Siding with known brands for growth opportunities presented by e commerce

[Business](), [Company]()

An argument in favor of siding with known brands for growth opportunities presented by e commerce

One reason why established brands may be best placed to take advantage of the growth opportunities presented by e-commerce is that they are likely to have thefinanceand other resources available to actually take the opportunity to grow with e-commerce. This is because established brands tend to be more likely to have better access to finance such as larger bank loans or even venture capitalists, this is because they could be seen as more reliable and financially stale already and so banks would be more willing to lend, and venture capitalists would see the investment as worthwhile.

Because of this, it allows the brand to build a more successful e-commerce platform. This would encourage usage by the consumers because a poor experience would put users off from using it again, therefore the availability of finance allows for the brand to make the experience better for customers by being able to respond to their needs and wants much more easily than non-established brands, who may not have the same access to finance.

For example, Domino’s spent an extra £1. 4 million in the first half of 2015 compared to 2014 to improve their takeaway app for customers. This suggests that established brands recognise that e-commerce allows growth as it targets a new market through a wider platform, by engaging in market penetration therefore meaning that these brands will be likely to take advantage of the opportunities for growth.

However, one reason why established brands may not be best placed to take advantage of the growth opportunities presented by e-commerce is that non-established brands may be able to take advantage just as easily as established brands due to the lower barriers to entry. Branching out into e-commerce may not necessarily be that costly in terms of finance, for example, when building a website or creating an app, it may not necessarily cost that much as the brand would just need the initial skills to create this platform.

For example, some of the existing staff may be able to create a website that is able to support the needs of the customers willing to use it. Also, the brand would mostly need the skills necessary to enter the e-commerce market in the first place and this wouldn’t always require finance as there now may options of advertising and entering the market in ways that are completely free, or only cost a small fee e. g. GoDaddy allows websites to be created and made functional for £1 a month.

However, it could be argued that just because the website or other platform is there, it doesn’t mean that the customers will necessarily use it especially if it is not attractive, or hasn’t been promoted enough to attract the right amount of customers. Also, just having the platform available to the customers doesn’t mean that it will be successful, HMV now uses multiple different discounts across their whole website most of the time to attract customers after a large decline in sales in the physical retail outlets.

In contrast, one reason why established brands are not best placed to take advantage of the growth opportunities presented by e-commerce is because those brands which are established may not actually be able to grow if they are already the leader in that particular market, making it impossible for them to grow without becoming a monopoly and breaking competition regulations.

If they are considered to be too large, then they are unable to take advantage of the opportunities presented by e-commerce as it would break the law. For example, Tesco was unable to buy out certain amounts of Netto stores in the UK because this would have put them at an unfair advantage compared to the rest of the supermarkets in the UK, thus breaking competition regulations and becoming illegal to do so.

However, this would depend on the size of the brand before they wanted to grow because not all established brands are large in size, for example, many may consider a smaller local business to be established if they had been running for many years and were successful. Also, some larger brands could be considered not to be established, such as Uber, although it is a well-known brand it could be considered to not be established since it is still relatively new to the market.

Overall, I believethat established brands are best placed to take advantage of the growth opportunities presented by e-commerce. However, I also believe that non-established brands are just as likely as established brands to take advantage of this due to the fact that there are low barriers to entry and it may be a way for them to actually become an established brand through the platform of e-commerce. For example, although many supermarkets in the UK are considered to be established already, their sales through online shopping has allowed brands such as Asda and Tesco to massively grow in terms of sales.

However, it could be argued that if customers are just moving from physical retailers to e-commerce that this is not growth since the sales would simply be from a different platform, not necessarily increasing. In conclusion, as I previously said, this would depend on factors such as the size of the brand before they attempted to grow through e-commerce as those which are larger would be more likely to be successful in e-commerce due to an existing customer base and so would be best placed to take advantage of this opportunity.

However, the main argument is what is actually considered to be an ‘ established’ brand as many small businesses would consider themselves established even if they are not well known nationally or internationally, and some larger brands may not be considered to be established by the public.