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# Selling online

A how-to guide for small businesses

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# 1. Introduction

## Who is this guide for?

Whether you are an e-commerce newbie looking to launch an online business for the first time, or a company looking to take its online sales to the next level, this guide contains all the know-how and best practice you need to help you build a successful e-commerce business.

This guide discusses all aspects of creating and running an e-commerce business including:

- **Building an e-commerce enabled website.** An e-commerce enabled website is the backbone of any transactional online business. This report covers areas such as choosing a domain name, selecting software and finding developers.
- **Accepting payments.** Understand the pros and cons of all the major methods of accepting online payment including credit cards, PayPal and Google Checkout.
- **Online marketing.** This report includes an overview of all the major online marketing techniques including search engine optimisation, paid search, online marketplaces (eBay and Amazon) and shopping comparison engines.
- **Fulfilment and customer services.** Once a sale has been made, the order must be fulfilled. This report provides guidance on streamlining fulfilment, perfecting customer service and maximising customer retention.

The guide is written with online retailing businesses in mind. However many of the topics covered, such as search engine optimisation, are relevant to any business that wants to drive sales and web traffic.

The next 100 pages cover a lot of ground and it will not be possible to go into great depth in any one subject. Fear not! Econsultancy publishes comprehensive reports on nearly every topic mentioned and we will be including links to further information.

If you have any feedback please email [editor@econsultancy.com](mailto:editor@econsultancy.com).

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## 1.1. About Econsultancy

Econsultancy is a [digital publishing and training group](#) that is used by more than 200,000 internet professionals every month.

The company publishes [practical and timesaving research](#) to help marketers make better decisions about the digital environment, build business cases, find the best suppliers, look smart in meetings and accelerate their careers.

Econsultancy has offices in New York and London, and hosts more than [100 events](#) every year in the US and UK. Many of the world's most famous brands use Econsultancy to [educate and train](#) their staff.

Some of Econsultancy's members include: Google, Yahoo, Dell, BBC, BT, Shell, Vodafone, Virgin Atlantic, Barclays, Deloitte, T-Mobile and Estée Lauder.

[Join Econsultancy](#) today to learn what's happening in digital marketing – and what works.

Call us to find out more on +44 (0)20 7269 1450 (London) or +1 212 699 3626 (New York). You can also [contact us online](#).

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## 1.2. About the lead author

Trevor Ginn is an entrepreneur, e-commerce consultant and blogger. In 2007 he founded the multichannel online baby retailer [Hello Baby](#) which now sells across eBay, Amazon, Play and its own website. Trevor is also an e-commerce consultant at [Vendlab](#). Previously, Trevor worked for the eBay consignment seller Auctioning4u .

You can follow Trevor on his blog [www.trevorginn.com](http://www.trevorginn.com) or on Twitter [@trevorginn](#)

Trevor would also like to acknowledge and thank Will Critchlow of search marketing agency [Distilled](#) and Chris Lofts for reviewing this document.

### Further Econsultancy reading

#### E-commerce Statistics

<http://econsultancy.com/reports/e-commerce-statistics>

#### E-commerce: A Beginner's Guide

<http://econsultancy.com/reports/e-commerce-a-beginner-s-guide>

#### E-commerce Projects - Digital Marketing Template Files

<http://econsultancy.com/reports/e-commerce-projects-digital-marketing-template-files>

#### E-commerce Platforms Buyer's Guide 2009

<http://econsultancy.com/reports/e-commerce-platforms-buyer-s-guide-2009>

#### E-commerce Request for Proposal (RFP)

<http://econsultancy.com/reports/e-commerce-request-for-proposal-rfp>

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## 2. Why e-commerce?

E-commerce refers to the process of buying and selling products online. Online sales are a huge and growing part of the UK retail sector, as these statistics demonstrate:

- Online currently accounts for a quarter of all new retail businesses. This will rise to more than half over the next ten years.
- Online sales are predicted to reach £78 billion during 2010.
- 25% of UK shoppers are now prepared to spend £1,000 or more online in a single transaction.
- Online retail sales in Europe are set to jump 20% during 2010 and be worth €172bn.

### 2.1. Convenient and trusted by consumers

Internet shopping is considered both safe and easy by many millions of consumers. Fears about security have largely vanished, with growing numbers of shoppers buying goods over the internet without worry. Here are five key reasons why e-commerce is popular with consumers:

- **Competitive prices.** The reduced overheads of internet retailers allow them to offer lower prices to their customers.
- **Increased choice.** The internet puts millions of difficult-to-find products within easy reach.
- **Quick delivery.** Many online retailers now offer next-day delivery.

### 2.2. Huge opportunity for retailers

If a business is not already selling its products or services online, then a move into e-commerce will open up a whole new market, offering great potential for increased sales.

Selling online instantly gives a presence nationwide (and even worldwide) enabling a business to reach customers who would not otherwise have visited their bricks and mortar store. The extra exposure gained from a website may also help prop up offline activities.

#### **Increased sales**

UK online retail sales are rising, as customers take advantage of the ease and convenience of shopping online. Launching an e-commerce site gives access to these shoppers, and should increase overall sales volumes. Furthermore, online sales are still experiencing strong growth and with an e-commerce enabled website, it is possible to tap into this growing market.

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## 3. Launching an e-commerce presence

Launching an e-commerce presence is a major project. Unfortunately IT projects, including the building of websites, are famously prone to delays and - at worst - complete failure.

There are many challenges to running a successful project. When projects fail it is usually the result of a multitude of issues with both the client and their suppliers.

Often, one of the key issues is that business leaders fail to recognise that an organisation's culture and people significantly impact upon the success or failure of an e-commerce implementation.

Many issues also arise from a lack of e-commerce skills in the company. A skills gap often leads to key decisions being taken without the depth of insight required to support them. The following problems are often encountered:

- Setting unrealistic expectations including optimistic timescales.
- An insufficient level of investment in the development of the e-commerce channel.
- E-commerce channel is not integrated with key business functions.
- A lack of cross-functional teamwork. For the best results collaboration must take place between the following operational units: buying and merchandising, marketing, supply chain and fulfilment, as well as customer service, in-store personnel, and the development team.
- Overall resistance to change. If a company has not engaged in e-commerce before, then the change in culture required may encounter resistance.

### 3.1. Planning for a successful project

Proactive and forward-thinking businesses can prevent many of these pitfalls and in doing so, save time and money while creating a smoother transition and implementation of e-commerce. Follow these steps for the best results:

- **Get management-level sponsorship.** To be successful, e-commerce projects require management-level sponsorship and consensus on the business need for the venture.
- **Involve key stakeholders in the planning phase.** While e-commerce has much to offer to the business, it is not easy to develop and implement. Therefore it is absolutely vital to gain commitment and build consensus at each stage, from all of the stakeholders.

This should include managers and operational staff who will be involved day-to-day with supporting the e-commerce operation. Involve in-store, e-commerce, supply chain, IT and marketing from the outset.

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## 3.2. Project management

Even if the best technology has been selected and the company has a clear vision on where to take the e-commerce channel, without an experienced and highly effective project manager and a well-developed plan, the project will fall down in one or more of the following ways:

- It will be late
- The scope (i.e. the functionality) will be reduced
- It will be over budget
- Internal stakeholders will be dissatisfied and may lose faith in the e-commerce channel.
- It will not achieve its full potential in terms of revenue generation

The Econsultancy [Managing Digital Channels Best Practice Guide](#) suggests dividing the project into three stages:

### 3.2.1. Stage 1: Preplanning phase

#### **Ensure that there is a comprehensive business case.**

It is a good idea to involve someone in the finance team to help pull together the numbers for the business case as this will add credibility to project and to the opportunity.

#### **Manage expectations.**

It is vital to ensure that the management level expectations are realistic and this applies to both the forecast for sales, the investment required to deliver the e-commerce channel and the delivery timeline. Many e-commerce launches are not sufficiently budgeted for and fall down in the post-launch marketing.

#### **Develop the right team**

The e-commerce project team should include the following elements:

- **A project sponsor.** Ideally someone in the management team.
- **A project manager.** Ideally this person should have e-commerce experience. If not, it is highly likely that they will be unable to provide the right level of control and influence over the project from an internal perspective. The project manager should be able to devote all or a large part of their time to the project.

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## 4. Market research and product selection

For existing retailers, the choice of products to sell online will be obvious. However, retailing start-ups will be faced with the complex task of choosing a sector, finding suppliers and ordering stock. At first glance the choice will seem endless.

eBay, for example, has 18,000 categories, and so option-paralysis can be an issue. Much of the published marketplace data is at too high a level to be useful at the sector or even the category level. Multiple sources of data must therefore be used to research the market and make a decision.

### 4.1. Selecting a sector

If a business is really starting from a blank slate, here are some suggestions for selecting a high level market sector e.g. kitchenware, baby, laptops etc:

- **Knowledge.** It is best to choose a sector in which the business owners have some knowledge or interest.
- **Dropshipping.** Dropshipping is service where orders are sent directly from the manufacturer/wholesaler to the end customer. This has the obvious advantage that the seller need not hold the stock. Sectors where dropshippers are available give online retailer access to a large volume of inventory at no initial outlay.
- **Multichannel.** Select products which can be sold across multiple channels i.e. products which can be sold on eBay and Amazon as well as a website. Most products can be sold multichannel, however some, (for example sex toys), cannot be sold on eBay.

## 5. Branding and design

### 5.1 New or existing brand?

If a company has a well-developed offline brand, then the choice of online brand may be a no brainer. Using an existing brand has obvious advantages in terms of recognition and trust. Moving the brand online will simply be a case of adapting the branding to the new website.

- **Protect the existing brand.** Businesses new to selling on the web may fear that selling online will jeopardise their existing brand.
- **Protect existing relationships.** Companies with a wholesale business may not wish their wholesale customers to know they are selling direct to consumers.
- **Differential pricing.** As the web channel tends to be cheaper than offline, companies trade under a different name online to avoid alienating existing customers.

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# 6. Selecting an e-commerce platform

## 6.1 What is an e-commerce platform?

An e-commerce platform is the backbone of an online store, managing the online purchasing process and, in many cases, the back office fulfilment as well. Platforms vary in complexity but all, apart from simple payment buttons, have the following features:

- **Catalogue.** A browsable and searchable product catalogue.
- **Shopping cart.** A method of choosing product for purchase
- **Checkout.** Method of purchasing products online

More complex platforms will include more back office functionality relating to multi channel integration, stock control, warehousing and fulfilment.

### 6.1.2 Online marketplaces

#### What is an online marketplace?

An online marketplace is a website which is a one stop shop for online retailing. All the processes which comprise the shopping experience, such as product catalogue, search and payment, take place on a single site without the need for the customer or the retailer to use another service. In addition, the major marketplaces offer a degree of customer and retailer fraud protection.

#### Why use online marketplaces?

- **Ready-made audience**  
Both eBay and Amazon have a massive audience, providing a ready-made marketplace for products. In the UK alone, eBay has over 14 million active users<sup>1</sup>. Whilst other online sales channels, especially natural search traffic from Google, take time to build, online marketplaces provide instant sales, getting a business off to a flying start.
- **Simple**  
Setting up a presence on an online marketplace requires no technical knowledge, although knowledge of HTML is a help when creating attractive, compelling listings on eBay.
- **Trust and protection**  
Consumer trust is a real problem for new retailers. With their well-recognised brands and protection schemes, the major marketplaces can help online retailing newbies avoid this problem. Both eBay and Amazon, to different extents, offer a level of consumer and retailer protection. Amazon acts as an intermediary guaranteeing every sale through its marketplace. eBay offers buyer and seller protection for customers who use its PayPal online payment service.

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## 7. Online marketing strategy

Without some sort of marketing strategy, a website is highly unlikely to reach its full potential. Online marketing (also referred to as digital marketing, internet marketing or e-marketing) should support a company's overall marketing objectives and not be developed in isolation. It should also be based on the needs and behaviour of the company's target audience. An online strategy should:

- Provide a future direction and goals for online marketing activities.
- Involve an analysis of the company's competitive environment.
- Support broader marketing objectives.

Creating a detailed online plan is an important way to provide focus and direction to marketing activities. Unsurprisingly, a lack of structured planning is evident in many companies new to e-commerce.

### 4.2. Defining an online marketing strategy

Econsultancy's [Managing Digital Channels Best Practise Guide](#) suggests the following steps for defining an online marketing strategy:

#### 1. Set online marketing objectives

In all aspects of business, clear objectives are needed to set goals and assess performance and the web is no different. Metrics should be a combination of business based metrics (e.g. sales, cost per conversion, leads or enquiries) and web based metrics such as unique visitors and page views. (See section 15 on web analytics).

In addition, investments in online marketing will not generate returns if it does not support the business' broader marketing strategy and should also be based on a sound business plan

## 15. Web analytics

Every business with a website should be measuring their online performance. This is especially true for transactional websites where the website's performance has a tangible impact on bottom line. Without measurement, running a marketing campaign is purely guesswork.

Web analytics is about monitoring where visitors to a site come from, how they are using the different pages and features of the site when they are there. For example, it can inform as to which are the most popular products or pages on a site and which marketing campaign is driving the most converting traffic.

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# 18. Fulfilment and customer service

In the digital world, there has traditionally been an emphasis on generating sales through digital marketing channels, such as email marketing and paid search, but the importance of offering good customer service cannot be over-estimated. Fulfilments of the order and customer service interactions are a vital part of the overall customer experience.

## 18.2.1 Contact details

With internet shopping, the first chance a customer has to examine the goods they have purchased is when the items are received. Therefore, customers buying online have more rights than customers buying from a shop.

Businesses which sell online are covered by distance selling regulations<sup>2</sup> and have certain obligations to their customers regarding the information they must provide prior to a sale. A website must provide:

- Identity of the supplier
- Geographical address (PO Box is not sufficient).
- The existence of a right to cancel and who is to pay the return costs (see below).
- Accurate description of the items

As well as being legal requirements, providing information of this sort is likely to reassure potential buyers and increase the chance of a sale.

## 18.2.3 Customer service

High standards of service have never been more important because of increasing customer expectations, ease of switching providers and competition. Effective customer service can help businesses to significantly increase customer retention and satisfaction, as well as the rate of customer acquisition. This is essential in order to remain successful and competitive.

### **Integrating online and offline**

If a company also has an offline presence, then this should be integrated with the online experience to provide a richer experience for customers. Features could include:

#### **Telephone**

Many people still like someone to talk to before making a purchase. Consequently it is best practice to place the company's customer service contact number prominently above the top navigation. This lets customers know that help is only a phone call away. Some customers will not purchase from companies which don't list a phone number out of general principle.

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<sup>2</sup> [http://www.oft.gov.uk/shared\\_oft/business\\_leaflets/general/oft698.pdf](http://www.oft.gov.uk/shared_oft/business_leaflets/general/oft698.pdf)

