

Small business guide

Digital platforms



Small
Business
Commissioner

About this guide

Small businesses are increasingly looking at ways they can streamline their business operations and connect with new customers. Digital platforms can be a cost effective way for small businesses to access much larger markets. By leveraging digital platforms, small businesses can take their business to the next level by meeting the demands of the modern marketplace and responding to changing customer preferences.

This guide provides an overview of how digital platforms can support your small business, as well as offering tips to help you navigate some of the challenges you may encounter.

What are digital platforms?

Digital platforms provide a space where users can share information, communicate, conduct business, or perform other activities. Examples include social media networks, e-commerce sites, search engines, and online marketplaces.

Online marketplaces connect buyers and sellers, allowing them to conduct transactions over the internet. Small businesses can participate on online marketplaces as both buyers and sellers.

A key difference between digital platforms and other forms of e-commerce, such as a business webpage, is the degree of autonomy you retain over your business. When you create a business webpage, you have autonomy over its functions and how long it remains active. When you use the services of a digital platform or online marketplace, you agree to be subject to the platform's terms of service.

CASE STUDY

Overreliance on social media page

A creative writing business using a social media platform to post content was suddenly suspended from the platform due to a perceived policy violation. The business owner was distressed as they invested time building up their target audience on their page. The business sought advice and discovered their over-reliance on a single platform was making their business unsustainable. The owner decided to post their creative content on a variety of platforms, developing a more diverse audience base.

Should I use digital platforms?

The Commission's June 2024 Momentum Survey found that one in four (25 per cent) of businesses conduct operations and/or sell products/services on a digital platform or online marketplace.

A digital platform could offer a solution to a specific business need (such as an accounting or e-commerce solution), or it may offer access to new customers allowing a business to grow. There are many different services and solutions on offer, and it might be worth taking some time to understand what's out there and how you can get the most out of the services available.



Exploring digital platforms: A quick tour

Different digital platforms serve different needs and purposes. Some common types are outlined below.

Online marketplaces: Selling through online marketplaces can open new sales channels for small businesses. These platforms provide access to a vast customer base and offer built-in tools for listing products, processing payments, and managing orders.

Freelance and gig platforms: Freelance and gig economy platforms can connect businesses with freelancers and gig workers for various tasks. They can also provide opportunities for small businesses to acquire new leads and additional work across a range of different services.

Social media marketing: Utilising social media platforms can be a good way to enhance your marketing efforts. Social media platforms enable businesses to engage with customers, promote products, and build brand awareness through targeted advertising and organic content.

E-commerce solutions: There are many 'back-end' platforms which offer small businesses the tools to set up their own online stores easily. These platforms provide everything from website templates to payment processing, helping businesses reach a broader audience without needing extensive technical expertise or relying on an online marketplace.

Accounting, finance and other management tools: Platform services and tools offer robust accounting, finance and other business solutions tailored for small businesses. These platforms can help with things like financial management by automating invoicing, expense tracking, and financial reporting, saving time and reducing errors.

Customer Relationship Management (CRM): Online CRM solutions can help businesses manage customer interactions and data efficiently. These tools can improve customer service, streamline sales processes, and enhance marketing efforts by providing valuable insights into customer behaviour.

Project Management: For businesses looking to improve productivity and collaboration, project management platforms offer powerful tools to organise tasks, manage projects, and facilitate team communication.

Consider which ones align with your business goals and challenges. Taking the time to explore and understand these options could lead to improved efficiency, expanded reach, and enhanced growth for your small business.

What are some common challenges?

While digital platforms can offer convenience and a broad customer reach, they can also limit your control over your business as you are entrusting a third-party provider with important aspects of your business. For example, if you are suspended or banned from a platform, the sudden lack of access to your brand and customers can be a stressful and costly experience.

When issues arise, it is important to notify the relevant platform or marketplace as soon as possible, providing evidence of your issue and explaining your desired outcome.

The Commission's Momentum Survey found that one in two businesses (54 per cent) indicated that being suspended or banned from a platform or online marketplace would severely impact or cause major disruption to their operations, resulting in significant to catastrophic loss of revenue and profits.

Know the rules

Breach of the rules can result in exclusion from platforms or unexpected changes to your online account and may leave you without clear avenues to restore your online presence.

Minimum performance standards may require your business to meet or exceed buyer expectations and resolve disputes with buyers quickly.

Know the risks

Cybersecurity threats, including scammers and reputational damage resulting from fake reviews may harm your business.

Changes to platform policies, algorithms, or services may impact the online visibility of your business' products and services.

Know your rights

Digital platforms can set the rules for how you engage with others. For example, online marketplaces may be required to have refund or exchange policies that are more generous than what is required under consumer laws.

Unlike your own website or a shop lease, you generally do not have a right to use or maintain a presence on a digital platform. Any disruption may impact your business continuity and profitability.



CASE STUDY

Removal for breaking platform policies

A business owner used their business social media page to express their personal views on a sensitive topic. Some of their customers found the post to be offensive and the business' conduct was reported to the platform, which banned the business' account. Although the business disputed the ban, a platform representative informed the business they had breached the platforms' terms and conditions and would not have their account restored.

While conducting operations on a digital platform or online marketplace, businesses were somewhat concerned to very concerned regarding:

1. Losing access to an account (74 per cent)
2. Misunderstanding contract terms and conditions (68 per cent)
3. Payment delays (60 per cent)
4. Poor or no communications with platforms (58 per cent)

Digital platform readiness checklist

There are a number of questions you may want to ask yourself to determine whether doing business on a digital platform is right for you and how you might mitigate risks:

The Basics

- Am I familiar with the terms, conditions, standards, and policies of my chosen digital platform/s?
- Have I researched and understood my legal and regulatory obligations to ensure my business is compliant?
- Have I researched which digital platform/s and/or online marketplace best suits my business' needs?
- Have I completed any relevant training or read information provided by my chosen digital platform provider/s?
- Does my business adhere to the platforms' guidelines and policies regarding product listings, pricing, shipping, and customer communication?
- Are there any opportunities to knowledge-share with other small businesses who use digital platforms?

Managing Change

- Am I keeping up with changes to platform policies, terms of service, or seller guidelines?
- Do I regularly check for announcements, attend training sessions, and engage with seller communities to stay informed and adapt my business strategy?
- Am I aware of the consequences of violating platform policies?
- Have I diversified my online presence across multiple platforms and/or online marketplaces to mitigate the impact of account suspension or policy changes on any single platform?
- Could my business continue to operate if I was suddenly banned from my platform of choice?

Communication and Internal Dispute Resolution

- Do I know how to communicate openly and resolve disputes with buyers and suppliers professionally and amicably to avoid negative feedback or complaints?
- Do I know how to report fake reviews with evidence to support my claim?
- Do I know how to utilise the platform's internal dispute resolution processes?
- Have I attempted to follow the internal dispute resolution processes before referring matters to a third-party?

Online Safety

- Have I set up two-factor authentication and strong passwords to protect my business' privacy and customer data?
- Do I regularly update my passwords and avoid sharing account credentials with other parties?
- Have I added more than one trusted business administrator to manage my account in the event I am locked out?
- Am I able to act quickly to provide evidence of any suspicious activity on my account to my chosen digital platform provider?

What are my compliance obligations?

When using digital platforms and online marketplaces, you must navigate a range of legal and regulatory obligations. Similarly, you should be aware that digital platforms have their own compliance obligations and they may ask you for information or have rules to ensure they are compliant.

Know Your Customer (KYC) Requirements: Digital platforms often require businesses to provide specific information to verify their identity and operations. This is part of the platforms' [KYC obligations](#). It's important to be prepared to submit accurate and comprehensive information about your business to meet these requirements.

Law Enforcement and Regulatory Compliance: Platforms cooperate with law enforcement and regulatory bodies to ensure all users comply with relevant laws and regulations. Ensure that your operations on these platforms adhere to legal standards to avoid any compliance issues.

Consumer Law and Product Safety: Responsibilities under [Australian Consumer Law and product safety regulations](#) extend to [online sales](#). Be diligent in understanding these obligations. Ensure that all products listed meet the necessary safety standards and that your business practices uphold consumer rights.

Tax Obligations: Selling online can alter your tax responsibilities. Be aware of how taxes apply to online sales, including GST, and understand how these obligations may change as your business scales. Consulting with a tax professional can help you navigate these complexities effectively. Visit the [ATO website](#) for tips.



CASE STUDY

Lost access and income

An accessories business using an online marketplace to sell their products received a phishing email requesting information including the business' name, email, phone number, and bank account details. The business owner sent these details and then found its account had been suspended by the marketplace citing 'suspicious activity.' The business owner contacted the marketplace to resolve the matter. Although the business' access was restored once the owners' identity was verified, they still lost several weeks' income.

Useful links, resources, and support

How can the NSW Small Business Commission help your business?

The NSW Small Business Commission offers both advocacy and mediation services. The Commission may be able to assist you in communicating with a digital platform or advocating for improvements where there are common issues and concerns. Mediation can be a good way to help parties explore options to resolve a dispute if you have a disagreement with a digital platform or another user.

To find out more, our [Advocacy Services Guide](#) covers FAQs and common scenarios. You can find more information about mediation services through our [Mediation Services Guide](#).

If you are a small business facing challenges that you believe the Commission can assist with, reach out to us through the below channels.

Online Form: Fill out our assistance request form available [on our website](#).

Phone: Call our helpline on 1300 795 534 for immediate guidance.

Other Assistance

Doing Business in the Gig Economy fact sheet

For more information on performing gig work via a digital platform, see the NSW Small Business Commission's [fact sheet](#).

Cyber security advice

Visit the [Australian Signals Directorate's Australian Cyber Security Centre](#) (ASD's ACSC) to find the latest cyber security alerts and advice.

See the [ASD Small Business Cyber Security Guide](#) for tips on implementing basic security measures to protect your business against common cyber security threats.

See the [ASD 'Have you been hacked?' Guide](#) for information on what to do if you think you are the victim of a cybercrime.

Service NSW Business Bureau

The Service NSW Business Bureau provides personalised free support on government programs and services and also offers free tailored business advice from independent advisors through one-on-one sessions, business events and online resources. For more information see [Service NSW Business Bureau](#).

CASE STUDY

Automatic refund to customer

A cabinet maker arranged for several items bought on an online marketplace to be shipped to a customer who had paid upfront. One week after shipping the items, the business received a notification from the platform that the customer had requested a refund, claiming the goods did not meet their expectations. The business owner was surprised as the cabinets were solidly built and asked the platform to review the matter. A platform representative informed the business they had already granted the customer a refund in accordance with their automatic refund policy.