the leading ecommerce website companies based out of China. There are many different services and products offered in its marketing mix. There is Alibaba.com which is the world's largest B2B sales platform for small enterprises. Aliexpress is an online retail store for buying products which are exported to a whole lot of countries by Chinese businesses. Autonavi which offers maps is the market leader in navigation in China. Taobao is one of the largest consumer to consumer online shopping platform which offers commission free transactions. Alibaba also has a group shopping platform called Juhuasuan which offers flash sales. Alipay is another of its services which is a platform for online payments without any transaction fees. It is also present in media with its own film company called Alibaba Pictures. Alisports and Ali health are the other two services for sports events and pharmaceutical ecommerce platform respectively.

Price:

Below is the pricing strategy in Alibaba marketing strategy:

The pricing strategy that Alibaba uses is penetration pricing as it seeks to enter newer and newer markets. It therefore offers discounts and cash backs to the customers on its site and reduces its cut from the transactions. Some of the services that they offer do not involve any transaction cost. Some of the services like Aliexpress have no registration fee as well. The primary revenue earned by Alibaba is through the advertisements that are done on their site

by businesses. The secondary revenue is from customers who take membership. It also sometimes employs competitive pricing to offer products at prices similar to the competitors to drive the sales. Overall it is much more economical for most of the users.

Place:

Following is the distribution strategy of Alibaba:

Internet is used by Alibaba as the intermediary. Its services are online and therefore are distributed through websites. Through this they are able to reach a wider audience for their niche products. Almost 80% of ecommerce in China happens on Alibaba. Because of the digital platform for conducting business they are able to cut down on distribution costs. They have recently made a foray into the US market with an IPO which is one of the biggest in its history. Alibaba has many manufacturers on its list, so orders can be placed in a bulk and they will be shipped from these manufacturers in India, Pakistan or Czech Republic to the place from where they are ordered. The payments can be done through Alipay, wire transfer or Western Union.

The warehouses are well equipped with state of the art technology to process the orders.

Promotion:

The promotional and advertising strategy in the Alibaba marketing strategy is as follows:

Alibaba promotes the brand through a number of channels. It advertises through traditional channels like print media, radio and TV advertisements. It advertises through catchy taglines. As most of the services offered are online Alibaba promotes through digital media as well. They have also been the sponsors for international events like Beijing Olympics. It has also sponsored Australia-China Business Week which was one of the high-profile events in the business world. The other ways in which it promotes itself is through offers, discounts, festive sales and cashbacks for purchases on its ecommerce platforms.

Since this is a service marketing brand, here are the other three Ps to make it the 7Ps marketing mix of Alibaba.

Physical Evidence:

The physical evidence of Alibaba includes the intangible aspects of service like the delivery schedule which has to go as promised. The products delivered should be as per the order and quality desired. The transactions should be smooth and trustworthy and the ecommerce platforms should be user friendly and attractive. These aspects form the physical evidence of the company.

Process:

Alibaba offers shopping platforms and the way the whole process takes place is simplified. The shopping can be done on a wholesale basis, group shopping, or customer to customer. The manufacturers make the products according to the order quantity and ship them. The customers who want to sell, sell the products directly to other customers. The transactions can be done through either Alipay or Western Union and similar platforms.

People:

Jack Ma is the CEO of Alibaba company as of now. There is a board of directors which is the top management of the group. This is followed by the operations, finance, marketing and customer service departments. The lowest level is the one having manufacturers and sellers. The organization has a major emphasis on the engineering department where they hire only from top institutes. The engineers are extremely skilled in their domain and adaptable to the changes in technology as it is the department which is at the core of the business. This completes the marketing mix of Alibaba.

Description of Online Business

An "Online Business" is a business conducted entirely online. Goods or services are marketed, viewed, purchased, and delivery is organised thereafter once the order has been placed and paid for.

Often the business never touches or sees the product as they are provided and shipped by the manufacturer or wholesaler.

This is known as " Drop Shipping" and business is commonly conducted as an " Affiliate" and you do not even need to buy the stock yourself. The wholesaler will post to the customer with a label on naming you as the supplier.

Very easy to set up an online shop selling all kinds of products using this method.

These businesses are very easy to establish and are usually simply operated from a home computer, tablet or even just a smart phone.

Types of online Business

1. Business-to-business
2. Business-to-consumer
3. Consumer-to-business
4. Consumer-to-consumer
5. Business-to-administration
6. Consumer-to-administration
7. Administration-to-business
8. Administration-to-consumer

Business-to-business (B2B):

products and services are exchanged online between businesses.

e.g.: suppliers to producers (raw materials and spare parts) or info exchange between business

Business-to-consumer (B2C):

Is the retail part of e-commerce on the internet. It is one of the most common type of online business, that most of us use it regularly

e.g: Buying a shirt or pair of shoes from Amazon or Flip-cart

Consumer-to-consumer (C2C):

consumers exchange goods and services e.g.: Olex eBay and Craigslist.

Consumer-to-business (C2B):

Consumers offer their products to the businesses online

e.g.: images and job board.

Business-to-administration (B2A):

here the government (generally its branches) become the customer of businesses

e.g.: businesses sell their products to Govt. or supply raw material to it

Consumer-to-administration (C2A):

Education: disseminating information, distance learning/online lectures, etc.

Social security: distributing information, making payments, etc.

Taxes: filing tax returns, making payments, etc.

Health: making appointments, providing information about illnesses, making health services payments, etc.

Mobile e-commerce (m-commerce)

M-commerce is a type of e-commerce on the rise that features online sales transactions made via mobile devices, such as smartphones and tablets. M-commerce includes mobile shopping, mobile banking and mobile payments. Mobile chatbots also provide e-commerce opportunities to businesses, allowing consumers to complete transactions with companies via voice or text conversations.

Practicability:

By one count, there are roughly 110,000 ecommerce companies and online firms generating revenue of meaningful scale on the Internet. Retail ecommerce sales in the US alone are expected to amount to more than \$461 billion this year ... and predicted to rise to \$638 billion by 2022. And in India the worth of ecommerce in 2009 was 3.9 billion US dollars but it grew to 38.5 billion US dollars in 2018.

Ecommerce plays just as big a role in international business and commerce. Total worldwide ecommerce sales are expected to reach \$4.5 trillion by 2021, with hundreds of thousands in further online businesses possible.

The sheer tonnage of these numbers makes them easy to gloss over. Billions, trillions ... it's easy to lose the context once values go beyond your familiar frame of reference. we know intuitively that ecommerce plays a massive role in global commerce, but may not see what they suggest for us on a micro scale.

The fact that ecommerce continues to grow should tell us, as an entrepreneur, that online business works. It's working for hundreds of thousands of other executives around the world — and there are good reasons why. Yet it must also be noted that 90 percent of all Internet business startups end in failure within the first four months.

In other words, there's a massive gap between failure and success. Though many companies are thriving, nine times as many flop before they have a chance to lift off.

If we study businesses in the latter category — the ones that don't make it — we'll recognize that many of these firms tried to fit square pegs into round holes. They didn't understand their strengths and weaknesses, which put them at a disadvantage on multiple levels.

So much about running and fostering a business — online or off — entails the possession of clarity. If we want your online business to thrive, we have to be a realist. We must understand which advantages you face, as well as which issues and sticking points could hold us back.

Note

The practicability of e-business depends on our knowledge of the field to what extent and how intensive we have studied the market requirements, our situation, our abilities, and obstacles. But overall it is quite practicable if we do the analysis of above mentioned points properly as:

1. For many kinds of e-business there is no need for huge funds even some of them can be started from scratch.
2. The number of internet users are increasing greatly and on daily basis
3. The percentage of internet users who are experiencing online trading is increasing in every single moment
4. E-business brings a lot of conveniences and saves people time, effort and money

Knowledge about the field

An "Online Business" is a business conducted entirely online. Goods or services are marketed, viewed, purchased, and delivery is organised thereafter once the order has been placed and paid for.

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Owning and maintaining an online business gives entrepreneurs the freedom to make money remotely from anywhere in the world. The idea is enticing, and more possible than ever, but many entrepreneurs struggle with how to get started. The most important step in starting a profitable online business is finding a business idea that matches your skills and strengths.

Whether you are looking to become a full-time entrepreneur or just to start a part-time business for passive income, your product or service should fulfill a specific consumer need. We've compiled a series of profitable need-based businesses, with minimal startup costs, that you can start as soon as possible.

Opportunities and challenges of Online Businesses in developing countries:

Developing countries like India, Afghanistan and many African countries offer great opportunities to online businesses but at the same time there are a lot of challenges to be overcome.

How is e-commerce useful to developing country entrepreneurs?

There are at least five ways by which the Internet and e-commerce are useful for developing country entrepreneurs:

1. It facilitates the access of artisans and SMEs to world markets.
2. It facilitates the promotion and development of tourism of developing countries in a global scale.
3. It facilitates the marketing of agricultural and tropical products in the global market.
4. It provides avenues for firms in poorer countries to enter into B2B and B2G supply chains.
5. It assists service-providing enterprises in developing countries by allowing them to operate more efficiently and directly provide specific services to customers globally.

Developing country SMEs in the services sector have expanded their market with the increased ability to transact directly with overseas or international customers and to advertise their services. This is especially true for small operators of tourism-related services. Tourism boards lend assistance in compiling lists of service providers by category in their Web sites.

In addition, for SMEs in developing countries the Internet is a quick, easy, reliable and inexpensive means for acquiring online technical support and software tools and applications, lodging technical inquiries, requesting repairs, and ordering replacement parts or new tooling.

The Internet is also instrumental in enabling SMEs in developing countries to join discussion groups with their peers across the globe who are engaged in the same business, and thereby share information, experiences and even solutions to specific technical problems. This is valuable especially to entrepreneurs who are geographically isolated from peers in the same business.

What is the extent of ICT usage among SMEs in developing countries?

Currently the Internet is most commonly used by SME firms in developing countries for communication and research; the Internet is least used for e-commerce. E-mail is considered an important means of communication. However, the extent of use is limited by the SMEs' recognition of the importance of face-to-face interaction with their buyers and suppliers. The level of confidence of using e-mail for communication with both suppliers and buyers increases only after an initial face-to-face interaction. E-mail, therefore, becomes a means for maintaining a business relationship. It is typically the first step in e-commerce, as it allows a firm to access information and maintain communications with its suppliers and buyers. This can then lead to more advanced e-commerce activities.

One of the key barriers to e-commerce development in the developing world is secure payment gateways. Even in Egypt, with a well-developed international tourism market, local SMEs are largely unable to take secure payments online. Payment gateway providers are still not operating in the developing world, and local banks are more likely to develop customised solutions rather than open source plug ins for web sites.

ICT usage patterns among SMEs in developing countries show a progression from the use of the Internet for communication (primarily e-mail) to use of the Internet for research and information search, to the development of Web sites with static information about a firm's goods or services, and finally to use of the Internet for e-commerce.

Many firms use the Internet to communicate with suppliers and customers only as a channel for maintaining business relationships. Once firms develop a certain level of confidence on the benefits of e-mail in the conduct of business transactions and the potential of creating sales from its use, they usually consider the option of developing their own Web site.

Studies commissioned by The Asia Foundation on the extent of ICT use among SMEs in the Philippines, Thailand and Indonesia, show common use patterns, such as:

1. Wide use of the Internet for e-mail because of the recognized cost and efficiency benefits;
2. use of Web sites more for promotion than for online sales or e-commerce, indicating that SMEs in these countries are still in the early stages of e-commerce;
3. Common use of the Internet for basic research; and
4. Inclination to engage more in offline transactions than in e-commerce because of security concerns.

SMEs go through different stages in adopting e-commerce. They start with creating a Web site primarily to a

What are the obstacles, problems and issues faced by SMEs in their use of ICT in business or in engaging in e-commerce?

According to recent surveys conducted in select Southeast Asian countries, the perceived external barriers to e-commerce include the unfavorable economic environment, the high cost of ICT, and security concerns. The internal barriers are poor internal communications infrastructure within SME firms, lack of ICT awareness and knowledge as well as inadequacy of ICT-capable and literate managers and workers, insufficient financial resources, and the perceived lack of relevance or value-added of ICTs to their business.

Challenges of Online-Businesses in developing countries

1. Lack of online culture

Electronic way of doing business is a new concept for the societies of the developing nations. People usually buy and sell on face-to-face basis. They see and touch (physically) what they want, negotiate on best deals, and buy. This is the type of business activity they are familiar with, which is entirely different from online way of doing it. The idea of buying goods and services that cannot be seen and touched physically is not the type of risk they can afford. They are not confident also whether online merchants are trust worthy enough to deliver products and services as promised.

Merchants as well are afraid to sell their products over the Internet. Considering the lack of online buying habits of the society, and because of the reason that electronic way of doing business is not well-known, they think it is a high business risk to take. They usually are not willing to invest on online ventures. Thus, this extremely damages the growth of Ecommerce in these nations.

2. Lack of Trust

Basically, trust is a major issue in online business environment. As I mentioned earlier, people in the developing nations are not confident with online way of doing business, by which one of the major reasons is trust. Because Ecommerce is not a practice in these countries, and business is usually done on face-to-face bases, people usually raise trust issues. They are obliged to think how could they trust people they do not see and may be found thousands of kilometers away? Besides, because there are no Ecommerce policies and laws in most of developing countries, they are afraid where to go in case of disputes.

Infrastructural issues

1. Limited access of Telecommunication infrastructure and high cost of Internet

Ecommerce requires technological foundations. One of the major ones is access to the Internet. To run an online business one needs an Internet connection with stable and high connection speed. However, mostly the Internet connection type in the developing nations is a dial up connection, which is very limited and slow. Besides, the cost of possessing it is high. This is another challenge Ecommerce faces in the developing nations.

2. Limited access to Personal Computers

Another major technological facility Ecommerce needs is Personal computers. Possessing computers is expensive in the developing nations because they usually are imported products from the developed nations; which is another major challenge for the growth of Ecommerce in these countries.

3. Lack of Electronic payment facilities for enabling transfer of funds

Banking is another major facility needed to do Ecommerce. And in most cases, the developing nations lack this major facility. Online merchants in these countries are obliged to use banking facilities offshore if they are going to do business over the net.

4. Imperfect legal system and policy barriers

To do Ecommerce, perfect legal system and policy is required. Without them it is impossible to do business online. However, these nations usually lack these major systems which in turn could make doing Ecommerce difficult.

However, even though doing business online in the developing nations is difficult, it is not impossible at all. It can be done given the circumstances. It could take more effort to be successful though. In addition, the industry needs time to utilize its potentials.

Thus, realizing the potential of Ecommerce in the developing nations, there are concerned bodies by which their co-operation can make a big difference. They are government, professionals, online merchants, banks and customers. If they can work together and collaborate, they can fully avoid all the above mentioned obstacles and can benefit their nations from the outputs of Ecommerce.

SOWT Analysis of E-Businesses

STRENGTHS

ACCESSIBILITY

Perhaps the biggest Strength of e-Commerce businesses is their extensive accessibility. In the past, shopping meant physically traveling to a certain place, within certain times. With e-Commerce, buyers can now browse, learn about, and purchase products from the comfort of their homes, at whatever time of the day (or night). Although teleshopping offers similar benefits, the advent of the internet has seen a huge number of consumers move away from TV, radio, and press towards computers.

Low Overhead Costs

One of the greatest advantages of operating an online business is that you don't have to absorb the all-too-often exorbitant overhead costs that brick-and-mortar firms must cover in order to keep their doors open. From expensive storefront real estate and physical signage to customer-facing staff and various insurance policies, physical businesses have a range of overhead costs that erode their profit margins and drive up prices for their customers.

When you're an online business, lower overhead costs give you the chance to be a low price leader in your niche. Just ask a company like Blindster, which sells window blinds direct to consumer.

"Big box retail stores often can't compete with us on prices," Blindster explains. "That's because we focus specifically on blinds and shades and don't need large showrooms to house our products. All of our products are available to be browsed online rather than in person in warehouse-like storefronts, and we pass the savings from those key differences on to our customers."

Many online businesses get greedy with their low overhead and try to pad their profit margins too much for their own good. Successful ones do what Blindster does, and pass on the savings to their customers.

Ability to Collect Customer Data

The amount of data you can collect about online shoppers can be incredible. And if the advances in customer intelligence and data analytics tools over the last couple of years are any indication of the innovations yet to come, online business owners are in for some greater opportunities in the future.

Being able to collect customer data enables you to construct a detailed portrait of your target market: who they are, and what makes them tick. In gathering this intelligence, you can create detailed customer profiles to guide your online advertising, landing page optimization, and even product development.

Greater Customization

When a customer walks into a store looking for a specific product, the retailer either has the item in stock or doesn't. If the product isn't in stock, the customer has to settle for a different option, or wait for the desired item to come in stock. Either way, the customer isn't readily or fully satisfied.

With an online retailer, customers have the ability to customize their orders, choose the exact products they want, and have them shipped to them. They'll have to wait a few days to receive it, but that expectation is built into the experience. The result is a more satisfied customer.

Nike is a good case study in this. It has both physical storefronts and an ecommerce website, but the online facet of the business model far exceeds the brick-and-mortar side.

With Nike.com, customers can log on and customize the exact pair of shoes they want: from style and colors to shoelaces and logo placement. This level of personalization makes the customer feel valued. (Compare this to the in-store experience where you'll typically find only a handful of generic styles, which may or may not be available in the correct size at any given time.)

Greater Reach

With an online business, you have the opportunity for virtually unlimited reach. Compare this to a brick-and-mortar outfit that is only going to be visited by customers within a 25-mile radius, typically (and closer to a 10-mile radius in certain industries). Given today's supply chains and shipping capabilities, it's possible for even the smallest online firm to handle international sales. This expands the possible target market from only thousands to millions.

Ability to Adapt

Online businesses are in a much better position to adapt to market needs and optimize their approach without much backlash. This is something Aussie entrepreneur Aurelius Tjin has experienced firsthand.

"As my business is not restricted to locality, 70% of my customers are from the U.S., while just 10% are from Australia," Tjin explains. He's also discovered that many of his customers find PayPal to be the most comfortable method of payment, so he's made sure to tweak this part of his business as well.

"Customers simply purchase my products via PayPal, the funds get deposited into my PayPal account instantly and they simply download the product after purchase."

LOWER PRICES

Another considerable Strength of online shopping is that products tend to have lower prices, when compared to traditional retail channels. One reason for this is that eCommerce typically involves sellers interacting directly with consumers, cutting out middlemen such as distributors. Another reason is that the eCommerce stores typically have significantly lower overheads than brick-and-mortar stores, which have to account for rent costs, employee salaries, and more.

WEAKNESSES

INDUSTRY SPECIFIC

Certain products lend themselves to e-Commerce better than others. For example, books, electronics, and kitchen gadgets are all easy to sell through online stores, since consumers roughly know what to expect. However, some items are much less universal; the best example of this is clothing. It's difficult for consumers to purchase the clothing they want online, since they don't know whether it will fit, how it will feel, and how it will look. Unfortunately, it will be very difficult for e-Commerce stores to expand into these industries.

Lack of Credibility

With a brick-and-mortar company, a certain level of trust exists intrinsically between the customer and the business. The fact that a firm has taken the time and invested the money to set up a store and build out an infrastructure says volumes.

Since the barriers to entry are so low in ecommerce, one doesn't necessarily enjoy the same level of credibility. In fact, many online businesses find it challenging to prove they're legitimate ... especially when they're small and just beginning to scale up.

Customer Service Challenges

Although there are certain online businesses that have a reputation for excelling at customer service — Zappos is a famous example — most find it challenging to overcome the lack of face-to-face interaction with customers.

Some customers simply prefer to shake a hand, speak with a person, and have the ability to set up a personal appointment. Online businesses often don't have the resources or capabilities for this ... resorting to email, chat support, or bogged-down phone lines.

Marketplace Saturation

Unlike offline businesses that may have one or two competitors in the area, online companies are pitted against dozens or hundreds of competitors across the world. This level of saturation can make it difficult to win any marketplace penetration.

Make the Most of Your Situation

You live in a world that entrepreneurs from previous generations could have never dreamed of. You have the ability to launch a business from your living room sofa and expand it into a highly successful organization without every stepping foot outside your door.

When you think about it, it's truly astonishing.

But in order to be successful in the online business arena, you need a realistic perspective. It's absolutely imperative that you understand the advantages you possess, while acknowledging the disadvantages you face. In doing so, you'll be able to develop a growth strategy that's both reasonable and sustainable.

OPPORTUNITIES

GROWING MARKET

One of the biggest opportunities for the online shopping industry is the growing market. While most consumers in developed countries already have electronic devices, there are plenty of consumers in developing countries who don't — and, as a result, don't buy goods online. As the prices of electronics continue to decline, it's likely that we'll see an increase in the number of potential internet shoppers. This will subsequently result in a greater volume of eCommerce sales.

INFLUENCERS

There are a number of internet users who use their large social followings to promote various goods and services. These people, known as influencers, present a powerful marketing opportunity for savvy e-Commerce sellers. With social media becoming such a huge part of our everyday lives, influencers are set to play an increasingly important role in how products are marketed — and e-Commerce stores are best positioned to take advantage of this.

E-Commerce is not just about big business and retail

When talking about e-Commerce, there's a tendency to think about the big names; Amazon, ASOS, John Lewis, AO.com. Yes, these businesses have undoubtedly done well online, but there are a whole raft of smaller businesses who are also using online to grow. Which are regional and mostly work as a link between two businesses or customers and big businesses

Traditionally everyone thinks about e-Commerce as retail. This is still largely correct but there's a significant and growing part of the e-Commerce sector which focuses on B2B.

Marketplaces

Amazon and eBay, whilst big global names, can also be highly useful to small businesses by providing a platform for them to sell products via their websites. Although not suitable for all industries, companies can list products on these sites and access their millions of registered customers, thereby providing a fast track route to sales. There are some important considerations for selling on these marketplaces, but that's a blog in itself and a topic we'll be covering in the future.

Improving Convenience for Customers

Buyers in businesses can be quite restricted in how they procure products and services. It can sometimes involve opening an account with a company, something which can take a long time, or liaising with the accounts department to obtain a purchase order.

Today many B2B buyers are recognising the convenience eCommerce offers them in their personal life and demanding the same quality of service in their professional lives. Brands like Viking Direct, the office supplies company, have been well ahead of the curve on this. There's great potential for B2B businesses to take advantage of this new customer expectation and create a real point of difference by offering a high quality online ordering experience.

Naturally, any project like this won't happen overnight - it needs careful thought and consideration - but with the right plan it can be a fantastic opportunity to stand out, particularly if you operate in a crowded market.

Reaching a Global Market

One of the key opportunities that e-Commerce offers businesses is the chance to easily sell their products and services globally. Reflecting on my own early e-Commerce experiences, we saw rapid growth outside of the UK from North America and Australia. These countries were easy to do business with and contributed significantly to the success of the company. If you have a product or service that could appeal to customers outside of your home country, then e-Commerce is an efficient and cost effective way to significantly expand the geographic reach of your brand.

THREATS

COMPETITION

Although the eCommerce industry's low barrier to entry is, on the one hand, a Strength, it also poses a significant threat for existing sellers. This is because of how easy it is for just about anyone — anywhere — to launch a new eCommerce store and compete with other online

shopping businesses. It's important to know that this element of competition doesn't affect the success of the eCommerce industry as a whole, but affects individual businesses.

FRAUD

The world of eCommerce is fuelled by digital payments, whether that involves credit or debit cards, bank transfers, or even cryptocurrencies. This makes it a huge target for fraudsters, who now have an easy way to cash out on their illicit activities. Fraudsters can buy goods online using others' payment details — while staying completely anonymous — and send those items to neighborhood doorsteps, where they'll be swiped while the homeowner is out at work. Unfortunately, it's incredibly difficult to combat internet fraud, which is why it's such a big threat for the industry.

DATA CONCERNS

Aside from blatant fraud, there's a lot of potential for things to go wrong with online shopping — especially when it comes to users data. Shopping online requires you to hand over a lot of sensitive data, including your payment details, address, and other assorted information. If this information gets into the wrong hands, it can have devastating consequences. Also, since the introduction of new data-related regulations like the European Union's GDPR, there are new complexities in the data aspects of running an online business.

MONOPOLIES

Since e-Commerce stores can cater to entire countries — or even the entire world — it leaves a lot of potential for monopolies to form. Perhaps the best example of this is if you review how Amazon has affected bookstores. In the past, a variety of local bookstores (including mom and pop stores, smaller chains, and larger chains) would have serviced a given area. With the advent of huge eCommerce alternatives like Amazon, these stores are dying off and Amazon is becoming the one-stop-shop for books. This trend may spread into other markets, and may at some point warrant government regulation.

Summary

E-commerce also known as E-Businesss and online business is the process of trading goods and services through an online platform which is usually internet.

Overall, the e-Commerce industry is in a strong position, but definitely facing some downsides. Its Strengths include accessibility and low prices — which allow consumers to shop wherever and whenever, at cheaper prices than usual. The main Weakness of online shopping is that it doesn't lend itself so well to some industries (such as apparel), since consumers can't buy before they try.

Looking to the future thanks to the SWOT analysis of online shopping, Opportunities for e-Commerce include a growing digital market and the power of internet influencers. However, a multitude of Threats — including competition, fraud, data concerns, and the potential for monopolies — will need to be monitored. Doing so will likely require government regulation, clever business practices, and close attention to detail.

Unique Business Idea (UBI):

“Starting a start-up which acts as online dealer between Isfahan Steel Company of Iran and construction companies and individual house builders in Afghanistan. This company won't get

commission but buys the steel from Isfahan Steel Company on credit and pay it when the materials are sold just like what Amazon does with retailers”

Explanation of the Idea:

Afghanistan is a developing country that does huge investments in constructions and infrastructures. It receives billions of dollars every year from United Nations, World Bank Asian Development Bank, EU and United States. A great portion of which is invested in building/making infrastructures and constructions.

In last year only the investment of USID in building infrastructures to Afghan Military was 500 million US dollars and the total aids of United States to Afghanistan exceeded 4.5 billion dollars.

These aids are generally directed towards infrastructures and constructions

Just in November 2019 more than 65 middle and large projects were undertaken that some of them are shown in below table

65 Record Matches Your Request Showing 1 - 10 Records			
Tender Notice Type:	Tender Notice	Country :	Afghanistan
Tender Category:	Infrastructure - Building		
Description:	Construction Of Two Encrypted Armored Gates Necessitated By The Panjshir Bank Representative Treasury		
Action Deadline:	21 Nov 2019		
View Tender Details:	View Details		
Tender Notice Type:	Tender Notice	Country :	Afghanistan
Tender Category:	Industry , Infrastructure and construction		
Description:	Wooden Wall Panel And Installation Services		
Action Deadline:	12 Nov 2019		
View Tender Details:	View Details		
Tender Notice Type:	Tender Notice	Country :	Afghanistan
Tender Category:	Infrastructure - Building		
Description:	Procurement Of Standard Filling Room		
Action Deadline:	28 Nov 2019		

View Tender Details:	View Details		
Tender Notice Type:	Tender Notice	Country :	Afghanistan
Tender Category:	Infrastructure - Building		
Description:	Construction Of Standard Filling Room For Tracking For Slto		
Action Deadline:	28 Nov 2019		
View Tender Details:	View Details		
Tender Notice Type:	Tender Notice	Country :	Afghanistan
Tender Category:	Industry , Industry - Minerals and Metals , Infrastructure and construction		
Description:	Supply Iron Sheet Truss With Wood For Kohi Khana And Nazir Abad Schools Project At Faryab Province		
Action Deadline:	03 Nov 2019		
View Tender Details:	View Details		
Tender Notice Type:	Tender Notice	Country :	Afghanistan
Tender Category:	Infrastructure - Roads and Highways		
Description:	Periodic Maintenance Of Ghazni To Kandahar Highway Subproject [start From Km 158+720 Km Up To 203+720 Km (45+000 Km)]		
Action Deadline:	12 Dec 2019		
View Tender Details:	View Details		
Tender Notice Type:	Tender Notice	Country :	Afghanistan
Tender Category:	Infrastructure - Building		
Description:	Providing Renting A Yard Jail To Chair The Popular Support Program		
Action Deadline:	17 Nov 2019		
View Tender Details:	View Details		
Tender Notice Type:	Tender Notice	Country :	Afghanistan

Tender Category:	Water and Sanitation , Infrastructure and construction		
Description:	Providing Digging Research Wells.		
Action Deadline:	17 Nov 2019		
View Tender Details:	View Details		
Tender Notice Type:	Tender Notice	Country :	Afghanistan
Tender Category:	Infrastructure - Building		
Description:	Construction Project Of The 6th School Of The Sixth High School Of Jaghouri District		
Action Deadline:	17 Nov 2019		
View Tender Details:	View Details		
Tender Notice Type:	Tender Notice	Country :	Afghanistan
Tender Category:	Infrastructure - Roads and Highways		
Description:	Construction Of 2.02 Km Concrete Road Including 30 Meters (15 Meters, 15 Meters) Of Gadri Concrete Railway		
Action Deadline:	16 Nov 2019		
View Tender Details:	View Details		

As the above table shows a business of construction metals will be a successful in Afghanistan

Why Import from IRAN:

The construction metal production capacity of Afghanistan is not able to meet its needs previously these materials were being imported from Pakistan but due to unfavorable relations between Afghanistan and Pakistan and low quality of Pakistanis products import of metals from Pakistan has declined considerably and it is replaced by Iranian products as Iran is neighbor of Afghanistan its metal products are of high quality and the price that it offers is generally below than that of international market, besides Iran and Afghanistan are enjoying good cultural and political relations.

Why Isfahan Steel company?

1. Isfahan Steel Company is the largest steel producer in western Asia
2. Its products are of high qualities that are exported to EU countries and meet their tough standards.

3. The price offered by Isfahan Steel Company is generally far below than international market.
4. It is located in Iran which is a good neighbor of Afghanistan so transportation cost won't be that high
5. Isfahan Steel Company has some policies of selling on credit.
6. My father and uncle are customers of Isfahan steel Company since 2004 and they have good relations in Isfahan Steel Company.

Value proposition + customer (VPC):

I will be able to offer lower price to my customers as:

1. My supplier will be ISFAHAN STEEL COMPANY and it carries the features that are mention in previous page
2. My business will be online I will not need a lot of workforce
3. My business will and as I will deliver the products directly from ISFAHAN STEEL COMPANY to customers so I will not have to pay warehouse rent
4. As my I will deliver the products directly from supplier to customers, I won't have to bear the capital costs like inflation

I will be able to deliver high quality products to my customers as my supplier will be Isfahan Steel Company and:

1. Isfahan Steel Company is the largest steel producer in western Asia that means it won't destroy its Good Will and reputation with low quality products.
2. Its products are of high qualities that are exported to EU countries and meet their tough standards and it has already out-performed the other large companies in neighbor countries and region, Afghanistan's market was dominated by Tashkent Steel Company but since 2014 it has been out-performed by ISFAHAN STEEL COMPANY.

I will be able to bring a lot of convenience to my customers as:

1. My business is and online business so my customers will be able to buy my products from any-where and at any-time that they want.
2. My business is and online business so my customers will be able to get up-dated on my products and their prices from any-where and at any-time that they want.

The statement of value proposition of my business will be:

“Get high quality at low price and buy from any-where at any-time that you want”

My Promotion Plan (PP)

I will focus on online promotion methods but I won't be focused only on one channel besides I will do promote my business through offline methods but I won't be focused on it as much as online methods.

1.I will Use the three big local listing services

Registering my business with Google Places allows it to be found more easily on Google searches and it shows up on Google Maps. All I will have to do is fill out the form and register,

then get my business verified through their confirmation process, which can be done either with a phone call or snail mail. Yahoo! also has a big database of businesses called Yahoo! Local. It's free, and is certainly worth the few minutes it takes to set up. Microsoft's Bing has a similar service that's easy to sign up for.

2. I will embrace social media

Social media isn't just a tool to gain exposure—it has now become a necessary time investment for every business to make. I can tie in ads and offers on my Facebook page and have a direct channel with your customers on Twitter. Networking on LinkedIn—both at the personal and company level—can be another way to help my startup.

3. I will start a blog

A blog not only helps my company get its name out through followers, but is a way to connect with my consumers more directly. But I will remember that one of the major keys of blogging is to keep my stream updated as frequently as I can. A dormant, abandoned blog is worth nothing.

4. I will put up multimedia on YouTube and Flickr

YouTube provides a free way to distribute creative promotional videos, but in order to succeed I must put up content that people want to view and are relevant to my business—a simple ad will not work. A Flickr profile can also help by giving me one place to compile all the photos for my business, and allows me to link back to my website.

5. I will consider SEO of my company's website

Search engine optimization cannot be underestimated in the world of constant Googling. I will Pick up a book or head over to an online how-to-guide on SEO and to make sure my site is primed for performance on search engines.

6. Press releases

Every time my business does something news worthy, I won't hesitate to shoot off a press release—may be folks will pick up on it. They're a powerful media tool to use to help generate publicity, and having free distribution of them is a bonus. There are dozens of websites out there that I can use for my press releases, such as PRLog and 24/7 Press Release.

7. I will join a relevant online community and contribute

Every niche has communities online that I can get involved in. But just signing up for a forum and posting every once in a while about my business isn't beneficial for anyone, and will likely just annoy people. I will actively contribute and build a rapport with the community, while keeping my business out of it. I will promote my business by putting a link in my signature or mentioning it only when the context is appropriate.

Note:

1. I will definitely go for promoting my products through TV, Radio, Newspaper or Magazine if I am feeling necessary.

2. I won't forget to mention my value proposition to customer statement in each and every advertisement and promotion programme of my business.

Selling plan

For succeeding in today's competitive market I will consider the following points to make sure that I will thrive and out-perform my competitors.

Developing a proper application

Developing a proper application will help me to promote my business easier and brings convenience to my customers, keeps them updated on prices and products besides it will enable me to send them notifications regarding new offers as well as the payments that they need to make or products that they are receiving.

Level and strength of competitors

I will consider the strengths and weaknesses of my competitors and make sure that I am out-performing them in their strengths and I will target their weaknesses in order to gain a larger market

Building a detailed and attractive catalog

I need to present products and services in an informative and attractive manner to ensure success on a marketplace. As an online seller I need to understand that unlike in physical stores, online shoppers are deeply influenced by the manner in which a product or service is presented to them.

As such creating an attractive catalog that provides a multidimensional view of every product along with all the basic details such as the size, price, availability is of critical importance. It is also a good idea to have a separate information sheet for each product that contains all the above details plus a brief description of the product, color choices available and shipment details, for attracting customers.

Cost management

For higher sales I need to offer lower prices but I will make sure that I add some margin and at the same time keep my prices competitive as I won't invest that much as capital so I can not bear losses.

System Access and Control

As an entrepreneur I need to prepare myself to face the restrictions that are integral to selling my goods through an online marketplace as compared to setting up my own website, in which case I have greater control.

However, as seller I should acquaint myself with the administrative systems that the marketplace offers them for use. I should learn about the house rules of the marketplace including the maximum or the minimum number of listings allowed, the freedom to promote my brand using social media channels, restrictions on selling in specific regions and the access provided to customer data.

Shipping Mechanism

Often the shipping mechanism differs with individual e-commerce websites. Some marketplaces handle the responsibility of shipping the products to the clients on their own. Others might defer this task to the sellers.

But I will leave the shipping responsibility up to border between Afghanistan and Iran to Isfahan Steel Company and take the responsibility of shipping inside Afghanistan as Isfahan Steel Company does not take the shipping responsibility in a foreign country based on its own policies

Payment mechanism

I will make sure that I am offering as much variety of payment methods as possible in order to bring more convenience to my customers, and increase the level of their satisfaction.

Returns and Refunds

I will do consider a proper Return and Refund system that bring a smile on lips of my customers when they hear of it. But it does not mean that I will accept returning and refunding no matter what. The request for returning and refunding should be based on proper logics and reasons, as transporting steels of construction is really costly.

Dispute resolution process

It will be extremely critical for me as an online entrepreneur to develop a proper dispute resolution process in order to keep my customers satisfied.

Customer relationship building

For better relations with my customers I will consider the following points:

I will Minimize customer effort and Maximize the experience

Usability is a key factor in keeping buyers engaged on my website. I won't make it difficult for them to search for products, find answers to their questions or make a purchase online. I will offer an easy-to-navigate interface, plenty of content to educate the buyer and a customer portal with easy access to account information.

I will Remember, buyers are most likely viewing my site on a mobile device like a tablet or phone, so navigation, content and accessibility to account information must also be available via a responsive-designed site or a native mobile app. The more accessible and transparent information is for customers, the more positive an impact I'll make on them.

I will offer different service options

I will offer different services options to make sure that my customers can pick a one that suits them as all of my customers won't be alike some may like to buy through my website some may rely more on telephone or e-mail.

Personalize their visits

I will regularly evaluate my customers' search and purchasing history to create a more personalized experience on my site. Web analytics let me see what products they've been researching or considering, and give me a better sense of their buying patterns. Once I know my customers' business needs, I can advertise customer-specific promotions on my site,

including clearance and sales items, and develop an up-selling and cross-selling strategy to recommend alternative products, accessories and other relevant components. Personalization is a great way to show customers that my company has taken the time to know them, their business and their needs.

I will engage on social media

Today, it's not just good business practice to be on social media; it's a necessity. According to the Content Marketing Institute, social media is now the second most effective channel for distributing B2B content. I will use social media platforms like Facebook, LinkedIn and Twitter to promote my company and product offerings, post industry news and updates and engage with my customers. Direct message conversations via social media can help build a personal connection with customers and show that I am responsive to their questions and feedback.

I develop loyalty programs

Everyone likes incentives, so I will consider creating a loyalty program for current customers to help boost revenue and cultivate my relationships with them. I will Offer a small reward to encourage buyers to sign up for my loyalty program, and then continue to provide more valuable benefits and promotions based on their continuing purchases and loyalty. Another way to show my appreciation is by acknowledging them during the holidays, on anniversaries and even birthdays.

I will learn from my customers

Customer needs and expectations change over time, so I keep my finger on their pulse by regularly seeking their feedback and suggestions. I take advantage of social media channels like Facebook and Twitter to get their opinions, but I make sure to always respond and thank them for their feedback – whether it's positive or negative.

Additionally, I send out occasional surveys to my customer base with a specific set of questions related to my product offerings, website functionality, customer service and more. After customers transact with me, I request a post-purchase review so they have an opportunity to provide helpful feedback about their buying experience.

I will establish their trust

There are numerous ways to build trust with customers, like providing great customer service and dependable products. But trust goes beyond the basic goods and services I provide; buyers take into account their collective experience with my organization to determine their loyalty to my company and brand.

I build a sense of confidence and dependability by creating a secure user experience, I provide useful and reliable content at their disposal by developing an online repository of information about my products, as well as industry trends, innovations and regulations. I make sure to regularly publish reports, blogs and videos to capture and keep their attention.

Lastly, I become a problem-solver by knowing your customers' needs and offering solutions. Buyers are more inclined to trust a business that demonstrates it has their best interests in mind.

Making money

I will make money through adding margin on cost price and other costs that I will have to incur, as I won't keep physical inventory I won't have to pay for rent of warehouse and other warehousing expenses like maintenance labour... doing so I can add higher margin compared to my competitors who keep physical stocks and still offer lower prices.

But I have to bear some preliminary costs and some recurring costs which are:

- Developing and managing a good and useful website.
- Developing and managing a proper application.
- Rent of office.
- At least one PC with Microsoft Office, QuickBooks Pro, CD-RW, printer, and a broadband Internet connection.
- Legal fees for the business formation.
- Office supplies.
- Telephone line installation.
- Desk, chair, filing cabinets.
- Electricity bill

Transportation of steel inside Afghanistan as the Isfahan Steel Company does not undertake the cost of transportation in foreign countries based on its own policies

→ I have to consider the above mentioned costs then add a margin that can cover the incurred costs bring me profit and at the same lets me to offer a competitive price.

Resources required for my business

Business ideas – What are the various business options?

This is in one of the first questions I probably need an answer for when you decide to become an online entrepreneur, but as I have answered this question previously it is not such a matter for me.

Finances – how to get started?

The financial requirements of my business would obviously depend on the nature of the business. For instance if I am becoming an affiliate marketer or intend to earn money through blogging, perhaps, the financing may not be such an issue.

But finance intensive online businesses include web hosting, becoming an e-bay consultant, operating ecommerce portals etc, where you may need to approach external parties for finance.

Staff – do you need help or can you 'go it alone'?

As my online business takes off, I may find myself needing more help. Though not initially, but surely later, I have to take decisions on hiring staff for my online business.

Marketing- How do I market your business, so people become aware of it?

Promotion is an essential component of any business, online or offline to ensure success. The good news is that I do not need huge marketing budgets to promote an online business. Simple,

cost effective techniques work just as well. It is all about choosing the right channel of promotion and targeting the right customers.

Platforms to do my business like website, application, linked in, face-book...

Choosing a correct platform plays the vital role in successfulness of an online business

Many businesses fail just for selecting the wrong platform.

I will do my online business through my own specific application and website

Assets require for the business model

The required assets for doing my online business are as below:

Domain

When we purchase a domain name, we don't really buy it, you just 'rent' it from a Domain Registrar and you need to renew the rental every year or two, depending on who you registered it with.

Most Domain Registrars allow you to automatically renew your domain with a credit card linked to your account. However, credit cards expire and if that happens, your Domain Registrar may try to advise you that you need to update your details, but not always

Website Hosting

This is a big black hole. It's the most technical part of running an online business and is usually outsourced to a hosting company. This may be the developer we first worked with to build our website or it might be a Hosting Provider. We are usually to pay a monthly or annual fee to your hosting provider

Application

For running a successful online business owning and managing a proper application is a necessity in order to facilitate the access of customers to our business and build up good reputation

Financial application

A financial application like QuickBooks is necessary for keeping the financial records of my online business.

Laptop

For starting and managing an online business having a computer (better laptop it also includes mobiles phones and tablets) is crucial as without it doing business online is not possible at all. Telephone/mobile phone

Although online business is done through websites and applications still some customers prefer to first get information through a call.

Chair & Desk

Although doing business without a chair and desk is quite possible but a decent chair and desk will keep us healthy reduce our tiredness and sometimes are encouraging.

Email Accounts

Business emails are different from other usual emails usually we have to pay a monthly fee for it as it provides high security and speed compared to other types of emails

Social media

Social media is a great tool for development of an online business as through them we can make people aware of our business and products and keep them update on our offers without causing any inconvenience to them or ourselves.

e.g.: LinkedIn, You-tube, Facebook, twitter, Instagram...

A decent internet connection

An online business is totally depended on internet without a decent internet connection doing online business is totally not possible.

Supplier

I am focused on one supplier (Isfahan Steel Company) for the following reasons:

1. Isfahan Steel Company is the largest steel producer in western Asia
2. Its products are of high qualities that are exported to EU countries and meet their tough standards.
3. The price offered by Isfahan Steel Company is generally far below than international market.
4. It is located in Iran which is a good neighbor of Afghanistan so transportation cost won't be that high
5. Isfahan Steel Company has some policies of selling on credit.
6. My father and uncle are customers of Isfahan steel Company since 2004 and they have good relations in Isfahan Steel Company.
7. Over last 40 years it has proven that it is competitive enough and its production has increased more than 6 times while the quality is maintained really high.

Note:

I will keep an eye on other potential suppliers, and by from them if they offer better products and options but up to now Isfahan Steel Company is the best supplier available in the region.

Important Activities (AC)

The activities required for doing my online business can be studied into two categories

1. Initial activities
2. Regular activities

Initial activities:

- Developing a website
- Developing a proper application
- Buying a laptop
- Buying and installing a proper accounting application
- Renting or purchasing an office
- Installing a telephone or having a mobile-phone

Regular activities:

Crafting a Budget

Every company creates a budget that dictates how revenue is utilized in daily operations and in the pursuit of future growth. And in case of my online business there is no need for huge budget as my business is online and I won't maintain stocks

Accounting Operations and Management

Accounting is the process of managing the flow of money in and out of the company. Areas that come under the accounting group are accounts payable, accounts receivable, payroll, customer credit accounts, collections and tax accounting. Accounting reporting is responsible for annual tax filings, monitoring company costs and maintaining financial relationships with vendors and customers.

Marketing Plans and Brand Recognition

Marketing helps to develop company and brand recognition in the marketplace as well as develop advertising pieces that the buying public would see. Through marketing a comprehensive marketing plan that uses sales projections to help determine the best way to use company resources to gain more exposure for the organization and its products.

Growing Sales and Building Relationships

Sales is the group that maintains direct contact with the customer base. The sales group the sales of a company determines its success and failure that is why there is a need for reaching out to prospects to help expand the customer base while also maintaining relationships with existing clients to secure repeat sales.

Hiring Qualified Employees

The human resources aspect of an organization is important to maintaining current operations as well as planning for future expansion. A company needs to actively search out qualified candidates whose qualifications match current available positions, or who can be kept available should a personnel need arise.

Although at the beginning I won't need to hire anyone, but definitely later on when my business has grown up I will need the assist of other people.

Customer Service and Preserving Relationships

Good customer service and relationships retains the customers that results in increase in sales and finally net profit of the company.

Costs

As my business will be online and I will not keep inventory so the costs won't be that much and they are discussed as below:

Developing a website:

For developing a website I will have to pay yearly to the hos company otherwise I won't be able to operate my website

Developing an application:

For doing my online business properly I will have to order a personalized application which is developed specifically for my business this requires ordering to a coding company which costs usually above 1500\$ in Afghanistan

Financial application:

Ordering a personalized financial application will cost too much generally above 3000\$ in Afghanistan so I will not go for it but I will use QuickBooks which is less costly.

Installing telephone and internet router:

Installing telephone and internet router is a necessity for all businesses, especially for online ones and it will not cost that much, it costs generally about 50\$ in Afghanistan

Buying a laptop:

Laptop is a necessity for doing online business and it will cost about 1000\$.

Office rent:

Although doing online business from home is possible but doing it in a dedicated office will motivate me and gives me the mood of working

Electricity bill:

As for doing online business there is a consistent need for use of electric devices I will have to pay electricity bill but it will not be a huge amount

Employees' salary:

Initially I will not have any employee but later on when my business is expanded I will need the assist of other people.

—→Overall the preliminary costs/expenses will not exceed 15000\$ and in beginning months the monthly costs will not exceed 1500\$.

Conclusion

- Online business is trading goods and services using internet
- Online business is growing too fast especially in developing countries
- In Afghanistan there are great opportunities of online businesses like constructional steel
- Generally the cost of online businesses are too low compared to offline ones if safety stock is not maintained
- There is a great opportunity of acting as a trader between Isfahan Steel Company in Iran and construction companies as well as individual house builders in Afghanistan
- Afghanistan offers a huge market for constructional Steel as it invests huge amounts in infrastructures.

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