



# **ECOMMERCE: A SHOPPING REVOLUTION**

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[Chapter 3 – Digital Minds v2]

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## Introduction

Electronic commerce, or eCommerce, is the process of selling products and services online and involves digital payment processing and the use of a website with a shopping cart. For some purposes, a distinction is made between eCommerce where the purchaser is on a desktop or laptop computer and mCommerce (or mobile commerce) where the purchaser is on a smartphone or tablet. For the purposes of this discussion, we will be talking about all types of digital purchases regardless of the device being used.

## Why eCommerce?

Many businesses have adopted an eCommerce strategy to help expand their marketing reach and customer base. And because the world continues to migrate to online shopping with the ongoing growth of smartphones, this trend is only accelerating. "Retail digital commerce in the first quarter of 2015 was \$72.2 billion. That's up 14% as compared to the same time period the year prior. Overall, digital commerce growth has outpaced offline retail growth by seven times."<sup>1</sup>. And with the types of products sold online increasing, it is no wonder consumers have come to expect every business to have an online shopping option in today's marketplace.

Here are some other reasons why businesses have adopted eCommerce as part of their digital marketing strategy:

- Businesses with brick and mortar locations can distribute their products across a wider geography with a digital store and the upfront investment is considerably less.
- The need to keep pace with the competition and offer a similar purchasing experience to customers.
- The ability to sell a wider array of products, particularly with drop shipping.
- The methods of product delivery are becoming more creative for eCommerce from a customer service standpoint.
- Overall, giving customers the option to purchase online is good customer service.

## eCommerce Challenges

Like other digital marketing tactics, executing on an effective eCommerce strategy doesn't come without some challenges and business considerations that need to be made. Here are some of the main challenges you might experience:

- It can put pressure on your margins. How competitive your pricing is will be much more transparent to the consumer. However, many shoppers are already checking online prices while in a retail store before making an in-person purchase.
- Dealing with MAP (minimum advertised price) issues can be difficult if you are required to follow a MAP policy and your competitors do not.
- There could be challenges with aligning your digital branding with your retail store branding, particularly if you feel the need to offer separate levels of pricing.

- The product catalog must be first populated and then maintained. For products that come in different sizes and colors or products that are seasonal, this can require a significant time investment.

In regards to the product catalog, at one time suppliers and manufacturers were not very good at providing assistance to retailers and distributors. This has changed significantly as suppliers and manufacturers have recognized the value of getting their distributors and retailers properly setup for eCommerce. These days, it is often possible to get a product feed from suppliers and manufacturers which greatly facilitates the process of populating a product catalog. The feeds are seldom perfect and usually require some cleanup but they can still be a tremendous time-saver.

## The Benefits of Selling Multichannel eCommerce

eCommerce requires investing time and money in populating a product catalog and managing it. To maximize your ROI, consider distributing the product catalog across multiple digital selling points such as Amazon, eBay, Sears and others. With Amazon alone accounting for \$18 billion in sales in 2014, multichannel selling gets products in front of buyers. There are various software packages available that support doing this. These will not only synchronize with the various sales channels but also keep track of your inventory as you make sales across the various sales channels. The key is that you only have to login to one place to manage your online presence. Examples are ChannelAdvisor, EdaptIT Technology Solutions, ChannelGrabber and Sellbrite.

## How to Get Started

### Technology Considerations

When selecting the eCommerce technology that makes most sense for your business, there are a number of things that can impact your decision. Here are some of the main considerations you'll want to think about:

- **Platform:** Some of the more popular options are Magento, Shopify, Bigcommerce, WooCommerce and Volusion.
- **Customization:** Will the technology meet your needs with or without customization and how much customization is required to get the functionality you want.
- **Scalability:** Will the technology be scalable enough to be a system you can continue to work with as your business grows.
- **Support:** Vet the level of support that is provided. Does the platform have 24-hour customer service (and does it cost extra)?
- **Hosting:** Some solutions such as Bigcommerce are software as a service (SaaS) and the hosting is included. Other solutions such as Magento will require that you select a website hosting provider. One of the advantages of SaaS solutions is a free trial is often offered.
- **Security:** Taking credit card information online must be secure and this will require an SSL certificate if one is not already included in your service package.
- **Payment processing:** You will also need to select a payment gateway. Work with your credit card processing provider to make sure you are PCI compliant from the start. As for

specific providers, PayPal pro is a good option because it allows the website to process cards directly and accept payments made via PayPal. And for the less sophisticated seller, there is some support for chargebacks and international sales not typically provided by other payment processors. However the cost can be a little more. For the more experienced seller using both PayPal and a direct merchant account can be more cost effective depending on the business model and average sale amount. Other options are possibly Google Wallet or Amazon Checkout.

## Other Considerations

- **Mobile-friendly experience:** Responsive design is a must so your store is mobile-friendly. Many websites now receive more than half of their traffic from people on mobile devices. Having an eCommerce store that is responsive creates a favorable shopping experience that helps conversions, and Google favors responsive design in its algorithm over websites that are not mobile-friendly. If you already have an eCommerce website and it is not currently responsive, then invest in making it responsive.
- **Shipping providers:** In regards to shipping, having two carriers can be beneficial. USPS (or your regional post office service) is usually best for smaller and international packages while either FedEx or UPS is a good choice for anything over one to two pounds or when priority overnight is needed. Besides cost, the service level you receive over time should also factor into your selection of an ongoing shipping provider.
- **Drop shipping:** Look to establish relationships with manufacturers who have products that fit well with your product offering and use drop shipping. With drop shipping, you don't necessarily have to keep all the products you offer in inventory. Also, many sellers use drop shipping as a backup for their existing inventory so they don't have to keep as many items in stock.

## eCommerce Marketing

There are a number of things that can be done to market a digital business. Don't be overwhelmed. Rather, run pilots, evaluate the results and decide how to proceed from there. Here are some things to consider.

### Search Engine Optimization (SEO)

The product catalog should be SEO-friendly so that your catalog can rank well on a product-by-product basis. Being SEO-friendly means that when you add products, SEO-friendly URLs are automatically created and completing the meta-tags is part of properly setting up products. The more widely used eCommerce platforms are now SEO-friendly. You will still want to implement a formal SEO campaign that targets more generic keyword phrases than the names of your products though.

## Google Shopping

Utilize Google Shopping to advertise your products. It can be the low hanging fruit of PPC, but requires that your pricing be competitive. Assuming that you have selected a sound eCommerce technology, it will be possible to set up a product feed from your website to Google Shopping so that your product offering is current in both places.

## Remarketing

This is a very important marketing technique for eCommerce. Investing in SEO and various forms of PPC will increase the traffic that goes to your website. Regardless of whether they buy or not, stay in front of your website visitors while they are spending time on other popular websites with remarketing. This not only helps conversions but is also great for brand awareness.

## Email Marketing

Email is a cost-effective way to get specials and promotions to loyal customers. Don't wear out your subscriber list with overly frequent emails, but do provide value with the emails in the form of promotions, discounts and new product announcements.

## Discounts

Coupon codes are great for incentive buying, email marketing and remarketing programs. The better eCommerce website technologies will allow for people to redeem coupon codes when making a purchase through the shopping cart.

## Free Shipping

Deciding whether to offer free shipping will depend in large part on the types of products you ship as well as the distance that on average they are shipped. However, make no mistake about it, consumers love free shipping so consider it strongly as part of your marketing plan. Free shipping offerings have a significantly higher conversion rate.

## Loyalty Program

Implement a loyalty program and encourage loyalty by rewarding your best customers and strengthening that customer relationship. While not all types of products are necessarily conducive to a customer loyalty program, many are. Selling to existing customers can usually be done at a lower cost than acquiring new customers. The program does not have to be complicated and there are some excellent customer loyalty programs from third party vendors so that you won't have to build one from scratch.

## Cross-selling

Create cross-sell opportunities by mapping out the logical relationships of your products to each other so people respond to cross-selling offers. This functionality for identifying related products is included with the best eCommerce technologies.

## Social Media

Is important particularly if you are selling to the end consumer. While it can be more of a brand awareness tool than lead generation, it is a great way to take advantage of the social capital of your customers and your potential customers. Having a quality Facebook presence is a great first step, and Twitter is important because of hashtags. YouTube is great for product introductions, demos and training. Other social media properties that could be part of your strategy include Google+, Instagram and Pinterest. Keep in mind visibility in social media is great for branding but the engagement can also help with your website rankings. Social media also offers overt advertising opportunities such as Facebook ads. Because you can target your typical customers' demographics, it can be extremely effective.

## Marketing Automation

Tie everything together with a good marketing automation platform that will let you achieve many of these tasks on a more automated basis and with a targeted message for each of your customer segments. HubSpot is one example of a marketing automation platform that we use a lot with our clients.

Obviously, one of the keys to the success of your marketing programs and multichannel selling efforts is going to be how competitive your pricing is. If your business has some distinctive competitive advantage that gives you a pricing edge against competitors for your costs and thus the price you should charge, great! However, if that is not the case, avoid the temptation to acquire business strictly on price. Competitors who charge too little for their products will eventually disappear. Maintain your pricing discipline. Fewer sales with more margin can be more profitable than more sales at a lower margin.

## eCommerce Conversion

While driving more qualified traffic to the website can help increase sales, it can be just as effective to focus on your conversions. Moving the conversion rate from 1.5% to 3.0% is every bit as good as doubling the traffic the website receives.

Optimizing for conversion starts with the initial design by using best practices for conversion architecture when building the website. These are simple but critical things such as the prominent placement of the business's phone number, having a privacy policy, endorsements and testimonials highlighted and most important for eCommerce, a user-friendly shopping cart.

From there, ongoing testing and measuring can lead to an improved conversion ratio. A/B testing where you change out elements of the website and measure the impact on conversions is one example of a testing best practice. Elements that might be tested include color schemes, images, calls to action, locations of calls to action and special offers.

With eCommerce, one particularly critical area of focus for conversion analysis should be the shopping cart. Using analytics, study where people abandon the shopping cart and work to lower the abandonment rate by fixing obvious problems and testing alternative messages and flows. One way to get feedback here is to use controlled focus groups and get their input on the shopping cart experience.

Invest in getting the analytics for the website set up properly including setting and measuring conversion goals to facilitate this process. As you review your data, expect to see your non-branded traffic becoming branded traffic. People may initially find the website by looking for a particular product but assuming they have a favorable shopping experience, they will probably get to the website a second time or third time by just searching with the name of your company or better yet, maybe because they saved the website under their favorites.

In measuring your results, evaluate not only what the initial sale is worth to you but also the lifetime value of acquiring a new customer. Will your customers make multiple sales and will they refer others to your business? These are important, conversion-oriented questions.

## International eCommerce

Is your customer base international? If so, you will want to create a multilingual website. This is a must from a conversion standpoint. If you are not selling internationally but want to do so, consider enlisting the help of the governmental agency in your state that supports economic development. There is usually an international department.

You will also want to tailor your marketing program for an international audience. Besides marketing on a multilingual basis, you will want to make sure the marketing geography you target lines up well with your market penetration goals.

## Helpful eCommerce Add-ons

Abandoned shopping cart saver technology is a great add-on for an eCommerce website. It comes into play when a customer begins a purchase but does not complete it. Emails will be sent to the customer to try to re-engage the customer and this will help with conversions.

A live chat operator allows people to ask questions and get a quicker response than if they asked the question via email. It also gets them a response while they are still on the website, which will help with conversions. Phone support is also important but many people prefer the ease of engaging a live chat operator rather than being put on hold on the phone. Also, sometimes people are shopping while at work and don't want to be overheard conducting personal business over the phone. The live chat operator is more private.

## Manufacturers and Wholesalers

This discussion has focused primarily on retail businesses. However, much of it is applicable to manufacturers and wholesalers if they decide to leverage eCommerce to not only sell via their traditional means but also to customers through an eCommerce website.

## Conclusion

Many businesses are already practicing eCommerce and more are setting themselves up to sell online every day. It is recommended that to get started you get a good setup plan in place, including an eCommerce technology you are comfortable with. Consider engaging a digital marketing consultant who specializes in eCommerce to assist you. You probably use an accountant, attorney and other legal professionals for your business; digital marketing is quite complex and constantly evolving, so the expertise of a professional also makes sense.

Notes:

<sup>1</sup>Source: comScore eCommerce and mCommerce measurement



## About the Author



Burns established his digital marketing agency in 2003. With clients across the southern United States, the core service offered by his agency is designing and implementing custom digital marketing strategies for clients.

Capabilities include search engine marketing, social media management services, custom website design and mobile marketing. Burns has extensive experience in the eCommerce space particularly in the area of multichannel selling.

## About WSI

WSI is a digital marketing company with a strong international presence. Our Digital Marketing Consultants use their knowledge and expertise to make a difference for businesses all around the world. Headquartered in Toronto, Canada, we also have offices in over 80 countries. We're a powerful network of marketers who strive to discover, analyze, build and implement digital solutions that win digital marketing awards and help businesses succeed online.

Over the last 20 years, WSI has won multiple digital marketing awards for our solutions by adapting to the constantly shifting landscape of the Internet. We take pride in helping businesses make the most of the dollars they spend on digital marketing.

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