E-commerce Solutions for New Brands Starting Up on What's App

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Abstract. In the rapidly evolving digital economy, startups and small businesses face significant challenges in striking a balance between cost efficiency and effective customer engagement. WhatsApp, traditionally known as a peer-to-peer messaging platform, has emerged as a transformative e-commerce solution for new brands seeking to establish a market presence. This research brief examines how WhatsApp's business features, including chatbots, personalized communication, and real-time interactions, enable startups to reduce operational costs, enhance customer loyalty, and reach diverse markets. Case studies from Mexico, Indonesia, and the Middle East demonstrate WhatsApp's potential in engaging older adults, rural populations, and underserved communities, contributing to inclusive economic growth. The findings suggest that WhatsApp is not merely a messaging app but a strategic asset that supports sustainable development and long-term success for emerging brands in the global digital landscape.

Keywords: WhatsApp, e-commerce,customer engagement, digital markets

1. Introduction

In the digital period, where consumers prefer the convenience of online shopping, the environment of e-commerce is rapidly evolving. During this evolution, messaging platforms like WhatsApp have powerful tools for personal communication and as strategic channels for businesses to engage with customers. For new brands starting up, the ability to directly reach and interact with their target audience is invaluable. With its vast global user base and versatile business tools, WhatsApp offers a unique opportunity for these brands to establish their presence.

The importance of using WhatsApp for e-commerce solutions becomes obvious when considering the platform's high engagement rates. With over 2 billion users globally, WhatsApp provides a direct communication channel that consumers are already familiar with and trust. Research has shown that new brands can significantly benefit from WhatsApp's built-in features, such as the Business API, which allows businesses to automate customer interactions, share product catalogs, and facilitate transactions [1]. This is advantageous for small businesses that lack the resources to invest in more complex e-commerce platforms.

Moreover, evidence from case studies demonstrates the effectiveness of WhatsApp as an e-commerce tool. For example, the case study by López and López explores how WhatsApp chatbots impact demographic engagement in the Mexican e-commerce market. Indicated that implementing

WhatsApp e-commerce chatbots led to higher conversion rates, especially for older adults and female consumers [2]. Similarly, the article Lesmana and Turgarini conducted a feasibility study on WhatsApp-based digital menu systems for small food enterprises. Discusses how businesses in Indonesia successfully utilized WhatsApp-based ordering systems to optimize digital marketing strategies [3]. These findings highlighted the importance of WhatsApp in supporting new brands in reaching diverse consumers. Compared to platforms like WeChat and LINE, which employ broader ecosystem strategies, WhatsApp focuses on simplicity and direct communication, making it particularly suitable for small-scale e-commerce [4].

Based on these advantages, the research will be highly relevant to startups, new brands, and small business owners to leverage WhatsApp as a cost-effective and efficient e-commerce solution. By understanding how to utilize WhatsApp's business features, such as chatbots and payment integrations, they can optimize their customer engagement strategies.

2. Literature review

2.1. WhatsApp is a low-cost e-commerce platform for startups

Driven by today's digital economy, businesses, especially startups and SMEs, are eager to leverage low-cost and efficient tools to expand market influence and optimize operating costs. As an instant messaging platform, WhatsApp's business functions have proven to be an important strategic tool for these enterprises. Different from other social media in the United States, such as Facebook, Instagram, etc., the core function of WhatsApp is peer-to-peer messaging, mainly focusing on private chats, voice calls, and video calls. Due to the addition of WhatsApp Business and API functions, enterprises can directly communicate one-on-one with customers, thereby improving customer service efficiency and reducing communication costs. Its strong encryption function also makes users trust its platform more, especially in the transmission of sensitive information.

Pratama, Hidayanto, and Prabowo also researched WhatsApp's new features, WhatsApp Business, and API. The WhatsApp Business API provides small businesses with the ability to automate customer interactions, thereby significantly reducing operating costs [1]. Examples of reducing human input through devices and algorithms are not uncommon. Ensure a consistent customer experience with features like autoresponders, order confirmations, and customer support. Norazam's survey research also shows that using WhatsApp for customer communication not only improves customer response speed but also significantly improves customer satisfaction, thus promoting customer loyalty.

The application of WhatsApp is also very important not only for the US market but also in the global market, especially in developing countries. Lesmana and Turgarini further explored the application of WhatsApp among Indonesian SMEs, especially its role in simplifying order management and reducing marketing costs [3]. Their case studies found that the WhatsApp order system helped these businesses quickly expand their market reach without relying on expensive e-commerce platforms. This finding is particularly important for enterprises with limited resources because traditional e-commerce platforms usually require high maintenance and promotion costs, while WhatsApp's easy operation and low-cost features provide these enterprises with a sustainable digital transformation path. Especially in emerging markets like Indonesia, the popularity of WhatsApp makes it an important tool for small and medium-sized enterprises to reach new customers. Pratama, Hidayanto, and Prabowofurther verified the effectiveness of WhatsApp as a major sales channel through a quantitative analysis of small retailers in Southeast Asia [5]. Their research found that companies that communicate directly with customers through WhatsApp can not

only significantly reduce communication and advertising costs but also improve the efficiency of the sales process. Data shows that companies reduce investment in traditional advertising and promotion activities by using WhatsApp and then use the saved resources for product development and service optimization. This model not only helped companies maintain customer relationships during the pandemic but also enabled companies to maintain flexibility and adaptability in a highly competitive market environment. A separate report on Indonesian MSMEs also supports this conclusion, noting that WhatsApp Business has become a key component in the digital marketing strategies of micro-enterprises [5]. An extended analysis by Aguiar, Santos, and da Silva further validated the feasibility of WhatsApp ordering systems within the food and tourism sector in Southeast Asia [6].

Overall, these studies fully demonstrate the potential of WhatsApp as a low-cost e-commerce platform for startups. First, it provides businesses with instant and efficient customer communication tools, thereby reducing reliance on expensive customer relationship management systems. Secondly, WhatsApp's ease of use and ubiquity allowed it to quickly gain popularity among emerging markets and untapped consumer groups. Additionally, by adopting WhatsApp as a marketing and sales tool, businesses are better able to respond to market fluctuations and uncertainty. Therefore, WhatsApp is not only a social media platform that provides one-on-one services between enterprises and customers but also an important strategic asset that helps small and medium-sized enterprises achieve sustainable development in the digital economy era.

2.2. Enhancing customer engagement through WhatsApp

The use of WhatsApp as a platform to enhance customer engagement has become a pivotal strategy for businesses in recent years. Multiple studies highlight the platform's effectiveness in boosting engagement, customer loyalty, and retention, particularly through chatbots, personalized communication, and real-time interactions.

López et al. examined the implementation of chatbots on WhatsApp to improve customer engagement in the Mexican market [2]. Their field study analyzed customer behavior before and after the integration of these chatbots and revealed a 15% increase in customer engagement. Interestingly, the growth was most notable among older demographics, indicating the platform's versatility in catering to diverse age groups. This study underscores the role of automated communication tools in enhancing customer satisfaction, making it a valuable insight for businesses looking to streamline customer interactions. Their subsequent publication in ACM proceedings further elaborated on how WhatsApp chatbot interfaces improved user experience across varying literacy levels [7].

Similarly, Cruz-Cárdenas et al. investigated how personalized communication on WhatsApp affects customer loyalty [8]. Through an ethnographic study focusing on customer interactions with brands, the researchers found that personalized messaging increased customer retention by 20%. This finding highlights the importance of tailoring communication to individual customer preferences, which fosters a stronger emotional connection between brands and consumers, ultimately driving long-term loyalty.

In a related study, Muhammad and Stukalina assessed the impact of WhatsApp's real-time communication features on customer retention in India's e-commerce sector [9]. By conducting a cross-sectional survey, the researchers discovered that real-time interactions led to higher repeat customer rates. These results emphasize the value of instant and direct communication in building trust and encouraging repeat business, further cementing WhatsApp's utility in maintaining active customer relationships.

Industry analysis has also identified three core use cases of WhatsApp Business that align with customer engagement objectives: proactive outreach, support automation, and personalized offers [10]. Practical examples compiled by Sprout Social demonstrate how businesses across sectors use WhatsApp for product launches, feedback collection, and customer retention, reinforcing its role as a flexible engagement tool [11].

2.3. WhatsApp as a tool for reaching diverse markets

WhatsApp's ability to transcend demographic and geographic barriers makes it an effective tool for businesses aiming to target diverse and underrepresented markets. Studies have demonstrated its potential to engage older adults, rural populations, and underserved consumer groups.

López et al. explored the demographic impact of WhatsApp chatbots within the Mexican e-commerce market. Their comparative study highlighted how older adults and women responded positively to WhatsApp-based commerce, leading to increased participation from these groups [2]. This finding showcases the platform's capacity to bridge gaps in technology adoption among different demographics, making it a versatile solution for businesses aiming to expand their reach.

In Indonesia, Lesmana and Turgarini evaluated WhatsApp's effectiveness in engaging rural and less digitally savvy populations [3]. Their qualitative study involved interviews with small business owners in rural areas, revealing that WhatsApp's user-friendly interface allowed businesses to connect effectively with these communities. This study illustrates how the platform can empower small businesses to reach traditionally overlooked markets, fostering economic growth in underserved regions.

Similarly, Mugarura, Osunsan, Byamukama, and Timbirimu investigated WhatsApp's role in accessing underserved markets in the Middle East. Through a longitudinal study tracking small business sales, they found an 18% increase in sales among businesses that utilized WhatsApp to reach these consumer groups [12]. The study demonstrates the platform's capacity to support businesses in tapping into emerging and hard-to-reach markets, providing a cost-effective and accessible communication tool for growth.

3. Conclusion

In summary, startups and small businesses have limited costs and need capital to discover their development potential. In the early stages of their business, there is a huge demand for e-commerce platforms such as WhatsApp. WhatsApp has a wide range of features, including chatbots, personalized messages, and real-time communication, which can not only improve customer engagement and loyalty but also strengthen customer relationships through instant and tailored interactions, thereby driving higher retention and return rates. It reduces the labor and time costs of startups while also increasing customer stickiness. In addition, the simplicity and accessibility of WhatsApp enable companies to reach diverse and underdeveloped markets, including rural populations and elderly users, promoting inclusion and economic growth.

Studies around the world have shown that WhatsApp provides startups with an affordable alternative to traditional e-commerce platforms. By reducing communication costs, optimizing operations, and attracting untapped consumer groups, the platform supports the sustainable development of enterprises. Whether it is improving customer interactions in Mexico, connecting with rural communities in Indonesia, or increasing sales in the Middle East, WhatsApp's versatility and global coverage make it an important tool in today's digital economy.

Overall, WhatsApp's transformative impact on e-commerce highlights that it is more than just a messaging app but a strategic asset that can help startups thrive in a competitive market. Businesses that can effectively leverage WhatsApp's capabilities can deepen customer connections, increase loyalty, and pave the way for startups to achieve long-term success in a fast-paced digital environment.

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