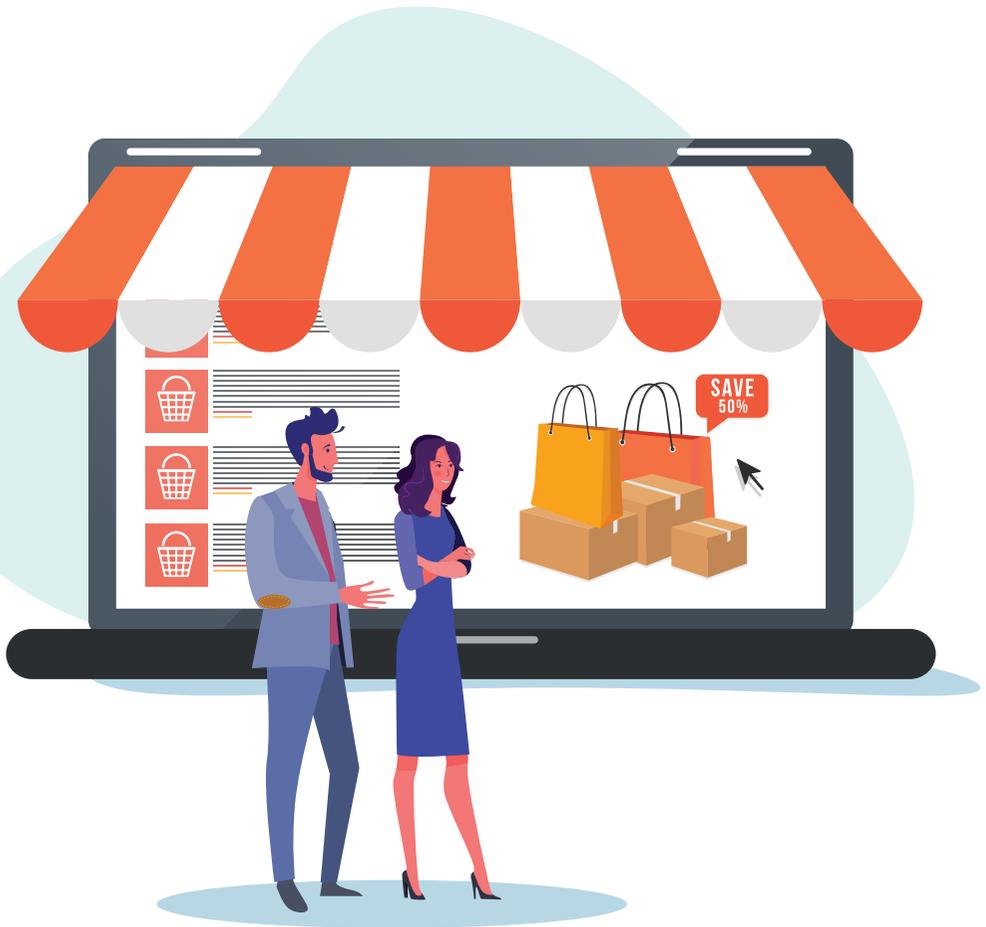


PRACTICAL GUIDE

E-COMMERCE

Launching an e-commerce business
in Luxembourg





My administrative procedures
online, also for companies!

MyGuichet.lu



Your administrative procedures
online, in all safety, whenever you
want and wherever you want.

 **Guichet.lu**

Introduction

Summary

- 03 — Introduction
- 04 — Facts and figures
- 05 — Testimonials and success stories
- 08 — Steps to follow to launch an e-commerce website
- 10 — How to launch an e-commerce website
- 12 — Payment solutions
- 14 — Selling on a marketplace
- 15 — Bring visibility to your e-shop
- 16 — Logistics
- 17 — Expected costs of launching an e-commerce website
- 18 — VAT regulations as of 1 July 2021 for e-commerce
- 20 — E-commerce regulations
- 22 — Common mistakes made on an e-commerce website
- 23 — Find help

Having an e-commerce website means that you can use a new channel to promote your products and/or services.

In 2020, as the world becomes increasingly digitalised, an online presence is more than ever a necessity to extend business activities and meet the needs of customers who expect to find information online and to be able to choose when and how to buy. Luxembourg residents are confirmed 'e-shoppers' (see Facts and figures, page 4). And even if a purchase does not always happen online, a visit to a website is often a first step before a decision is made to visit a store and finalise a purchase.

Embarking on the e-commerce adventure requires a variety of skills (see Steps, pages 8/9), which entrepreneurs can find from service providers (web agency, SEO consultants, tax specialists, lawyers, etc.).

The Chamber of Commerce can also help you in your procedures: the House of Entrepreneurship and the House of Training offer support and training in e-commerce. Letzshop also guides retailers to an online presence thanks to its marketplace.

Caution:

This document is an overview provided for information purposes only in order to inform professionals about the possibilities offered by e-commerce. It indicates names of providers and price ranges, but it is not intended to be exhaustive and does not replace any necessary consultation of specialists in the field.

A Chamber of Commerce publication produced in partnership with Mindforest. November 2020.

Facts and figures

72% of Luxembourg's residents shop online.⁽¹⁾

This is well above the **60% average in Europe**. Luxembourg ranks 4th among the countries doing the most online shopping, behind the United Kingdom, Denmark and Germany.



13% of consumers did their shopping online in 2019.⁽²⁾



EUR 800 million were spent online by Luxembourg residents in 2018.⁽²⁾



8 million shipments were dispatched in 2018 (+11% compared to 2017).⁽³⁾



69% of those using the Internet in Luxembourg **between 65 and 74 years old** buy online. This is 2nd place behind the United Kingdom.⁽¹⁾



75% of vendors have their own website 32% use a marketplace.⁽¹⁾



Only 7 to 9% of retailers in Luxembourg have an online service...⁽¹⁾

In Luxembourg, **87,5%** of online purchases are made on a foreign website. 40% of cross-border purchases are clothing, footwear and accessories.⁽⁴⁾

- (1) Eurostat, 2019
- (2) Statista, 2020
- (3) ILR, 2019
- (4) Cross-Border commerce, 2020
- (5) Letzshop

LETZSHOP
LOKAL ASSIES NET EGAL

www.letzshop.lu

475 retailers are represented on the platform 400,000 products are available for sale.⁽⁵⁾

Testimonials and success stories

Entrepreneurs from all sectors share their experiences with online commerce.

Luxcaddy, supermarket - Luxembourg



Sale of food, hygiene, household maintenance products...
Online presence since 2007.
www.luxcaddy.lu

'Luxcaddy is positioned as a reseller, marketing products that they distribute to customers from their inventory.'

The biggest challenge

Managing the cold chain and the expiration dates on fresh products.

Positioning

Stand out from conventional supermarkets by focusing on organic and local. We have also developed an offer for a rather Scandinavian and British clientele, who are used to this method of shopping.

Unlike a conventional supermarket, our size allows us to adapt quickly on demand.

Customers

Our positioning and the time saved due to delivery appeal to families with young children, who see it as an opportunity to avoid the drudgery of shopping and can spend more time together.

Companies are also attracted by coffee and drinks delivery.

Being a retailer in the time of COVID

Like all supermarkets that offer delivery, we were completely overwhelmed by demand. It drastically changed consumer habits, and the number of customers and deliveries remains at a level higher than before confinement.

The keys to success

Truck tracking, which informs the customer of the precise time of delivery, so they can be organised on their end too.

Ernster, bookstore - Luxembourg



Selling books online since 1997.
Sales strategy regularly reviewed for market relevance.
www.ernster.lu

'A pioneer, Ernster opened its first e-shop in 1997, one year after Amazon ... Competition was tough, but it helped develop the book market, which was ultimately beneficial.'

What we have learned over the past 23 years

- Customers want a full product inventory. At the beginning, our shop offered only Luxembourgish books for homesick expatriates, but we quickly expanded our offer.
- We have focused everything on the customer experience: after a 1st customised website that did not meet our ergonomic criteria, we made a clean sweep and finally adopted a dedicated sales solution of online books, which is robust and scalable.
- Unlike the store, where the client does most of the work until finally making a purchase, handling steps should not be ignored, such as management of inventory, packaging, invoicing, delivery, which may represent a large part of the margin on an article of low monetary value like a book. Especially given that we have chosen to provide delivery to the customer.
- The amount of time required to create product content, like taking good quality photos and providing the most information possible to the customer, should also not be overlooked.
- It's impossible to operate without a computerised inventory management solution, which allows you to update quantities in real time.

Being a bookstore in the time of the Covid?

We increased our sales by 10 during the confinement (but ultimately without gain, due to the costs inherent in packaging and shipping). There was a real demand for advice from our bookstores, who were able to continue to work by phone. In this sense, during that period, customers could still experience the social aspect of shopping in person.

BitzStuff, haberdashery - Ettelbruck



Sale of fabrics and sewing accessories.
Present on **Letzshop** since 2017.

'Fabric lends itself well to internet sales, although it's not possible to touch the material or see the true colour. Customers first order 0.5 m samples to test, then a larger quantity.'

A good surprise

Sales were boosted during confinement, as clients had time and the need to make masks. Even if the craze has subsided a little, our sales level remains significantly higher than before COVID.

New clients

With our e-shop, our store became known beyond Ettelbruck and even across borders. We receive orders from Germany, and some customers of the e-shop have even decided to come to the store, so we have actually attracted visitors to the city of Ettelbrück.

The Letzshop experience

We were too small to start our own e-shop. With Letzshop, we directly benefit from the popularity of the marketplace, and their delivery solution with Michel Greco. The service is very responsive, professional.

A challenge to keep in mind?

Set up automated management of stocks, to avoid having to synchronise by hand the quantities available between the store and the online shop.

GroupLunch, meal delivery to the office/home



Delivery of prepared meals
www.grouplunch.lu (companies) and
www.foozo.lu (individuals)

'GroupLunch offers the delivery of meals prepared by a set of partner restaurants (a combination of dishes with one bill).'

'While the initial business model was aimed at office workers for their lunch break, the confinement period and teleworking led the company to also serve individuals (Foozo).'

The biggest challenge

- Reaching a certain critical size: have a sufficient supply of partner restaurants to attract customers. And conversely: have a sufficient customer portfolio to convince restaurateurs. We were able to create a leverage effect by offering favourable conditions at the outset to the first clients.
- Correctly size the platform to anticipate growth and scalability of the website and prevent issues that affect image.
- Reinventing yourself in the crisis: with teleworking, our initial business model of delivering meals to offices was no longer viable and our deliveries stopped.
- We brainstormed collectively and took on a new challenge.

The keys to success

- Listen to the various stakeholders to improve the service. Do not outsource customer services, keep it as close to home as possible to shorten communication pathways. In terms of customer relations, digital technology is only a technical tool to serve the human connection with the customer, who must remain close.
- Focus on your product first, and keep an eye on the competition to make sure to do better in terms of customer experience, price and speed.
- Have processes and infrastructure that are reproducible and make it possible to deploy in another country, like us in Brussels, while being aware of the particularities linked to the language and culture of a target country.

ArtWorkCircle, art dealer - Luxembourg



Online Luxembourg platform dedicated to artists and art lovers.
Online since 2015.
www.artworkcircle.lu

'ArtWorkCircle was born from the observation that many quality artists had no visibility, had nowhere to exhibit, and did not enter the art market.'

The idea was therefore to offer them these services in a package (promotion, sale of their works ...) and, by collateral effect, to energise the art market in Luxembourg.

The service has since expanded to include rentals of works of art and the promotion of events in the field of art.'

How are you complementary to classic art galleries?

Internet makes it possible to reach more people more quickly and especially to give more people access to art. The goal of ArtWorkCircle is to simplify contact between artists and buyers. There will always be a need for a store around the corner... The past has shown us that the two are complementary and should also complement each other in the future.

What is the artists' feedback on the service offered?

One of the artists present on the platform since the beginning, is the illustrator and graphic designer Mik Muhlen and this is what he says, 'as a graphic designer, it's not always possible to exhibit in a gallery. And here, you can be visible without spending too much time'. In addition, the website is also visible abroad. 'This is something we needed in Luxembourg,' adds Mik Muhlen.

The keys to success

- Situating the work with a 'View in the room' function, which places the work in a room (bedroom, living room), to view it
- Personalised supervision for the buyer, possibility of coming to see the work at the artist's studio, delivery by special courier to the home of the client
- Security for the buyer in terms of payment and delivery
- Carefully selected and recognised artists and works of quality

Schickes, animal feed - Boxhorn



Sale of poultry and products for the farm.
Online since 2020.
<https://futterhandel-schickes.lu>

'Initially a breeder of small animals, I developed a solid network at agricultural fairs. To satisfy requests for advice from our customers on how to take care of their animals, we identified the need for a local supplier of food and accessories, and sales started naturally, first by phone. Also active on Facebook groups relating to the breeding world, I saw the value of establishing a personal relationship with clients, to advise and retain them. I also could see that the agricultural world was online and therefore we could do without the traditional paper brochures, and use a more ecological approach. The value of an online presence also lies in the flexibility it allows in updating products. The switch to the internet came about with support via the Fit 4 Digital Packages initiative (see page 23). The support from the IT service provider helped us to be autonomous in the maintenance of our website.'

The keys to success

- Giving advice, which helps build customer loyalty and a better knowledge of needs and adapting the offer and providing advice that will generate additional sales (cross-selling: the purchase of one product leads to another). A sale is most often associated with recommendations for use, which can be provided by email, which allows you to keep in touch.
- Fast and personalised processing of the order, and delivery by myself. Flexibility and reactivity too: farmers often operate within strict time constraints or at the last minute, sometimes it is necessary to deliver the same day to avoid disruption in animal feed.

Steps to follow to launch an e-commerce website



PREPARATION

Defining the strategy

1

- Purely digital presence OR complementarity with a brick-and-mortar store
- Creation of a brand or use of an already existing brand
- Business model: sale of products or services, rental, subscription, licences, number of products, supplier requirements, ...
- Method of financing the initial investment
- Defining launch budgets and operation
- Defining target areas (sale in Luxembourg, Greater Region, Europe, World?)
- Positioning vis-à-vis the competition (differentiation)

Preparation of the operational component

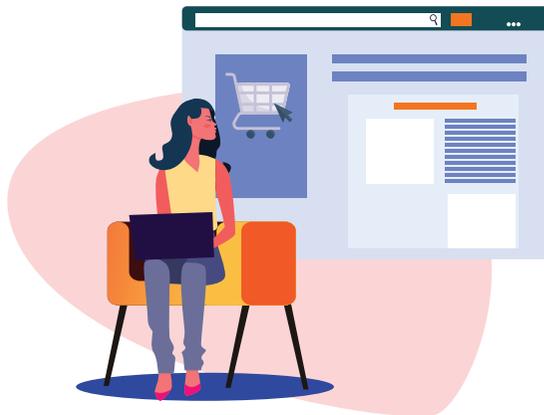
2

- Choice of domain name and host
- Means: financial resources, timing, human resources
- Choice of technical solution
 - Marketplace
 - Integrated solution (SaaS)
 - Standard customised solution (CMS)
 - Made-to-order customised solution
- Choice between do-it-yourself or calling on a service provider (Web agency)
- Choice of a logistics provider
- Choice of platform payment (see page 12)
- Integration with ERP or inventory management programme

Website design

3

- Definition of the structure of the website (user-friendly, intuitive, responsive design...)
- Definition of design (corporate branding)
- Definition of features (wish list, shopping cart, reservation, etc.)
- Include mode of payment
- GDPR
- Subscription to a newsletter
- Contact form



PROMOTION

Launching a marketing campaign, visibility, e-reputation

7



CONSTRUCTION

Putting a test version online

4

- Constructing a test website
- Writing content and product files
- Product photos
- Testing the correct operation of all features
- Possible adaptations

Choice of distribution method

5

- Organisation of logistics - distribution
- Direct sales, click & collect,...
- Packaging
- Postage paid by the customer or by the seller

6

Verify regulatory points, data protection and taxation

- See pages 18 to 21
- Verify the security of your website (data protection)



THROUGHOUT THE LIFE OF THE WEBSITE

Choosing a social media presence (see page 15)

8

Continuous updating of the website (new articles, adjustment of quantities) Technical upgrade

9

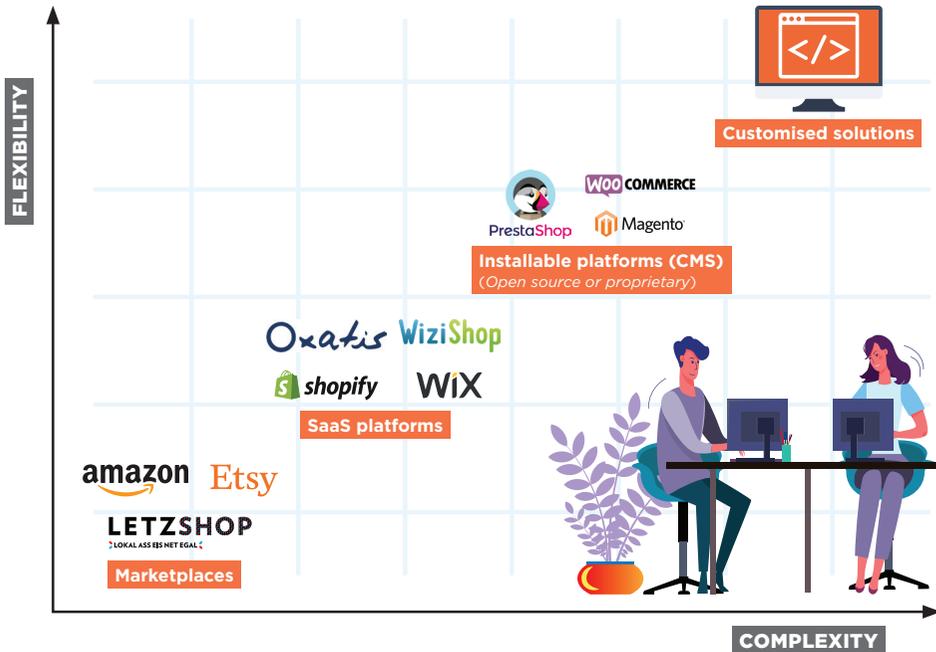
Response to customer feedback (Community Management)

10

How to launch an e-commerce website

4 PRINCIPAL OPTIONS EXIST

Make sure to evaluate your needs to make the right choice.



Marketplaces

Platforms on which several retailers (including competitors) may offer their products and thus benefit from the audience and marketplace features.

Customer accounts, transactions and, in some cases, logistics will be managed by the marketplace. Marketplaces can be generalists (Amazon, Letzshop, eBay,...) or sectoral (Etsy, for artisanal products.)

SaaS platforms (software as a service)

Solution accessible via a Web browser, does not require download or installation on a Web server. Creating an account on the platform is enough to start creating your webshop. Technical follow-up and hosting provided by the service operator. Run by subscription.

Platforms to be installed (CMS)*

(Open source or proprietary)

Available free of charge and must be installed on a web server (monthly cost). Custom development can be achieved by a web agency and/or an IT specialist.

Customised solutions

In-house solutions developed on request by a web agency or a developer. Enables customisation and integration with its own databases.

* Content Management System

	Marketplaces	SaaS Platforms	Platforms to be installed	Customised solutions
Principal advantages	<ul style="list-style-type: none"> • Easy access to international markets • Popular • Reliable • Secure payment and integrated logistics 	<ul style="list-style-type: none"> • No installation • Dropshipping option • Integrated payment 	<ul style="list-style-type: none"> • Free (open source) • Customisable 	<ul style="list-style-type: none"> • Tailor-made • Integrated with the back-office • Differentiated from competition
Principal disadvantages	<ul style="list-style-type: none"> • Competition • No possibility to differentiate • Commissions, if any 	<ul style="list-style-type: none"> • Subscription or commission • Dependency • Limited functionalities 	<ul style="list-style-type: none"> • Installation on a server (paying) • Requires mastering the programming 	<ul style="list-style-type: none"> • Careful consideration of upstream needs is necessary • Price • Dependence on a developer
Speed of implementation	+++	++	-	---
Technical follow-up	+++	+++	+	+
Integrated functionalities	+++	+	+	-
Ease of use	+++	++	+/-	+
Initial investment	α	α	α α	α α α
Sales commission	α α α not including Letzshop	α α	-	-
Logistics	+++	++	+	-
Need for resources	+	++	++	+++
Ease of migration	---	-	++	-
Visibility	+++	+	+	+
Integration with back-office	-	-	+	+++
Client data collection	---	++	++	++
Used for...	Getting started or as a complement to another online presence	Getting started quickly with your own domain name (marketing investment)	Having a personalised website with less cost if you have web skills (otherwise, plan for an external service provider development budget)	Having a differentiated website with tailor-made functionalities and interconnections, implemented over the long term

Payment solutions

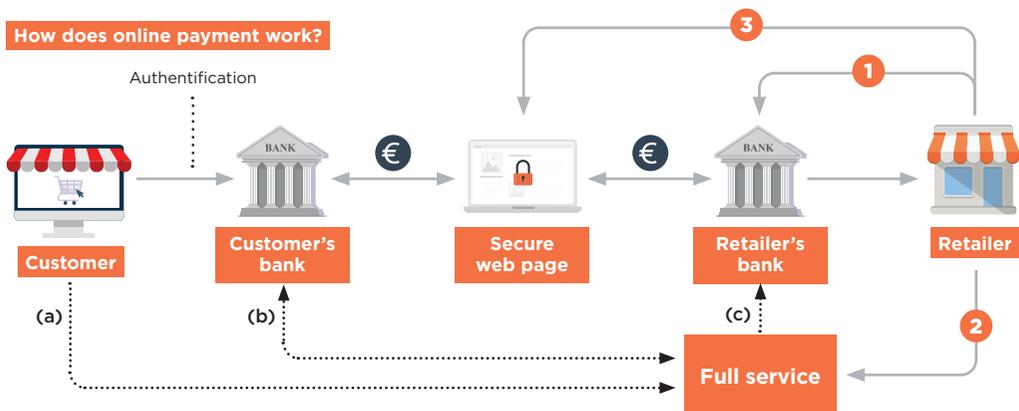
To complete the sale, the retailer will have to offer a choice of payment methods to the customer.

Payment methods



Credit card		<ul style="list-style-type: none"> ⊕ Instant - universal ⊖ Commission and other contractual costs - risk fraud (except if 3D Secure, but increase authentication failure rates)
SEPA Sample		<ul style="list-style-type: none"> ⊕ Low transaction cost (0.5%) ⊖ Mistrust of the buyer - risk of repudiation (withdrawal can be blocked by the bank)
Digicash		<ul style="list-style-type: none"> ⊕ No sensitive data exchanged - no fixed costs - very intuitive mobile payment ⊖ Luxembourg only - commission (2.25%) - not offered by all banks
Virtual wallet		<ul style="list-style-type: none"> ⊕ No installation costs - micro-payments ⊖ Commission (from 1.4 to 3.4% + EUR 0.25 per transaction) - risk of fraud - consumer favoured in the event of a dispute - contractual clauses non negotiable
Payment in advance (by transfer)		<ul style="list-style-type: none"> ⊕ No need for a contract with a bank ⊖ Delayed purchase
Payment when receiving the merchandise		<ul style="list-style-type: none"> ⊕ Confidence of the buyer - no possible dispute about the delivery ⊖ Advance of costs - commission paid to delivery provider
Payment after reception (by transfer)		<ul style="list-style-type: none"> ⊕ Confidence of the buyer ⊖ Risk of unpaid bills

How does online payment work?



3 TYPES OF ONLINE PAYMENT SOLUTIONS FOR THE RETAILER:

- 1 contract with bank, which includes:
 - a contract with a Payment Solution Provider (PSP) to have a payment ready to be integrated on the website
 - a distance selling contract (in Luxembourg, *vente-à-distance*, VAD), which allows the use of the bank's terminal
- 2 contract with a full service provider (Stripe, HiPay, PayPlug ...): in addition to PSP contracts and distance selling, i.e. VAD, offers additional insurance, connects with CMS, offers reporting. The customer is automatically directed to the solution server (a), which requests payment authorisation from the customer's bank (b) and credits the retailer's bank (c). The risk of fraud is very limited.
- 3 contract with an online payment solution without distance selling, VAD, such as PayPal and other electronic wallet options. Payment of a commission based on the transaction volume. The retailer is less protected in the event of fraud and bad debts.

What criteria should be taken into account in order to choose the right payment provider?

- Costs (may include: commissions between 0.9% and 2.9% depending on the service providers + fixed costs per transaction - approximately EUR 0.25 + monthly subscription costs + opening costs when signing the distance selling, VAD, contract). If few sales, choose sales commissions solutions, rather than solutions that require fixed costs.
- Consumer confidence
- Front-office functions (ergonomics for the user, to put them at ease and limit the steps, integration into the website, into the chosen e-commerce platform, customisation possible)
- Back-office functions (bank reconciliation, data export, supervision, etc.)
- Guarantee of secure payment, protection against fraud
- Contractual conditions (duration of commitment)
- Scalability of the solution
- Authorised service provider in Luxembourg

Selling on a marketplace

Marketplaces are platforms that connect sellers and buyers, offering a turnkey service: ready-to-use shop, payment system, logistics, security, technical stability, but also promotion, help with content creation, etc. ...

On the other hand, the marketplace is remunerated by commissions on sales (except Letzshop), subscriptions or uploading fees.



Note: being present on a marketplace can be complementary to having a website. It is possible to have different angles. The marketplace is the ideal solution for starting an e-commerce adventure with minimal investment and support.

SOME EXAMPLES OF MARKETPLACES (NON-EXHAUSTIVE LIST):

LETZSHOP

LOCAL ASSIÈS NET EGAL

LETZSHOP

- Luxembourg marketplace supported by the Ministry of the Economy (General Directorate for Small and Medium-Sized Enterprises)
- 475 shops
- services:
 - professional photographs of products
 - assistance by a local multilingual team
 - training on the subject of e-commerce
 - SEO on Google, promotion and regular activity on social networks
 - logistics by Michel Greco (POST Luxembourg), with pick up in store and delivery (one day delivery within Luxembourg)
- price: EUR 500 per year - no commission on sales

amazon

AMAZON

- visibility, international reach
- free logistics management: dispatch to an Amazon distribution center, storage, packaging, delivery to customer and processing of returns
- security
- price: monthly subscription of EUR 39 (excluding VAT) to sell an unlimited quantity of products + commissions per sale (% depending on the type of item) + minimum management fee per item



Facebook Marketplace

FACEBOOK MARKETPLACE

- visibility, international reach
- facilitated communication with customers (Messenger), consultation of the profiles of customers, display of reviews and ratings of each customer
- catalog manager to inject large volumes of content
- no online payment (on Facebook Europe), no delivery
- no rating of sellers or buyers
- no commission taken on sales

CAUTION

Being on a marketplace is not enough to generate sales.
Investing in promoting your e-shop is essential to attract customers.

Bring visibility to your e-shop

It is essential to make yourself known and convert prospects into customers

Be present on search engines with the help of search engine optimisation (SEO)

Actively working on SEO is essential to be well positioned in search results.

Search Engine Marketing consists of:

Naturally occurring references (free) - Search Engine Optimisation (SEO)

- **Principle:** optimise a website so that it is correctly found by search engines
- SEO is based on good practices

Optimise your website

- Website architecture
- Loading time
- Responsiveness (mobile)

Choose the right keywords to integrate into your search code

Write quality and relevant content for Google (product sheets, blog, keywords)

Multiply external links (netlinking)

Paid SEO - Search Engine Advertising (SEA)

- Sponsored links at the top of search results and advertisements placed on partner websites
- **Principle:** purchase of keywords corresponding to commercial activity (on Google Adwords for example), which allows you to display a formatted ad (title + description + URL)
- The advertiser determines the cost per click (what they are willing to pay if a user clicks on the ad) and sets the maximum monthly budget
- Use to position what is on offer
- Advantage: immediate referrals, targeting, transparency of operation and control of budget
- For some keywords, it will be necessary to plan a significant budget

The use of social networks, also called Social Media Optimisation (SMO)

Principle: the SMO designates all the actions implemented to improve its referencing (natural and/or paid) on the various social networks.

- Facebook and LinkedIn accounts, ... presenting the news of your business and referring to your website/shop. Possible to create a Facebook shop.
- Presentation / demonstration videos on YouTube.
- Instagram shopping function, Pinterest e-commerce pin, 'Buy' button on Twitter (to buy directly from a post).
- Affiliation technique: affiliates (influencers, other websites) will talk about your product and redirect to your website. Commission earnings.

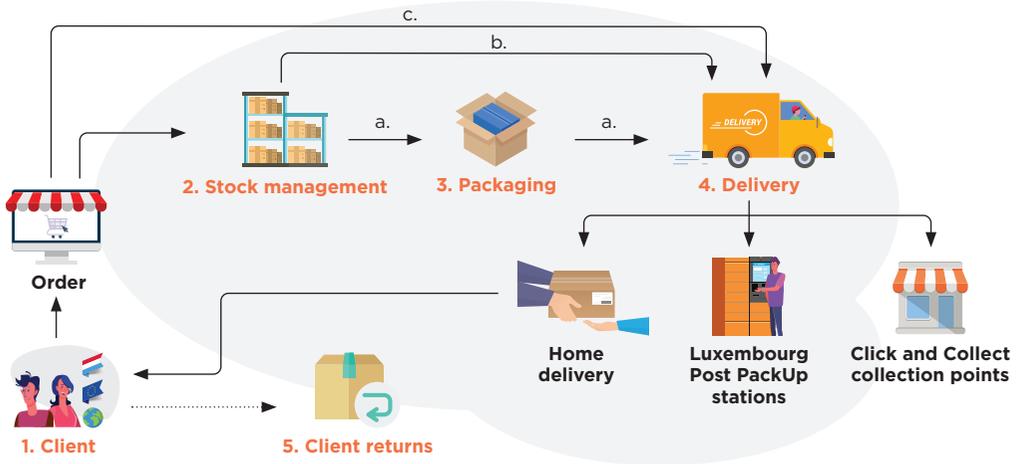
 **Note:** many tools exist to identify the right keywords according to activity and to requests formulated by Internet users, to audit and optimise a website, to know the incoming traffic and its origin in order to understand where the visitors come from and to readjust promotional campaigns.

 **Note:** The House of Entrepreneurship and the House of Training can assist you and offer workshops and training in this field.

 **Note:** Don't forget to promote your website within your offline sales network.

 **Advice:** consult a specialist in SEO (see page 17)

Logistics



1. Client: define the target market, which will determine the choices in terms of logistics management and transport

2. Stock management:

Several options possible:

- a. management of stock and packaging by the retailer
- b. subcontracting to an external stock and packaging management service provider (fulfillment company), which can also take care of delivery
- c. drop-shipping: the retailer has no stock but a supplier delivers to the end customer directly. This practice avoids the logistical and financial constraints related to storage and shipping

Note: updates of product availability on the website according to the quantity in stock, to prevent orders for an unavailable product and potential customer disappointment. To be automated with ERP software if the activity exceeds a certain volume.

3. Packaging: don't forget to pay attention to the details in the packaging, which personalise the service (a little thank you note, the first name of the person who packaged it, a pre-printed return form, possibly a discount voucher for a future order...)

Suppliers specialise in the sale of boxes for e-commerce. To be subcontracted as soon as volumes increase.

4. Delivery: offer the client choices (delivery methods, delivery times - express or normal - geolocation of the package), which will determine the shipping price. The cost of delivery may be fully or partially covered by the retailer.

Note: delivery and packaging can help set you apart from the competition.

In Luxembourg, Michel Greco, a POST subsidiary, offers in-store pick up and delivery (either delivery if the customer is in Luxembourg, or shipment by POST).

There are other providers, for example Fedex, DHL, DPD, ... (non-exhaustive list).

The price will be negotiated with the carrier depending on the volume of packages per month. New enterprises like SendCloud or BigBlue connect e-commerce platforms (WooCommerce, Amazon marketplace, etc.) with carriers and also take care of returns.

5. Client return: the client is entitled to return the product within 14 days in the event of dissatisfaction (see page 21 on regulations). The terms for returns (free or not) must be considered and indicated on the website.

Expected costs of launching an e-commerce website*

The price of an e-commerce presence will be very dependent on:

- the type of solution (homemade with one's own resources, by a service provider, based on the templates of an e-commerce platform, etc.)
- the level of website customisation
- integration with a back office (inventory management, stock, invoicing, orders, customer files)
- the volume of content (number of products presented, languages, features, etc.)
- the use of external service providers (content writer, professional photographer, SEO, marketing strategy, etc.)

An overview of costs and examples of service providers (non-exhaustive list):

Positions	Options	Launch costs	Operating costs
E-commerce platform	Integrated solution (SaaS)		Shopify/Wizishop: from EUR 25 to EUR 300 / month
	Standard, customised solution (CMS)	PrestaShop: from EUR 3,000 to EUR 10,000 depending on the level of customisation Magento: from EUR 5,000	E-commerce platforms can have many hidden costs: <ul style="list-style-type: none"> • hosting on a server • website design (by a service provider if you do not have the knowledge) • purchase of themes (templates) • extensions: payment management, referencing...
Design and construction (if carried out by a service provider)	Setting up and customising an e-commerce platform	EUR 2,000 to EUR 5,000	
	Custom-made website	EUR 20,000 to EUR 50,000, or even more depending on features	
Hosting	Server space + support Variable costs depending on volume and traffic		From EUR 300 to EUR 2,000 per year
Domain names	Annual subscription		From EUR 13 for a .lu domain name (see eurodns.com)
SSL certificate (transaction security)			EUR 50 to EUR 500 per year
Referencing - SEO (SEA budget not included)		Audit: from EUR 500 implementation: from EUR 1,000	Monitoring: plan a monthly budget
Maintenance			Plan for a budget of between 3 and 10% of turnover
Commission			Between 0.5% and 2% of income depending on the package chosen
Content writing, translation			Around EUR 200 for a page of 300 words (but very variable depending on the type of content)

TOTAL: FROM EUR 5,000 UP TO + EUR 50,000 DEPENDING ON THE OPTIONS CHOSEN

(* Excluding logistics

VAT regulations as of 1 July 2021 for e-commerce

Selling online is synonymous with new markets, especially outside Luxembourg. This international development implies paying special attention to the taxation associated with these online sales, so that the VAT rate applied on the invoice is correct and that this VAT is returned to the proper tax administration.



A sale is made by a business established in Luxembourg

To a business (B2B)

For goods addressed to a business established...⁽¹⁾

For services and e-services addressed to a business established...⁽²⁾

in Luxembourg



Luxembourg VAT⁽³⁾

in Europe (outside of Luxembourg)



VAT of the country providing the goods, to be paid by the buyer

outside of Europe



Export exempt from VAT

in Luxembourg



Luxembourg VAT⁽³⁾

in Europe (outside of Luxembourg)



VAT of the country where the buyer is established

outside of Europe



No VAT in the country where the vendor is established

⁽¹⁾ Same rules as for the traditional delivery of goods: VAT treatment determined by the traditional flow of goods

⁽²⁾ Same rules as for traditional delivery service: the services are presumed to be located and therefore taxable in the buyer's country

⁽³⁾ Exception: in particular if the service relates to real estate located abroad

⁽⁴⁾ Distance selling rules (in Luxembourg, *vente-à-distance*, VAD)

⁽⁵⁾ Extension of the special rules initially applicable to telecommunications, radio and broadcasting services to all electronic services.

⁽⁶⁾ The VATMOSS platform (mini One Stop Shop) was set up by the Luxembourg tax authority to be able to declare VAT for services sold in each of the member states of the European Union at a single point.

WARNING

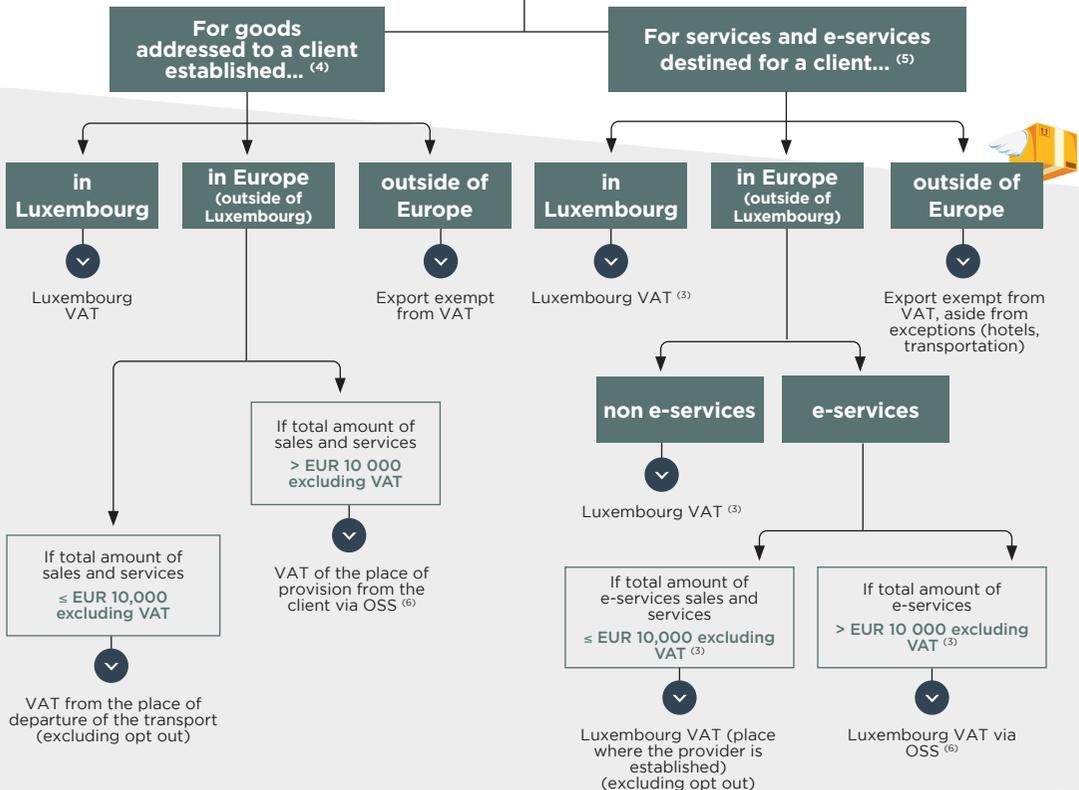
New VAT regulations for e-commerce come into force as of July 2021.

This publication takes them into account.

- Each rule has exceptions that may not be fully reflected in this diagram.
- To ensure your compliance with the legislation, it is recommended that you consult a tax advisor.
- The Chamber of Commerce cannot be held responsible for the content of this document.



To a consumer (B2C)



E-commerce regulations

From offer to post-sale service, the company that offers its products or services via a website has many obligations to respect. European Directive 2011/83 /EU governs e-commerce practices. These rules are notably transposed into the Luxembourg Consumer Code and supplemented by the amended law of 14 August 2000 on electronic commerce.

By complying with e-commerce legislation, you earn the trust of your customers!

1. TRANSPARENCY OBLIGATION



PROFESSIONAL IDENTITY

Mandatory information:

- Name and corporate designation (companies) or surname / first name (sole proprietorship)
- Commercial and companies' business registration number ('RCS', if applicable)
- Geographical address of the retailer (and address of the headquarters, if different)
- E-mail address (not a form), phone number
- VAT number
- Authorisation for exercising the activity (for example, establishment authorisation number) and contact details of the authority providing this authorisation

 An 'About' section may suffice

This document is a summary provided for informational purposes for professionals in the context of e-commerce. It is not intended to be exhaustive and does not replace necessary legal consultation.

2. PRE-CONTRACTUAL OBLIGATIONS



CHARACTERISTICS OF THE OFFER

This information must be made available to the consumer by the retailer in a form adapted to the remote communication technique used, in a language clear and understandable. The retailer must provide the consumer, via durable medium, confirmation of the concluded contract, including all of this information (see point 4)

Information to include:

- Detailed description of the product or service (essential characteristics)
- Total price including tax of each product or service (including shipping costs - or link to calculate them)
- VAT
- Payment methods
- Delivery methods (including restrictions)
- Terms of execution of the contract: deadlines, duration of obligations, surety or guarantee required, costs of communication
- Mention of the existence or absence of a right to withdrawal and methods for exercising this right
- Reminder of the existence and modalities of application of the legal guarantee of conformity for goods
- Where applicable, the existence of after-sales assistance, after-sales service and commercial guarantees, as well as related conditions
- Information on extra-judicial proceedings of dispute resolution

 General Sales Conditions (GSC) must be explicitly accepted by the buyer and must be exempt from unfair terms

3. ORDER PROCESS



EXPLICIT TERMS OF PURCHASE

Information on the order process.

Items to include before the final conclusion of the sale:

- Technical information: technical steps to follow to conclude the contract, archiving or not of the contract by the retailer once it has been concluded and its accessibility, technical means to identify and correct errors made in data entry before the order has been placed, languages proposed for the contract
- Order summary: characteristics, total price, duration of contract, reminder of conditions (costs, guarantees, deadlines, right of withdrawal)
- Possibility to modify the order
- Explicit acceptance of the General Sales Conditions (GSC) (with the withdrawal form) and the 'confidentiality policy' (see point 5)
- Button to confirm the order: the consumer must be clearly warned that confirming the order implies an obligation to pay ('order with obligation to pay' button or similar formula, without ambiguity, indicating that confirming the order requires payment to the retailer)

4. AFTER ORDER



RIGHTS AND DEADLINES

Rules set in the context of order follow-up:

- Confirmation of the order to be sent (summary of the content of the order, reference number, copy of the GSC or General Conditions of Use (GCU), reminder of the right of withdrawal and withdrawal form).
- Delivery time <30 days for BtoC.
- Customer's right of withdrawal = 14 days
- Repayment period in the event of exercising the right of withdrawal <14 days.
- Deadline for return of the goods by the customer in case of exercising the right of withdrawal = 14 days, in addition to the 14 days of the retraction
- The seller (and not the manufacturer) must in principle grant a legal guarantee of 2 years minimum in cases of BtoC (except for used goods)

TRANSPARENCY IN DATA PROCESSING



APPLYING THE GDPR

- Must inform visitors of the retailer's policy regarding the processing of their data (via a privacy policy)
- Each visitor must give explicit consent if personal data are collected
- The website must be accessible

Common mistakes made on an e-commerce website



1. Thinking that just being online is enough for customers to come flocking to the website.

- Plan time and a marketing budget to publicise the website. See page 15 on search engine optimisation
- Know how to position yourself and set yourself apart from the competition



2. Wanting to differentiate the e-shop and the brick-and-mortar store

- Both are complementary sales areas. Someone visiting the website could finalise a purchase in store, and likewise, visit the store and finalise the purchase online. Purchases at a brick-and-mortar store are usually preceded by online searches.



3. Forgetting about the user experience

In order for the website visitor to make a purchase, he or she must...

- enjoy navigating the website: pay attention to interface usability, prioritise information, organise the contents in clear headings, with high quality photos,
- feel secure: reassure them about the identity of the merchant, offer them secure payment, or even payment after delivery,
- have guarantees that they will be satisfied with their purchase: publish reviews from existing customers (and answer negative reviews!), and don't forget about the description of the product,
- not want to abandon their basket when checking out due to delivery costs: propose different alternatives to limit shipping costs.



4. Forgetting that after a sale, there is packaging and shipment

- Far from being trivial, the manual tasks of retrieving inventory, packaging (and personalising the package), labeling, and shipping are time-consuming and must be taken into account in calculating margins.



5. Not connecting the website to the back office

- As soon as the website grows (number of products and orders), inventory management should be interconnected in order to avoid manually aligning stock and product availability.



6. Wanting to do it yourself

- There are many skills to master. Even if doing it yourself is tempting to limit costs, this ultimately proves to be time-consuming and more expensive. It is better to trust subcontractors (web agency, tax advisor, search optimiser specialists, marketing agency, logistics service provider...) in order to focus on the business.

Find help

Training



HOUSE OF
TRAINING

Numerous e-commerce training programmes available in French.

LETZSHOP
LEKAL ASSBET NEGAL

Letzshop Academy: advice
<http://academy.letzshop.lu/>

HOUSE OF
ENTREPRENEURSHIP
powered by the Luxembourg Chamber of Commerce

Awareness raising programme

- free workshops for beginners & intermediates

Advice & support

HOUSE OF
ENTREPRENEURSHIP
powered by the Luxembourg Chamber of Commerce

- Analysis of the digital maturity of the company, personalised recommendations and guidance for programmes, building awareness and adapted financial assistance
- Support for the implementation of digital solutions (see below: Financing)

**SECURITY
MADEIN.LU**

IT security advice on www.cases.lu



The mission of the 1,2,3 GO network of coaches is to promote entrepreneurship and innovation in the Greater Region. The main objective is to help project leaders transform their innovative ideas into a convincing business plan, through free coaching

Financing



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère de l'Économie

The General Directorate for Small and Medium-Sized Enterprises of the Ministry of the Economy offers four types of aid depending on the size of the project:

1. **Investment aid:** 10-20% of eligible costs
2. **Aid for advisory services:** the aid may not exceed 50% of the eligible costs
3. In partnership with Luxinnovation, **Fit 4 Digital** is a programme to support SMEs in their digital transformation: aid of up to EUR 5,000 excluding VAT for carrying out a 360 ° diagnosis of the company and its organisation and its processes
4. In partnership with the House of Entrepreneurship and Luxinnovation, the personalised support programme, **Fit 4 Digital Packages**, includes the expertise of accredited service providers for the implementation of digital tools and financial support of up to EUR 5,000 excluding VAT

ODL
LUXEMBOURG EXPORT CREDIT AGENCY

Financial aid intended to support Luxembourg export companies in their international prospecting efforts, including aid for digital marketing: digital marketing consultancy, online advertising



ERDF: grants from the European Regional Development Fund finance projects that promote innovation, the economy or sustainable development

Discover the all-in-one digital marketing guide for Luxembourg businesses to go international



DIGITAL MARKETING OPPORTUNITIES

Maximise business opportunities post Covid-19

Marketing Automation • Social Media • Online Marketplaces
Website • Video Conferences • Online Advertising

Visit our website

digitalguide.tradeandinvest.lu

