

SUCCESS FACTORS OF ONLINE SHOPS

RESULTS FROM THE SHOPPING 2020 ONLINE ENTREPRENEURSHIP EXPERT GROUP

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Research design

Research question

What are the success factors of online shops and what support and knowledge from trade associations do they need?

Data

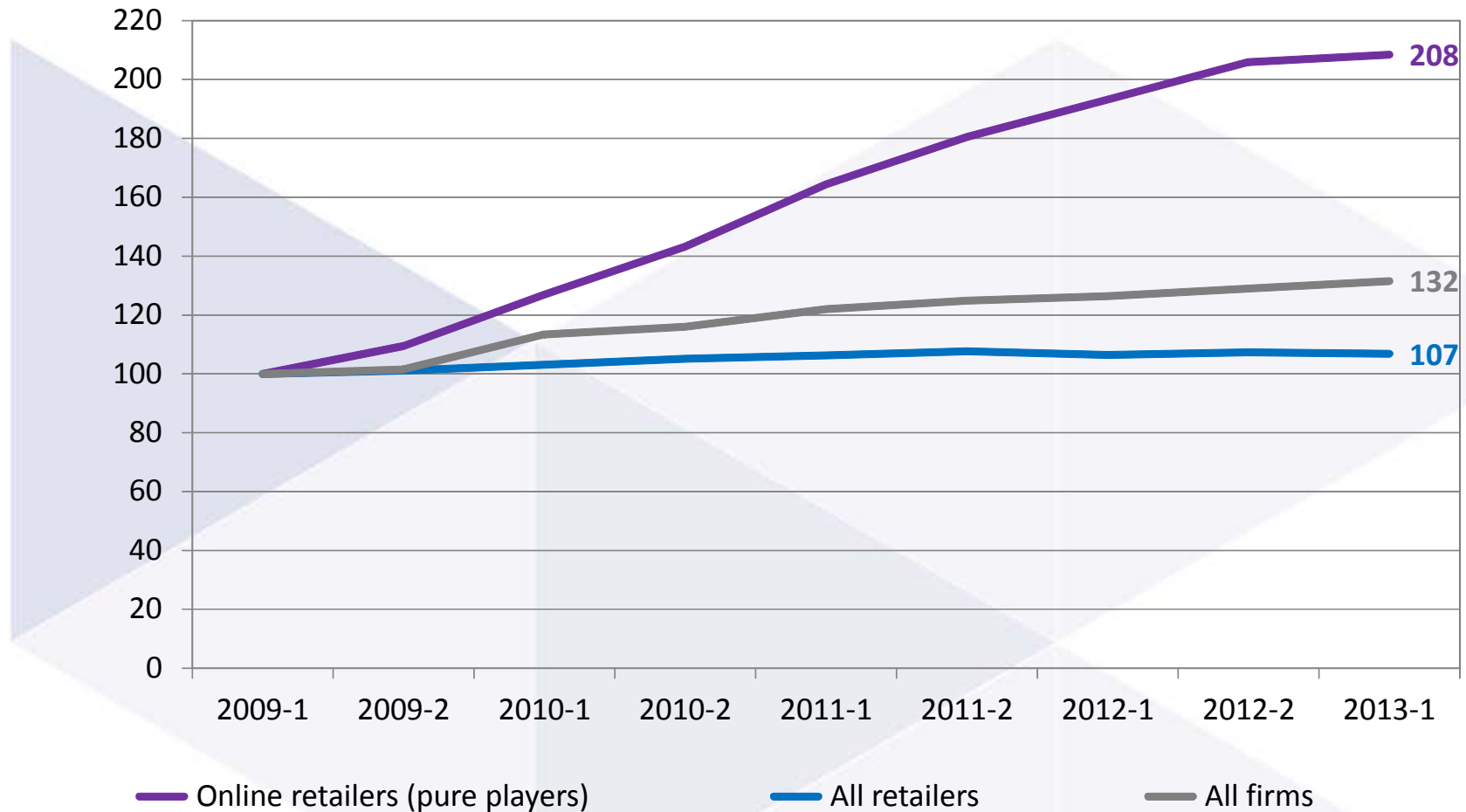
- Focus on 'pure players'
- Literature review and Chamber of Commerce data ($N=26,250$)
- Online survey of web merchants ($N = 500$)
- Interviews with web merchants ($N = 25$)

ONLINE SHOPS IN THE NETHERLANDS

2009-2013

Online shops in the Netherlands

Growth of the number of firms in the Netherlands, by industry (2009=100), 2009-2013



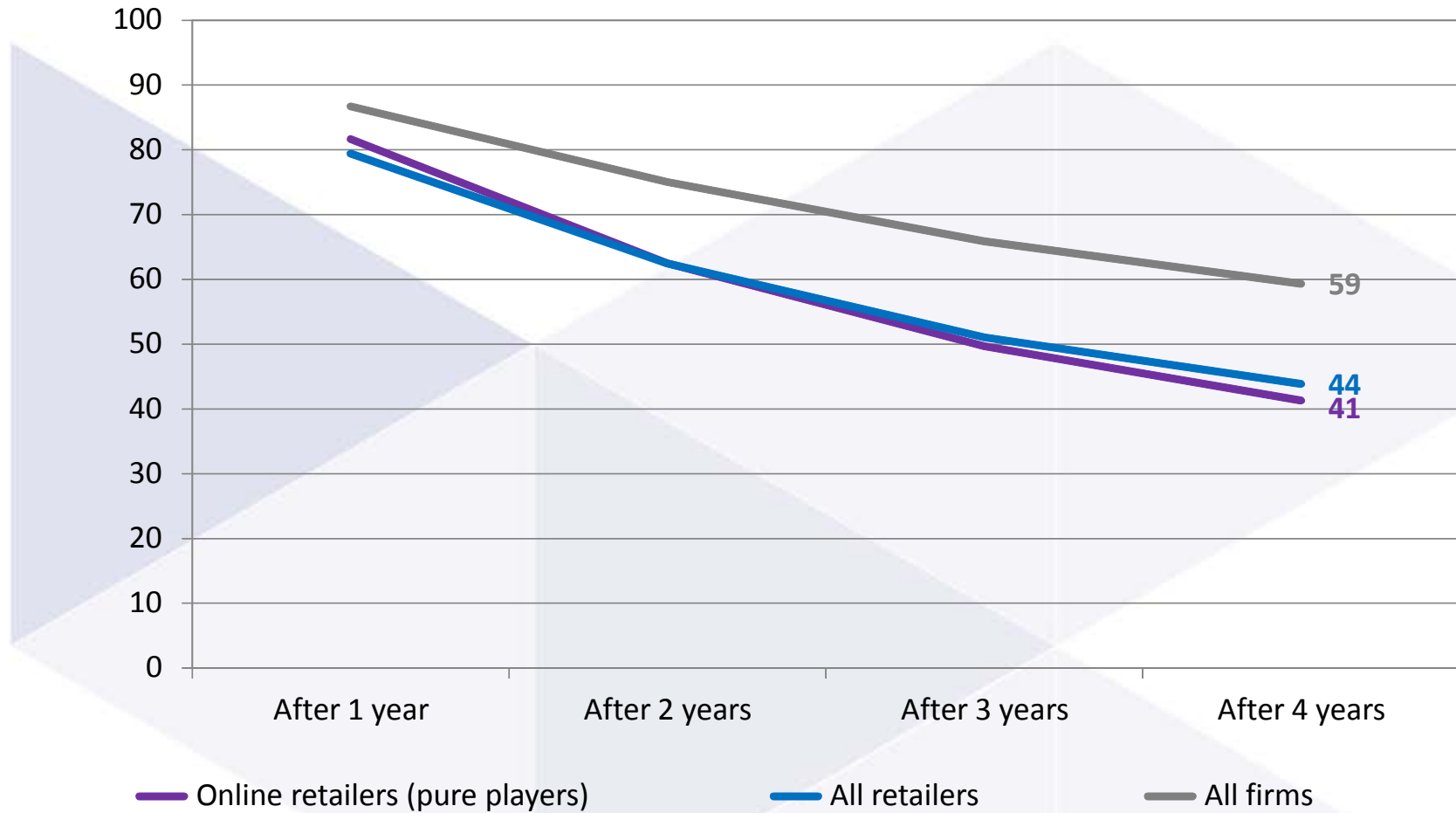
Online shops in the Netherlands

Number of start-ups and exits as a share of the total number of firms per industry (in %), 2009-2013



Online shops in the Netherlands

Survival rate of firms in the Netherlands after 1 through 4 years, by industry (in%)

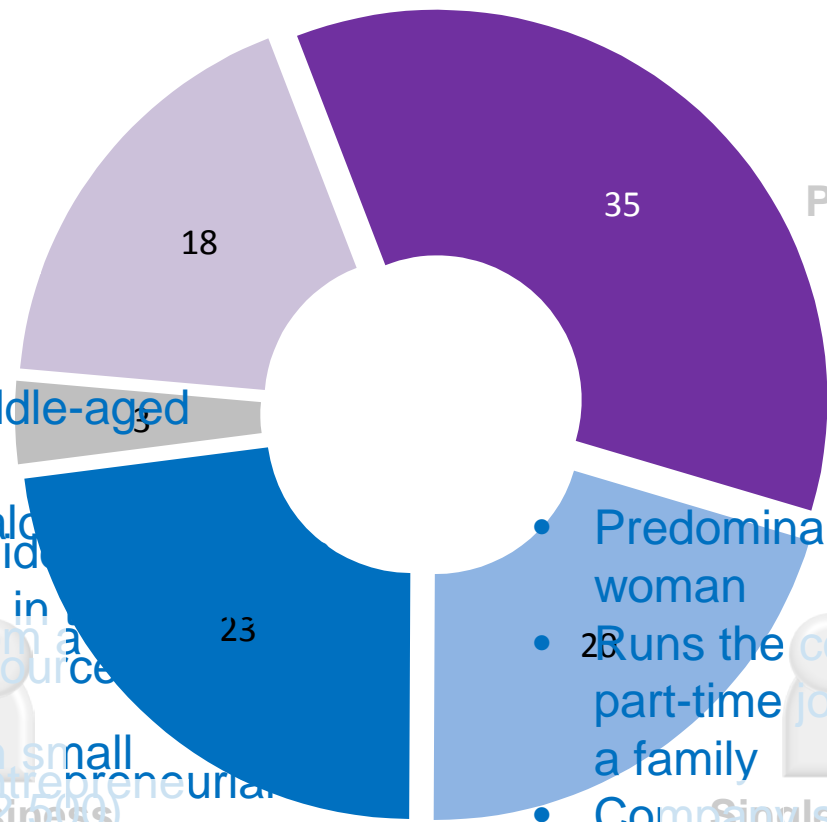


CHARACTERISTICS OF ONLINE SHOPS

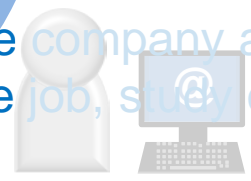
5 types of online shops

Based on the number and type of owners (in %)

- Two relatively highly educated owners of middle age
- Owners work on average 24 hours per week in the company
- Company exists on average 3 years
- Starting capital > €2,500
- More than €10,000 sales per year
- Company started from a hobby and has no other source of income
- Young company with small starting capital (< €5,000)
- Less than €10,000 sales per year
- Relatively old company with starting capital > €2,500
- More than €10,000 sales per year



Single owner firm:
Part-time entrepreneur



Single owner firm: a hobby
Full-time entrepreneur

- Predominantly a middle-aged woman
- Runs the company alongside a part-time job, study or the care for a family
- Company started from a hobby
- Exists on average 5 years and has no employees
- Less than €10,000 sales per year



SUCCESS

Year on year a positive result and 'double digit growth'.

*Joachim de Boer,
Deonlinedrogist.nl*

Inclusion in the Twinkle 100.

*Angeliëk Nelissen,
Zomerzoen.nl*

We get orders daily and are able to help customers. That makes it successful for me.

*Burak Ayar,
Drphone.nl*

That you can make money with your company, but you have to like it too.

*Wouter Hol,
Kabeltje.com*

Recognition from customers and winning a Thuiswinkel award.

*Mariëlle van Werven,
Annadiva.nl*

My business is successful when a large group of customers intend to return.

*Bastiaan de Jong,
Holland-at-Home.com*

The bond with the customers and when I hear that they are happy with our products.

*Daniëlle Meloen,
Hulpplus.nl*

Satisfied and returning customers. But eventually making a profit out of it.

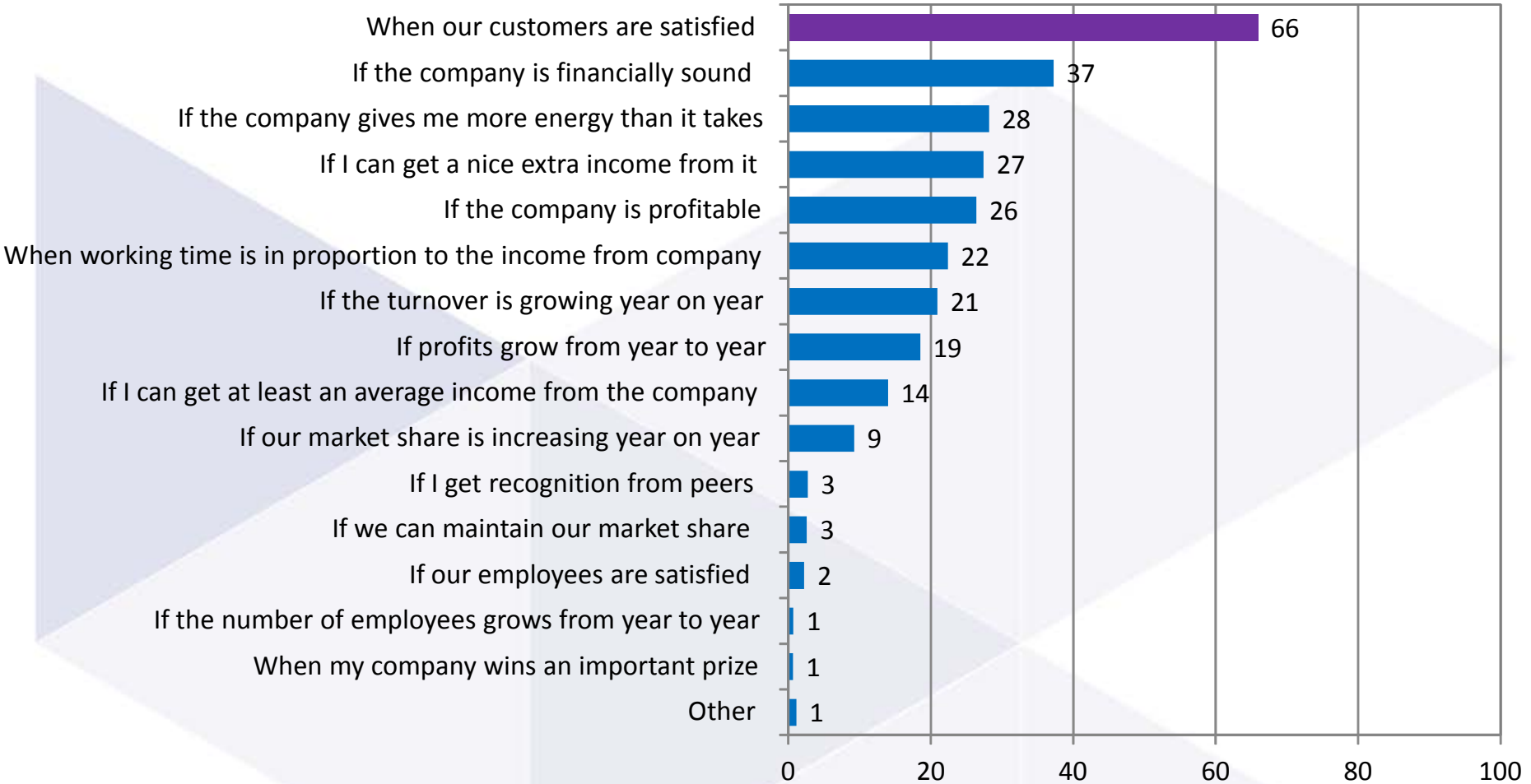
*Esther Kroon,
XLkindermode.nl*

When you have fun in what you do it and are able to get a good income from it.

*Joos Lambrechtsen,
Herensokken.nl*

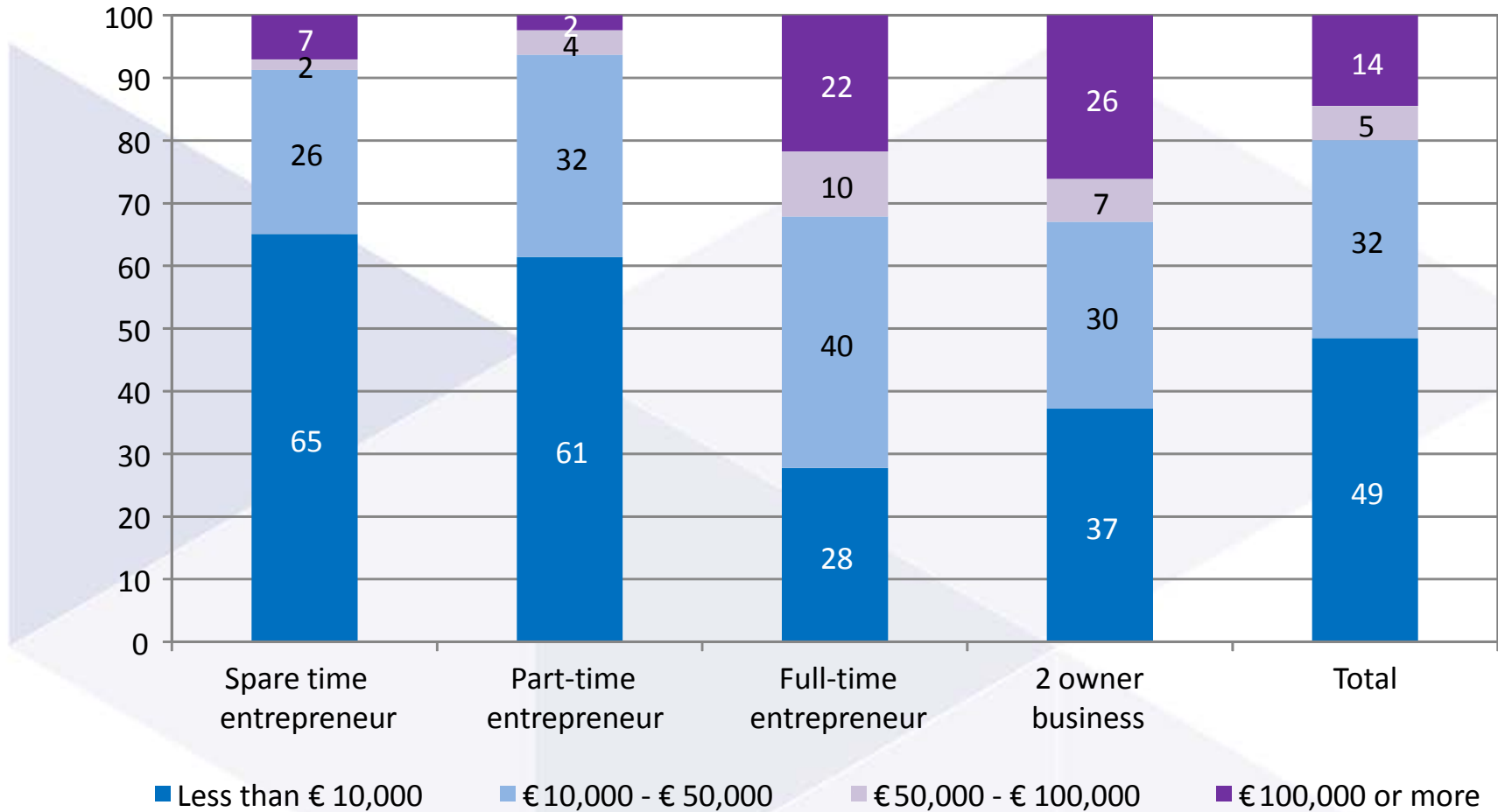
Success

Success according to web merchants (in %)



Success

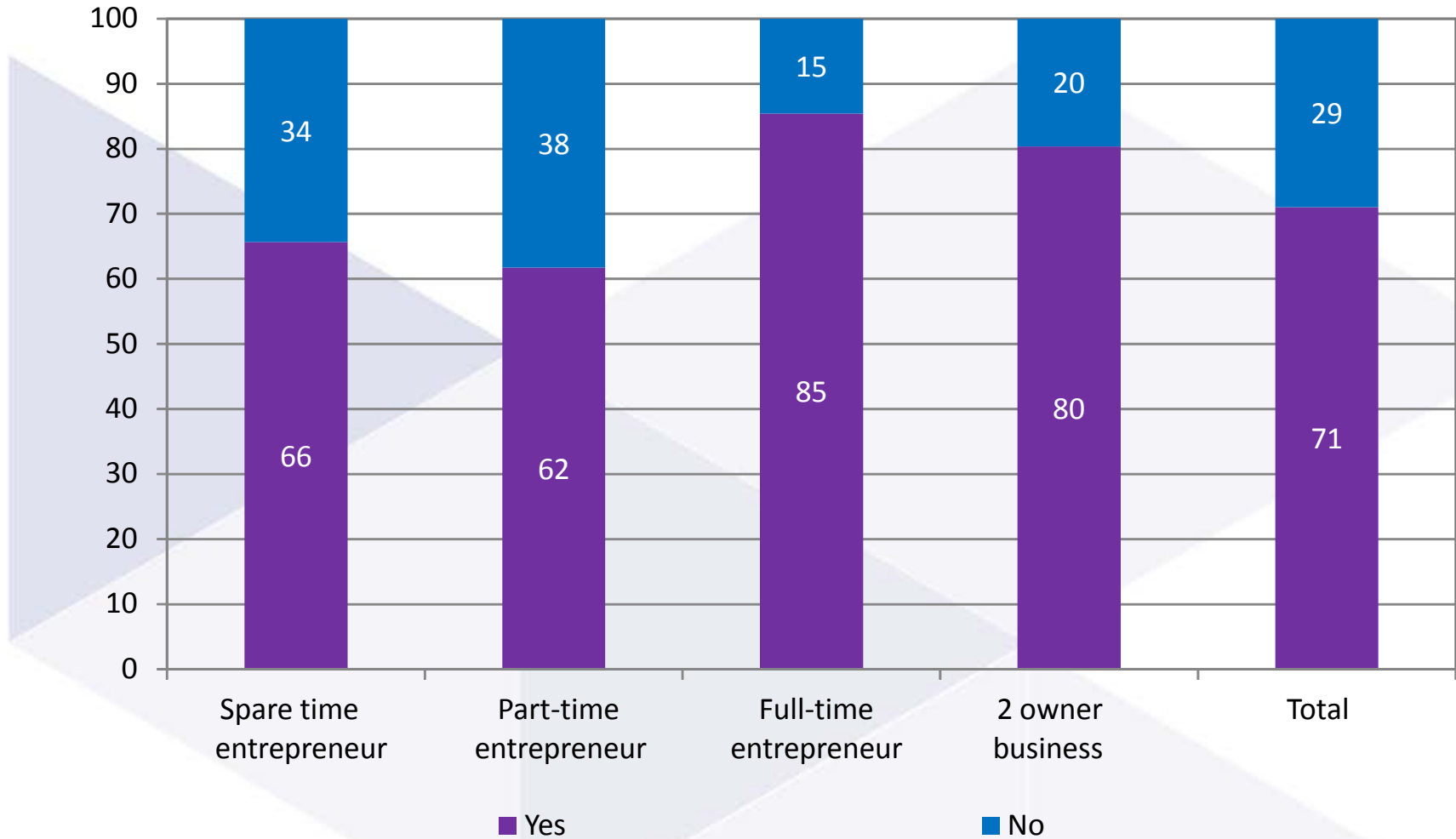
Annual turnover in 2012, according to firm type (in %)*



* Excluding companies that started in 2013.

Success

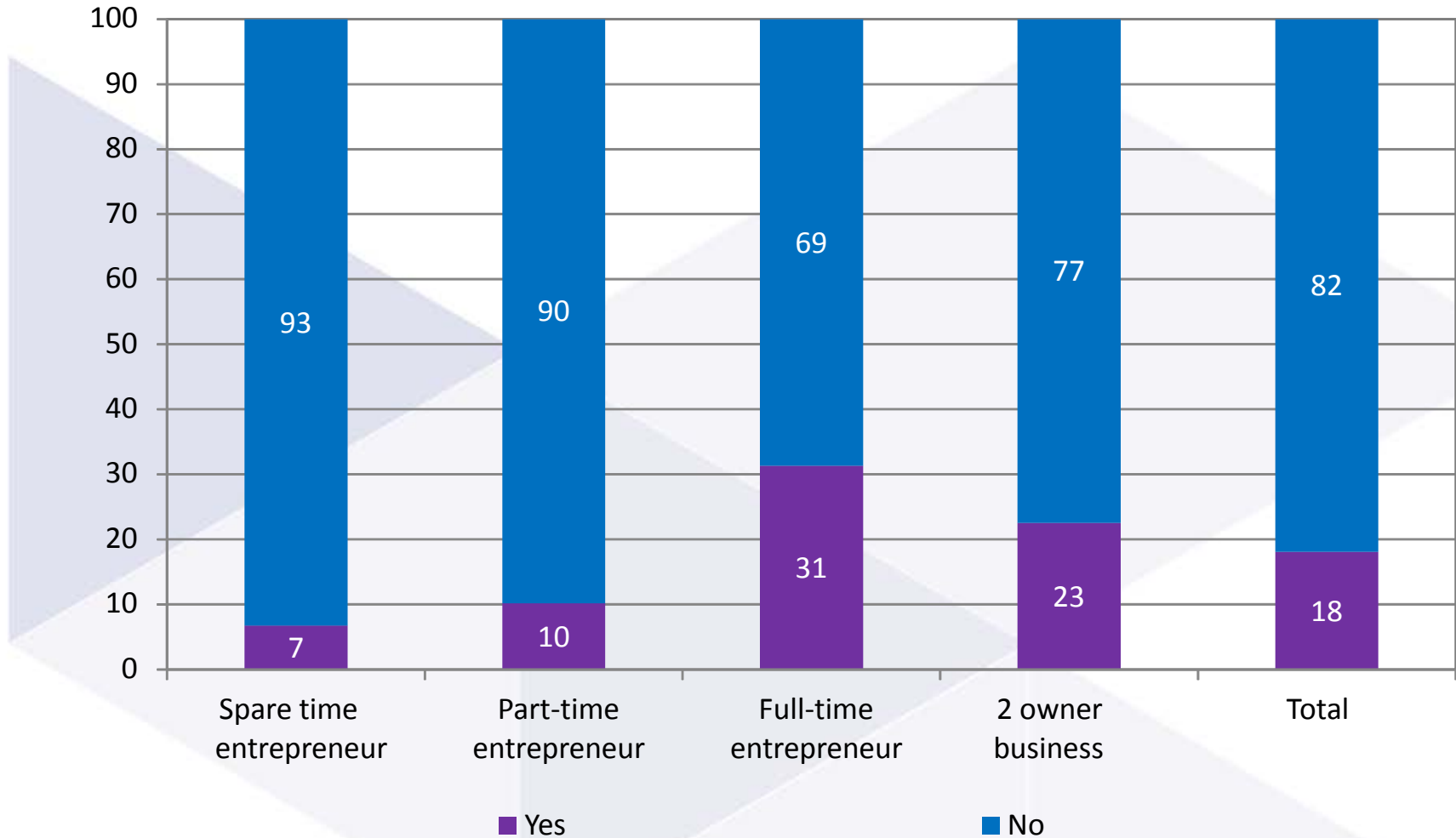
Ever made a profit, according to firm type (in %)*



* Excluding companies that started in 2013.

Success

At least earned once an average income* from the company, according to firm type (in %)**



* The gross average income in the Netherlands in 2013 was about €33,000.

** Excluding companies that started in 2013.

FIRM EXIT

Firm exit

One reason to really quit would be that I no longer will be happy.

*Daniëlle Meloen,
Hulpplus.nl*

Market came into downward spiral. We should have but did not quit then. In retrospect a stupid decision.

Patrick Gerrits, Mediaoffer.nl

At times when many things go wrong beyond our fault, I sometimes think about it.

*Sander Berendsen,
Sbsupply.nl*

We were left with unsaleable stocks and because of that we had to quit.

*Patrick Heijmans
Lupux.nl*

It took me too much time and my family did not like it that I was always busy.

*Inger Burg,
lbyy.nl*

Never considered to quit!

*Bart Bockweg,
TbIs.nl*

Considered: ... the frustration of having so much on stock that is not selling at all.

*Shirley Akkerman
La-joya.nl*

It crossed my mind, but it was for personal reasons and had nothing to do with the firm.

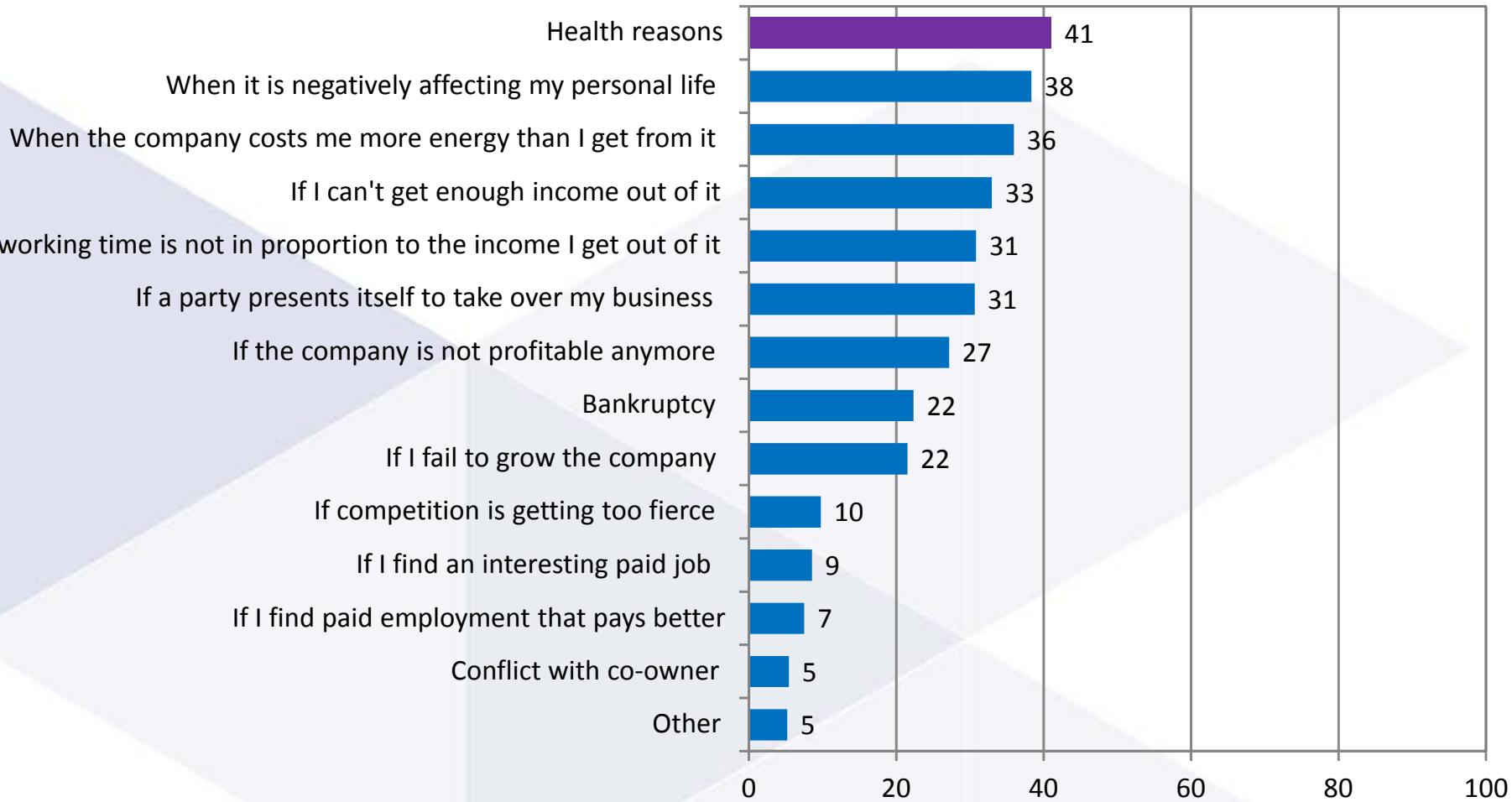
*Bastiaan de Jong,
Holland-at-Home.com*

Never considered. However, at busy times I do think 'How am I going to manage it all'.

*Wijtze Terpstra,
Agrispeelgoed.nl*

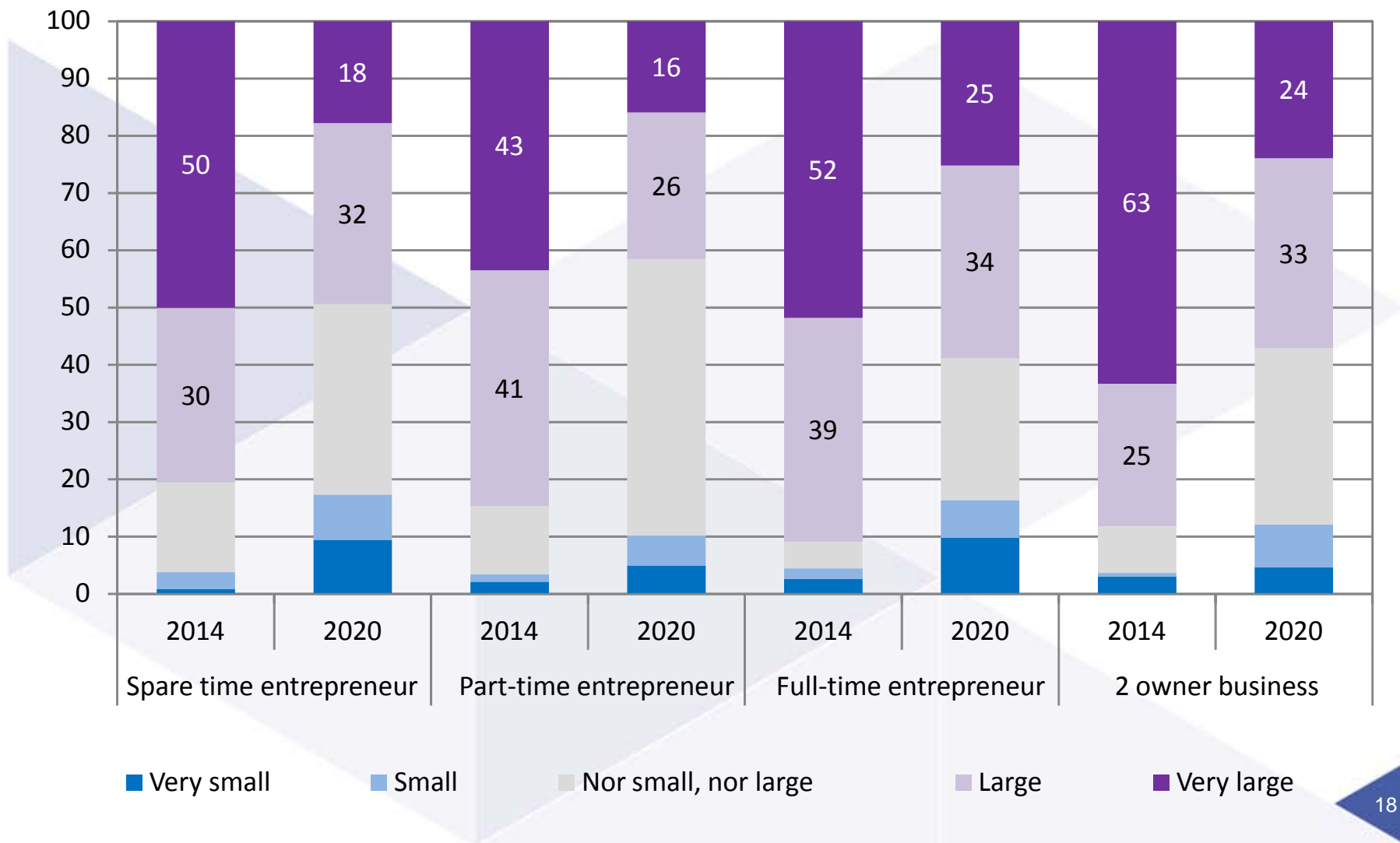
Firm exit

Reasons to quit, according to web merchants (in%)



Firm exit

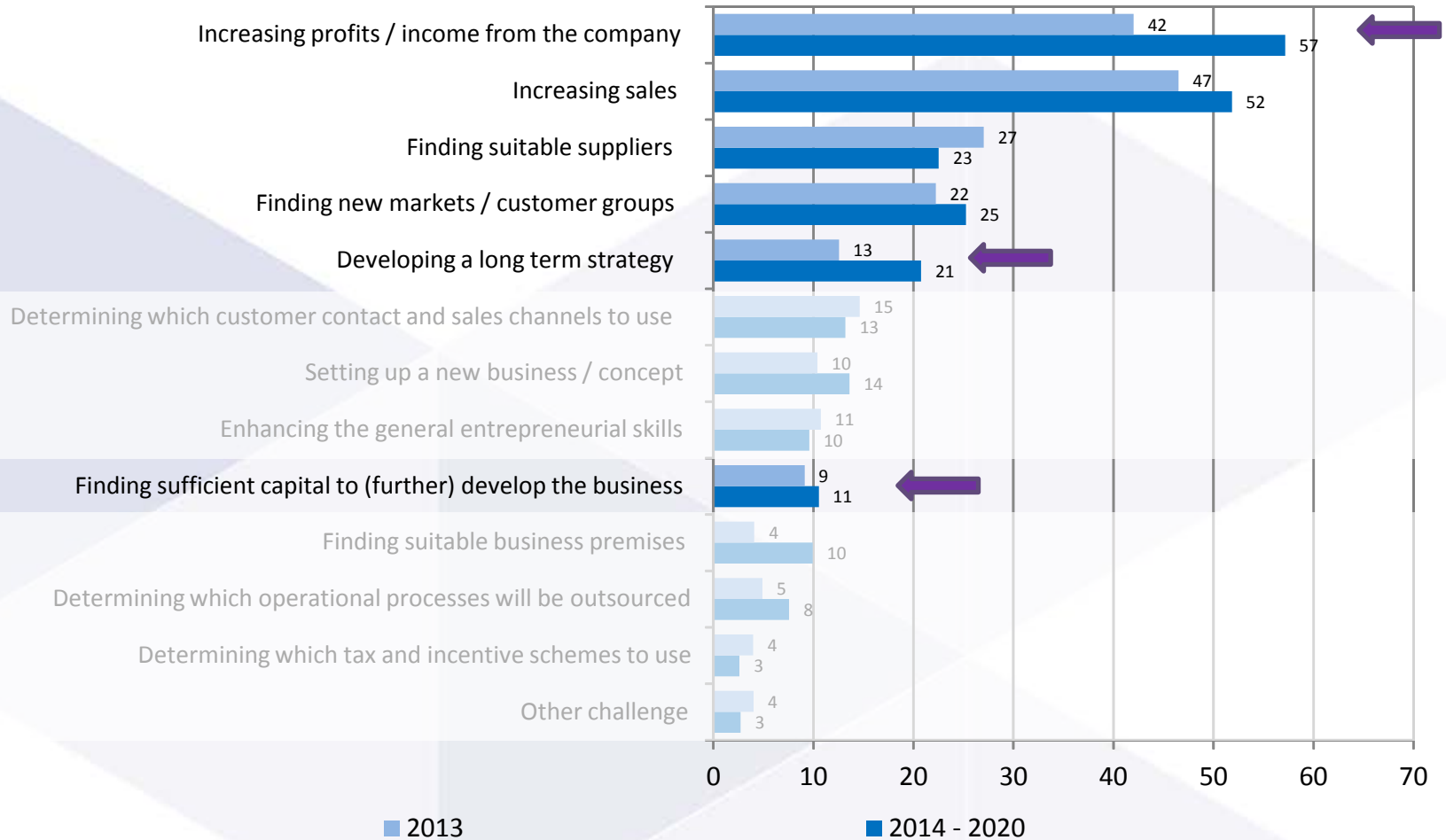
Probability that the company in 2014 and 2020 still exists according to firm type (in%)



CHALLENGES

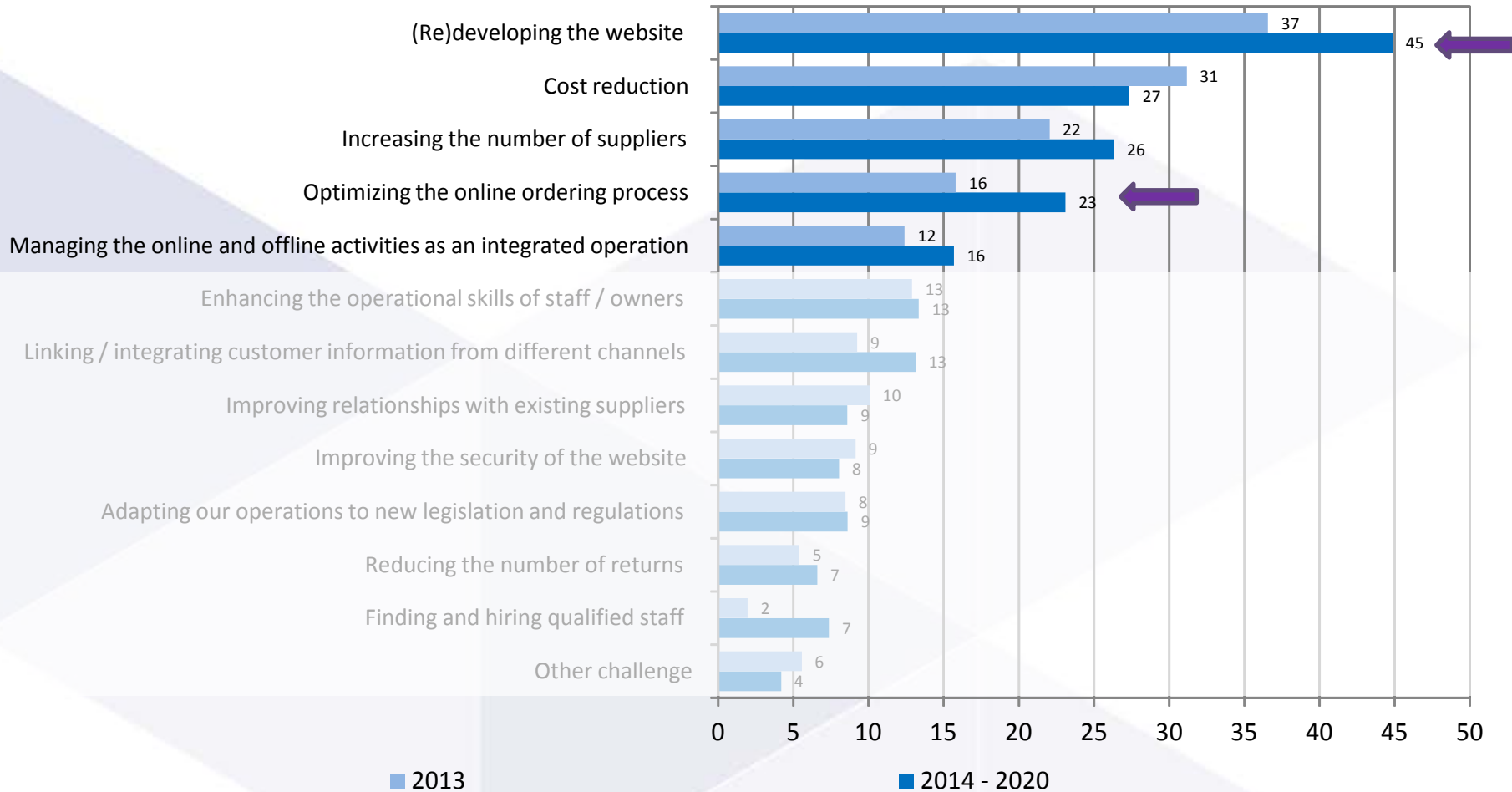
Challenges 2013 & 2014-2020

Strategic challenges (in %)



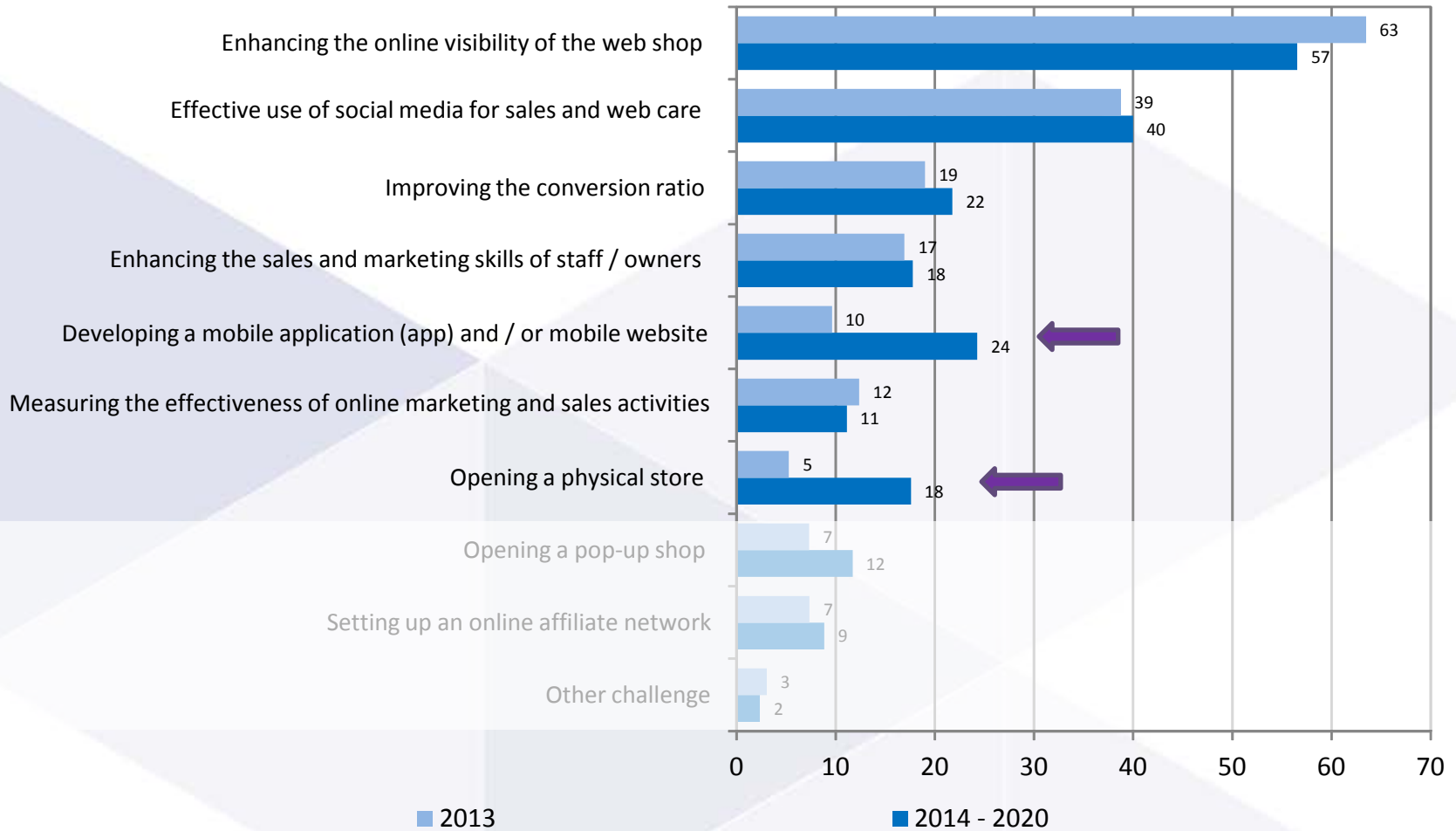
Challenges 2013 & 2014-2020

Operational challenges (in %)



Challenges 2013 & 2014-2020

Marketing en sales challenges (in %)



Need for support 2013 & 2014-2020

Importance of challenges en the need for support



◆ Strategic challenges

■ Operational challenges

● Marketing/sales challenges

Conclusions

- There is a lot of dynamics among online shops in The Netherlands
- However, 60 percent do not survive the first four years
- Most web entrepreneurs could not live on their online shop
- Success and reasons to quit are less financially driven for most web entrepreneurs
- However, survival in 2020 still depends mainly on financial performance
- Investment of time and money and a clear strategy determine success

Considerations for future web entrepreneurs

- An online shop is no goose with the golden eggs
- Think carefully before you start and develop a clear strategy
- Focus on distinctiveness and added value
- Remember: hard work does pay off

MORE INFORMATION

www.carem.hva.nl

http://twitter.com/carem_hva

<http://twitter.com/jweltevreden>

