Accelerating E-Commerce Regulatory Adoption

Accelerating implementation of e-commerce regulation in Cambodia and Myanmar.

SELLING GROCERIES ONLINE IN CAMBODIA

GOOD PRACTICE GUIDE CAMBODIA

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Foreword

The Ministry of Commerce is pleased to join forces in assisting MSMEs with a rapid transition to e-commerce provision of goods and services, as a response to the COVID-19 pandemic. Accelerating e-commerce adoption by both merchants and consumers in Cambodia presents numerous benefits, such as increased formalization of businesses, better digital financial inclusions and digitization of businesses. It will also play an important role in our economic recovery, and growth into the future. The four Good Practice Guidelines (GPG) will help MSMEs across priority sectors to plan and execute transition to provision of goods and services using e-commerce methods, in line with Government regulations and good industry practices. These GPGs benefited from the leading industry players in Cambodia. They are an essential tool of the Royal Government of Cambodia's strong resolve to transition to a digital economy. We are grateful to the Australian Government for the support provided to accelerate adoption of e-commerce in Cambodia.

H.E. PAN Sorasak
Minister
Ministry of Commerce
Royal Government of Cambodia

NOW IS THE PERFECT TIME TO SELL GROCERIES ONLINE !

The COVID-19 virus has had a major impact on the way we buy and sell products and services.
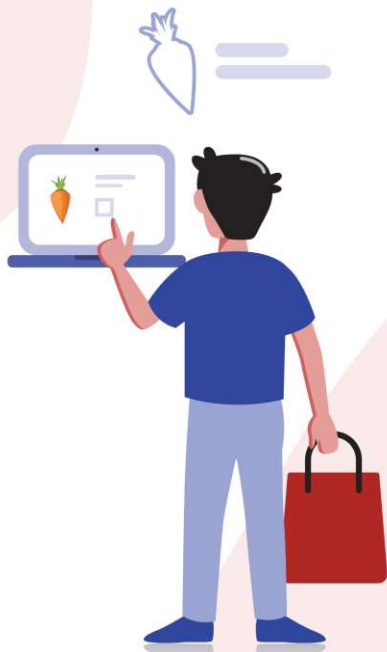
Along with the challenges, the virus also presents opportunities in the food and grocery industry. There are now more Cambodians online than ever – **there are now 128 smartphone subscriptions per 100 people in Cambodia!**

Now that the virus has made people much more comfortable buying their food and grocery items online, it's likely that online purchasing will continue to grow even once the virus is gone.

So there has never been a better time to set up and sell your groceries online. This Good Practice Guide will set out the key options for taking your business online, and lots of practical tips to help you succeed.

CASE STUDY

VIREAK AND CHANTHA GO ONLINE

Vireak and Chantha own a fruit and vegetable store at Central Market. For the last 15 years, they have proudly sold fresh vegetables from Mondulkiri to hundreds of shoppers. Vireak works hard, rising at 4.30am so that he can choose the best produce to sell from his stall. His wife, Chantha, is the face of the stall, making small talk with the shoppers, remembering regular customers' names, and even giving them recipes for the vegetables they sell. Vireak's eye for good produce and Chantha's great customer service are two major factors that have made the stall a success.

As the fear of COVID-19 spread throughout Cambodia, Vireak and Chantha have seen their number of customers – and their revenue – decrease a lot.

One of Vireak's friends was already running an online phone business. He advised Vireak to look at selling his produce through one of the grocery delivery apps. Vireak and Chantha registered with a delivery partner and are now successfully selling their fruit and vegetables to customers across the city.
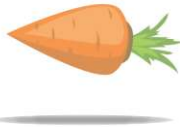
HOW TO PLAN FOR THE TRANSITION FROM OFFLINE TO ONLINE

If you have decided to take your business online, there are two basic choices:

become a '**merchant**' with an online grocery delivery platform or sell to customers yourself.

There are a few models for delivery platforms, and these are frequently changing to customer needs:

The *multi-vendor marketplace* offers items from many sellers from different locations through a website, and arranges delivery to customers. This is the most common model available in Cambodia at the moment.

The *inventory* model is growing in Cambodia, where the platform buys groceries from multiple sellers, and then sells them through a website to individual customers.

Another *shopping model* is where the platform will collect items from multiple sellers in a defined location (such as a market) and deliver them to individual customers.

This Guide focuses on the two most common models – the 'multi-vendor marketplace' model and selling directly to customers yourself. You should start with a simple cost-benefit comparison:

MULTIPLE VENDOR MARKETPLACE
Selling through an existing online 'platform' to manage and deliver your products to customers.

SELL ONLINE YOURSELF
Selling and delivering to your customers through your own website or a social media platform.

MULTIPLE VENDOR MARKETPLACE		SELL ONLINE YOURSELF
Grocery delivery platforms usually charge a 'set up' fee, including payment 'integration' and the stock management system.	**SET UP COSTS**	Setting up a website including quality photos; facility to take payment and communicate with customers.
Online marketplaces will require wholesale discounts, or will charge a commission on the price of your goods.	**ONGOING COSTS**	Cost of delivery. Cost of social media and online advertising.
Platforms bring your groceries to a large audience, and can lift revenues.	**MAIN ADVANTAGE**	You sell direct and keep the profits from online customers.
Large sales at a discount wholesale price can reduce your profits, and additional commissions can make your groceries less competitive.	**MAIN DISADVANTAGE**	You work hard to get and manage each customer.

HOW TO SELECT AND JOIN A GROCERY DELIVERY PLATFORM

If you are looking to join a grocery delivery platform, the dominant model in Cambodia at the moment is the 'multi-vendor marketplace'.
See 'Further Information' for some examples in Cambodia.

🔍 Which grocery delivery platforms are available and most popular in my local area?

⚙️ What are the set up and ongoing costs with each platform?

👤 How efficiently can the platform support me getting online? Who else can help me?

🏷️ Does the platform promote my groceries or my brand, or does it sell groceries generically?

📞 What in-store support do they offer, such as mobile Point of Sale machines (usually on tablets), an app for merchants?

☰ What are payment terms, refund and cancellation policies?

☁️ How and how quickly will I get paid?

🔄 How do I monitor product shelf-life/expiry

📎 What are proper packaging rules & product labels, barcode, Ingredient details, expiry details.

Registering with a grocery delivery platform

The process for registering your business with delivery platforms can be time consuming, but is usually similar across different platforms. It involves providing the delivery platform with enough information to establish an attractive and functional online store. The platforms usually provide some assistance to make the process as easy as possible.

CASE STUDY

NEANG SELLS BREAD ON FACEBOOK

Neang's customers say she bakes the best bread in Takeo province. Since the virus hit, there are less people on the streets and in the marketplace. Her sister recommended that she set up a page on Facebook to tell people in her local area what she is baking, and take orders. She now uploads photos every day by 10am and takes orders by message, with customers coming to her small bakery to pick them up in person. She now sells out her bread by lunchtime, and is looking at ways of accepting payment online and delivering to her best customers.

The basic process usually involves:

Registration

Each delivery platform will have a 'merchant' or 'partner' link on their website, and will require initial registration information such as:

1. Shop Name
2. Shop Address (GPS location)
3. Contact Name, Phone number, Email
4. Type of Store (i.e. beauty, fashion, pets, toys, electronics)
5. Opening Hours (i.e. Monday to Saturday from 8am to 10pm)
6. Catalogue of products in any of the following formats:
   pdf, xlsx, docx, jpg or png
7. Photos of products (optional, but highly recommended)
8. Quantity of products (this is kept updated, to allow inventory management)

Contracting

Receive, review, and sign the provided service level agreement contract. Pay close attention to registration fees, commission rates, payment terms, delivery fees, refund/returns policies, and terms for the cancellation of the agreement.

Set up & training

your delivery platform should provide training on how ordering and delivery will work using the platform's app. If the platform provides you with a tablet, this will become your Point of Sales device – so understanding how to use this will be very important. This is the time to prepare your 'back end' systems (see below).

Go live

before going 'live' on the platform, review your online catalogue as published by the marketplace & delivery platform. Does it look attractive and are all the details correct? When ready, start selling and increasing your revenue!

VIREAK AND CHANTHA GROW ONLINE

Vireak's friend helped him register with two of the best-known grocery delivery services and his produce now appears on their smartphone apps. After six weeks, Vireak and Chantha have found the service works really well and their online orders now account for half of their revenue every week. Vireak manages online orders and receives notification of new orders via his smartphone and then packs each order for the delivery service to collect.

Even though the delivery platform takes 15% of the transaction cost, they have been able to raise their prices for online orders, as they are selling to a broader range of customers. Chantha is now actively marketing their business via Facebook and other social media platforms. They are also looking at registering with more services as well as expanding the range of produce they sell.

DEVELOPING YOUR PRESENCE ONLINE

Now that you're moving your business online, you need to tell your existing customers...

... and grow your business by reaching new customers. If you're going online by yourself, this will usually involve building a website, or a page on a social media platform such as Facebook. If you're joining an existing delivery platform, they will have the automated tools to help grow your presence on their platform.

Messaging to Customers

Like any normal business, keeping customers happy is the key to success. Here are some expert tips on engaging with customers:

Contacts

Make sure your Whatsapp and Telegram contact numbers are easy to find.

Fast Response

Reply to customers within minutes, and have an automatic response with your opening hours and phone number.

Target locals

Many customers may live near your food stall. Don't forget the value of distributing printed advertisements, as well as online advertisements.

Using Social Media

Social media can help spread the message that your business is online, and ready for orders. Whether you join an existing delivery platform or set up your own website, social media keeps customers thinking about your delicious food! The key is to keep social media active – and find ways to engage with your customers and get them to share their positive experience with your products.

Some important social media tips include:

Get Established

create a *Facebook page* for your business, and link it to popular groups and other social media platforms such as *Instagram* and messaging apps such as *Telegram* or *Whatsapp*.

Create Content

start by posting about the platform you have joined, or the website you have set up. Share posts at least twice a day – photos of your groceries, your staff working hard, the farmers who deliver your produce. Never use photos from the internet – only real, exciting images from your shop or stall.

Engage your audience

ask questions of your audience, create mini competitions for special offers, create short videos of your products, share recipes using your products. These can be linked to a *YouTube account* when you have enough videos. The more you get your audience to comment and like your posts, the more prominent your business will become on social media platforms. Over time, learn the art of 'hashtags' and linking to popular figures and groups to boost your audience.

Show you care

share information about your response to *COVID-19* (e.g. Post photos of your staff wearing mask, gloves, etc.). Share stories about your business helping local charities and groups.
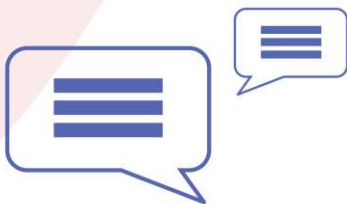
GETTING 'BACK-END' SYSTEMS READY

Before you start selling online, you will need to make sure your systems and processes are ready

It would be bad for your business if you failed to deliver what the customer orders, or it takes too long, or some other failure. As much as social media can have your customers promoting your products, it can also be used to criticise. For this reason, the 'back end' systems are very important.

You should approach selling online as a new '**workflow**' – every step from pre-order, to order, to packaging, to payment, to delivery and customer feedback. And you will need someone who is trained to use the system to accept and track orders, to make sure no customer is left waiting for their food.

For those joining delivery platforms, here are some of the key 'back end' tips to help you prepare:

Accept/Refuse orders:

After you receive an order, the delivery app will require you to accept or refuse that order before a logistic partner (driver) is sent to your store. Someone should be dedicated to do this and manage online orders.

Manage your stock:

the biggest challenge in online selling is matching physical stock with what you offer online. Delivery platforms will not do this for you, so you will have to monitor your product inventory and act quickly to 'turn off' a product offered online if you are running out.

Keep the offering current:

actively review the online listing to make sure all products, prices, descriptions, and photos are all current.

Have frequent promotions:

your customers will respond to frequent promotions and discounts, and the delivery platforms allow you to do this easily. Some options include: percentage discounts on one or more products, buy 1 get 2 promotions (or similar), discounts for 'whole cart' value above a minimum amount (ie. 10% of whole order over $20).

Learn about App functions:

delivery platforms are always expanding and improving the functions that give you greater opportunity to sell. Spend time to learn how to define your opening hours, have temporary 'closing' when orders are too high or for holidays, and take advantage of opportunities to promote and feature your products.

Learn from the data:

delivery platforms will provide lots of data on history of orders, popular products and ordering times, and sales revenues. Use this data to improve your products and sales techniques. revenues. Use this data to improve your products and sales techniques.

ADAPTING TO E-COMMERCE DURING THE PANDEMIC

The COVID-19 pandemic has challenged everyone to think of new ways of doing business.

The rapid rise in consumers going online to purchase their goods and services will remain long after the virus has gone. So the opportunity is there – right now – to get your business online and grow.

Here are some tips to help you adapt to the new 'COVID-19 reality' when selling your groceries online:

Packaging for delivery

your delivery platform can advise on suitable packaging for grocery products. The materials you use will need to be durable and grease proof or waterproof, as is required for your type of product. You may want to explore plastic free packaging to reduce the impact on the environment and increase your customer satisfaction. Your delivery driver will expect to pick up the products packaged and ready to go.

Contactless delivery

ask your platform or drivers to see if they offer 'contactless' delivery to reduce the risk of virus transfer. This typically involves verifying the customer receives the order, but not handing it to them directly.

Go cashless

another reason to move to online payment is that handling of cash can increase the risk of transferring the virus. Delivery platforms should have easy options to do this. See the section on 'Getting Paid' for more information.

Show your customers how you work safely

by sharing photos, videos and information about how you prepare and deliver products in compliance with health and safety requirements, their confidence and orders will increase.

CASE STUDY

NEANG SENDS HER FIRST VIDEO ON COVID-19 SAFETY

Neang's neighbours tell her that some customers are nervous about ordering her bread due to the risk of transmitting the virus. Seeing the opportunity, she films a short video showing her and her bakers getting temperature checks when they arrive at work, using gloves and masks, and packaging bread in clean sealed boxes. She sends the video to customers on Telegram, who respond positively. Her orders grow by 10% that same day.

COMPLYING WITH LAWS

Selling your groceries online requires you to comply with all of the normal commercial laws, such as food hygiene standards, commercial contracts (including settlement of disputes), and employment requirements.

The new Cambodian Consumer Protection Law will also apply. This means you must be accurate in providing information to your customers, including things like the identity of the company, terms and conditions for payment, cancellation and refunds. An online delivery platform will be able to give you advice on this.

There are also some laws specifically for companies selling online. Registration for e-commerce participants will be required under the new Cambodian e-commerce law, and all of the normal laws of business taxation will apply to businesses selling online. The new law also requires you to protect the data and information you receive about customers. If you join a delivery platform you join ask how they can help you protect this data and comply with the law.

GETTING PAID

Getting paid **'Cash on Delivery'** is still the most common approach, and most delivery platforms will allow this. However, there are big incentives and advantages to moving payments online. Many delivery platforms can offer free **'Point of Sale' machines** to process and automate payments.

Moving payments online can also help grow your business, by providing the information needed by banks and insurers to lend and protect your business. Lastly, going 'cashless' can avoid the risk of transferring the **COVID-19 virus** through handling notes and coins.

If you join a grocery delivery platform, it is likely that they will offer a facility to accept payment online. This is usually where your customer pays through the app using their credit card / debit card and the delivery platform collects the money and sends what it owes directly to your company's bank account. Delivery platforms can also usually 'integrate' with a payment services provider *(PiPay, Wing, ABA Pay, etc.)* that you select.

See 'Further Information' for some examples in Cambodia.

If you decide to go online by yourself, you should first speak to your bank about what type of merchant facilities they offer. This may involve setting up a 'merchant account' (to accept payments as a business) and a 'payment gateway' (connecting your store and the merchant account).

Whatever option you choose, there will be fees involved – *so check and compare carefully.*

SELLING
GROCERIES
ONLINE IN CAMBODIA

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The following companies have contributed to the formulation of this GPG and may be contacted for additional information on selling goods and services online.

CWEA
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CAMBODIA WOMEN ENTREPRENEURS ASSOCIATION

Camboticket

woomentum Cambodia

grocerdel Grocery Delivery

BOOKMEBUS where every corner is bookable

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