

Suite 306**E-COMMERCE**

***E-Commerce
E-Commerce Strategy
Building the Website
Issues to consider***

306.01 E-COMMERCE BASICS

E-Commerce is about using the internet to buy and sell goods and services online. You must decide whether an e-commerce website is right for your business, what options are available and how to build one.

An e-commerce website offers enormous potential benefits to businesses, whatever their size. The benefits include:

- **Access to a global market** – the internet allows businesses access to a huge market of potential customers worldwide. This allows you to tap new markets and compete globally with only a small investment. This can be particularly useful for niche providers, companies whose products can be posted easily, or businesses that are looking to expand geographically but cannot afford to invest in new offices or businesses.
- **A lower cost** by cutting out the middlemen – businesses can sell directly to end-users. A properly planned and effectively targeted e-marketing campaign can reach the right customers at a much lower cost than traditional marketing methods.
- **A level playing field** – a small business can show itself to be as professional and credible as its larger competitors.
- **24-hour business** – with a website that accepts payments online, you are always open for business to customers even if your office is closed.
- **Greater customer satisfaction** – an e-commerce website can be a powerful tool for building customer loyalty. A well-designed website puts the customer in charge of the relationship – they can buy, browse, ask for help or track the progress of their order when they want.
- **Shorter lead times** – If you have a website or an email template, you can react to events much more quickly – giving your marketing a much more contemporary feel. If one of your products is in the news or something important happens in your industry, you can capitalise on it without having to print or post anything.

- **Reduced marketing costs** – word of mouth can be incredibly powerful on the web through e-mail recommendations and search engine ratings. You can achieve a great deal through organic growth by treating customers well, keeping them informed about your activities and benchmarking yourself against competitors.
- **Better customer information** – giving online customers passwords to your site saves them having to re-enter their details every time they shop. But it also gives you information about buying habits to refine your marketing, pricing and purchasing strategies.
- **Streamlined business processes** – increasingly companies are integrating their business processes. Orders come in to their website, card details are processed, goods dispatched and stock re-ordered seamlessly, dramatically reducing the cost of each sale.
- **Personalisation** – If your customer database is linked to your website, then whenever someone visits the site, you can greet them with targeted offers. The more they buy from you, the more you can refine your customer profile and market effectively to them. A great example of this is Amazon's website which suggests products based on your and other people's previous purchases.

E-COMMERCE STRATEGY

306.02 THREE SENSIBLE OPTIONS

The basic requirements for an e-commerce site are not onerous and many companies will be able to run pilot schemes without significant investment. However, a strategic approach is essential. If you launch a website that disappoints your customers or, conversely, is overwhelmed by traffic, you risk damaging your reputation and losing sales. You have three options when building a site:

- Basic
- Intermediate
- Sophisticated

BASIC

At the most simple, all you need for an e-commerce website is a computer, internet access, e-mail, a website and hosting services.

You will be able to handle a small range of products – with photos, descriptions and prices – and accept online orders.

Costs

- DIY – using web authoring software like FrontPage or Dreamweaver, you can build the electronic equivalent of a mail order form for nothing. Customers e-mail their order and payment details to you; you process these details offline like a normal credit card payment and then e-mail confirmation to them.
- If you already have a website, you can get software to add e-commerce functionality. Companies like Shopfitter.com and ghost.com offer this free in return for a cut of future transactions, typically £1 on transaction above £10.

Pros

- Low cost
- Simple to set up
- Find for a small range of product

Cons

- Design and functionality will look slightly limited
- Payment information will be e-mailed to you – this can worry some customers concerned about security as most e-mail does not use protective encryption.

INTERMEDIATE

These will vary from package to package, but you can expect catalogue management, enhanced order processing, encryption for secure ordering, and a broader range of design templates.

Others will offer a degree of back-end systems integration, i.e. they will connect to your product database and accounts systems streamlining the order process and keeping the website up-to-date. This software should be more straightforward to use.

Costs

- If you have a broadband connection, you will be able to receive orders in real time and update your website automatically.
- Some ISPs, offer a web hosting and software package all-in-one.

Pros

- Full e-commerce and payments functionality.
- Professional-looking design
- Value-added features like account information, customer references and mechanisms to alert customers when goods are available.

Cons

- Products such as technical equipment that require sophisticated options or user configuration may be too complex for this type of off—the-shelf system.

SOPHISTICATED

The range of options is huge and limited only by your budget and your ability to maintain the site.

- On the site itself, you could have a product configuration allowing users to specify their exact needs.
- Intelligent cross-selling features can select and promote related products.
- Personalised pages can recognise previous visitors and display content, like product news that they are most interested in.
- Back-end systems can be integrated to trigger or order confirmations, and to automatically dispatch goods and replenish stocks.

Costs

- At this level of sophistication, you will certainly need professional assistance from a development company to scope your technical requirements and build a website that integrates your existing systems.
- You ay also want the services of a professional design agency.

Pros

- Cutting-edge design and functionality.
- Site can be built to integrate with your existing systems.
- Provides a rich, interactive shopping experience for your customers.

Cons

- Takes longer to create than buying off-the-shelf
- Bespoke software can lock you into one service provider.
- Cost can be prohibitive for smaller businesses.

BUILDING THE WEBSITE**306.03 SET YOUR GOALS****Determine your web site goals**

by Delilah Obie

To ensure that your site benefits your business and its users, clearly define your site goals from the beginning. Focus on a primary function and build your site around delivering that to your visitors. Clearly defined goals will help keep your priorities in perspective as you manage the process of building your online presence. You'll need to balance your business goals, the needs of your audience, and your resources to create an effective Web site. You'll also want to keep in mind your longer term goals, so that you design your site with some room to grow.

Some common goals for Web sites are:

Online sales. If your primary business is selling physical goods, focus on creating an online store that gives visitors a sense of place (so they can easily find what they are looking for) and makes purchasing simple and easy.

Marketing. If your primary business is delivering an offline service, you may want an online brochure. This sort of Web site can deliver useful, practical information about your service and enable you to develop your image and build trust and customer loyalty.

Online service. If you deliver an online service, you'll need to build an infrastructure for the delivery of your service. This type of site is more complex than the first two. You will need to anticipate what you'll feature in your product catalog, and how you'll handle online payments and process online orders.

Information delivery. If your primary business is publishing information, then your site will be some form of online publication.

You'll need to determine how to charge a fee for your content. You can do this either through subscriptions (which you could bill monthly or annually) or on a per-use basis (which may require that you use sophisticated applications to handle billing through your Web site).

Customer support. While every business with a Web site may want to provide some level of customer support, a higher level of support will require a much more sophisticated design. Whether you're selling directly from the Web or from a physical storefront, providing up-to-date product information, tips and tricks for using your product, and a page for frequently asked questions (FAQ) makes it easy for customers to get the information they need. You may want to plan to automate these functions.

Regardless of the primary purpose of your Web site, a number of design fundamentals apply broadly to all good Web site design. One of the biggest shortcomings of many Web site designs is a failure to put the needs of the customer at the forefront.

Give people what they want. It seems obvious, but sometimes we forget and give people what we want instead of what they want.

By Delilah Obie

306.04 IDENTIFY YOUR OBJECTIVES

Web sites exist for different reasons. Some aim to sell products or services online or offline, some aim to sell ads, and some aim simply to deliver information. The end goal of a Web site, or section thereof, is something that the Web developer needs to keep in mind at every single step of the way. Many Web developers tend to think in terms of “What cool features can I use on this site?” rather than thinking about what these features were intended to accomplish. But the best designers make their decisions with the site objectives firmly in mind, during every aspect of site building and maintenance. Page design, site layout, even choosing a hosting service – the right and wrong way to do all these things depends on your business model.

Common site objectives:

- Promote a product or service and steer users to a sales channel
- Sell a product or service online.
- Deliver online applications
- Provide content and sell advertising
- Provide free content to the public (without ads)
- Provide technical support or other services to customers
- Provide content and services to employees or suppliers

Making your website user-friendly

Always keep the needs of users in mind when creating your website. Explain what your business is about on the home page. There’s nothing more annoying for people new to your business than having to hunt around to find out what you do.

Ease of Navigation

Most people prefer sites that are easy to navigate and have lots of relevant content. Try to give users more than one way to access information. So you might centre one set of navigational tools on your customers’ needs, while focusing another on your products or services.

Present the human face of your business. For example, include photographs and information about your management team.

The tone of voice

It’s acceptable to adopt a more friendly tone for websites than for other business literature – but you can’t get away with poor spelling and punctuation.

Make text as easy to read as possible:

- Keep sentences short and punchy
- Keep paragraphs short k- no more than three to four lines each
- Break up text with sub-heads, bullet points and numbering
- Use tables or simple graphics where they illustrate a point better than words
- Aim to keep each page to one screen as most people prefer not to scroll too much.

Getting your message across

Make sure customers receive the same key messages from your website as from any other contact with your business. If you want customers to see your business as providing a high-quality product at a premium price, backed up by excellent customer service, your website needs to reflect this.

Building relationships with customers

A website provides an ongoing point of contact with your customers and can be a useful way of building relationships with them.

Answering common queries

Try to anticipate common queries potential or existing customers might have about your business. Providing the answers on your website – perhaps in the form of frequently asked questions – will show you're ready to help and may encourage them to call. And it may also save you time and money by nipping some basic phone queries in the bud, such as requests for your opening hours.

Providing an email facility for queries and customer feedback can be useful – but you'll need to ensure someone checks them regularly. Provide full contact details – particularly phone numbers – for people in need of an immediate answer or they may look elsewhere.

Asking visitors to register

Many businesses ask first-time visitors to their site to register. This can be useful for fathering statistics and email addresses for direct mailings.

But asking people to register straight away may put them off. Make sure they've got far enough into your site to want to find out more. Tell them how they can benefit from registering, such as by accessing special content. And ask for the minimum details possible.

If you intend to collect personal data, there are a number of legal requirements.

Tips to keep customers coming back for more

To get customers to return to your site again and again you'll need to provide content worth returning for.

Visitors will be put off straight away if there's something obviously out of date on your home page, such as a year-old press release. They may even conclude your company no longer exists and never return.

People are more likely to stay if the content has visibly changed since their last visit. You could offer a new tip each day or provide a weekly news service to give visitors a reason to return each week. This is what is known as "sticky content". Remember, to do this you will need to be able to access the website to make changes. It will also take a certain amount of resource to keep the content up-to-date.

Interactivity is one of the Internet's greatest strengths – and it's a good idea to make your website as active as possible. Consider if you can offer online tools such as calculators or quizzes people can fill in. These help people feel involved and – if they're useful – will also encourage them to return to your site.

Remember, people are more likely to come back if they got something useful or free out of their last visit.

306.05 WRITING AN E-BUSINESS PLAN

Treat your e-business like any other business start-up.

With hundreds of business plans on their desks, venture capitalists look for the one that offers financial substance – not just style and charm, even if a calculated risk is involved. "Early stage investors are gamblers by nature," Sohl told the E-Commerce Times. "They're not averse to taking a calculated risk. In fact, they like it. But they want to be able to justify it."

See Suite 306.04 – Writing a Business Plan

306.06 IMPLEMENT YOUR WEBSITE

- Roll out any necessary training
- Encourage staff involvement and feedback, this will help smooth implementation, as staff buy-in can make or break a technology project.
- Setting up a cross-departmental taskforce to manage the implementation process – it will help with staff buy-in and ensure that implementation works company-wide.

- Launch the site:
 - Encourage existing customers to use it
 - Make sure you promote the web address (URL) and make the site easy to find on search engines.

Evaluate

- Monitor and review the impact on your business and against your objectives.
- Continue to benchmark your site against competitors and market leaders.
- Get feedback from staff, customers and suppliers on the changes.
- Evaluate the impact after six months and one year. Have you achieved your objectives? Establish how you could improve things further.

306.07 TIPS FOR SUCCESS

- Your contact details – phone numbers, email and postal addresses (or prominent link to them) should be on the home page.
- Ensure you put current, accurate information on your website- especially when it comes to prices.
- Navigation needs to be clear –this doesn't necessarily mean that you have to reorganise your whole site; sometimes renaming pages can be enough.
- Conduct some user testing - ask a group of people to find and buy a product, and get their feedback on how easy it was to do.
- Make sure text is easy to read – web users rarely read whole pages. So write more simply than you would in print publications. Break text up with headings and bullet points. Remember also that English is a second language for millions of potential customers.
- Registration puts some users off – it is best used in the purchase process or in return for something people might value, like exclusive content. In these circumstances, users don't mind giving out personal information because they can see what they get in return.
- Make your checkout procedure as quick and simple as possible – between 60-75% of shopping carts are abandoned. One of the main causes is slow or unclear checkout procedures. A simple remedy is to have some text about the buying process explaining how long it will take and how many stages there are.

- Download times are key – users expect pages to load in less than eight seconds. If your site is slow due to sheer weight of numbers, you have little choice but to upgrade it. However, if it is slow due to the size of individual pages, you can speed it up by removing large images, graphics or animation from key pages like the home page.
- Regularly check internal links on your site. If they don't work, or a page has been removed, it reflects very poorly on your site.
- Users like links to other sites – but there is a balance to be struck, if there are too many links, you risk sending customers away from your website.
- Give people a reason to return- news, product launches or a promotion keeps your site looking fresh and encourages repeat visits.
- Benchmark your site – check the functionality and performance of your sites, against your competitors but also against the biggest names on the web. Amazon and eBay, for example, are praised for their innovation and ease of use, while the BBC site is renowned for its presentation of information.

ISSUES TO CONSIDER

Building an e-commerce site isn't simply a matter of getting the right technology. There are a number of other important issues that you need to consider before you begin selling online.

Fulfilment

Taking order and payment online is just the first step. You have got to have a fulfilment process that means you can dispatch and deliver goods or services in a reasonable time. There is a danger of being overwhelmed if your site attracts a large number of orders before you are geared up for them.

It is essential to test your site and processes thoroughly. Start with a soft launch – perhaps just to existing customers - and see how the website beds down before you begin to give it stronger marketing support.

To avoid becoming a victim of your own success, you need to have a solid fulfilment process in place to handle queries or to dispatch and deliver goods or services in a reasonable time. This means that, while you should plan for a realistic response rate, you also need to know what the limits of your systems are and have a plan to compete with a peak in demand. Web metrics tool, that monitor the volume of traffic your site is attracting, are available free from many websites.

Security

It is still a relatively common myth that the web is insecure. In fact, with the use of encryption technology, virus scanning software and a 'firewall', e-commerce transactions can be much more secure than offline ones. For example, your customers are more likely to have money stolen from their credit cards in a restaurant than on the internet. Half the battle here is creating confidence. If you have a professional-looking website, explain your security precautions, and consult with larger customer prior to launching your site, customers will respond positively.

Digital Signature

Using a digital signature is a legal and convenient way to sign any document that is generated or stored on a computer, such as a letter, contract, will or blueprint. Becoming familiar with digital signatures will enable you to conduct a greater range of online business operations while executing your current activities with added efficiency.

Certification Authorities

A Certification Practice Statement (CPS), issued by certification authorities, enables Web users and purveyors of e-commerce to use digital signatures and other encryption-related technologies.

The transfer of data into a form that is nearly impossible to read without the proper technological key is known as encryption. The reverse process, the transfer of encrypted data back into an intelligible form, is known as decryption. Together, these and other issues related to online privacy and security form the science known as cryptography.

Regulation

A major consideration is that, if you are selling overseas, you will be subject to other countries' regulatory regimes.

If you are selling online, there are a number of pieces of legislation and regulation that you need to be familiar with. These include:

Law of the Commonwealth

Electronic Transactions Act 1999 – Sect 4

The following is a simplified outline of this Act:

For the purposes of a law of the Commonwealth, a transaction is not invalid because it took place by means of one or more electronic communications.

The following requirements of the Commonwealth can be met in electronic form:

- A requirement to give information in writing; to provide a signature; to produce a document; to record information; to retain a document.

Law of the Commonwealth, provision is made for determining the time and place of the dispatch and receipt of an electronic communication. The purported originator of an electronic communication is bound by it for the purposes of a law of the Commonwealth only if the communication was sent by the purported originator or with the authority of the purported originator.

In the UK:

- The Data Protection Act – which governs how you use and store customer information.
- The EU's Distance Selling Directive – which covers cooling off periods, returns and the information you must display on your site.
- The Electronic Communications Act – which sets out how the government is reforming the law to support e-commerce?

Libel Online

As defamation law slowly invades the Internet, more and more people are learning the hard way that these expressions of "free" speech may not be free at all.

Think before you post – critics beware – the message is clear: when speaking your mind on the Internet, be as careful as you would be anywhere else. The mere fact that you have a seemingly-anonymous user name will neither insulate your identity nor prevent a consequent suit against you.

Payment Options

Most goods bought on the internet are paid for by credit or debit card. There are several methods for accepting card payments - each with different set-up costs, pricing structures and technology requirements.

The two most common are:

- Getting an Internet Merchant Service (IMS) from a bank, to let you accept credit and debit card payments, and a Payment Service Provider (PSP), which is a piece of software that collects card numbers and passes them to your bank.
- Using a Payment Bureau. These bureaux, like WorldPay or Netbanx, collect and process card details for you without the need for an IMS or a PSP.