

# Planning and Implementing an E-commerce Strategy

By BNET Editorial

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E-commerce essentially means selling products and services online—but it's not as simple as it may sound. E-commerce requires a sophisticated content management system and a strategy that combines many separate elements. To begin with, e-commerce demands dedicated purchase, payment, and support systems along with customer relationship management procedures. A quality marketing effort is paramount. Underpinning it all is a quality Web site that needs professional development and attentive management. In implementing e-commerce, keep in mind:

- E-commerce is not suitable for every product and service.
- The best strategy is a “clicks-and-mortar” approach that combines online capabilities with more traditional retail resources.
- E-commerce is complex, and getting it right is expensive. Don't underestimate the difficulty of designing and managing an efficient e-commerce Web site.

## What You Need to Know

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### Are some products better suited for e-commerce?

Some products sell better online than others. Strong sellers tend to be:

- Digital products such as software and information
- Products with a high value relative to their cost of fulfillment
- Products requiring a lot of information, such as books, music, movies travel items, and banking services
- Products that do not need to be handled or tried on
- Products that are often difficult to find locally in stores
- Products that are easier to buy online than at a physical location

### How difficult is it to build an e-commerce Web site?

It depends on the scope of your intentions and strategy. You must be able to manage inventory, sales fulfillment, payment, and security. You must be able to integrate your e-commerce Web site efficiently with the rest of your business venture. E-commerce software has improved and become

more streamlined, but it is still neither cheap nor simple to get everything running smoothly. So the degree of difficulty can be considerable.

## **If you set up an e-commerce Web site, will you suddenly be able to sell to a global marketplace?**

No! Selling to a foreign marketplace involves far more than setting up an e-commerce Web site. You need to indicate on your Web site whether you *can* ship to nations outside your own country. You can only do this if you have mastered the basics of exporting goods.

## **What to Do**

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### **First, Make Sure You Have a Market**

Who is going to buy your products online? The best place to start is with your current customers. Will going online make life easier for them? Will you save them time and money by allowing them to purchase online? Assuming your business already has a basic Web site, are you getting requests for online shopping from potential customers? It is impossible to conclusively judge in advance whether or not a market exists, but there should be at least some indications of a demand for an online presence before you set out to offer one.

### **Consider a “Clicks-and-mortar” Strategy**

The “clicks-and-mortar” approach is the most effective and economic. This combines traditional retailing resources—stores, brands and channels—with an online e-commerce presence. The other option—a “dot-com” only business—is now rare. Consumers are looking for brands that they know and trust, and a business with a physical presence is reassuring. It’s a place they can go if something goes wrong. Dot-com-only ventures have found that they have had to spend inordinate sums of money on marketing just to maintain marketplace awareness.

### **Make Shopping an Integrated Experience**

Consumers look to the Web primarily for information and may use a Web site initially to find out about the product, then buy by phone or in person. Repeat purchasers more familiar with the Web are those

more likely to buy online. They can do it more easily, and with more confidence, if their personal details and purchase history can be *securely* stored for use in subsequent purchases.

## Plan How You Will Deal With the Fundamentals of Retailing

We're talking about content, pricing, inventory management, fulfillment, payment, returns, support, and security. They are the basics of any business, but going online introduces added complications. You will need to address:

- *Content.* Merchandise is critical to e-commerce and must be updated frequently.
- *Pricing.* If you are selling direct for the first time, you may encounter resistance from your distributors and retailers who will not want you to underprice them. If you are selling other manufacturers' brands, there may be problems with selling in foreign marketplaces: Are you going to offer prices in a range of currencies? If so, which ones?
- *Inventory.* Are you going to use the same stock base to sell online and through your physical distribution channels? If so, you need an integrated stock management system.
- *Fulfillment.* In fulfilling orders, precise information about their status is essential. Each order needs a tracking number so customers can get information about the status of their orders right to the point of delivery. If you've not sold by mail order before, you will have to plan for packaging and fulfillment. This can be a major cost and needs careful management. If, for cost or other reasons, you decide not to fulfill to certain countries, you must make that very clear on the Web site.
- *Payment.* How will people pay? What credit cards will you accept? How will you guard against fraud?
- *Returns.* What is your return policy? Studies indicate that returns represent a major cost for e-commerce.
- *Support.* How will you support the products you sell online? You must plan for a support function on your Web site to answer basic questions from customers. Will you also offer telephone and e-mail support? Customers need to know about whatever service you offer.
- *Security.* Protecting customers' purchase details is a vital obligation of any e-commerce strategy. Fraud and hacking of computer systems are ever-growing problems. Customers simply won't buy if they fear that their credit numbers will be stolen from—and/or their personal information will be abused by—your Web site.

## Create an Easy-to-use Purchase Process

An alarming number of consumers abandon their attempts to buy online. One major reason they cite is a badly designed purchase procedure. A purchase procedure must be reliable and very easy to use! Follow the example of, say, Amazon.com, and tell your customers upfront how many steps there are in the purchase process and keep that information prominently

displayed at the top of the Web page. A role-model example of purchase steps is: “Shopping Cart—Account—Shipping—Payment—Verify—Confirm.” Sending customers an e-mail to re-confirm the sale is a good idea, too.

## **Build a Better Relationship with Your Customers**

The Internet offers myriad opportunities to better understand customers' behavior and to develop closer relationships with them. Customer relationship management and personalization systems allow one to collect and study comprehensive information, then to create a more customized environment for your customers. While the potential of such systems is substantial, they are complex and difficult to implement. If not professionally managed, they can lead to the abuse of consumers' privacy and drive away the very people you're trying to attract.

## **Buy the Right Software**

There is no need to do all the work internally, given the wide variety of quality software packages now available for e-commerce operations.

## **Be Sure You Have a Capable Team in Place**

An e-commerce Web site needs *daily* maintenance. Technical problems must be fixed, new content must be published, and old content must be removed. Most important, the Web site must be marketed *constantly* to attract attention from customers.

## **To Sell to Foreigners, Make Your Site Multilingual**

If you want to sell seriously in foreign markets, you will have to adapt your Web site for those markets. Studies indicate that sales will be minimal if this step is neglected. Worse, returns are very high because people purchasing in a foreign language often don't really understand what they are buying, or how much they are paying. Even the differences in American and British English provoke misunderstandings: if you are selling into the British marketplace, the content should be in *British* English—lest buyers there think you are making silly spelling mistakes and become way about the sale itself.

## **Emphasize Marketing**

Launching an e-commerce Web site is rather like setting up shop at the North Pole: nobody knows you're there. It's not nearly enough just to register with search engines or even to tinker with your site to try to attract more visits. You must also launch an aggressive marketing campaign to make your target market aware of what you have to offer. The ideal situation is a seamless integration with the marketing strategy of your other business activities, so that e-commerce becomes one of several sales channels.

## **What to Avoid**

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### **You Think That E-commerce is a Cheap Endeavor**

It most certainly is not! Back-end infrastructure is expensive to set up and maintain. Without an existing business and an appealing brand, marketing costs alone will be very high.

### **You Blame E-commerce for Poor Sales**

Not necessarily: many businesses have found that their Web sites support the purchase process, but that consumers still like to complete the sale offline—in say, a retail center or over the phone.

### **You Think That E-commerce is Like Any Other Commerce**

It is not, although it has many similarities with mail order. If you have never sold products by mail order before, e-commerce involves a steep learning curve. Packaging and delivery, particularly to many different countries, are difficult to master.

### **You Think That All You Have To Do Is Produce a Product Catalog**

E-commerce is selling with content. So you need an appealing, content-rich Web site that is constantly being updated if you want to make sales.

## **You Don't Develop an Easy-to-use Purchase Procedure**

Far too many Web sites have poor-quality procedures and lose countless sales as a result. It is essential to test your procedure thoroughly to make sure that it is reliable and easy to use.

## **You Ignore Real Concerns about Security Breaches**

Many consumers, particularly European consumers, are wary of purchasing online because they feel they have better security in a physical store. They are concerned about credit card fraud and the legal obligations of an online sale. Such worries prevent many consumers from participating in e-commerce. A Web site must address legal and security issues comprehensively if it wishes to win the trust and business of the consumer.

## **Where to Learn More**

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### **Books:**

Charlesworth, Alan. Key Concepts in e-Commerce. Palgrave Macmillan, 2007.

MacGregor, Robert and Lejla Vrazalic (editors). E-commerce in Regional Small to Medium Enterprises. IGI Publishing, 2007.

### **Web Sites:**

Entrepreneur.com's E-Business: [www.entrepreneur.com/ebusiness/index.html](http://www.entrepreneur.com/ebusiness/index.html)

Practical eCommerce: [www.practicalcommerce.com](http://www.practicalcommerce.com)