



## ONLINE SALES CHANNELS AND ITS IMPACT ON BUSINESS PERFORMANCE

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**ABSTRACT:** *The online sales channel, encompassing various platforms such as e-commerce websites, online marketplaces, and social media, has redefined traditional commerce by providing businesses with diverse mediums to engage with consumers in the virtual sphere. These platforms function as channels for businesses, enabling them not just to display their products or services but also to facilitate smooth transactions by leveraging the pervasive connectivity of the internet. This study aims to assess the impact of online sales channels, specifically focusing on their influence on customer engagement and revenue generation. In order to collect data, a survey questionnaire was sent to seventy-five (75) entrepreneurs. However, only fifty-four (54) questionnaires were completed and used. Data was also collected from secondary sources. The findings from the study revealed that the majority of entrepreneurs recognize the indispensability of online sales channels for the success of their business. Notably, businesses that strategically adopt and diversify these channels experience increased revenue and gain a competitive edge. Businesses are advised to prioritize and enhance their online presence based on the study's findings. Embracing comprehensive digital strategies, including websites and social media, is essential for success in today's dynamic business environment.*

**KEYWORDS:** Online, Sales channels, Business performance, E-commerce, Entrepreneurs.



## INTRODUCTION

The advent of the internet has hastened a transformative shift in the patterns of business operations, ushering in an era where the online sales channel stands as a critical force shaping the trajectory of business performance. This significant change is highlighted by the newfound ease of access and connection made possible by the digital world, encapsulating a multifaceted array of platforms collectively referred to as the online sales channel.

The online sales channel encompasses an intricate web of strategies and platforms through which businesses engage with consumers in the virtual sphere, transcending traditional boundaries and redefining the very essence of commerce (Palmatier et al., 2017). At its core, the online sales channel manifests through diverse mediums, ranging from custom-made e-commerce websites and ubiquitous online marketplaces to the prevalent influence of social media platforms and the ubiquity of mobile applications, for example Facebook, WhatsApp Business, Konga and Jumia marketplaces. These avenues collectively serve as conduits for businesses to not only showcase their products or services but to orchestrate seamless transactions, leveraging the omnipresent connectivity of the internet.

The online sales channel significantly influences business performance, impacting market reach, customer engagement, and revenue generation (Šaković et al., 2020). Within the intricate digital landscape, businesses experience effects on various performance metrics. The channel enables global reach by overcoming geographical constraints and facilitates tailored marketing to specific demographics (Reuber & Fischer, 2011). Digital transactions' immediacy transforms customer engagement, shifting businesses towards creating immersive online experiences and building lasting connections with customers.

As we delve into the nuanced tapestry of the online sales channel and its impact on business performance, it becomes apparent that this digital metamorphosis is not merely a technological evolution but a fundamental restructuring of the commerce paradigm.

### Objective of the Study

This study seeks to examine the impact of online sales channels, specifically focusing on their influence on customer engagement and revenue generation. Additionally, it aims to assess the overarching significance of these channels for modern businesses, delving into their role in shaping overall business performance.

### Hypothesis of the Study

To fulfil the objective of this study, we posit the following null hypothesis:

H0: The utilization of online sales channels does not have a significant impact on business performance.



## LITERATURE REVIEW

### Online Sales Channel

Online sales channels encompass a diverse array of platforms and methods through which businesses interact with customers in the digital sphere, showcasing, promoting, and selling their products or services. These channels harness the capabilities of the internet to facilitate transactions, creating a virtual marketplace that extends to a broad and often global audience. E-commerce websites, online marketplaces, social media platforms, mobile applications, and various digital interfaces collectively form the landscape of online sales channels, allowing businesses to seamlessly engage with consumers (Bayudan-Dacuycuy & Dacuycuy, 2022). These channels defy a rigid, singular format, constituting an interconnected ecosystem where businesses can tailor their strategies to align with the distinctive characteristics of each platform. Core elements of online sales channels include digital storefronts (an example is Jumia marketplace), secure payment gateways (an example is Paystack), and mechanisms for order fulfilment (examples are Chat-Bots to interact with customers, Catalog APIs, and Checkout APIs). The digital nature of these channels enables real-time interactions, personalized experiences, and the incorporation of data-driven approaches to amplify customer engagement and streamline sales processes.

The evolutionary trajectory of online sales channels has been intricately shaped by rapid technological advancements and shifts in consumer behaviour. Originating with the internet's development and the ascent of e-commerce in the late 20th century, businesses initially established standalone websites for product showcasing and sales (Trenz et al., 2020). Subsequently, the landscape expanded with the advent of online marketplaces like Amazon and eBay, offering businesses a broader reach and a multifaceted approach to digital commerce.

### Importance of Online Sales Channels

The importance of online sales channels in the contemporary business environment cannot be overstated, as these digital conduits have become integral to the very fabric of commerce. Each phase of the following factors contributes uniquely to the overarching impact of online sales channels on business performance, navigating the intricate dynamics of the digital age.

1. **Market Reach and Globalization:** One of the paramount advantages offered by online sales channels is the unparalleled expansion of market reach and the facilitation of globalization for businesses (Javalgi & Ramsey, 2001). The digital realm transcends geographical boundaries, enabling enterprises to effortlessly connect with a global audience. E-commerce websites, online marketplaces, and virtual platforms dissolve the constraints of traditional brick-and-mortar establishments, allowing businesses to showcase their products or services to consumers around the world. This increased accessibility not only broadens the customer base but also presents opportunities for businesses to tap into diverse markets, fostering growth and competitiveness on a global scale (Schmitt, 2023).
2. **Customer Engagement and Relationship Building:** Online sales channels serve as dynamic arenas for fostering customer engagement and building enduring relationships. The interactive interfaces of e-commerce websites, coupled with the omnipresence of social media platforms, create opportunities for businesses to connect with their audience on a personal level. Through targeted communication, personalized experiences, and responsive customer service, businesses can cultivate a sense of loyalty and trust. The digital space becomes a



conduit for dialogue, feedback, and brand interaction, establishing a symbiotic relationship between businesses and consumers that extends beyond transactional exchanges (Paredes-Corvalan et al., 2023).

3. **Revenue Generation and Financial Implications:** Perhaps the most tangible impact of online sales channels lies in their direct influence on revenue generation and the consequential financial implications for businesses. These channels provide diverse avenues for income streams, from direct sales on e-commerce platforms to collaborative revenue models through affiliate marketing (Chen et al., 2022). The efficiency of online transactions, coupled with the ability to analyze and optimize through metrics and analytics, enhances the financial agility of businesses. Moreover, the cost-effectiveness of digital marketing strategies and the potential for continuous, global sales contribute to the robust financial viability of businesses leveraging online sales channels, thereby reshaping traditional notions of revenue models in the digital age (Suleiman et al., 2020).

### Online Sales Channels Strategies

By strategically employing a combination of the following channels, businesses can optimize their online presence, engage with their audience effectively, and drive enhanced business performance.

1. **E-commerce Websites:** E-commerce websites serve as the cornerstone of online sales channels, providing businesses with dedicated platforms to showcase their products or services (Bayudan-Dacuycuy & Dacuycuy, 2022). These websites offer a personalized and branded shopping experience, complete with features such as product catalogs, secure payment gateways, and order tracking. The direct-to-consumer nature of e-commerce websites empowers businesses to establish a distinct online presence, tailor marketing strategies, and foster customer relationships.

2. **Online Marketplaces:** Online marketplaces, exemplified by platforms like Jumia, Konga, Amazon, and Shopify, act as expansive digital market spaces where businesses can list and sell their products to a vast user base. These platforms streamline the sales process by handling payment transactions, product shipping, and customer reviews. Leveraging online marketplaces enables businesses to tap into established customer traffic, enhance product visibility, and benefit from the trust associated with well-known platforms (Schmitt, 2023).

3. **Social Media Platforms:** Social media platforms, such as Pinterest, Facebook, WhatsApp Business, and Instagram, have evolved beyond mere social interaction hubs to become influential online sales channels. Businesses can create dedicated pages or shops on these platforms, allowing them to showcase products, engage with customers, and facilitate transactions directly within the social media environment. The visual nature of social media enhances product discovery and fosters a sense of community around the brand (Khorsheed et al., 2020).

4. **Mobile Applications:** The widespread use of smartphones has stimulated the emergence of mobile applications as a potent online sales channel. Companies develop mobile apps to provide users with a smooth and convenient shopping experience, especially while on the move. Consider UberEats, and Glovo as illustrations; instead of relying heavily on social media platforms, these businesses have opted to establish a direct business connection with their customers through dedicated mobile applications. These apps not only streamline



transactions but also harness functionalities such as push notifications and location-based services to elevate customer engagement and foster loyalty.

5. **Email Marketing:** Email marketing remains a stalwart strategy within online sales channels. Businesses utilize email campaigns to reach out to customers with personalized promotions, product updates, and exclusive offers. Email marketing fosters direct communication with the audience, nurturing relationships and encouraging repeat business (García et al., 2019). It serves as a valuable tool for both customer retention and revenue generation.

6. **Affiliate Marketing:** Affiliate marketing involves partnering with individuals or entities (affiliates) who promote a business's products or services and earn a commission on sales generated through their efforts (Chen et al., 2022). This collaborative approach leverages the reach and influence of affiliates to expand the online sales channel. It provides businesses with a performance-based model, where commission payouts are tied to actual sales.

## **The Role of Online Sales Channels in Shaping Overall Business Performance**

### **Holistic Impact on Business Performance Metrics**

The influence of online sales channels on overall business performance is profound and spans various metrics crucial for assessing business success and longevity. Implementation of online sales channels significantly affects key performance indicators (KPIs) such as revenue generation, market reach, and customer satisfaction (Tolstoy et al., 2022). The capacity to overcome geographical constraints and access a global customer base expands market reach, while the immediacy and convenience of digital transactions play a pivotal role in driving revenue growth (Šaković et al., 2020). Additionally, the effectiveness of online sales channels directly impacts customer engagement metrics, encompassing conversion rates and retention. The interactive features of e-commerce websites, the impact of social media, and the personalized experiences offered by mobile applications contribute to heightened customer engagement, nurturing enduring relationships that transcend individual transactions (Bayudan-Dacuycuy & Dacuycuy, 2022).

### **Interconnectedness of Online Sales Channel with Other Business Functions**

Online sales channels operate in a highly interconnected manner, intricately weaving into various other facets of business operations to create a synergistic effect (Palmatier et al., 2017). Marketing strategies, for instance, are intimately linked to the dynamics of online sales channels, with targeted advertising on social media, email campaigns, and affiliate marketing serving as integral components that propel traffic and conversions on e-commerce platforms. This interconnectedness with marketing extends to brand management, where the online presence assumes an essential role in shaping overall brand perception (Dabbous & Barakat, 2020).

Moreover, the dynamics of online sales significantly impact the functions of the supply chain and logistics. Efficient order processing, meticulous inventory management, and prompt fulfilment become imperative to meet customer expectations in the digital realm (Attaran, 2020). The collaborative efforts of these functions contribute cohesively to the seamless operation of the online sales channel. Additionally, online sales channels redefine customer service and support functions. Real-time communication, the utilization of chat-bots, and





online feedback mechanisms emerge as essential tools to ensure a positive customer experience, ultimately influencing customer retention and fostering loyalty.

### **Long-term Implications and Strategic Planning**

Incorporating online sales channels necessitates an anticipatory approach to strategic planning that considers both immediate advantages and long-term sustainability. Businesses are required to assess the ever-evolving landscape of technology, consumer behaviour, and market trends in order to formulate strategies adaptable to dynamic changes (Cruz-Cárdenas et al., 2021).

Strategic planning involves investments in technology infrastructure, cyber-security measures, and ongoing innovations to maintain a competitive edge in the digital space. Additionally, businesses should foresee future consumer expectations and preferences, aligning their online sales strategies with enduring market trends. The long-term implications extend to organizational culture and workforce development, requiring businesses to cultivate a digital mindset within their teams (Cruz-Cárdenas et al., 2021). This entails nurturing a culture that embraces innovation, agility, and continuous adaptation to emerging technologies. In this strategic planning context, efforts encompass talent acquisition and training programs aimed at equipping employees with the skills essential for navigating the intricacies of online sales channels.

### **Challenges and Limitations of Online Sales Channels on Overall Business Performance**

The integration of online sales channels into business operations, while immensely beneficial, is not without its challenges and limitations. Understanding these hurdles is crucial for enterprises seeking to optimize their performance in the digital realm. The challenges and limitations of online sales channels on overall business performance can be delineated across several key dimensions:

1. **Security and privacy concerns:** Navigating the digital realm presents a persistent challenge due to inherent security risks such as data breaches, cyber-attacks, and identity theft (Ibrahim et al., 2020). The ongoing task of securing online transactions and protecting customer information is intricate. Additionally, the limitation arises from apprehensions about data privacy, potentially dissuading certain customers from participating in online transactions and thereby affecting the expansion of the customer base.
2. **Technological barriers:** The rapid pace of technological advancements poses a challenge for businesses, as it can surpass their capacity to adapt. Small enterprises, in particular, may encounter difficulties in maintaining current infrastructure, platforms, and software. This limitation stems from the constraint of limited technological resources, impeding these businesses from fully capitalizing on the potential benefits offered by online sales channels and thereby affecting their competitiveness in the digital marketplace (Sanchez-Riofrio et al., 2022).
3. **Consumer trust and online transactions:** Establishing and preserving trust in online transactions is of utmost importance as negative incidents like fraud or unreliable services can undermine consumer confidence. This scepticism about the security and reliability of digital transactions may result in hesitancy among certain consumers to participate in e-commerce activities.



4. **Global regulatory compliance:** Operating in the online realm necessitates adherence to dynamic and varied regulations spanning different global regions, presenting a formidable challenge for businesses. Navigating this intricate regulatory landscape is inherently complex. The associated limitation lies in the potential consequences of non-compliance, including legal repercussions, financial penalties, and damage to the business's reputation. Such outcomes have the capacity to significantly impact the overall performance and standing of the business within the digital marketplace.

5. **Customer Service Challenges:** In the realm of digital commerce, the absence of immediate face-to-face interactions poses a challenge in promptly addressing customer queries and concerns, as well as providing timely support. The limitations associated with this challenge are significant, with inadequate customer service potentially resulting in customer dissatisfaction, thereby adversely affecting customer retention and the overall quality of the customer experience. Effectively managing customer interactions in the online sphere becomes pivotal to mitigate these challenges and uphold a positive and enduring customer relationship (Steinhoff & Palmatier, 2021).

6. **Technological Dependence and Downtime:** Businesses heavily dependent on online sales channels face the challenge of susceptibility to technological glitches, website downtime, and system failures, all of which have the potential to disrupt transactions and undermine customer trust. This vulnerability becomes a significant limitation when prolonged downtime occurs, leading to revenue losses and adversely affecting the business's reputation, particularly if customers encounter frustration during the online purchasing process (Bhardwaj et al., 2021).

## THEORETICAL REVIEW

### Diffusion of Innovations Theory

The Diffusion of Innovations Theory, propounded by Everett Rogers (1997), offers a comprehensive framework to understand how innovations, in this case, online sales channels, spread through a social system over time. At its core, the theory identifies five key attributes that influence the rate of adoption: relative advantage, compatibility, complexity, trialability, and observability. The relative advantage suggests that individuals are more likely to adopt an innovation if they perceive it as superior to existing alternatives, while compatibility highlights the importance of aligning with existing values and needs. The theory posits that innovations perceived as less complex, allowing for easy understanding and implementation, are more likely to be adopted. Trialability emphasizes the ability to experiment with the innovation on a limited basis before full adoption, and observability underscores the visibility of positive outcomes, facilitating the adoption decision.

In the context of online sales channels, the Diffusion of Innovations Theory elucidates how businesses and consumers embrace these digital platforms. The theory recognizes that early adopters play a crucial role in influencing the decisions of the majority, and the social system, including communication channels and norms, significantly impacts the diffusion process. Innovations in online sales channels that demonstrate a clear advantage over traditional methods, align with consumer preferences, are easy to understand and implement, offer trial opportunities, and showcase observable benefits are more likely to diffuse rapidly, shaping the landscape of business performance in the digital era.



## **Network Effect Theory**

The Network Effect Theory, in the context of online sales channels, posits that the value of a product or service increases exponentially as more users or customers adopt and engage with the platform. This theory underscores the idea that the network, whether it be an e-commerce website, social media platform, or online marketplace, becomes more valuable to each participant as the number of participants itself grows. In the realm of online sales, the Network Effect Theory is particularly relevant as it elucidates the dynamic where the platform's utility amplifies with a larger user base (Katz & Shapiro, 1985). For instance, in online marketplaces, a growing number of sellers attract more buyers, and vice versa, creating a mutually reinforcing cycle that enhances the overall appeal and effectiveness of the online sales channel.

The Network Effect Theory has profound implications for business performance in the digital landscape. It elucidates how businesses can strategically leverage the power of network effects to enhance market reach, customer engagement, and revenue generation. Companies can focus on strategies that encourage user participation, foster community building, and create an environment where the value of their online sales channel intensifies with the expanding network. Additionally, understanding the Network Effect Theory guides businesses in navigating the competitive dynamics of the digital space, emphasizing the importance of not only acquiring users but also cultivating an ecosystem that perpetuates sustained growth and success.

## **Empirical Review**

In their 2007 empirical study, Hulland et al. investigated firms' commitment to online channels and the resulting performance benefits, considering internal and external capabilities. Grounded in an integrative framework, the study, based on a survey of 550 retailers, revealed positive returns on investments in online channels. Notably, the direct impact of information systems capabilities on performance was negative, but when mediated by commitment, it became positive. The study also highlighted the dual effects of established distribution channels, acting as both advantages and constraints, with evidence indicating diminishing returns to commitment based on distribution presence, suggesting varied outcomes for different firms.

In their 2010 empirical study, Xia and Zhang explored how the online channel affects retailers' performance. They discovered variations in online channel usage among retailers despite its clear benefits. Analyzing data from 100+ publicly traded companies, they found that utilizing the online channel significantly improved sales, cost management, inventory control, and return on investments. Interestingly, the timing of online-channel adoption didn't notably impact performance, while having a local store presence did.

In their 2011 empirical study, Gabrielsson and Gabrielsson explore the impact of technological changes on sales channel strategies, specifically focusing on born global firms. Analyzing 35 cases, the research identifies a shift towards multiple sales channels, with a higher prevalence of Internet-based channels in firms at advanced globalization stages. The study introduces a framework based on three factors and highlights the enduring importance of relationship development with local channels and multinational corporations, even in the context of Internet sales channels. These insights contribute to the under-researched realm of international





Internet-based sales channels and the strategic adoption of diverse channels in response to technological shifts.

## METHODOLOGY

This paper explores the impact of Online Sales Channels on Business Performance. Data were primarily collected through a survey questionnaire administered to seventy-five (75) entrepreneurs in Lagos state, Nigeria. Only fifty-four (54) questionnaires were completed and received. Each question in the questionnaire was rated on a scale of 1 to 4: 4 denoting 'Strongly Agree,' 3 denoting 'Agree,' 2 denoting 'Disagree,' and 1 denoting 'Strongly Disagree.' The survey questionnaire includes demographic questions emphasizing the age, gender, and years of business experience of respondents. In addition to the questionnaire as a method of data collection, interviews were also conducted. The author gathered information from secondary sources such as publications of the nation, magazines, books, journals, internet articles, and reports.

## ANALYSIS AND FINDINGS

In order to enhance the visual representation of the gathered data, pie charts have been employed as a graphical tool to depict the information derived from the questionnaire.

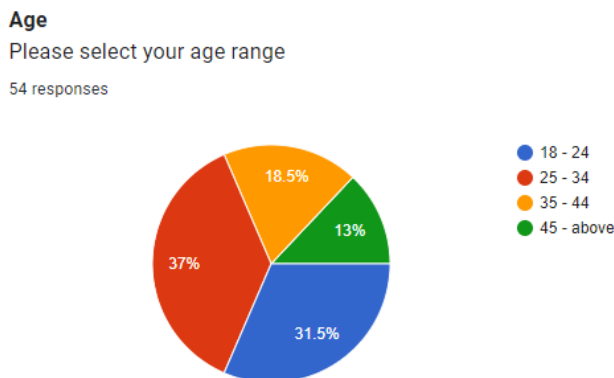


Figure 1: Age of Respondents

Analysis: The chart above illustrates that the majority of respondents fall within the 25–34 age range, with 31.5% falling between 18 and 24 years old, 18.5% between 35 and 44 years old, and 13% aged 45 and above. This indicates that a significant portion of the respondents is in their prime, remaining highly active and informed about new trends and technological advancements.

**Gender**

54 responses

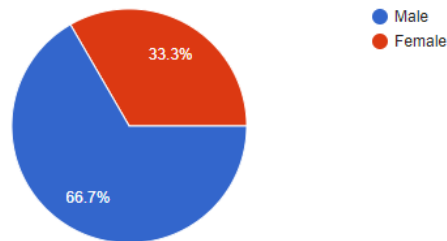


Figure 2: Gender of Respondents

**Analysis:** The chart above illustrates the gender distribution of the respondents. Thirty-three point three percent (33.3%) of the respondents were females, while 66.7% were males. This indicates that the respondents comprised both males and females; however, the majority were male respondents.

**Years of Business Experience**

54 responses

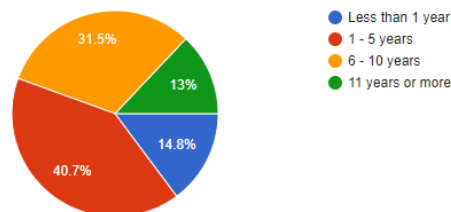


Figure 3: Years of business respondents

**Analysis:** In the third question of the questionnaire, aimed at gathering information about the respondents themselves, such as age and gender, the researcher inquired about the number of years participants had been involved in business management and entrepreneurship. In summary, this aspect captured their years of business experience. According to the responses, 14.8% of the participants reported having less than 1 year of business experience, 40.7% reported having 1-5 years of experience, 31.5% reported having 6–10 years of experience, and 13% reported having 11 or more years of experience in business. This indicates that the majority of respondents possess the requisite years of business experience to effectively contribute to this study.

**I believe that having an online sales channel is crucial for the success of my business**

54 responses

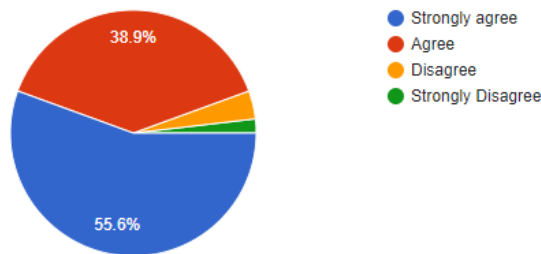


Figure 4: “I believe that having an online sales channel is crucial for the success of my business”

**Analysis:** Respondents were queried about their belief in the indispensability of an online sales channel for the success of their businesses. A substantial 55.6% strongly affirmed this notion, while 38.9% expressed agreement. Conversely, 3.7% disagreed, and a mere 1.9% strongly disagreed with the statement. The results elucidate a prevailing sentiment among the majority of entrepreneurs, indicating a widespread conviction that an online sales channel is pivotal for the triumph of their enterprises. In the course of interviews, many respondents emphasized the essential role of online sales channels in enhancing their business performance. They asserted that in the contemporary digital landscape, where individuals are predominantly engrossed with their phones and computers, traditional modes of advertising such as physical banners, leaflets, and word-of-mouth promotions are often overlooked. Instead, respondents underscored their reliance on online sales channels as a primary avenue for achieving substantial sales volumes.

This outcome challenges the null hypothesis posited in the study, which contends that the utilization of online sales channels lacks a significant impact on business performance. The empirical data and respondents' perspectives collectively suggest a tangible connection between the adoption of online sales channels and enhanced business outcomes, thereby refuting the null hypothesis.

**Online sales channels have significantly increased the revenue of my business**

54 responses

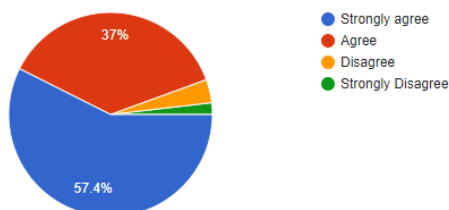


Figure 5: “Online sales channels have significantly increased the revenue of my business”

**Analysis:** The chart above illustrates the responses of respondents when asked whether online sales channels have significantly boosted their business revenue. Of the respondents, 57.4% strongly agreed that the impact of online sales channels had notably increased their business



revenue. Additionally, 37% agreed that their business revenue had increased, 3.7% disagreed with the notion of increased revenue, and 1.9% strongly disagreed.

The data reveals a significant positive correlation between the adoption of online sales channels and increased revenue for many business enterprises. In interviews, numerous entrepreneurs reported that their business revenue witnessed an upswing upon incorporating online sales channels. This increase was attributed to the ability to reach a broader customer base, extending beyond local customers to encompass those across the country and neighbouring regions.

#### I have acquired new customers through my online sales channels

54 responses

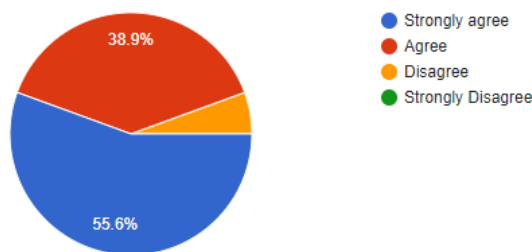


Figure 6: “I have acquired new customers through my online sales channels”

**Analysis:** The respondents were queried about their acquisition of new customers through online sales channels. Of the respondents, 55.6% strongly affirmed that they have indeed acquired new customers, 38.9% expressed agreement, and a mere 5.5% disagreed with the assertion of acquiring new customers. This indicates that online sales channels serve as an effective platform for expanding customer base and venturing into unexplored business territories, especially when compared to offline sales channels. The findings highlight that online sales channels empower entrepreneurs to connect with a diverse customer base on a global scale.

#### Implementing specific strategies for customer engagement (e.g., social media interactions, comments, etc.) through online sales channels has positively impacted my business

54 responses

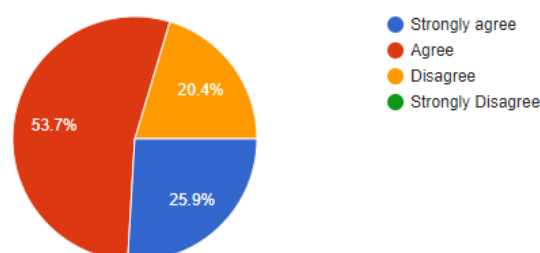


Figure 7: “Implementing specific strategies for customer engagement through online sales channels has positively impacted my business”

**Analysis:** Respondents were queried about the positive impact of implementing customer engagement strategies on their business through online sales channels. Of the respondents, 25.9% strongly agreed with this statement, 53.7% agreed, and 20.4% disagreed. Analyzing the level of agreement, which exceeded 70%, it was deduced that employing customer engagement strategies via online sales channels (such as posts, comments, contests, etc.) has a markedly positive effect on business performance.

The challenges I encountered in managing and optimizing my online sales channels have negatively affected the overall performance of my business.

54 responses

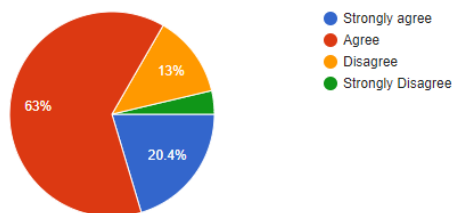


Figure 8: “The challenges I encountered in managing and optimizing my online sales channels have negatively affected the overall performance of my business”

**Analysis:** Respondents were queried about whether the challenges associated with the management of online sales channels have a detrimental effect on their businesses. The results indicated that 20.4% strongly agreed that these challenges negatively impact their business, 63% agreed, 13% disagreed, and 3.6% strongly disagreed. This suggests that the challenges linked to managing online sales channels do indeed exert a negative influence on many businesses.

Furthermore, insights gathered from interviews revealed that many entrepreneurs heavily rely on online sales channels for conducting their business. Consequently, any breakdowns, firewall breaches, or viruses affecting the internet and computers were reported to have a profound negative impact on business performance and occasionally resulted in financial losses.

The efficiency of my current technology and infrastructure for online sales channels is a significant factor in my business performance

54 responses

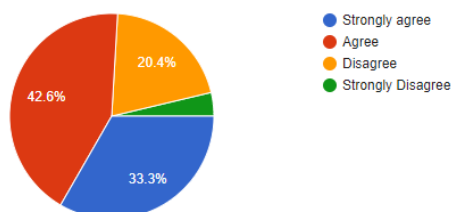


Figure 9: “The efficiency of my current technology and infrastructure for online sales channels is a significant factor in my business performance”



**Analysis:** Respondents were queried about the significance of the efficiency of their current technology and infrastructure for online sales channels to their business performance. Of the respondents, 33.3% strongly agreed with this notion, 42.6% agreed, 20.4% disagreed, and 3.7% strongly disagreed. The analysis based on the level of agreement revealed that the success of a business employing online sales channels is contingent on the technology and infrastructure in use. This finding was further corroborated during several interviews, indicating that businesses solely creating websites tend to generate fewer online sales compared to those that not only create websites but also establish active accounts on major social media platforms, deploy artificially intelligent chat-bots, and utilize email marketing.

**Having an online sales presence gives my business a competitive advantage over competitors**

54 responses

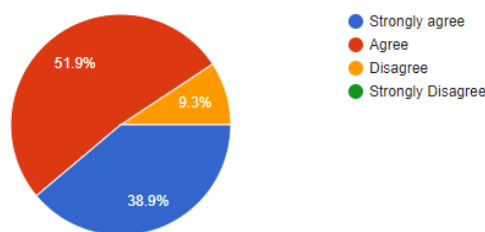


Figure 10: “Having an online sales presence gives my business a competitive advantage over competitors”

**Analysis:** Respondents were queried about the competitive advantage derived from having an online sales presence in light of their business experience. A notable 38.9% expressed strong agreement with this notion, 51.9% concurred, while 9.3% disagreed. The findings indicate that businesses with an online sales presence tend to possess a competitive edge over their counterparts lacking such a digital presence.

**I plan to expand or diversify my online sales channels in the future**

54 responses

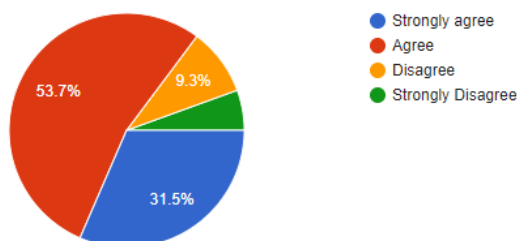


Figure 11: “I plan to expand or diversify my online sales channels in the future”

**Analysis:** Survey participants were queried about their intentions to broaden and diversify their online sales channels in the future. The results indicated that 31.5% of respondents strongly agreed, 53.7% agreed, 9.3% disagreed, and 5.5% strongly disagreed with the proposition. The findings suggest that a majority of entrepreneurs have aspirations to expand and diversify their



online sales channels. Notably, in several interviews, numerous respondents expressed that they have experienced substantial returns on their investments in online sales channels, reinforcing their commitment to future expansion in this domain.

## DISCUSSION OF FINDINGS

The analysis reveals compelling insights into the perceptions and experiences of entrepreneurs regarding the integration of online sales channels into their business strategies. A significant majority, comprising 55.6% of respondents, strongly affirmed the indispensable nature of online sales channels for business success, reflecting a prevailing sentiment among entrepreneurs. This sentiment was further emphasized during interviews, where respondents highlighted the diminished effectiveness of traditional advertising methods in comparison to the pervasive influence of online channels. Additionally, a substantial correlation (57.4%) was observed between the adoption of online sales channels and increased business revenue, with entrepreneurs attributing this growth to the expanded reach facilitated by digital platforms.

Furthermore, the study delved into the role of online sales channels in customer acquisition, indicating that a considerable proportion of entrepreneurs (94.5%) acknowledged the effectiveness of these channels in expanding their customer base. This finding underscores the global outreach and customer-connectivity advantages afforded by online platforms. However, the study also uncovered challenges associated with the management of online sales channels, with 83.4% of respondents acknowledging the negative impact of these challenges on their businesses. Notably, technical issues, security breaches, and infrastructure inadequacies emerged as critical concerns, indicating the need for robust technological support in sustaining successful online sales strategies.

Moreover, the competitive advantage derived from an online sales presence was affirmed by 90.8% of respondents, reinforcing the notion that businesses with a digital footprint tend to outperform their counterparts lacking an online sales channel. Looking ahead, the majority of entrepreneurs expressed intentions to expand and diversify their online sales channels, with 85.2% either strongly agreeing or agreeing with this proposition. This collective aspiration for future expansion aligns with the positive experiences reported by many respondents who have witnessed significant returns on their investments in online sales channels, refuting the initially posited null hypothesis (H0) and affirming the tangible impact of online sales channels on business performance. The findings of this research align with the findings of similar studies (Pentina & Hasty, 2009; Xia & Zhang, 2010; Šaković et al., 2020; Narayanaswamy & Heiens, 2021).



## IMPLICATIONS FOR RESEARCH AND PRACTICE

The findings in this study provide significant insights into both research and practical applications:

### 1. For Research:

- **Exploration of Digital Tools:** The positive impact of online sales channels on business performance calls for further exploration into the specific tools and technologies that drive this success. Future studies could examine how emerging technologies like AI, blockchain, or augmented reality integrate into online sales channels to enhance efficiency and customer engagement.
- **Cross-Cultural Analysis:** This study's insights from Nigerian entrepreneurs could be compared with findings from other regions to explore the global applicability of these results.
- **Longitudinal Studies:** Long-term effects of online sales strategies on business performance remain under-researched, leaving a gap for studies focusing on sustained impacts over several years.

### 2. For Practice:

- **Strategic Adoption of Online Platforms:** Businesses should strategically select and optimize online sales channels tailored to their target audience. This includes leveraging mobile applications and social media platforms to reach more customers effectively.
- **Investment in Technological Infrastructure:** The efficiency of digital tools significantly influences business outcomes. Enterprises must prioritize robust technology infrastructure and cybersecurity measures to maintain reliability.
- **Enhanced Customer Engagement:** Firms should focus on interactive and personalized customer experiences through online channels, as engagement strategies yield tangible benefits in revenue and loyalty.

## CONCLUSION

In conclusion, the comprehensive analysis of the impact of online sales channels on business performance underscores their essential role in shaping the contemporary entrepreneurial environment. The findings reveal a resounding consensus among entrepreneurs, with a majority affirming the indispensability of online sales channels for business success. Notably, the positive correlation between the adoption of these channels and increased revenue, customer acquisition, and competitive advantage challenges any scepticism regarding their efficacy. However, the study also brings attention to the challenges associated with managing online sales channels, emphasizing the need for businesses to address technical issues and security concerns. Looking forward, the expressed intentions of entrepreneurs to further expand and diversify their online sales channels signify a commitment to harnessing the undeniable benefits offered by the digital realm, ultimately reshaping the dynamics of business performance in the evolving environment of e-commerce.



## FUTURE RESEARCH

- **Integration Challenges:** The study reveals difficulties in managing and optimizing online sales channels. Research should delve into the specific technical, operational, and financial barriers businesses face, particularly SMEs in developing countries.
- **Consumer Trust and Behavior:** Further studies could examine the factors influencing consumer trust in digital transactions, focusing on mitigation strategies for concerns like data breaches and privacy violations.
- **Role of Emerging Markets:** Limited studies focus on the unique challenges and opportunities in emerging markets like Africa, where digital adoption often faces infrastructural and cultural hurdles.
- **Impact of Technological Disruptions:** How businesses cope with rapid technological changes and disruptions in online channels remains an open question for future research.
- **Measuring Long-Term ROI:** Quantifying the return on investment for online sales channels over extended periods could help justify business strategies in diverse contexts.

## RECOMMENDATION

Businesses are advised to prioritize and enhance their online presence based on the study's findings. Investing in robust technology, addressing cyber-security challenges, and focusing on engaging customers through digital channels are crucial. Diversifying and expanding online sales channels is recommended to boost revenue, considering the demonstrated competitive advantage of a strong digital presence. Embracing comprehensive digital strategies, including websites and social media, is essential for success in today's dynamic business environment.

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