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E-commerce as a successful strategy of internationalization: Business Plan

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Resumen: Este trabajo pretende aportar una visión estratégica sobre cuáles son los factores de éxito de una estrategia de comercio electrónico internacional teniendo en cuenta el fenómeno real de la rápida internacionalización de las PYMES y las start-ups denominado Born Global. Esta investigación puede caracterizarse como una integración de la estrategia empresarial, el marketing, los negocios internacionales y el objetivo personal de convertirse en una empresa a gran escala sobre la base del mercado de mascotas y su rendimiento en los mercados nacionales e internacionales. Este trabajo establece una revisión bibliográfica sobre el concepto de comercio electrónico, la diferencia entre negocio electrónico y comercio electrónico, el fenómeno Born Global, la internacionalización de las PYME y Born Global a través del comercio electrónico, y sus factores de éxito aplicados a un plan de negocio estratégico de un modelo de negocio en el sector de las mascotas.

Palabras clave: Internacionalización de las PYMES, Born global, Comercio electrónico (ECom), Modelo de negocio, Mercado del cuidado de las mascotas.

Abstract: This paper aims to provide a strategic vision on what are the success factors of an international e-commerce strategy taking into account the real phenomenon of the rapid internationalization of SMEs and start-ups called Born Global. This research can be characterized as an integration of business strategy, marketing, international business, and the personal goal of becoming a large-scale venture on the basis of the pet market and its performance in domestic and international markets. This paper establishes a literature review on the concept of e-commerce, the difference between E-business and E-commerce, the Born Global phenomenon, the internationalization of SMEs and Born Global through e-commerce, and its success factors applied to a strategic business plan of a business model in the pet industry.

Keywords: SMEs Internationalization, Born global, E-commerce (ECom), Business Model, Pets care market

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1. Introduction

Electronic Commerce (ECom) is a continuing growing concept. The revolution of globalization and technology has allowed many SMEs to adopt this business model. There are studies that allow establishing why Ecom is the best way for SMEs to enter the international market. In 2020, the sales around the world on E-commerce were 2.534.810 million dollars, and the sales of Cross borders E-commerce represented 26.9%. Those sales are projected at 4.397.929,7 million dollars by 2025. (Euromonitor, 2021). The data show how the e-commerce model has exponential growth. However, there are a few studies and data that explain what the success factors for e-commerce are to enter global markets, considering that Internationalization is an aspect that not all SMEs want to face and can overcome.

This research will contribute to establishing what are the success factors to entry strategy in one of the Latin American countries for the product commercialization of food, care, and accessories of the pet industry that allows satisfying customer needs, considering the cultural differences. For the above, the researcher's purpose is to create an e-commerce website inspired by its passion for animals, generate a new income as an entrepreneur, and position this new brand on a digital level as a medium-term objective.

Likewise, the research aims to analyze different strategies of star internationalization (Cazurra, 2011; Cazurra et al., 2015; Wach, 2014; Hernández, 2016) integrated with the development of a market analysis national and international, a financial strategy, and a marketing strategy that can be implemented on the e-commerce website for business growth. The concept of electronic commerce (EC) is very relevant to this paper, even more, when the new view of SMEs consolidates innovation and global perspectives in their internal vision. Some researchers have been able to interpret Electronic commerce. Nanehkaran (2013) explains the concept of e-commerce as an "interaction between communication system and data management system and security" (p. 190). Otherwise, Turban et al. (2008) and Kabugumila et al. (2016) describe the EC as the method of buying and selling services and/ or products via computer networks. There are multiple opinions around the term, and this will provide us with a more appropriate and dynamic view of CE adoption and its success factors.

Finally, it's necessary to highlight that one of the professional objectives of this project is to apply all the knowledge acquired from the master's degree but most importantly without losing the personal objective that is to create a new business and position the brand in an international market. The development of this project, all the analysis, and the research will be made using academic information sources, data sources trusted like Euromonitor International and Emmis, to generate value and difference in the national and international market.

1.1. Problem Statements

In recent years, the world has been changing due to technological developments and the inevitable phenomenon of globalization. Along with this evolution, business models have had to adapt very quickly to the demands of the market and the needs of the public. Technological phenomena and globalization have contributed to making competition between businesses much more "entertaining", as there is no magic formula for absolute success. Just look at some cases of entrepreneurship of brands such as Uber or Rappi that have had exponential growth because they knew how to adapt to these needs by traveling a path that would have challenges and great opportunities.

Digitalization is a very attractive strategy in which any company can reach the global market relatively easily using platforms or social media. Some of the most popular e-commerce cases are

Amazon and Alibaba. "These firms exemplify the most financially successful advanced economy MNEs and emerging markets MNEs" (Wu & Gereffi, 2018, pp 329). They began as e-commerce companies, but their business model is more complex than just a digital platform. Internationalization theories can explain and influence how the MNEs adopt some strategies to internationalize through the internet, taking into account that economic, political, cultural, and ambient factors play important roles in their internationalization.

The Alibaba case is an extraordinary case in China since the Chinese government is well known to have a strong influence on Chinese companies because of the national and political interest in increasing the efficiency of the country's economy. However, concerning the digital economy, it seems the Chinese government has not placed restrictions and many regulations due to many foreign digital companies that have entered China to stimulate local competitiveness, innovation, and digitalization. (Ramamurti & Hillemann, 2018; Wadhwa, 2018; Wei, Clegg, & Ma, 2015).

According to Wu & Gereffi (2018), thanks to this least intervention the Chinese MNEs have become key players in the global economy. The internationalization strategy allowed Alibaba to compete with huge enterprises like Amazon and eBay. (p.335). The Alibaba journey began in 1999 as an e-commerce platform, however, its great success would be reached in 2007. Their real innovation was to create an "ecosystem" where a "community of organisms (businesses and consumers of many types) interacting with one another and the environment (the online platform and the larger off-line physical elements)" assert Zeng (2018, p.n.d)

The Ecosystem was simply to connect buyers and sellers according to their necessities and expand the ecosystem with innovations. It's not just an online commerce company. Nowadays, it is one of the world's 10 most valued with similar business models as Google, Amazon, or Facebook. They became a smart business where many of the operating decisions are taken over by machines making their own data analysis. There are four steps to make this process: 1) Capture Live data to create feedback in machine learning, 2) All activities configured by software, 3) Get more data flowing to create value, and 4) apply algorithms to optimize the conversion rate (Zeng, 2018).

The Amazon case is very similar to Alibaba. This American giant functions as a "platform company by utilizing its e-commerce sites, AWS, and infrastructure together." (Wu & Gereffi, 2018, pp 337). They add and encourage innovation, digital solutions, and digital assistance in all the areas of its business. Amazon began as an online commerce bookseller in 1995. Within just five years Amazon expanded very rapidly, not only selling books but all types of products that people required. From this, it began to create product and service lines such as Prime Video, music, Alexa, and others. One of the most important elements of the business model is innovation. Garner (2018) asserts that constantly researching and working to create new technologies and methods to bring unique products to the market. Amazon's team is never stagnant and is always striving to provide its consumers with the best up-and-coming technologies and ideas. Becoming prosperous is a huge challenge but retaining consumer loyalty and satisfaction is an even bigger one. Amazon's Customer service is an award-winning characteristic of their company. The department's dedication to making the purchasing process seamless is a huge part of creating repeat customers. (p.65)

Of course, the internalization path is long, and Amazon has had to adapt its business to different cultures, politics, and economies. The success in the United States market was kind of "easily" taking into account that Americans, in general, are open to exploring distinct experiences and models. However, not all the markets were the same. India was one of the cultures that Amazon had to deal with in 2013. Alibaba already tried to enter but it wasn't too successful. They just needed to understand how the Indian market works and began with finding products to sell because there were

restrictions in retail. The best strategy was launched with e-commerce called Junglee.com which any transaction did not allow but could build brand loyalty. The business functions as a showcase. (Wadhwa et al., 2017).

These are great examples of how companies such as Alibaba and Amazon that were born in digital acquired new forms to understand the necessities of customers through data analysis to create their own successful business model.

On the other hand, SMEs had a huge impact on many economies in the world due to their contribution to creating employees and the efforts to cope with the constant regional economies changing. Ahmedova (2015) suggests how market globalization and technological changes have an impact that reinforced the development and achievements of the SMEs, denoting their flexibility in adaptation to unknown conditions. Currently, SMEs enter a global market where competitiveness is one of the major cores of companies, but also the necessity of innovation. Moreover, Sustainability and competitive business SMEs depend on factors: new technologies, market trends, and management and organizational techniques inside the business (Gunasekaran et al., 2011).

But it is not only small, medium, and large businesses that have been transformed but people as well. New generations have changed their habits, their way of communicating, and even their lifestyle. Now "pets are the new children and plants are the new pets". According to Euromonitor (2021), the value of pet care is USD 153.6 billion. This market analysis included categories such as Cat Food, Dog Food, Pet Products, and other pet food. Some of the key findings point out that health in pet care will continue growing in 2021 and E-commerce surged in 2020 and will continue as a trend. Those findings will have an impact on pet care in the post-pandemic scenario, especially in emerging markets. Consumers are comfortable using e-commerce models and receiving products at home. (p. 3-5).

As noted, adapting to these transformations and challenges is one of the keys to achieving business objectives. Now, the opportunities are in the digital world, specifically in the implementation of e-commerce in the pet industry. This need has increased over the past two years, but the pandemic situation COVID- 19 has contributed to accelerating the sales and popularity of eCom which modified their shopping behavior. (Mäki & Toivola, 2021). E-commerce is an attractive proposition for young entrepreneurs who want to generate income by reaching not only national but also international markets.

There are MNEs and SMEs that serve as case studies to understand what are the factors of success in implementing an e-commerce business strategy in international markets. As previously shown, Amazon and Alibaba are good examples of how MNEs can reach success by innovating. However, SMEs can implement different strategies to reach that success in international markets through electronic commerce. "There is also that the internet helps SMEs enter foreign markets with lower cost and more effective business processes than other means of internationalization" (Kleindl, 2000, pp. 74).

Given the rise of digitalization, establishing the factors of success of SMEs through e-commerce on international markets is research that has not been sufficiently relevant until now. This research will develop through the creation of a new e-commerce focus in the pet market planning an international strategy to make brand recognition in two Latin American countries. It is time to propose a business strategy that allows its internationalization, understanding that digitalization is an essential aspect of this development and can become more than a degree project: a venture.

1.2. Question Problem

What factors contribute to the success of an e-commerce business strategy plan in an international market?

1.3. Main Objective

The main objective of this research is to present the creation of e-commerce focused on the pet sector by developing a successful business strategy for its internationalization taking into account the success factors found in the preliminary research.

1.4. Specific Objective

- Identify the business opportunity and business impact factors.
- Establish the main E-commerce strategies in the world and in Latin America.
- Analyze the pet industry in the world, Latin America, and Colombia adopting e-commerce as a strategy in the pet industry.
- Develop a business plan where the success factors found in the preliminary research can be applied.

2. Theoretical Framework

2.1. E-commerce

During the 1970s, electronic commerce was explained as the process of Electronic Data Interchange (EDI) and Electronic funds transfer (EFT) for sending business documents (e.g., purchase orders, voice electronically). The first ECom was born in the USA. Through the years, some institutions can incorporate this type of business due to the high costs. (Nanehkaran, 2013; Kabugumila et al., 2016). Some researchers define E-commerce as “the best strategy for fast growth especially by small and medium-sized business (SMEs)” (Grandon et al., 2014, p.292), this allows SMEs to compete in the domestic and international markets with large firms. Wigand (1997) explains the typology of electronic commerce as a term:

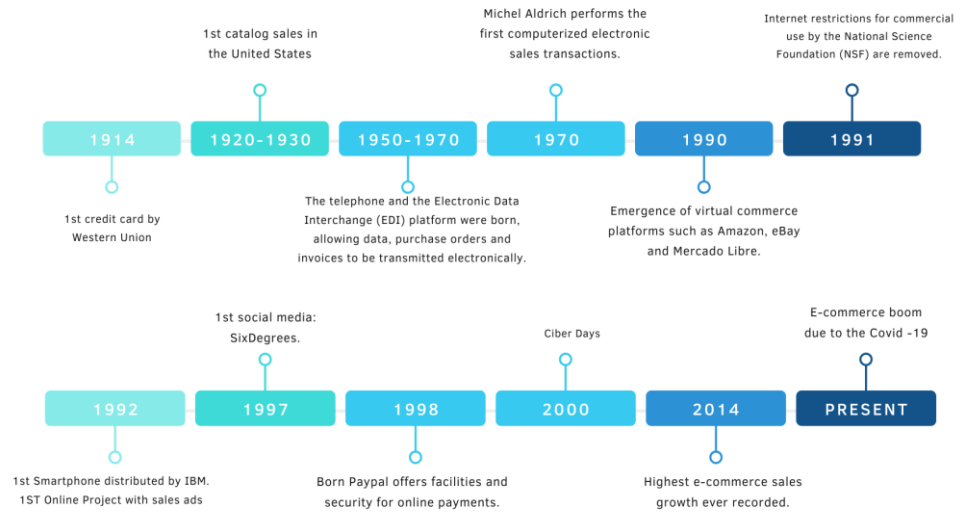
Poorly understood and frequently used to denote different meanings, very often depending on the individual's job function, professional orientation and background, focal product or service, and type of information technology deployed. One may identify upward of 30 different technologies that individually or mutually enable electronic commerce. Electronic commerce is, of course, more than the mere use of technology.

Electronic commerce denotes the seamless application of information and communication technology from its point of origin to its endpoint along the entire value chain of business processes conducted electronically and designed to enable the accomplishment of a business goal. These processes may be partial or complete and may encompass business-to-business as well as business-to-consumer and consumer-to-business transactions. (p.5)

Figure 1

E-commerce Beginnings

ECOMMERCE BEGINNINGS



Note: own elaboration

The natural trend has accelerated the digitalization of the market, and communication channels worldwide. In fact, E-commerce is a key element of a company's business model that operates both nationally and globally. (Mäki & Toivola, 2021). According to Klan (2016), electronic commerce is considered the purchase and selling of services and products on the internet. Nevertheless, eCommerce can be used not only for buying and selling but comparing prices and looks of products.

Laudon and Traver (2018) consider that E-commerce involves the use of Browsers, apps, and the World Wide Web that enable digitally commercial transactions between individuals and organizations. Digital commercial transactions are related to the exchange of value (e.g., money) by digital technology. It's important to understand the exchange of value since without this no commerce occurs. Some literature refers to E-commerce as digital commerce, electronic commerce, and its abbreviation ECom.

Nonetheless, e-commerce is a very diverse term that is gaining rapid popularity in many companies. For Kabugumila et al. (2016) Electronic commerce is considered as a business of goods and services assistance by telecommunications and telecommunications tools (e.g., internet, software).

On the other hand, ECom has changed the principal criteria of technological and communicational revolutions in the field of economy. Virtual markets and stores allow access anywhere around the world, just selecting and ordering products. As a new concept, E-commerce hosts some types of Ecom that are classified by the nature of the market relationship. There is 1) Business-to-Consumer (B2C) a online business to sell to customers; 2) Business-to-Business (B2B) a online business to sell to other businesses; 3) Consumer-to-Consumer (C2C) in which consumers sell to other consumers; 4) Mobile E-commerce (M-commerce) refers to use mobile devices to enable online transactions; 5) Social E-commerce in which social networks and social relationships are the main characters; 6) Local E-commerce a business to focused on engaging with the customers in the current location (Laudon and Traver, 2018; Nanehkaran, 2013; Turban et al., 2008); 7) Intrabusiness EC that includes all internal organizational activities exchange products and goods; 8) Business-

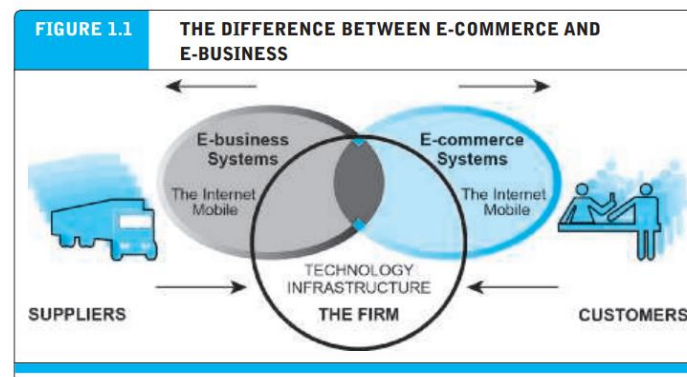
Employees (B2E) is a subcategory of Intrabusiness in which the organization gives its employees goods, products and information; 9) Collaborative commerce (C-commerce) in which individuals or groups collaborate online; 10) E-learning online delivery information for education; 11) E-government a model where the government provides goods, products, and information from or to citizens or business; 12) Exchange-to-Exchange (E2E) a public electronic market for buyers and sellers (Turban et al., 2008).

2.2. E-Business: The difference between e-commerce

It's important to distinguish between E-Business and E-commerce (see Figure 2). Some investigators understand this concept like one. On the contrary, other researchers define E-business as the enabling of digital processes using system information under the control of the firms. This means that the E-business is not involved in commercial transactions as the exchange of value (Laudon and Traver, 2018).

Figure 2

Difference between E-commerce and E-business



Note: This figure shows the difference between E-commerce which involves Transactions that cross firm boundaries and E-business which involves the application of digital technologies. Adapted from *E-commerce 2017: business, technology, society*. (p.10), by Laudon and Traver, 2018. Pearson

For Kabugumila et al.(2016) the concept of E-commerce is usually related to E-business, and in some cases, studies talk about these terms like one. Actually, the reality is that ECom is a subcomponent of E-business, and this last concept refers to company operations through the internet. Some researchers consider this concept more than just a broader definition of EC: buying and selling products and goods, but also a form of "servicing customers, collaborating with business partners, conducting e-learning, and conducting electronic transactions within an organization" (Turban et al., 2008, p. 4).

Besides, the competitiveness of a company depends in most part on innovation, communication technology, partners, and customers, combined with the experience and knowledge before, during, and after business processes such as the value chain of sales and marketing. E-business improves this process of transformation through the use of internet technologies (Chaffey, 2008).

E-business requires a creative link between technology support and organization strategy to increase the flexibility and adaptively of the firm and its employees. Undoubtedly, the new economy

rules have changed, making the adoption of E-business an important component, especially with B2C e-commerce (Dubelaar et al., 2005).

In brief, there are various definitions for e-business. Despite the purpose of this paper, e-business will be described as a concept where businesses that adopt technologies that comprise the internet, electronic tools, and technologies support to facilitate the organization transformation according to their environment.

2.3. Born Global

Small size. That's a typical characteristic of the new type of firm called Born Global. However, there is another even more important aspect of these firms that is the common vision and trend to be managed by entrepreneurs who see the world as a single marketplace and without borders. Thus, the phenomenon of internationalization understood as a gradual process presents a challenge to the traditional internationalization theories and models. Several trends can explain the emergence of Born Global firms starting with the growing demand customer for different and specialized products; the use of new technologies to achieve competing with large multinationals; the advantages of communication technologies transforming the information flows shared; also the flexibility and adaptability plays an important role on foreign markets; globalization with all its advantages; and last, but not least the global networks that facilitates the partnerships (Knight and Cavusgil, 1996).

Cavusgil and Knight (2015) refer again to Born Global firm's conceptualization as the young enterprises that revenue a significant portion from international sales. Thus, rapid internationalization represents a new internationalization and expansion model, and this becomes a distinguishing feature. Part of their success lies in a primary entry mode: exporting. Due to their limited resources, exporting is the best way to compete between emerging and large firms. Therefore, limitations such as experience, age, and tangible and intangible resources seem to lack relevance, so Born Global can overcome these restraints with strengths and other capabilities.

Moreover, Born global firms continue to evolve and are rapidly expanding worldwide thanks to the advances in telecommunication, technology, and even transportation. One of the big difference between Born global and other internationalization models are related to the speed at which a company can internationalize, but also it can influence how manager choose foreign target (Paul & Serrano, 2018).

On the other hand, Dimitratos et al. (2010) explain that international entrepreneurship focuses on the growth pace of the firms in foreign markets. Those international SMEs are called International new ventures (INVs) or Born Global firms. In certain ways, the INVs are viewed as innovative, proactive, and higher-risk attitudes firms. However, Global Small firms should not be confused with Born Global because they are conceptually different. The Global Small Firm refers to the international market presence criterion, meanwhile born global smaller firm is the pace to the foreign market criterion.

2.4. Factors of success on e-commerce as a business model on internationalization

What determines the success of SMEs is a topic of academic debate. Despite this, SMEs play an important role in many economies in both developed and developing countries (Al-Tit, Omri, and Euch, 2019). The enlarged and positive influence of e-commerce in many organizations it has attracted the attention of researchers (Al-Tit, 2020). In fact, Mullane et al., (2001) were of the

researchers that exposes the success factors of e-commerce entrepreneurship taking into account the firms and environmental conditions. One of the most relevant studies is by Gibbs et al. (2003) which examines global, policy, and environmental factors, and how they act on e-commerce diffusion. Another study identify the enablers and barriers for SMEs in Tanzania, especially focused on organizational and environmental factors that affect the adoption of e-commerce (Kabanda & Brown, 2015). Wymer & Regan (2005) realize research that establishes the big impact of the adoption and use of e-commerce Internet technologies in SMEs identify the opportunities and disadvantages of size resources, geographic condition, and market research.

In order to analyze the success factors, we must begin to analyze Ecommerce from the deepest point: its stages.

Throughout the different stages of e-commerce development, there are success factors as well as barriers to success that must be overcome. Undoubtedly, exploiting the advantages from IT is one of the essential factors in enhancing the efficiency of e-commerce. E-commerce has changed commercial affairs improving fastly the relation and communication between customers and suppliers, and producers. Also, e-commerce is considered one of the biggest examples of communication technologies and information that are applied for economic purposes promoting the growth of commercial efficiency.

E-commerce is not a new concept, but it has increased in recent years. Indeed, the Internet is the biggest factor in the development, but also there are other factors that involve a successful administration and implementation of e-commerce (Choshin & Ghaffari, 2017). In fact, one of the studies made by Ramanathan et al.(2012) explores the impact of e-commerce on marketing and operational efficiency in Taiwanese SMEs. The result of this study indicated three factors of success and efficacy:

- The marketing factor that involve online advertisement, customer awareness, and brand recognition;
- the Operational factor related to quality improvement, internal communications, security of online payment, web design (User experience), and comprehensive information; and
- Performance factor that involve customer satisfaction, improvement of process and competitive benefits (Choshin & Ghaffari, 2016; Ramanathan et al., 2012).

Moreover, there are other several categories in which the factors of success of e-commerce incorporated in SMEs depend on internet technologies (Choshin & Ghaffari, 2016; Dyerson et al., 2009):

- Technical factors related to technology, cost, and security;
- Scientific factors that included the experience and knowledge of managers, employees, and perceptions and awareness of the customers;
- Humanistic factors related to the accessibility of internal resources and the number of specialized employees; and
- Environmental factors that included customer, producers, markets, and government rules (Choshin & Ghaffari, 2016; Dyerson et al., 2009).

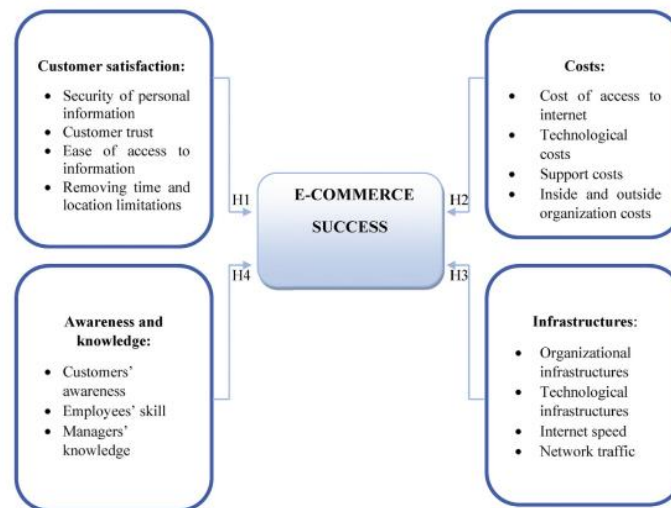
It is important to mention that every step of success brings with it some barriers. Migiro's (2006) on its study where selected a sample of 360 SMEs to respond to a questionnaire. The results were very clear. It appears three barriers to developing e-commerce in SMEs: High cost of IT application, lack of financial resources, and technical knowledge inside the companies. Actually, OECD (2004)

made a study some years ago to establish that several factors of success in the development of e-commerce have been influenced by IT awareness and knowledge inside the companies, access to IT services outside the company, access to the internet, the communication infrastructures and appropriate bandwidth. On the other hand, Salehi et al, (2012) explain that e-commerce success factors are trust, security, satisfaction, and retaining and maintaining customers.

According to a study made by Choshin & Ghaffari (2017) in which the main purpose was to propose a new model (See Figure 2) for determining important factors in e-commerce arguing 4 hypotheses: 1) There exists a significant relationship between customers satisfaction and success in Ecom; 2) A strong relationship between cost and success in Ecom; 3) A relationship between infrastructure and success in Ecom and; 4) A meaningful relationship between individuals awareness and knowledge and Ecom.

Figure 3

Conceptual Map of study E-commerce success hypothesis



Note: This figure shows the hypothesis of E-commerce success with their success. Adapted from *An Investigation of impact of effective factors on the success of e-commerce in small and medium-sized companies*, (p.70), by Ghoshin & Ghaffari, (2017). Computer in Human Behavior.

The first hypothesis (See Figure 3) reveals that clients are critical components, especially understand their behavior (Sa, Rocha, & Cota, 2016; Choshin & Ghaffari, 2017). E-commerce is crucial to maintaining attractiveness in terms of design but also gaining the trust and loyalty of the customer (Nakayama, 2009; Choshin & Ghaffari, 2017). Consequently, the satisfaction of the customer is a precious thing that SMEs need to enhance to solve problems.

The second Hypothesis (See Figure 3) shows that the cost incurred by the organization and customers in e-commerce is very important for success because the change of achieving success will be weak when the costs are higher (Thorleuchter, & Van den Poel, 2012; Choshin & Ghaffari, 2017).

Moreover, the third hypothesis (See Figure 3) exposes that infrastructure needs to be appropriated (Kurnia et al., 2015; Choshin & Ghaffari, 2017). It is important that SMEs include good

technology infrastructure requirements such as high-speed internet and appropriate communication network.

The four hypotheses (See Figure 3) establish how the individuals of the society play a big role in enhancing the awareness and knowledge of respective technology. People must understand IT and e-commerce technologies if not Ecom will not succeed (Fathian et al., 2008; Choshin & Ghaffari, 2017).

It's important to remark that apart from the different hypotheses of the success of e-commerce are related to multiple benefits of adopting Ecom in SMEs. Actually, for entrepreneurship SMEs, the literature review has been growing in the last years thanks to the numerous studies to look up the background and the process of internationalization.

There are literature reviews that revealed how those firms that use e-commerce technologies bring benefits (see table 1) for business models including reducing cost and time processing and increasing sales and productivity. Actually, these advantages reached by e-commerce are factors that made e-commerce popular for businesses (Rayahu & Day, 2017).

Table 1

E-commerce Benefits

No.	E-commerce benefits
1	Increased revenue
2	Reduced operation cost
3	Reduced cost of purchasing and procurement
4	Reduced marketing costs
5	Increased customer loyalty and retention
6	Reduced complain from client
7	Improved supplier relationship
8	Improved competitive position
9	Extending market reach
10	Improved speed of processing
11	Improved external communication
12	Improved company image
13	Improved internal communication
14	Increased employee's satisfaction
15	Increased employee's productivity

Note: This table shows the E-commerce advantages or benefits for a business. *Source* Rayahu & Day (2017, 30).

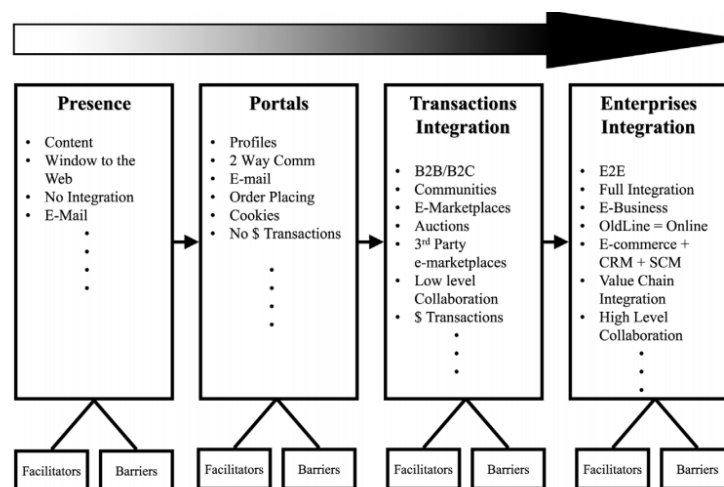
In contrast, there are authors that have identified numerous barriers to e-commerce adoption such as socio-cultural and socio-economic factors (Lawrence & Tar, 2010; Al-Tit, 2020). Actually, some of the barriers embrace brand image, price sensitivity, internet connectivity cost, security, technology knowledge, eCommerce applications cost, and legal barriers (e.g., Dwivedi, Lal, & Williams, 2009; Hallikainen & Laukkanen, 2018; Scupola, 2009; Van Huy et al., 2012; Zaied, 2012; Almousa, 2013; Feindt, Jeffcoate, & Chappell, 2002; Rahayu & Day, 2015; Al-Tit, 2020).

On the other hand, some authors characterized the models of the stage for e-commerce development (O'Connor and O'Keefe, 1997; Timmers 1999). They describe the model through two dimensions: level of functional integration and degree of innovation. Actually, those models describe

how the company works, but do not classify which is better for a company. For this purpose, Rao et al., (2003) propose stages to the development of e-commerce (see Figure 4): Presence, portals, transactions integration, and enterprise integration. According to their growth, in later stages, the cost, technological demands, and complexity could increase. It is important to say that the model described below appears sequential but depends on the company if it begins in any stages.

Figure 4

Stages of E-commerce Development and their characteristics



Note: This figure shows the stages of E-commerce Development and their characteristics for SMEs combined with IT technologies. Adapted from *Electronic commerce development in small and medium-sized enterprises: A stages model and its implications* (p.15), by Rao et al., (2003). Business Process Management Journal.

There are several factors that promote and inhibit e-commerce development. In the stage of presence, commitment is considered a long-term factor success of e-commerce development which is seen as a strategic motivation to use the internet to increase sales, provide a better service to customers and save costs. Other success factors are related to the content, price flexibility, and competitive cost access. Content refers to the presentation of a product or service on a website, it should be attractive and appropriate. In terms of price, the company should have the ability to immerse in the competitive environment of the web and still achieve profitability. Competitive access cost is an external factor that refers to the cost of customer access to the web. In many cases, the government facilitates the availability of the web to the population (Rao et al., 2003).

Nevertheless, there are some barriers too in this stage that include technological resistance, acceptance of growth by managers, financial investment, and development of telecommunication infrastructure. Technological resistance could be a significant obstacle to the successful implementation of e-commerce due to there being no guide or internal staff to create a successful implementation of it. Also, acceptance management level can be a barrier because there is potential pressure on the performance of the manager. In terms of financial investment, not all SMEs can invest in big projects due to reduced budgets. The development of telecommunication is also related to the barriers of technological resistance and financial (Rao et al., 2003).

The stage of portals is viewed as the initiation of two ways of communicating with customers or suppliers. The information taken in the Presence stage allows to engage and retain visitors. Here, there is the ability to link information between data and search capabilities for the users (Timmers, 1999). In that sense, the success factors are related to internal organizational changes, investment, and usability. The website in this stage becomes a tool that connects more than just the marketing or sales department, it must be connected with others in the organization to handle the increased traffic of e-commerce. This brings internal changes at the organizational level thanks to the implementation of the hardware and software, as a result, it will attract additional investment. Moreover, this implementation considers developing usability where the user-friendly website interface and design are clearly important. (Rao et al., 2003).

There are barriers too. Development of B2B and cultural or language issues. the degree of development is outside the organization as well as within. The parties should be capable to willing to utilize the system further development can be hindered. But also, the small suppliers have trouble technologically, and large suppliers could be technologically inflexible. On the other hand, culture or language influences a lot because websites need to be built with multi-lingual requirements. (Rao et al., 2003).

According to the authors, Rao et al., (2003) transaction integration stage (TI) is recognized by the financial transactions between partners. Here, interactions can be bought as well as sold by virtual communities that share common interests. Some of the success factors in this stage are related ability to develop IT technology within SMEs from a financial investment; the ability to acquire necessary internal IT competencies; partnership for B2B and third party opportunities; e-commerce community; and selection payment system. Yet, the barriers in this stage are the financial system; governmental tax and trade policies; security; legal issues; and treatment of the intellectual property.

In the Enterprises Integration stage, the integration of the business process is complete and the online business is indistinguishable from the oldest. There is a high-level collaboration between customers and suppliers, B2C, B2B, and the full value chain. E-commerce is complemented by CRM and SCM (supply chain). The success factors are distinguished by understanding partners; working proactively with partners to create solutions; using information sharing and having long-term contracts. However, the barriers are especially technological availability according to the company requirements (Rao et al., (2003).

Success factors in every e-commerce stage represent an opportunity for SMEs según las investigación de Rao et al. (2003). In fact, there is other research that proposes different categories as key elements for e-commerce success. Cuellar-Fernández et al. (2021) research determine five groups of survival and success in e-commerce: competitive strategy, technical aspects, firm size, environmental factors, and financial aspects (see Annex 1) derivated from different studies realized. The literature review revealed the firm-sized determinant factor including the number of employees (Banerjee et. al., 2007) and the number of products for sale (Wang et al., 2013). In terms of technical aspects, Feindt et al., (2002) propose website design as an important factor, but also search engine optimization (Serrano-Cinca et al., 2010), purchase facilitation (Song and Zahedi, 2005), and System quality (Lee and Kozar, 2006). In the competitive strategy category some success factors are the order of entry (Nikolaeva, 2007), price (Kaushik et al, 2020), internationalization (Falk and Hagsten, 2015), multichannel (Wallace et al, 2004), trust and commitment (Mukherjee and Nath, 2007), reputation (Cai et al, 2004), customer loyalty (Pavlou, 2003), among other. The financial aspects include labor productivity (Falk and Hagsten, 2015), and Financial capital (Banerjee et al, 2007). Among environmental factors, Doern and Fey (2006) include external factors, meanwhile, Huang (2006) stressed environmental uncertainties.

The adoption of e-commerce has been explored by numerous researchers as we can see. It is important to understand that if an organization intends to adopt eCommerce it should consider several factors including the management of the organization, employees' knowledge and experience, technology cost, organizational culture, and even the stakeholder's disposition. Likewise, it is important to note that customer satisfaction and trust, information quality, user interface quality, and e-commerce ethics are key factors of e-commerce adoption (Al-Tit, 2020).

3. E-commerce in the world and Latin America

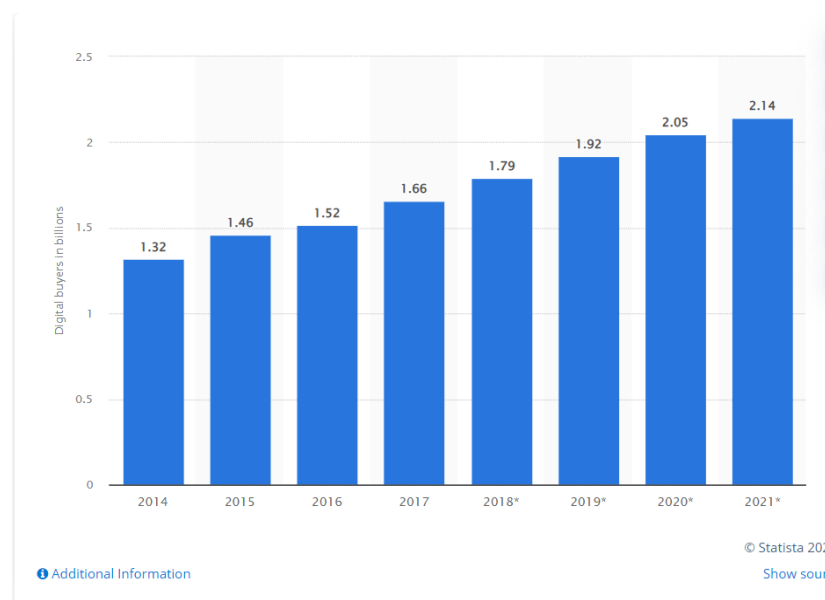
3.1. Digital Annual Figures

During the last years, e-commerce has become a very important part of the global economies. It is clear that many industries and the retail landscape have undergone a huge transformation following e-commerce adoption. Due to internet access, the number of digital buyers increasing and keep climbing every year. Over two billion people purchased goods and/or services online, and e-retail sales surpassed 4.2 trillion U.S dollars worldwide in 2020 (Copolla, 2021).

According to Copolla (2021), the number of digital buyers between 2014 to 2021 (see Figure 5) globally has purchased for convenience on platforms with competitive prices, influenced by different digital resources when shopping like product reviews and brand emails. One aspect to highlight is that more than 40% of the online shoppers used PayPal as the preferred payment method, meanwhile, the traditional credit card occupied second place with a 31% usage rate.

Figure 5

Number of Digital Buyers Worldwide from 2014 to 2021 (in billions)



Note: This table shows the numbers of digital buyers worldwide from 2014 to 2021. *Source:* Statista, (2021).
<https://www.statista.com/statistics/251666/number-of-digital-buyers-worldwide/>

Figure 5 shows the exponential growth of digital shoppers from 2014 to 2021, i.e. there is indeed a continuous growth over time, which implies that it is growing faster over time. In 2020 around 21,55% of the population is 2.05 billion people made online purchases. By 2021, online experts are expected to reach 2.14 billion online purchases with \$4.5 trillion in sales (Bashir et al., 2020).

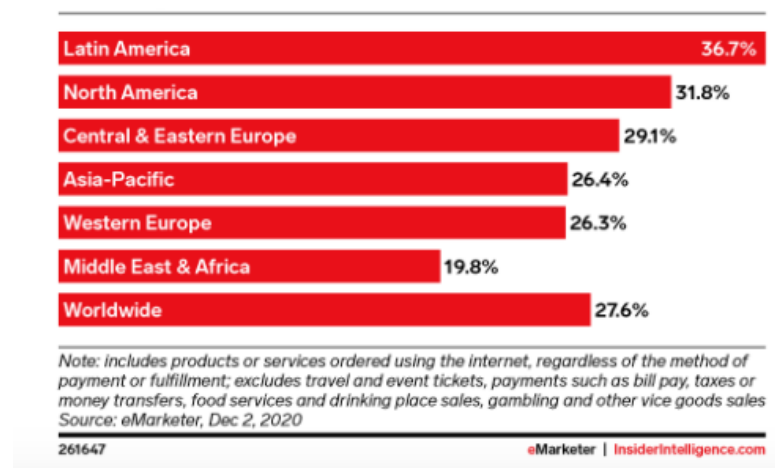
As was expected internet users choose several platforms to purchase, browse and compare goods and services. In 2019, online marketplaces represented one of the largest online purchases. Actually, leading the global ranking of online websites in traffic is Amazon. In June 2020 registered over 5.2 billion unique visitors. As well to the platforms, one of the visible trending of e-commerce worldwide is the increased number of buyers on mobile devices, almost 70% of the retail websites were visited in this way. This has led to the emergence of a new form of electronic commerce: Mobile commerce (M-commerce). M-commerce is very popular across Asia (e.g., South Korea gets 65% of online transactions) (Copolla, 2021).

Nevertheless, the COVID-19 pandemic has slowed economic development during 2020 affecting production, distribution, and consumption thanks to the restrictions e interventions of the different governments to protect public health. Almost 18 percent of the global trade in goods fell by May 2020 compared with 2019 in the same month (UNCTAD & eTrade for all, 2020).

A very important aspect of this research is that there are limitations to the data found in terms of e-commerce because most countries still do not publish official statistics in this area and do not follow international guidelines. According to UNCTAD (2020), the global value of e-commerce sales was estimated, both B2B and B2C, at \$26 trillion in 2018 accounting for 30 percent of GDP and representing a growth of 8% over 2017. Likewise, the majority of transactions take place in the Asia Pacific region which is also the most populous. In this sense, E-commerce is unevenly distributed. In 2020 Global Ecommerce according to eMarketers report estimated that at least 62% of the transactions took place in North America and Western Europe, instead Middle East, Latin America, and Africa only took 3%.

Figure 6

*Retail E-commerce Sales Growth Worldwide By region, 2020.
% change*



Note: This figure shows the percentage change in retail e-commerce sales growth worldwide by region in 2020. Adapted from *Global Ecommerce Update 2021*. <https://www.emarketer.com/content/global-ecommerce-update-2021>

During 2020 (see figure 6) retail eCommerce grew 27,6% worldwide. Latin American countries grew 36,7% in eCommerce sales, especially Argentina with 79% of growth. According to some projections speculated that retail eCommerce will generate around 5.4 trillion dollars worldwide by the end of 2022. In 2024 this figure will reach 6.4 trillion dollars (Martinez, n.d).

The size of the opportunity for e-commerce in Central and Latin America is undeniable (see Annexes 2 and 3). Brazil represents over half of the LatAm Market with 41% of annual growth and \$156.2 billion USD of market size. Another country with fast-growing is Peru with 45% of annual growth and \$9.9 billion USD in market size. In comparison, Guatemala has an impressive 60% of annual growth and a \$3.6 billion USD market size. Salvador is another country with a great annual growth of around 50% and a \$1.2 billion USD market size. A country with unparalleled growth in Bolivia which reached 111% of annual growth and only \$0.6 billion USD market size. In the Colombian case, the annual growth is 18% and \$18.9 billion USD market size, however, in comparison with other countries for 2025 Colombia will barely reach 21% growth in the digital market (EBanx, 2021).

3.2. Successful marketplaces around the world and Latin America

In terms of Global E-commerce, there are some successful and visited marketplace websites.

Table 2

Top Marketplace Worldwide Websites Ranking in January 2022

Rank	Website	Category	Change	Avg. Visit Duration	Pages / Visit	Bounce Rate
1	amazon.com	E commerce and Shopping > Marketplace	=	00:06:52	8.58	35.44%
2	ebay.com	E commerce and Shopping > Marketplace	=	00:06:44	6.88	36.52%
3	amazon.co.jp	E commerce and Shopping > Marketplace	-1	00:07:05	8.05	37.02%
4	rakuten.co.jp	E commerce and Shopping > Marketplace	-1	00:06:20	7.61	38.18%
5	amazon.de	E commerce and Shopping > Marketplace	+2	00:06:56	9.14	31.96%
6	walmart.com	E commerce and Shopping > Marketplace	=	00:04:35	5.20	51.58%
7	aliexpress.com	E commerce and Shopping > Marketplace	-1	00:06:27	5.67	38.10%
8	pinduoduo.com	E commerce and Shopping > Marketplace	-16	00:00:33	1.76	88.26%
9	etsy.com	E commerce and Shopping > Marketplace	+1	00:06:01	6.53	44.56%
10	amazon.co.uk	E commerce and Shopping > Marketplace	=	00:06:07	7.46	35.82%

Note: This table shows the Top marketplaces Worldwide Websites in January 2022. *Source:* Similar web (2022).

<https://www.similarweb.com/top-websites/category/e-commerce-and-shopping/marketplace/>

According to table 2, amazon.com is the most visited marketplace with an average of time users about 6 minutes on the website in January 2022, In terms of engagement both ebay.com and amazon.co.jp (Japan) occupied the 2nd and 3rd place in the list (Similarweb, 2022). Another

important marketplace is Rakuten.co.jp which occupies 4th place in the rank but also is the biggest online marketplace in Japan with multiple services around the worldwide under the Rakuten Group (Similarweb, 2022; Global Ratuken, 2022).

All this Marketplace has two things in common: The user's average time on the website, and the engagement related to the low bounce rate. In the amazon case, Bezos found a large growth opportunity on the internet. Their key success factors are a strong brand name location, great shopping and sales knowledge, and economies of scope and scale (Modi et all, 2000; Sadq et al., 2018).

Indeed, Amazon.com's marketing strategy is completely designed to reinforce the Amazon brand, build customer loyalty, increase customer traffic, and develop opportunities for income through products and services. Amazon's focus on Customer-centric which involved asking customers what they need (Sadq, et al., 2018).

According to SEMrush (2022), the organic traffic (visit number coming from search results) in Amazon during February 2022 was 1,3 trillion people. On the other hand, the Pay traffic (visit number coming from ads) was 24 billion people. This reflects how Amazon has a big reputation in the scoring authority measured in domain with a great influence on SEO, search traffic, backlinks, and other data. In comparison, eBay, the most relevant competitor of Amazon, had 184 billion organic visitors and 2,6 billion pay visitors during February. These numbers reflect eBay's strategy which as a marketplace focus on service provider but it has identified m-commerce as a potential area (Krishnamurthy, 2004).

Marketplaces like Walmart have winning strategies to be successful. In 2020, eCommerce sales increased by 79%, and indeed, became the second-largest eCommerce retailer in the United States. One of the best practices is the Omni channel. Interestingly, although e-commerce was up, is important to understand that the stores are part of the main core of the business (McKinnon, 2022).

From a Latin American point of view, Brasil, Argentina, and Mexico are the countries that leading the growth of e-commerce, even though Ecom is considered a young industry. However, the Dafiti CEO, Malte Huffman said that e-commerce could be the future mall (Cómo funciona que, n.d).

According to Ebanx (2021), the market is expanded by 31% per year until 2025 which means that in three years digital commerce in Latin America is expected to double its size only in Brazil, Mexico, and Argentina have the 70% of Ecom penetration, but also in Peru, Bolivia, Paraguay, and Guatemala. Otherwise, the new data show that based on 15 Latam economies, 60% of e-commerce total volume will be paid through cellphones in 2021 compared with 2020 and 2019 in which the increase was 46% and 44% respectively (EBanx and Americas Market Intelligence, 2021).

Eventually, the mobile has been the first element used for online visits for many years in Latin America (Ebanx, 2021):

This rapid, strong shift to mobile was certainly boosted by the pandemic, which forced people indoors and brought more Latin Americans to online shopping. But there is also a cultural component involved: in Latin America, smartphones are more affordable and numerous than desktop computers and, in some countries, even more, widespread than bank accounts. As stated by the World Bank, smartphone penetration reaches over 100% in some markets in the region, such as Colombia and Peru – while only 46% and 43% of the population, respectively, has a bank account in these countries (p.16).

Of course, E-commerce and online retail growth in Latin America are imminent. It is not just about the pandemic, is about the unprecedented acceleration of the necessity to acquire a good and services to cover needs. According to Americas Market Intelligence (AMI), E-commerce penetration in Latin America reached 68% in 2021 (EBanx and Americas Market Intelligence, 2021).

According to a study made by Ebanx in collaboration with Similarweb, a platform AI-based market intelligence that provides data and insights about the digital markets around the world. This study shows the giant Mercado Libre is the principal platform leading e-commerce. Other marketplaces and department stores like Magazine Luisa, Casas Bahia, OLX, Falabella, and Aurrera are hiper-growing (EBanx 2021).

Mercado Libre is leading the five markets of the local websites in Brazil, Colombia, Chile, Argentina, and Mexico. Due to the strategic logistic, user experience, engagement, and loyalty metrics (EBanx, 2021). In an exclusive Interview made by The Logistic World with Alejandro Caballero, Mercado Libre Director, the marketplace uses different campaigns like Hot Sale and Buen Fin to not only energizes the commerce but also enhance customer service, customer experience, and operations. According to Caballero, this involves simple and intuitive navigation, competitive discounts, and fast and economic deliveries. The whole process makes part of a great prognostic and planning faced the demand. Another strategy used by Mercado Libre is the digital footprint of the users considering that this allows the e-commerce to know about their profile, interest, and preferences to personalize sales with every buyer (Maubert, 2021).

Table 3

Top Pet Industry Marketplaces Worldwide Websites Ranking in January 2022

Rank	Website	Category	Change	Avg. Visit Duration	Pages / Visit	Bounce Rate
1	 chewy.com	Pets and Animals > Pet Food and Supplies	=	00:04:22	5.97	46.04%
2	 pelisplus.so	Pets and Animals > Pets	+2	00:07:52	4.87	38.86%
3	 petfinder.com	Pets and Animals > Pets	=	00:05:45	7.62	42.49%
4	 petco.com	Pets and Animals > Pet Food and Supplies	+2	00:03:15	3.92	49.44%
5	 petsmart.com	Pets and Animals > Pet Food and Supplies	+2	00:03:25	3.68	48.43%
6	 wamiz.com	Pets and Animals > Pets	+2	00:01:02	1.62	55.26%
7	 dopebox.to	Pets and Animals > Pet Food and Supplies	+3	00:08:58	4.41	34.02%
8	 ironsource.mobi	Pets and Animals > Pet Food and Supplies	+2	00:00:39	1.26	58.92%
9	 racingpost.com	Pets and Animals > Horses	+5	00:11:59	10.45	31.45%
10	 gowatchseries.online	Pets and Animals > Pets	+3	00:08:05	3.86	40.13%
11	 filmmodu2.com	Pets and Animals	+10	00:03:38	2.84	59.31%
12	 akc.org	Pets and Animals > Pets	+1	00:01:58	2.29	72.38%

Note: This table shows the Top Pet industry Marketplaces around the world in January 2022. Source: Similar web (2022)

<https://pro.similarweb.com/#/digitalsuite/markets/webmarketanalysis/mapping/Pets and Animals~Pet Food and Supplies/999/1m?webSource=Total>

In terms of the Pets Industry (see table 3), According to Similar Web (2022) The Industry Leaders worldwide in Pet food and Suppliers are Chewy with 45.4 billion, Petco, and Petsmart. In fact, chewy.com is one of the highest e-commerce in Pet supplies, especially in the U.S market. It generate a revenue of \$7,146 million in 2020, followed by Petsmart which generates \$1,06 million (Peters, 2021).












It is important to highlight that there are no researchers have conducted an analysis to identify external factors that bring opportunities to the pet market (Zhang et al., 2022).

3.3. E-commerce figures in Colombia

In 2020, the top 5 e-commerce websites in Colombia were Mercado libre with 172,3 million total visits, Amazon in second place with 61,3 million total visits, Home Center with 20,9 million total visits, Falabella with 19,5 million total visits, and AliExpress with 18,4 millions of total visits. There were other e-commerce included in the top 10 such as Éxito, Linio, eBay, Busca Libre, and Tiendas Jumbo (EBanx 2021).

Table 4

Top Marketplace Websites in Colombia Ranking January 2022

	Domain (100)	Traffic Share ↓	Change	Rank	Monthly Visi...	Unique Visitors
1	 mercadolibre.com.co	55.38% 	↓ 3.03%	#718	20.66M	3.735M
2	 amazon.com	18.33% 	↑ 5.05%	#12	6.840M	1.367M
3	 aliexpress.com	6.31% 	↓ 7.15%	#51	2.355M	632,674
4	 linio.com.co	4.62% 	↓ 9.41%	#15,288	1.723M	675,938
5	 ebay.com	3.03% 	↑ 8.03%	#29	1.132M	332,669
6	 amazon.es	2.48% 	↓ 0.62%	#177	923,818	576,531
7	 alibaba.com	1.27% 	↑ 22.97%	#293	473,394	219,454
8	 mercadolibre.com.mx	0.87% 	↓ 4.50%	#178	323,991	240,969
9	 mercadolibre.com.ar	0.86% 	↓ 2.20%	#145	322,524	249,669
10	 wish.com	0.82% 	↓ 9.63%	#275	307,143	168,960

Note: This table shows the Top Marketplaces in Colombia in January 2022. Source: Similar web (2022).
<https://www.similarweb.com/top-websites/colombia/category/e-commerce-and-shopping/>

The Cámara Colombiana de Electronic Commerce assured that during the 2021 first quarter, e-commerce grows approximately 44,3% compared with 2020. In fact, on average every Colombian people made 5.35 online shopping and spent almost \$800.000 pesos. This data represent 3,6% of GDP through e-commerce sales. Within top 10 e-commerce most searched are Mercado Libre, Amazon, Homecenter, Claro, Falabella, Alkosto, Exito, Movistar, Linio, and Dafiti (BlackSip, 2021).

In January 2022, the ranking of the best marketplaces in Colombia (see table 4) shows Mercado Libre as the leader with 20,66 million views representing 55% of traffic share. Also, in the top list are Amazon keeping second place with 6,840 million views, Aliexpress taking third place with 2,355 million views. Competing with the retail industry Linio's entry to the top 5 with 1,723 million views, and eBay receiving 1,132 million views managed to fade out the marketplaces Falabella, Homecenter, and Éxito (Similar web, 2022).

4. Business Plan

4.1. Pet Care and Supply market analysis: General Overview

Although large retail brands are monopolizing the digital world in Colombia, the pet industry is increasing and even more on e-commerce. For example, the Pet care sector generated COP 4.938 billion in sales in 2021, and in 2022 is expected to be sold COP 5.335 billion. The increase from 2016 to 2021 is 9,4% in non-Store retailing like e-commerce as channel distribution in the PetCare industry (Wolf, 2021).

Within companies, more recognized in the competitive landscape of petcare were Nestlé Purina, Contegral S.A., Solta S.A., Alimentos Polar de Colombia S.A., Masterfoods Colombia Ltda, Itarco de Occidente Ltda, Gabrica S.A., Royal Canin Colombia S.A.S., Gesto Agro S.A.S., and Cipa S.A. Likewise, some of the most values brands were Ringo, Nutre Can, Gatsy, Pedigree, PuppyChow, Donkan, Dogourmet, Chat Chow, Whiskas, and Dog Chow (Wolf, 2021).

According to Wolf (2021), some of the key findings of Pet Products in Colombia were:

- In 2021 current value growth of pet products was 22% to reach COP 823 billion.
- In 2020 Gesto Agro S.A.S led the market with an 11% value share.
- In 2026 Pet product sales will expect to record 12%
- In 2021 the most dynamic market is other pet products with a growth rate value of 24%.
- In 2021 the demand for Dog food increased from 4% to 10% respectively reaching 402.000 tonnes and COP 3.0 trillion.
- The demand for premium wet dog food is increasing instead of solid dog food decreased during the pre-Covid-19.
- In 2021 Dog treats and mixers increase their growth rate by 28%, as a result, the unit price average increased to 6%.
- Post pandemic, cat food overcomes dog food thanks to the trend of customers to cat ownership.
- In 2021 the demand for Cat food increase 8% to 13% respectively to reach 96,000 tonnes and COP 1.1 trillion.
- The demand for premium wet cat food increased by 29% as a result of the unit price average increase to 5%.

The global crisis of Covid-19 accelerated the expansion of e-commerce in the world, and Colombia was no stranger to this phenomenon. In fact, part of the expansion process was the diversification of payment methods and the confidence in online shopping that led to an increase in the frequency of purchases through e-commerce. (Emerging Market Information System [Emis], 2021)

The following is an analysis of the variables established in the Pestel Analysis to deepen in the macro-environment where the project will be developed. The variables selected to affect positively and negatively are political, economic, social, technological, and legal factors.

Political Factors

Among the most important political factors that may affect the pet business is the National Development Plan (PND), specifically talking about entrepreneurship issues since this project aims

to expand throughout the national territory in the medium term. The National Government proposed a roadmap with investment programs and goals for the period from 2018 to 2022, guaranteeing results and transparency in the management of the budget for the creation of small businesses (Departamento Nacional de Planeación [DNP], n.d).

The three pillars on which the National Development Plan is based on

$$\textit{Legality} + \textit{Entrepreneurship} = \textit{Equity}.$$

This particular project seeks, within the framework of the Colombian legislation, to create a new company, and that implies being under the legality and multiple factors of entrepreneurship. According to the PND "The pact for entrepreneurship and productivity will make possible the productive transformation of the country and increase labor and business formalization to move towards a dynamic, inclusive, and sustainable economy that enhances all talents" (Departamento Nacional de Planeación [DNP], n.d, p.6).

Entrepreneurship in Colombia has a high regulatory burden and access to financing is very scarce, which leads to desertion, non-formalization, and non-growth of small and medium-sized enterprises. According to a study by DNP (2021), 9 out of every 100 Colombian entrepreneurs manage to consolidate, and the transition to the formalization of SMEs ends up costing half of the profits of a year, which is very high, and finally, Colombia is ranked 100 out of 190 countries with ease to create companies, this indicates that it is difficult to open a company and consolidate.

Economic Factors

Colombia's economic development is hindered by major elements such as infrastructure, poverty, drug trafficking, and dependence on exports of energy, mining, coffee, coal, flowers, and oil, which makes it vulnerable to fluctuations in commodity prices. (World Factbook, 2022). The GDP during the last years has been fluctuating due to the Covid-19 crisis, in fact, in 2019 it was 3.1%, -3.6% by the end of 2020, and by 2021 it was 10.8%. Among the activities that most contributed to this increase were retail and wholesale trade (DANE, 2022). Likewise, E-commerce grew 40% compared to 2021, and Ecom sales in Colombia reached 3.6% of GDP (BlackSip, 2021; Gutierrez, 2022).

On the other hand, due to high inflation levels, the Consumer Price Index (CPI) reached one of its highest figures during the last 21 years 9.23 % annual rate in April 2022 (DANE, 2022). The growth of e-commerce in Colombia has been unstoppable, however, the growth of this figure makes the consumer interest and buying habits change. One of the most affected sectors in terms of logistics has been agro-industrial products. (Salazar, 2022).

The Global Entrepreneurship Index (GEI) is an indicator constructed by the Global Entrepreneurship and Development Institute (GEDI). It provides statistics on the entrepreneurial ecosystem of countries recognizing that the engine of economies is businesses and entrepreneurs. The index result is the mix of attitudes, resources, infrastructure, and internationalization of each of the 137 countries evaluated. In the specific case of Colombia, it ranks 47th out of 137 countries and is in third place among Central and South American countries (GEDI, 2019).

The index measures 14 aspects such as opportunity perception, startup skills, risk acceptance, networking, cultural support, startup timing, technology absorption, human capital, competition, product innovation, process innovation, high growth, internationalization, and venture capital. The

most outstanding were high growth with 75%, product innovation with 71%, and opportunity perception with 58%. As for the internationalization aspect, it obtained a score of 48%, which indicates that the internationalization processes were being carried out, although there is still a lot of risk acceptance (Pérez, 2019).

Social Factors

Thanks to Covid-19, many of the consumption habits of Colombians have changed (e.g. work, home, virtual shopping, and connectivity) due to their long stay at home. At the end of 2020, there was a 5% growth in larger shopping carts. However, there was a variation in the volume of consumption of only 1.4% while in other countries it was 6.1% (Caro & Tachack, 2021).

The food basket was favored with a purchase growth of 9%, as well as household cleaning with 7%. Other items such as personal hygiene and health products also grew, for example, toilet soap increased by an average of 20%. Ecommerce and home delivery grew at least 3 times their size compared to 2019, but when the pandemic restrictions were lifted, there was a drop. Definitely, these two channels have a big challenge, as the "return to normality" changes the consumption habits of Colombian households. The most affected channels during the pandemic were traditional and catalog sales, while discounters, hypermarkets, and drugstores were the ones that stood out the most (Portafolio, 2022).

The household pet population in Colombia is 4.4 million taking into account only dogs and cats. The 60.3% is occupied by adult dogs, 22.3% by adult cats, and 17.3% by puppies and kittens. In fact, 3 million households spend on feeding and caring for their pets, which has caused the pet care industry (e.g. accessories, health, supplements, wellness) to grow by 63%. In the last 5 years alone, the market has grown by 84.9% (Bancolombia, 2021).

Technological Factors

In the technology sector, Colombia is making progress in connectivity. However, The Departamento Administrativo Nacional de Estadística (DANE) revealed that only 56.5% of the country's households have Internet access. This figure is low overall, as only 23.8% of rural areas can access the connection, and 66.5% of urban areas remain connected. The main territories with the best internet connection are in Bogota, Bolivar, Valle, Risaralda and Santander. Although the digital divide persists, growth in telecommunications through the Internet was reported at 5.5%. (Forbes, 2021; DANE, 2021).

The Ministerio de Tecnología de la Información y las Comunicaciones (MinTic) has created Apps. co, a program developed to promote the generation, creation, and consolidation of digital businesses, especially the creation of ventures through web and mobile applications. In this way, the National Government seeks to encourage the creation of digital businesses and promote entrepreneurship to have sustainable business models (Apps. co, 2022).

Legal Factors

The regulatory excess described in the PND significantly affects the creation and arrival of new businesses. Colombia ranks 123rd out of 141 countries in the regulatory burden index according to the World Economic Forum. This implies enormous efforts for both SMEs and large companies since the regulatory framework is very costly and in order to comply with the norms, it is necessary to allocate many human and physical resources. Although one of the great disjunctions is that in the

subject of entrepreneurship the regulation is perceived as a more lax element, many of the financial, labor, and tax rules are not related to technological entrepreneurship. (Pérez, 2019).

In 2020, the national government established a public policy that allows SMEs to consolidate. For this purpose, the Entrepreneurship Law was created, which seeks to establish a specific regulatory framework for SMEs in order to promote entrepreneurship and their growth. Likewise, the public policy of Conpes de Emprendimiento 4011 was also created, which seeks to generate conditions for entrepreneurship to emerge quickly and with low costs. In digital terms, different proposals were created to promote digitalization such as the Digital Transformation Centers, Innova Award, 4th Revolution Center, and Entrepreneurship Networks, among others (Mipymes, 2020).

Finally, Decree 1732 of 2021 was approved, which regulates article 5 of the Entrepreneurship Law that established an "exploratory mechanism for innovative business models in regulated industries (Sandbox)" that promotes test environments in which the performance of new technologies in these business models is evaluated and measured to determine whether they are viable by making the regulatory framework more flexible (Dapre, 2021).

4.2. Competitors

The worldwide platform for market analysis, Semrush (2022) ranked the e-commerce Pets top 10 industry leaders (see table 6) for January 2022 among which are Agrocampo, Puppis, Ciudad Mascotas, Ceba, Experto Animal, Kanu.pet, Gabrica, exiagricola, Soy del campo, and Animals Center. In January 2022 Agrocampo.com.co was the most visited marketplace with more than 90.000 versus almost 6:13 minutes visit duration which means that page navigation is high. If it is compared with expertoanimal.com the number of visits is similar but the visit duration is only 2:09 minutes which indicates that the navigation of the customer through the e-commerce is relatively short, and high bounce rate.

Agrocampo's attribute is that its e-commerce includes Pet products, and veterinary and livestock products. In an interview made by Portafolio (2013) Esperanza Coy, Multinational Manager said that marketing strategy is well structured with different discounts and programs loyalty such as "Martes de Locura", Agromanía", and the TV program "La Finca de hoy" that includes the livestock breeding topics. Likewise, it has the canin festival, and the biggest Pet club with more than 43.000 partners.

Agrocampo decided to expand to other countries in 2017 under the export model. In fact, the first countries where it had operations were Panama and Peru so that they could more easily enter Central and South America, for this Esperanza Coy said that Agrocampo had 33 suppliers of medicines and implements for livestock, agriculture, and pets around the world, but what is exported in purely national product (Portafolio, 2017). According to Emis (2022), Agrocampo made 2019 imports of USD 1,045.29, and exports of USD 80.84*¹.

Table 5

Ranking in Colombia of Top E-commerce in Pet Industry January 2022

¹ Export and Import data are expressed in thousands of USD.

	Domain (509)	Traffic Share ↓	Change	Rank	Monthly Vi...	Unique Visit...	Visit Dura...	Pages/V...	Bounce ...
1	agrocampo.com.co	8.98%	↑ 10.20%	#125,6...	96,469	57,307	00:06:13	5.97	38.54%
2	expertoanimal.com	8.69%	↑ 12.13%	#17,487	93,330	63,444	00:02:09	1.68	72.60%
3	puppis.com.co	5.51%	↑ 44.31%	#271,1...	59,202	34,696	00:06:27	5.63	34.75%
4	ceba.com.co	4.73%	↑ 60.28%	#389,5...	50,828	27,785	00:04:16	6.80	41.35%
5	exiagricola.net	3.27%	↑ 21.27%	#291,8...	35,160	17,409	00:02:32	2.25	76.99%
6	ciudademascotas.com	2.22%	↑ 51.55%	#354,7...	23,839	16,844	00:04:28	3.92	44.03%
7	kanu.pet	1.99%	↑ 9.08%	#643,7...	21,357	14,443	00:02:15	2.46	54.52%
8	gabrica.co	1.79%	↓ 52.09%	#419,4...	19,203	15,096	00:03:08	3.39	61.51%
9	soydelcampo.com	1.71%	↑ 21.59%	#691,5...	18,340	11,565	00:01:52	2.29	63.73%
10	animalscenter.com	1.51%	↑ 12.42%	#870,0...	16,255	10,950	00:00:39	1.49	73.21%

Note: This table shows the Top Pet industry E-commerce in Colombia in January 2022. Source: Similar web (2022)

<https://www.similarweb.com/top-websites/colombia/category/pets-and-animals>

Expertoanimal.com is undoubtedly one of the most visited websites in Colombia. However, unlike the other e-commerce sites in the ranking (see table 5), this is not e-commerce that offers products or services, it is rather a website that is created by two experts in the animal world in 2015. Basically, the project was born with the objective of offering the necessary resources to cover the need to answer certain questions about the animal world. For this purpose, different experts on the subject of animals such as veterinarians, ethologists, biologists, and administrators, among others, were included to create specific content on the world of animals (Expertoanimal.com, 2022). It received more than 93,000 visits, which indicates that Colombians are interested in pet care and related topics (Similarweb, 2022).

Another major competitor in the Colombian pet industry in e-commerce is Puppis (see table 6). Also called Pet supplies S.A. is a chain of pet shops in Argentina that consolidates its business model based on leading companies worldwide such as PetSmart (USA), Pets at Home (UK), and Cobasi (Brazil). It entered Colombia as a potential market and ended up consolidating. During the pandemic, it registered a 35% increase in sales, launched new products with its own registered brand, and had an e-commerce increase of 250% in the Argentine market (Forbes, 2021). As for the Colombian market, in the coming months, it plans to consolidate its growth by incorporating new products and services, for which it has partnered with Grupo Pegasus (Argentina) in order to reach more Latin American countries. According to Damián Nogaró, CEO of Puppis, sales in Colombia through the digital channel have grown during the last two years and represent 30% of the company's revenues (Estrada, 2022).

A strong competitor that is not on the list, but has grown in recent years since its opening is Laika.com. In 2020 it reached a seed capital of USD \$5 million to expand its online store with three objectives: increase its sales, enter the international market and accelerate its growth (Caparros, 2020). Since it started in 2017, it has registered an annual growth of 500% and has 200 employees in Colombia, and 120 in Latin America. Undoubtedly, Laika's differential is that it specializes in the digital sale of products and services for pets. Currently, Laika raised USD \$12 million in the first round of investment to consolidate in other countries such as Mexico and Chile where they recently entered. In addition, part of its strategy is to reach 70% of the urban population with pets (Semana, 2021).

4.3. Value Proposition

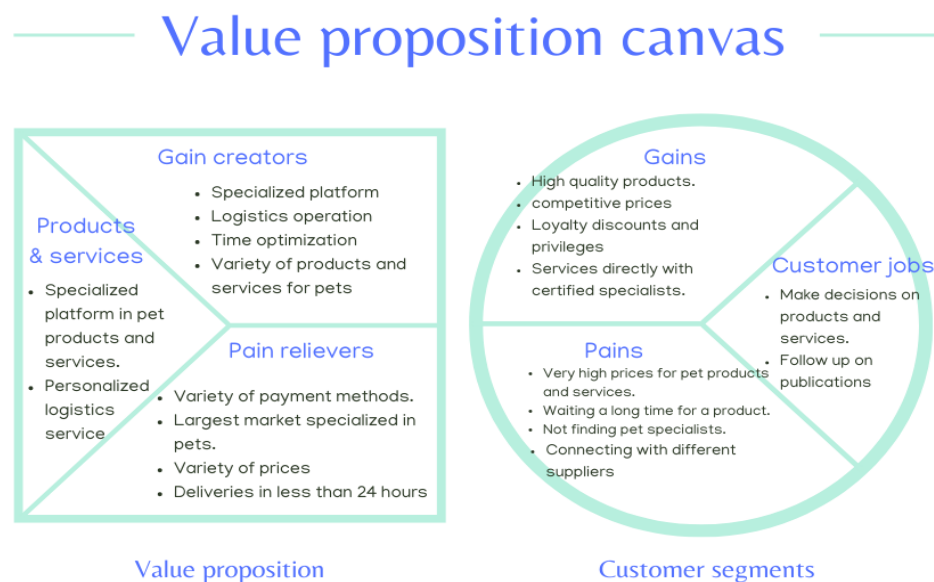
The business model seeks to offer a value proposition that allows us to create a space for the sale and purchase of specialized products and services for the care and feeding of pets. Our differential as a business is given through exclusive access for sellers to a platform specialized in the largest pet market in Latin America, reaching more buyers through our model of publications of products and services. In the case of our buyers, the differential proposal lies in access to one of the best technology platforms that connects them with the best products and services completely specialized in the pet sector.

The proposal is designed for those entrepreneurs and traders who want to sell and promote their pet products on a completely specialized site for pets. This leads us to think of two types of customer approaches both Customer to Customer (C2C) as well as Business to Customer (B2C). This can be a single seller selling pet products or a recent entrepreneur, or a company positioned in the market that is looking for greater sales reach in different national and even international locations.

Buyers, on the other hand, can be varied, but we focus on reaching those people who consider their furry as a member of the family and care about their health and welfare. In short, we want to build the largest pet market. Below you will find the proposed customer value proposition for this business model.

Figure 7

Value Proposition Canvas



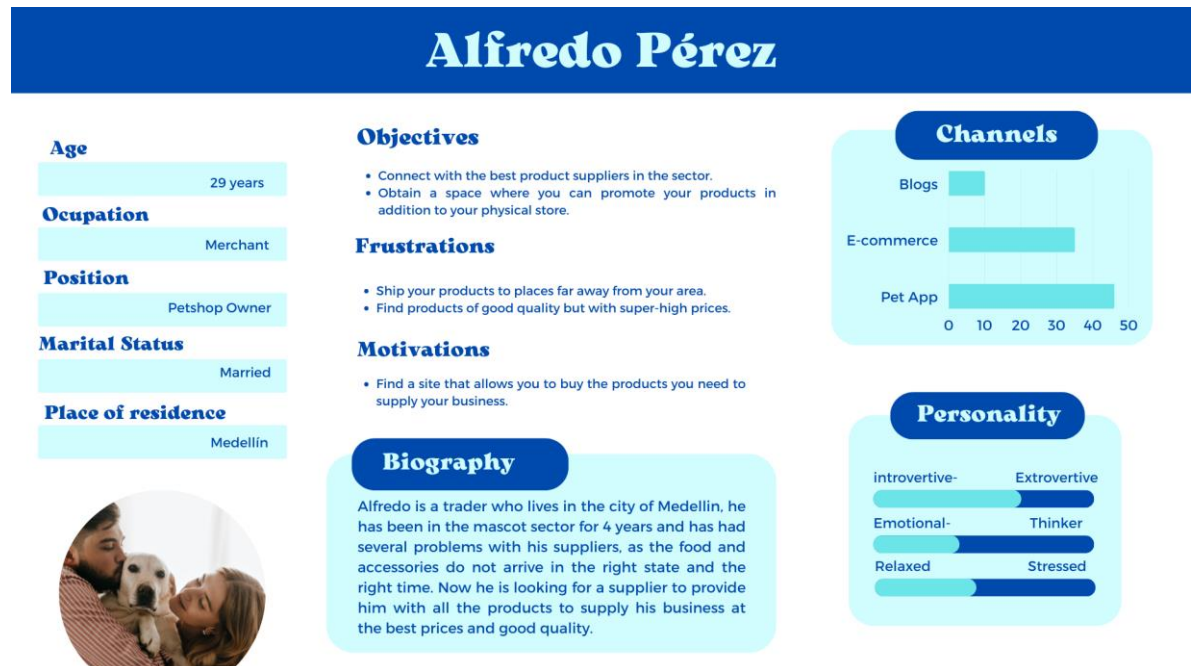
Note: Own Elaboration

4.4. Customer Segment

The business model found three types of customers we want to reach: Sellers, among which are traders and entrepreneurs; and on the other hand there are buyers, who are those customers who are pet lovers looking to find in one site the best prices on pet products, and a space that allows you to be informed about the care of your pet. Below you will find three Buyer personas, who would be the personification of our potential customers.

Figure 8

Buyer Persona Alfredo Pérez: Seller



Note: Own Elaboration

Figure 9

Buyer Persona María Carapaz: Seller

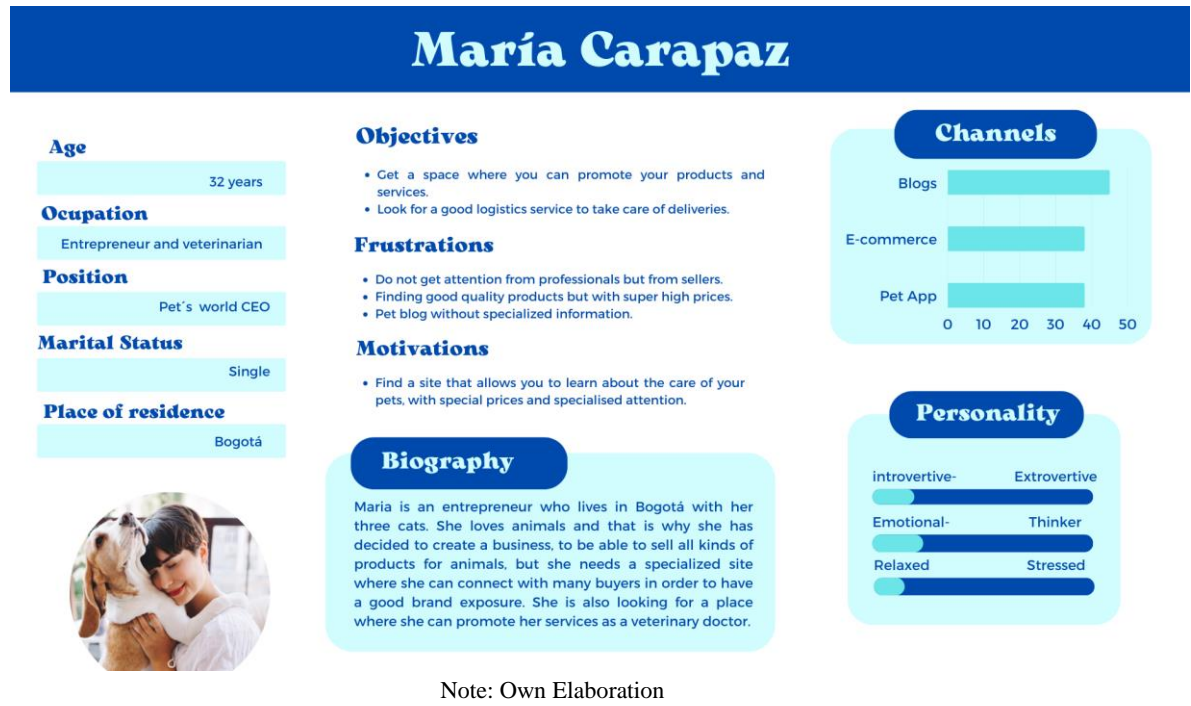
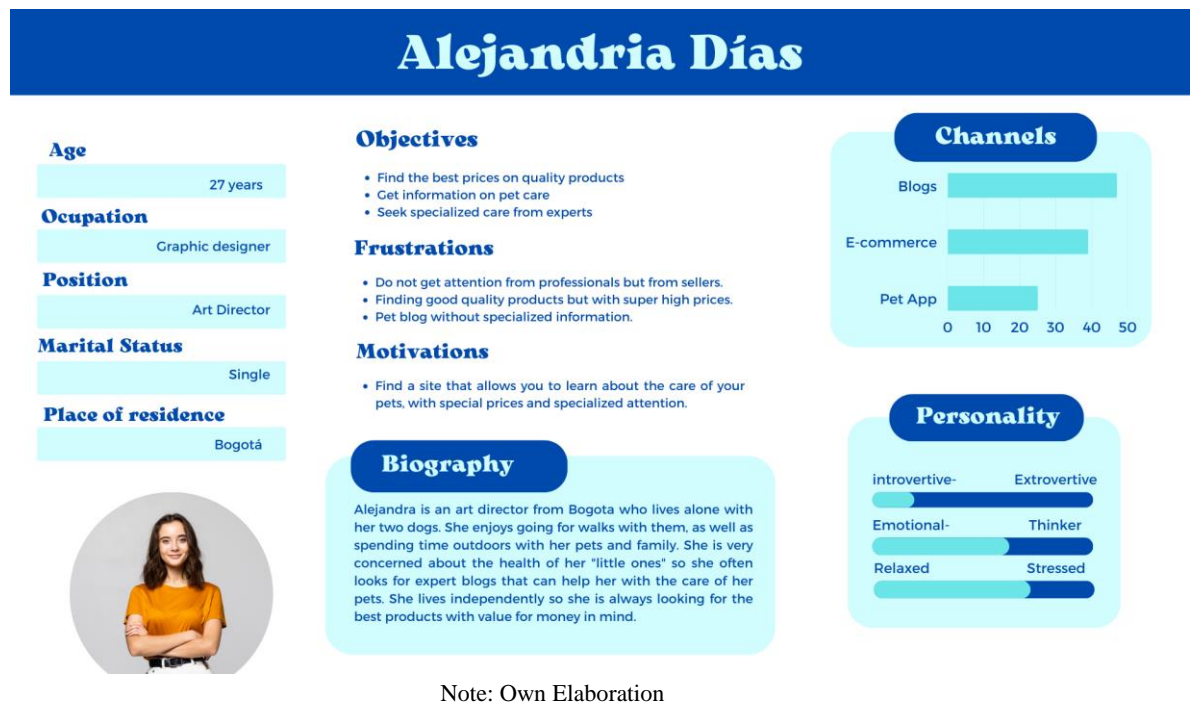


Figure 10

Buyer Persona Alejandra Días: Buyer



4.5. Channels

Delimit the way in which the business communicates with customers and thus strengthens the brand and business idea. Business models can combine different communication channels to meet the needs of consumers. These can be combined between direct and indirect, own or third parties, but they all have a common purpose: to explain to the final customers what is the value proposition and the differential value. The following channels will be used for these business models.

- **Digital Platform:** This will be one of the main communication channels. The e-commerce will be built through Shopify. It will have a home page (place of reference and main entrance to the e-commerce); search engine; product catalog (product display with description, price type, user rating, vendor, and availability); product card (descriptive title, photo, and product features); shopping cart (shopping summary with requested products); customer support and FAQs.
- **Logistic Solution:** This channel is composed to alleviate one of the most important functions that customers have when performing any action in e-commerce. This logistic composition is contemplated as a physical verification and distribution unit that aims to find the most cost-effective solution to ship and receive products. This channel will have the necessary infrastructure for the mobilization of goods, transportation, storage, documentation, and security.
- **Email:** email will be another channel that will keep us connected with all our customers. For this purpose, different email marketing campaigns will be carried out, informing about news and personalized content to create brand loyalty.
- **Social Media:** Social networks are one of our strongest communication channels. These allow us to increase and improve communication between our sellers and buyers. Through this different content and promotions will be made to attract customers, but also to address the doubts and different solutions of current customers.
- **CRM:** Customer Relationship Management is composed of different elements that make it successful, among these are communication, marketing, social networks, objectives, team, and even strategy. To achieve good customer service CRM will not help to achieve visibility, interaction with users, credibility, reputation, differentiation, and attention.

4.6. Key Resources

Businesses use to make the business function properly. Key resources can be physical, intellectual, human, and financial. For this business model, some of the key resources are owned and others are acquired thanks to strategic allies.

Marketplace

The marketplace is undoubtedly one of the most important resources of the company because it is through this that the greatest interaction between users is carried out and therefore the sale and purchase of goods and services. The Pet-commerce will be done through Shopify, which offers the possibility of designing the appearance of the web quickly and easily. One of the great strengths of Shopify is that you can manage stock, orders, and notifications through desktop or mobile without needing to know programming or code. In addition, for a better user experience, it contains a multi-language payment module adaptable to more than 70 international currencies and configurable for payment gateways associated with Mercado Pago.

Logistics service

For Pet-commerce we will focus on giving a great experience of reception and delivery to our customers. For this, we will have our own logistics system where we will have shipments of products that are marketed through the platform. This will prevent us from incurring additional costs and have greater profitability. However, being a relatively small company, the logistics system will have some strategic allies such as Servientrega and FedEx for national and international deliveries. This will allow us to cover a larger part of the territories and remote areas where access is much more complicated.

Mercado Pago

The Mercado Pago tool is a payment solution for companies that allows 100% secure payment 24 hours a day, 7 days a week for both sellers and buyers. It offers different payment methods such as credit card, transfer, or debit card. It also allows the option to pay through QR codes for physical stores with exclusive discounts.

Salesforce

It has the most complete CRM in the market that specializes in managing and driving business through increased sales in the cloud. Salesforce will be our strategic ally for optimal management of our relationship with customers, database integration capabilities, technological know-how with technical support, and ease of action to track opportunities and leads.

Metrics

Are essential to identify what strengths and improvements a company should have. Some of the metrics that should be measured are conversion rate, customer acquisition cost (CAC), cost of sales (COS), shopping cart abandonment rate, average order value, revenue source, and churn rate. Return on investment (ROI), visitor rate, and bounce rate, among others. These metrics will tell us if the business is profitable and how it is performing. The tools used to identify these trends, strengths and weaknesses are Google Analytics, Google Ads, Hootsuite, HubSpot, and social media insights.

Email Marketing

This remains one of the most important channels of direct communication with customers in a digital strategy. In fact, the combination of different social media campaigns, content, and events makes email marketing more useful and innovative to reach more potential customers. Part of our marketing strategy is focused on making different email marketing campaigns where we can convert visits into effective leads, better segment end customers, create valuable content for our users, and create a more direct relationship generating trust and analyzing the results. One of our strategic

alliances will be with MailChimp and Eloqua with whom we will create different campaign flows and strategic follow-ups.

4.7. Key Activities

It allows obtaining a clearer and more complete understanding of the value proposition of the business in general. This is very relevant as both small and medium-sized businesses must focus on problem-solving to deliver a better service to the end customer. Pet commerce will focus on solving certain barriers such as ease of payment, customer support, transaction security, platform simplicity, and fast and efficient logistics.

- **Ease of Payment:** Ease of payment becomes one of the key elements at the moment of interaction within the platform and even in a cancellation space, since finding different payment methods, having that moment of "pay here and now" allows customers to make their transactions more easily. However, it's not only about immediacy, it's also about simplicity, as having a payment platform that involves the consumer "thinking a lot" increases the rate of abandoned carts. Opting for different payment methods implemented at a cultural level, as in the case of digital wallets, also takes down the customer's frustration of not having immediate access to the product or service.
- **Customer Support:** Providing support to both sellers and buyers within the platform is vital. Not only because it gives security at the time of interaction between users, but because it creates a bond of trust between multiple customer segments with the brand. Good customer service translates into credibility, trust, and good brand perception.
- **Secure Transactions:** One of the most common frustrations of Internet users is the security of sites and security in purchases, if you do not set good security in e-commerce is very likely that users desert the shopping cart or not even enter the site. For this, the marketplace will have security standards such as reliable hosting, SSL certificate, the definition of payment gateways through our allies Mercado Pago, Visa, and MasterCard, secure data management, device security, strong identity controls, and strong passwords.
- **Platform Simplicity:** Simplicity does not refer to having a simple marketplace, it refers to having a search, sale, and purchase process of the item or service easier for the customer. Do not generate too many steps for a user to give up the process. This is one of the most complex elements within e-commerce that requires planning and strategy. For the above, three proposals will be carried out: Think of the customer as a unique person, i.e. personalizing the process is an effective way to retain customers; Seek to motivate the user to review the e-commerce with a call to action, even if he abandons the shopping cart; and finally build trust with the end customer, so he will have the patience to better handle their frustrations with the brand.
- **Fast Logistics:** Fast logistics determines the efficiency of a company's processes and alleviates customer needs.

4.8. Customer Relationship

Definitely, the relationship with customers represents an essential element. This is why identifying the needs of each of your customers or segments allows you to have a closer relationship. In fact, in many cases, guaranteeing a good service could guarantee a good relationship with current customers and establish a good relationship with future customers.

- **Sales Support:** This aspect ultimately becomes the bottom line of good customer service. Relieving those frustrations that any customer may have with the platform, order delivery, payment, return, sales support or any other element is vital for building that relationship with the final customer, especially in the trust and perception that is generated of the brand.
- **Raking and Score:** Trust is one of the values that the brand wants to achieve and one of the frustrations that the brand must alleviate with the customer. There are different frustrations such as buying from people you don't know, not seeing the product physically, and not knowing if the product will arrive, among others. To alleviate this frustration what will be done is to create a ranking, that is to say, a buyer will be able to evaluate and comment on his salesperson, and the salesperson will be able to evaluate and comment on his buyer. This finally generates a validation on both sides that will generate trust between users. The Score, on the other hand, will help us to build customer loyalty by rewarding their loyalty and trust, through discounts, exclusive content, and gaining access to different tools within e-commerce.
- **Learning Central:** Creating quality content for both buyers and sellers that allows them to go a step further is a fundamental aspect. We want our sellers to become more and more professional in their sales, customer service, and presentation through different training resources within our platform. We also want buyers to be able to find useful and eye-catching content for the care, happiness, and feeding of their pets, which makes us closer to the top of the heart. These resources will be completely free on the platform and will be accessible to all those who are registered.
- **Logistic Solutions:** Another method of relationship with our customers are the logistic solutions that we provide since the sellers do not have to worry about the shipping and delivery of the merchandise since the brand is in charge of the entire logistic process, they only have to concentrate on selling, and the buyers get the incentive to buy more through different strategies such as free shipping from a certain amount, or delivery in less than 24 hours.

4.9. Partners

Having strategic partners represents a great step towards the path of internationalization. Building a valuable relationship with a supplier or investor could help to provide valuable resources within the company, especially for those small digital companies that are just entering a local and international market, because at the end of the day strategic partners allow you to know a market better, but also receive benefits, economic or operational that will boost each other between the parties.

Investors

For today's entrepreneurship, investment or financing rounds will be vital to start, as this will allow us to acquire assets and finance the growth from money provided by investors. There are different ways of financing. The first of them and the one that will be used to start will be the initial investment made by the founders since they are the ones who believe in the idea and the business plan. Another of the investments that will be used at the moment of launching the e-commerce is the Family, Friends, and Fools (FFF) investment, where we will increase the volume of the investment fund to finance and position the prototype. Once the new startup is launched, we propose to carry out different actions to attract investors for its growth and visibility. The first thing is to test the business model to start developing new lines of business and entry into another country. For this, we will participate in some investment rounds in search of partners who can contribute financially, but also with market knowledge. On the other hand, we will seek funding through crowdfunding on different online investment platforms in order to give in exchange for products and services that can benefit both parties.

International Logistics Partners

Internationalization is undoubtedly one of the most important elements of this project. In fact, it becomes a determining and natural process for the development of the business. Part of our internationalization plan aims to establish alliances with international logistics partners such as FedEx, and some local ones in order to move forward with the internationalization process within the countries. In the specific case of FedEx, it has huge international logistics that allow us to solve the mobile aspects of the different goods.

Payment Partners

Our international partners such as Mercado Pago, Visa, and MasterCard will allow us to provide versatility to the payment gateway, as well as access to different discounts within the platform. This will allow anyone accessing the platform to pay for the product or service by choosing the best partner. The flexibility of the business will be reflected in the payment in local or foreign currency and the different payment methods.

Alliances with local brands

Part of the strategy is to make alliances with local brands, in this way we can offer our vendors special promotions for sale through e-commerce. Of course, these alliances are also focused on social responsibility where we will contribute in a sustainable way to different organizations.

4.10. Internationalization Process

Small and medium-sized companies play a very important role in regional and global economic development. Within the internationalization process, from the economic point of view, foreign investment and the linkage with foreign markets are fundamental to cover international operations. In fact, internationalization arises from the need to take advantage of the competitive gap in a foreign market where it has not yet been noticed or exploited (Hymer, 1976).

Some of the motivations of Colombian companies according to Franco (2000) are explained in the expansion of old and new markets, the stimulation of exports of the parent company, acquiring

international experience, the limitations of the Colombian market, diversification of financial risk, among others.

Undoubtedly, the entry of foreign companies favors the development and competencies of local companies. In fact, part of the objectives and motivations of this digital venture lies in the idea of leveraging the competitive advantage and value proposition to boost employment, the economy, and productivity in a foreign market. For this particular case, the local presence will be decisive, since it is expected to have local e-commerce where the culture of that specific territory to be entered, feels identified with the values of the brand. For the above, a marketplace will be created with a dot com according to the country and it will be taken into account if it is necessary to create a multi-brand strategy according to the lines of business between products, services, shipments, and ads.

On the other hand, international partners will be key to reaching different markets. Some of our strategic allies are FedEx, Mercado Pago, and Salesforce, among others. We will choose the big local brands with which we will have alliances since they are the ones who know the local market and culture. These alliances will allow us to access new strategic markets, incorporate new technologies, and take advantage of the know-how of our allies to expand our market share.

The incorporation of local professionals to our business model will benefit the parties themselves, since it is the locals who know in depth the culture of the region, the customs, and even the needs of the local market, and as a business we will bring great value to the market by generating new jobs, contributing to the local economy, generating sustainable projects through corporate social responsibility, and promoting healthy competition between businesses.

4.11. Cost Structure and Revenue

The cost structure analyzes the implementation of the business model and how profitable it could be. Here we define the action plan to be developed within the next 3 to 5 years, estimating costs, the return on investment, the break-even point, and, of course, the medium-term projection of the project. In this business model, a financial plan (Annexes 4) was proposed for a term of 36 months where the revenue is evaluated, as a first average, taking into account the three types of publication (Free, Basic, Premium), and a fixed cost of 2,100 pesos to be charged. Subsequently, the percentage of new, active, and desisting users is estimated, since it is through them that we obtain the profits. The following is a brief explanation of how the monthly income of the company will be obtained, and in the annex, all the costs related to the business model will be visible.

Sales commission

This will be one of the revenue-generating elements. The first thing to be clear is that the publication of the product will be completely free of charge. The sales commission will be reflected in the type of product that is published and the price of the product. Consumers will have access to three types of publications: Free, Basic, and Premium. Depending on the type of publication, the product will have a certain exposure time in e-commerce. Free publications will be given 45 days, Basic publications will be given up to 150 days and Premium publications will be given 180 days. The free category will have no commission fee, but you can only publish up to 5 products. Basic and Premium publications will be charged a fixed commission per product sold of \$ 1,900 and a percentage of commission according to the category of the product that can range between 10% and 16% for basic publications, and for premium, publications range between 14% and 21%.

As for the services, the types of publications are free, Basic, and Premium. Users who publish for free can only do so once a year and the duration of their publication is 30 days. Basic publications have a fixed publication sale price of \$60,000 with a duration of 100 days and a medium exposure. Premium publications have a fixed price of \$70,000 with a duration of 120 days but with high exposure or the second option of 180 days for \$120,000.

Percentage of shipment

Sellers will have the choice between having free shipping or assuming the cost of shipping from the customer. By having free shipping the seller has the opportunity to assign all the logistics of shipping the product to the final customer through our logistics system. Depending on the level of ranking and score you have, you will have access to certain discounts on shipping. Prices can vary between \$ 6,000 and \$ 69,000 depending on the size of the product or even the type of publication you use.

Advertisements

We will have an ads platform where we will be able to give our customers the possibility to promote their products within the platform. In general, we offer branding and performance solutions to accelerate the sale of products and services. This will allow users who have access to the ads platform to get data and insights on user behavior and measure the effectiveness of a campaign.

4.12. Marketing: Open to market

Nowadays companies include in their communication strategies marketing plans and digital strategies taking into account the general and specific objectives of a business model both in the short and long term. According to Munuera & Rodriguez (2020), some of the main marketing strategies are the development of inbound marketing, email marketing, Search Engine Optimization (SEO), Search Engine Marketing (SEM) Social Media Marketing, content marketing, and paid advertising.

Our entry strategy some of the means we will use to enter the market will be paid media through social media and physical advertising. Other means will be SEO, content marketing, influencer marketing, and participation in special days and events. The above is in order to raise awareness of the brand and its new participation in the local and national markets.

Paid Advertising

It refers to advertising techniques through social networks that require payment to achieve specific objectives within a digital marketing campaign. This is one of the fastest and most effective ways to drive traffic to a website or e-commerce.

To make a good paid ads campaign it is necessary to know through which channels we will work, i.e. Facebook, Instagram, Twitter, Tik Tok, Youtube, or LinkedIn. For the project, we will use Facebook, Instagram, TikTok, and Youtube. It is important to emphasize that the target audience must be segmented and that we must propose eye-catching content in different formats.

Search Engine Optimization (SEO)

The simplest way to explain what Search Engine Optimization is all about is to look at the results on the first page of a search engine. Users usually look for information on a specific topic in the first 5 pages at the most, and it is for this reason that a good positioning is sought. For this,

developers optimize pages according to certain standards and structures in order to appear in the first search results (Yalcin & Kose, 2010).

The optimization process starts with a general and competitor analysis, then find out which keywords, recreates the sitemap, and improves the structure of the website through those keywords. It is with this process that we will be able to position our brand in the search engines in an organic way that is to say without any payment.

Search Engine Marketing (SEM)

It is increasingly evident that companies are starting to think about different strategies to position themselves through search results. These marketing strategies are known as Search Engine Marketing (SEM). They are done through different actions such as paid advertisements related to keywords, not necessarily through banners, but through automated payment to Google or Bing to appear on the first page for a certain period of time. Although it is not only important to be on the first page, it is also important to ensure a privileged place within the top three positions as this will allow the traffic to be higher (Kritzinger & Weideman, 2013).

Content Marketing & Inbound Marketing

Content marketing together with inbound marketing has a very important role within the digital marketing strategy, as it seeks to create value and generate content through the relevant information in order to attract traffic to e-commerce. This type of strategy improves the conversion of visitors to potential buyers, help to know what type of content is more appealing to customers, and even involves audiences more in the creation of content (Cuervas-Mons & San Emeterio, 2015).

According to Pulizzi & Barrett (2009) part of the main challenges for companies, in general, is to establish what content is best for which audiences and what content can be created that differentiates it from the competition. Some of the common formats that we will use for the project are webinars, storytelling (video marketing), podcasts, social media posts, newsletters, and articles.

Influencer Marketing

During the last few years influencer marketing has become more relevant thanks to the creators themselves: the influencers. Influencers are those who create content through different channels (e.g. blogs, videos, social media posts) and with a consolidated follower base. Through influencer marketing, the aim is for influencers to try products or services and for them to endorse the brand. It is the content creators who are in charge of promoting the brand's products or services to their follower base. Influencer marketing is in charge of finding and identifying influencers and encouraging them to promote your products or services through social networks or blogs (De Veirman, Cauberghe & Hudders 2017).

Participating in Special Days

Participating on special days (e.g. Cyber Monday, Black Fridays, Hot Sales, Mother's Day, Father's Day, Pet's Day, etc.) brings different advantages to e-commerce. One of them is the quick return on investment through the movement of old or new merchandise. Likewise, this allows to make the brand known much faster, promote new products, increase the conversion rate, and sell in volume, among others.

4.12.1. Strengthening Strategy

We know that the business needs different strategies to penetrate the market, but also to maintain the already consolidated market. We will carry out different strategies in order to enhance the fidelity and loyalty of our frequent customers. The main objective is to consolidate and stimulate both the top of heart and top of mind of the brand through different strategies of retargeting, loyalty programs, social responsibility, and email marketing.

Retargeting

Getting users to move up the conversion funnel is not an easy task, in fact, it is necessary to perform different actions before achieving that conversion. This is what retargeting is used for. This is a digital marketing strategy that allows you to impact different users with advertising. An example of retargeting is when a user enters the eCommerce with the intention of buying but finally does not make the purchase. When leaving the e-commerce and browsing other websites, he/she will find advertising for the product he/she was going to buy. This type of strategy allows you to encourage users to complete their purchases and achieve a final conversion.

Fidelization

While it is important to get new customers, it is also important to keep current customers happy and for this purpose, loyalty is used to reaffirm loyalty. Loyalty programs help drive business growth by increasing incentive revenue, improving online reputation, and gaining important information about niche market behavior. One of our loyalty programs will be points where buying customers earn points which they can later exchange for discounts, special deals, or gifts. For our seller customers will be part of a loyalty program through a system of levels where the sellers are positioned at certain levels and the higher their level the better-ranked and therefore better their reputation will be.

Social Responsibility

As society evolves so does the business sector. Directing companies toward social responsibility allows for the welfare of all the actors involved. According to Romero & Lara (2016) "Social responsibility is the obligation of an individual in a particular way, or it can be the task of a group of individuals that make up a company, an organization, etc., which is aimed at the adoption of tasks, strategies, lines of action, etc., as well as the fulfillment of these in order to achieve social, business, governmental or family harmony and contribute to the reduction of the negative impacts that human actions cause in society, the environment or in social relations themselves" (pp.119). From our social responsibility program we propose different programs in which we can collaborate with different private foundations and the national district to donate food and all kinds of elements of animal health care. We want to stop animal starvation and promote the adoption of domestic animals.

Email Marketing

The email marketing strategy has become one of the strongest elements of effective communication with customers. Not only does it allow you to maintain a long-term relationship with your customers, but it also helps to build customer loyalty through constant communication. In fact, part of the digital transformation of companies is to adopt different strategies for email marketing in order to capture the consumer's attention. Our ultimate goal is to create personalized emails to keep

in touch with customers, convert customers into leads, make them aware of the news, generate engagement and accompany the content marketing strategy.

4.13. Conclusions

Finally, and as part of the conclusions, it was proposed to make a SWOT analysis that allows us to have an integral vision of the business in the medium and long term by putting into practice the success factors seen in the research stage.

Table 6

SWOT Analysis

WOT	Negative Aspects	Positive Aspects
Internal Factors	<p style="text-align: center;"><u>Weaknesses</u></p> <ul style="list-style-type: none"> • limited resource capacity. • Limited budget. • Price competitiveness in other platforms. • Logistics cost with a third party. • No physical store. • 100% digital infrastructure, there is a risk threat of viruses or hackers. • Limited access to places without internet. 	<p style="text-align: center;"><u>Strength</u></p> <ul style="list-style-type: none"> • Flexibility to add new products. • Allocation of promotions and discounts. • Low advertising cost. • Physical stock is not necessary. • Variety of payment methods. • Ease of adaptation to technological changes. • Ease of development and growth in digital environments.
External Factors	<p style="text-align: center;"><u>Treat</u></p> <ul style="list-style-type: none"> • Cultural barriers to entry into the international market. • Variety of well-positioned competitors • Trade policies between countries. • Coverage of products and services for the agricultural sector. • Entry of new regulations that limit the capacity of e-commerce. • Increasing inflation trend, tax reform, higher taxes. 	<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none"> • Opportunities in national and international markets • New customer consumption habits. • Wide range of products. • Use of different promotion channels. • Entry into new sectors such as the livestock sector with products and services. • Creation of technological entrepreneurship in an underexplored market. • High Demand user on e-commerce. • Governmental state support through digital entrepreneurship

Note: own elaboration

According to Cravens et al. (1997), continuous learning is a key characteristic of companies, as well as the processes of planning and development of the value proposition that responds to market needs. In fact, companies that integrate customer preferences and competitors' key points through planning can harmonize and optimize the negative and positive aspects to achieve better performance. This is achieved through the integration of marketing and SWOT (Novicevic et al., 2004).

Considering the opportunities and strengths of the business, pet eCommerce is part of a market that has been emerging for the past few years. However, it is still largely unexplored at the digital level. In fact, the opportunities in the national and international market allow for flexibility in terms of products, allocation of promotions, discounts, and ease of payment. It is also important to mention that it is not necessary to incur additional expenses such as storage or warehousing by not having physical stock. A no less important element is the growth of users and demand at the e-commerce level.

The strategy according to the weaknesses and opportunities is that first, we must take into account that the budget is limited, which indicates that the technological development will be limited, however, with state support digital entrepreneurship allows e-commerce to develop with professional staff. On the other hand, it is foreseen that the competitiveness in prices will be high, so it is proposed to make strategic alliances with major brands to have special prices. Another barrier, which can be prejudicial is the lack of physical stores, although the project will start digitally, it is also proposed to migrate to physical stores.

Now then, part of the strategies proposed for the threats and strengths take into account an analysis of the culture of the country in question, in this way it will be known which are the products with more affinity with consumers and thus plan an entry strategy. It should be taken into account that there are already several competitors well positioned in the market, so several benchmarking studies of the main competitors will be carried out. Likewise, at the moment of entering the country, the different regulations will be taken into account in order to establish and position the company in the market within the framework of legality.

To counteract the Weaknesses and Threats, it is proposed to create an internationalization strategy, marketing mix plan, and 360° strategy that allows the consolidation of the brand in the market through different promotion strategies, positioning in social networks, search engines, and traditional marketing.

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ANNEXES

Annex 1

Studies on Factors of e-commerce success and survival

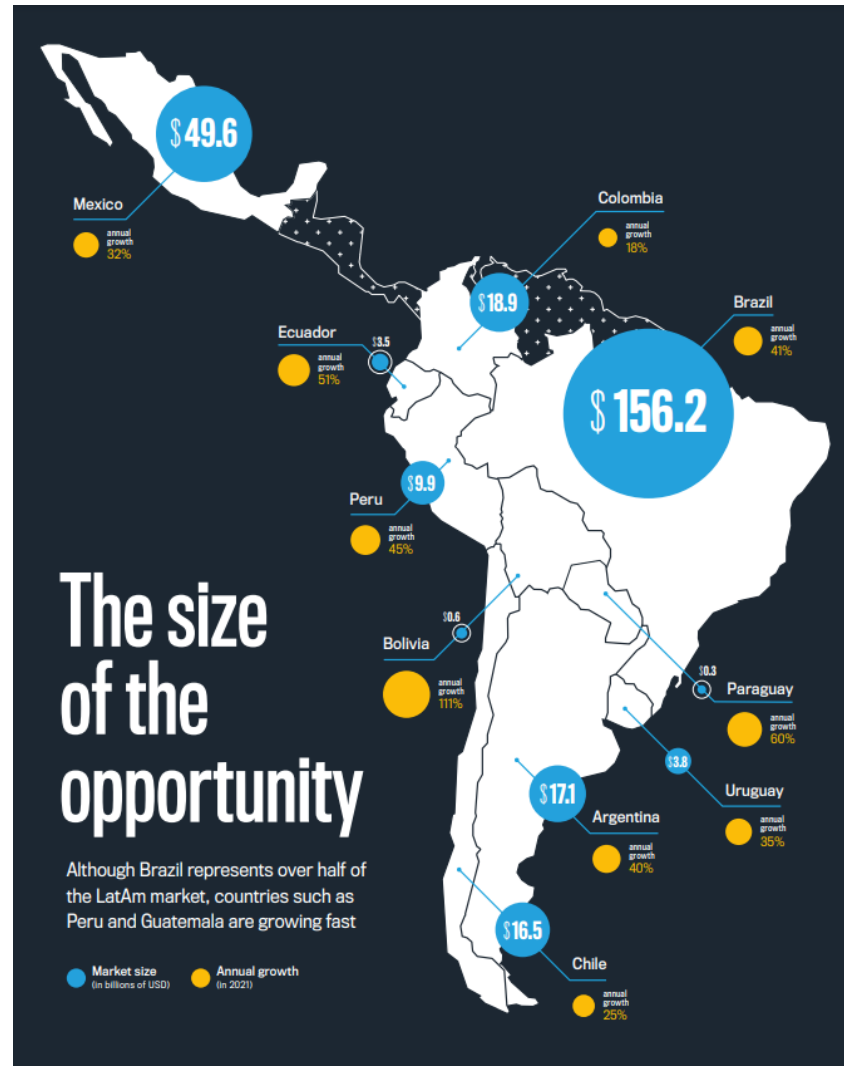
Determinant	Study	Work carried out
<i>Firm size</i>		
Number of employees	Banerjee et al. (2007)	This study found a positive relationship between firm size and survival, as predicted by product lifecycle theory, conducting an empirical study with data from 115 publicly traded Internet firms.
Number of products for sale	Wang et al. (2013)	Based on the theory of social capital and employing data from 5772 online stores from a Chinese marketplace, the study found evidence that the greater the number of products, the greater is the survival of online stores.
<i>Technical aspects</i>		
Website design	Feindt et al. (2002)	This study found that usability, content presentation, and customer interaction through the company website are critical success factors to compete in the e-commerce space, using data from 150 e-commerce ventures worldwide.
Search engine optimization	Serrano-Cinca et al. (2010)	Using a sample of 138 US Internet businesses and web metrics variables (search engine optimization, popularity, reputation), this empirical study found a positive and significant relationship between web metrics and e-tailers' performance.
Purchase facilitation	Song and Zahedi (2005)	Relying on the theory of planned behaviour, the authors conducted an experiment developing 32 websites, finding that purchase facilitation variables (product description, large picture, payment options) are important factors in explaining purchase intention.
System quality	Lee and Kozar (2006)	Based on the model of information systems success (DeLone and McLean, 2004), the authors conducted a field study with 156 online customers and 34 e-commerce business managers, finding that navigability and security lead to the highest business performance.
<i>Competitive strategy</i>		
Order of entry	Nikolaeva (2007)	This study found that market entry timing had a modest impact on survival rates by conducting an empirical study using data from 460 e-tailers. Some early entrants enjoy initial advantages, but many others suffer from pioneer burnout.
Price	Kaushik et al. (2020)	Using a multicriteria decision-making methodology, the authors found several determinants in the success and growth of online fashion retail in India: webstore image, price, online shop recognition, and reputation of stores.
Internationalization	Falk and Hagsten (2015)	This study was conducted using data from a group of 1146 firms from 14 European countries. The authors found that international experience may affect the degree to which firms engage in e-commerce: exporting firms are more active in online sales than non-exporting firms.
Privacy and responsiveness	Chiu et al. (2009)	This study investigated the repeat purchase intention of experienced online buyers based on the technology acceptance model, finding that online trust is critical for survival and is built through order fulfilment, privacy, responsiveness, and contact. The data were collected from 360 PCHome online shopping customers.
Inventory ownership	Randall et al. (2006)	This study hypothesized the factors that persuade firms to integrate inventory as well as the success of this decision based on the contingency theory of organizations. Analysing data from 50 Internet retailers found no evidence of an association between firm sales and the decision to integrate inventory.
E-fulfilment strategies	Lee and Whang (2001)	This study described innovative ways to apply e-fulfilment strategies to win the last mile by examining what happened to a sample of companies. Success factors included logistics postponement, dematerialization, resource exchange, leveraged shipments, and the B&C model.
Logistics and transportation service providers	Esper et al. (2003)	The authors conducted two experimental studies analysing the effects of carrier information and related website delivery strategies on consumers' delivery perceptions, evaluations, and willingness to purchase a product from the website. They found that offering consumers a choice of carriers can have a positive impact on their willingness to purchase from the merchant.
Multichannel	Wallace et al. (2004)	Applying the theory of buyer behaviour, the authors conducted an empirical study from 151 mail surveys, finding that multichannel strategies enhance customer satisfaction and ultimately customer retailer loyalty.
Distribution channel	Nikolaeva et al. (2009)	With data from 418 e-tailers in 14 product categories, the study found that pure-click dot-com e-tailers have a lower probability of survival than multichannel e-tailers.
Differentiation vs cost leadership strategy	Karagozoglu and Lindell (2004)	This study explored the transformation of bricks-and-mortar small and medium-sized enterprises into e-commerce by analysing the responses of a survey of 71 managers. They found that cost leadership does not contribute to profitability, while a strategy based on differentiation improves financial performance.
Trust and commitment	Mukherjee and Nath (2007)	This study adapted commitment/trust theory to the online retailing context. It found that both trust and commitment have a significant influence on customers' behavioural intentions using a survey answered by 651 professionals and university students.
Word-of-mouth	Kim and Son (2009)	Drawing on social exchange theory, the authors modelled post-adoption behaviours in the context of online services. The model was tested using data from 510 users of online portals. Behavioural outcomes related to survival include word-of-mouth, willingness to pay, and inattentiveness to alternatives.
Reputation	Cai et al. (2014)	Based on classical theories of reputation, the study showed that reputable sellers can expand their market faster than non-reputable sellers. A good reputation is also reflected in repeat business, trade expansion, and market survival.
Customer loyalty	Pavlou (2003)	Following the theory of reasoned action, the study provided evidence of a positive relationship between consumer intentions to transact online and trust in e-commerce, using a sample of 155 online consumers.
Loyalty card	Colla and Lapoule (2012)	Using interviews with French grocery retailers and consumers, the study found key success factors in the click and drive sector (a multichannel information and communication system, merging loyalty card databases, emphasis on customers).
Perceived risk	Kim et al. (2008)	Using a web survey and drawing on the technology acceptance model, theory of reasoned action, and theory of planned behaviour, the empirical results suggested that a consumer's trust has a strong positive effect on purchase intention as well as a strong negative effect on a consumer's perceived risk.
Utilitarian value and hedonic value	Chiu et al. (2014)	Based on means-end chain theory and prospect theory, the study showed that both utilitarian value and hedonic value are positively associated with buyers' repeat purchase intention. The data were collected from 782 Yahoo! Kimo customers.
Reward programmes	Lim and Lee (2015)	This study proposed a game-theoretical model to explain under which conditions a reward programme can be successful. The likelihood of success for reward programmes was found to be higher in online markets (because the cost of misfit is low) than in offline markets.
<i>Financial aspects</i>		
Labour productivity	Falk and Hagsten (2015)	This study investigated the patterns of e-commerce activities and their impact on firm performance in several European countries, finding that the changes in e-sales activities and labour productivity growth are positively related.

Financial capital	Banerjee et al. (2007)	With data from 115 publicly traded Internet firms, the study evidenced the relevance of financial capital at different stages in their lifetime to survival. The results were consistent with product lifecycle theory.
<i>Environmental factors</i> External factors	Doern and Fey (2006)	The study drew on the theory of transaction costs and theory of social presence to highlight the impact of external factors (poor Internet connections, limited financial resources, high distribution costs, and cash payments on delivery) on the success of e-commerce in Russia. Successful e-commerce companies are those with environmentally friendly business models.
Environmental uncertainties	Huang (2006)	Based on strategic behaviour theory, this study proposed an optimal e-commerce strategic alliance model that overcomes three environmental uncertainties: changes in consumer habits, supplier resources, and information technology.

Source: Cuellar-Fernández, B., Fuertes-Callén, Y., & Serrano-Cinca, C. (2021). Survival of e-commerce entrepreneurs: The importance of brick-and-click and internationalization strategies. *Electronic Commerce Research and Applications*, 46, 101035

Annex 2

Map of the size of the opportunity Latin America



Source: EBanx (2021). *How digital payments and e-commerce are gaining traction in Latin America*. Beyond Borders (pp.1-87) Access on April 12, 2022. Retrieved from <https://bit.ly/3uGKHBD>

Annex 3

Map of the size of the opportunity Central America



Source: EBanx (2021). *How digital payments and e-commerce are gaining traction in Latin America*. Beyond Borders (pp.1-87) Access on April 12, 2022. Retrieved from <https://bit.ly/3uGKHBD>

Annex 4

E-commerce Financial Plan:
[See complete table](#)

	M1	M2	M3	M4	M5	M6
Revenue	210.032	439.156	800.135	1.193.125	1.974.964	2.825.694
Free Publication	-	-	-	-	-	-
Basic Publication aprox	0,14	0,14	0,15	0,15	0,16	0,16
Premium Publication aprox	0,18	0,19	0,19	0,20	0,20	0,21
Fixed cost	2.100	2.163	2.228	2.295	2.364	2.434
% growth	3%	3%	3%	3%	3%	3%
Paying users	30	81	180	312	585	928
% Paying users	30%	40%	50%	60%	70%	80%
Active Users	100	203	359	520	835	1161
New users	100	100	150	150	300	300
Churned users	-	3	6	11	16	25
% of active users	3%	3%	3%	3%	3%	3%
Active users	-	100	203	359	520	835
Cost of Sales	21.003 -	43.916 -	80.013 -	119.312 -	197.496 -	282.569
Infrastructure	10.502 -	21.958 -	40.007 -	59.656 -	98.748 -	141.285
% on revenue	5%	5%	5%	5%	5%	5%
Data	10.502 -	21.958 -	40.007 -	59.656 -	98.748 -	141.285
% on revenue	5%	5%	5%	5%	5%	5%
Margin	189.029	395.240	720.121	1.073.812	1.777.468	2.543.124
%	90%	90%	90%	90%	90%	90%

Note: This table was elaborated by the student and for the purposes of the degree project only the first 6 months were shown, however in the link above (see complete table) the project is projected for 36 months together with all the other costs.

