10

eCommerce

In this chapter, you will learn:

» The various types of eCommerce

» eCommerce on specific channels like mobile and social

» eCommerce across multiple channels

» The various considerations in setting up an eCommerce site.

10.1 Introduction

While credit cards and online shopping (shoes anyone?) are often associated with the term eCommerce, the field encapsulates all digital transactions. This includes the buying and selling of goods and services and the transfer of funds and data.

The retail industry as a whole has seen slow growth over the last few years. That there is any growth at all is largely due to eCommerce, with many US retailers recording flat or declining sales without their online channels (PwC, 2017). eCommerce is a trillion dollar growing industry. It is recorded as the only trillion dollar industry that continues to grow by double digit percentages each year, rising 24% in 2016, and such growth is expected to continue into 2020 (eMarketer, 2016).

The explosive growth of eCommerce in recent years can be attributed to the ever-increasing reach of the Internet, the development of faster internet speeds and the convenience afforded by ordering things online. Hunting and comparing prices from the comfort of your chair is often more enticing than going from store to store.

10.2 Key terms and concepts

Term	Definition
eCommerce	The buying and selling of products and services, including funds and data, electronically.
B2C	Business to consumer, where a business sells products or services directly to the consumer.
B2B	Business to business, where a business sells products or services to another business, such as the relationship between manufacturers and distributors or retailers.
C2C	Consumer to consumer, where consumers sell products directly to other consumers.
C2B	Consumer to business, where consumers sell products to business, such as freelance services.
Cross channel commerce	Strategic maximisation of customer relationships beyond the initial engagement channel.
m-commerce	Mobile commerce, the use of wireless devices to conduct commercial transactions online.
Multi-channel commerce	An online purchase experience that involves multiple channels, such as social media, company website, user reviews, in-store, traditional media and apps.
Omnichannel	Retailing strategy that delivers a seamless customer experience through all available shopping channels.
Payment gateway	eCommerce service that processes online payment for purchases through online stores.
Social commerce	Subset of eCommerce that involves social media and online media that supports social interaction, where user contributions assist in online trade of products.

Table 1.

10.3 Types of eCommerce

Electronic Commerce, or eCommerce, is defined as the buying and selling of products and services, including funds and data, electronically. eCommerce can be divided into four main types.

10.3.1 Business to consumer B2C

The most common type of eCommerce is **business to consumer (B2C)**, in which a business sells products or services directly to consumers over the Internet. All retail sites are essentially B2C, with amazon.com as the prime example, due to it being the world's largest online retailer.

Figure 1. The amazon.com homepage is an example of B2C eCommerce.

The benefits of eCommerce include the ability for retailers to have a wide variety of products available without needing the physical retail space to hold and display items. The procurement and distribution processes are also streamlined as products are shipped directly to consumers and not via distributors or retail outlets in between. The process has less overheads and is more efficient in terms of time and money, reducing inventory management costs and delivering products to the customer at a lower cost than in-store retail outlets.

10.3.2 Business to business B2B

Another type of eCommerce is **business to business (B2B)**, which describes online transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer. It can also include business-related services, such as letting of commercial spaces, printing services, outsourced marketing, hiring and selling of office equipment and so on.

Like B2C, the same benefits of lowered inventory management costs and a more streamlined procurement and distribution process, make eCommerce an efficient and attractive model for companies selling to other businesses.

10.3.3 Consumer to consumer C2C

Consumer to consumer (C2C) eCommerce is where consumers sell products to other consumers. Generally, a C2C business provides the platform for various users to use it to interact with each other for mutual benefit. A recent large-scale C2C eCommerce example is Uber. The business simply provides a transactional platform where consumers offer other consumers a lifting service based on location and cost preference. eBay is another globally recognised C2C online business. Sellers can list their products on eBay and interested buyers auction for it. Similar sites, such as Airbnb, Gumtree and Craigslist, are all C2C eCommerce platforms.

In C2C eCommerce, consumers either pay a fee to use the platform or the platform takes a percentage of all transactions processed through the site. If the platform is free to all consumers to buy and sell, then the site often generates its revenue through advertising.

Figure 2. Airbnb is a platform that facilitates C2C services.

10.3.4 Consumer to business C2B

Consumer to business (C2B) eCommerce involves consumers selling products or services to businesses and the business pays the consumer. Examples of this include Guru.com, a freelancer hiring website and websites that pay individuals for completing online surveys.
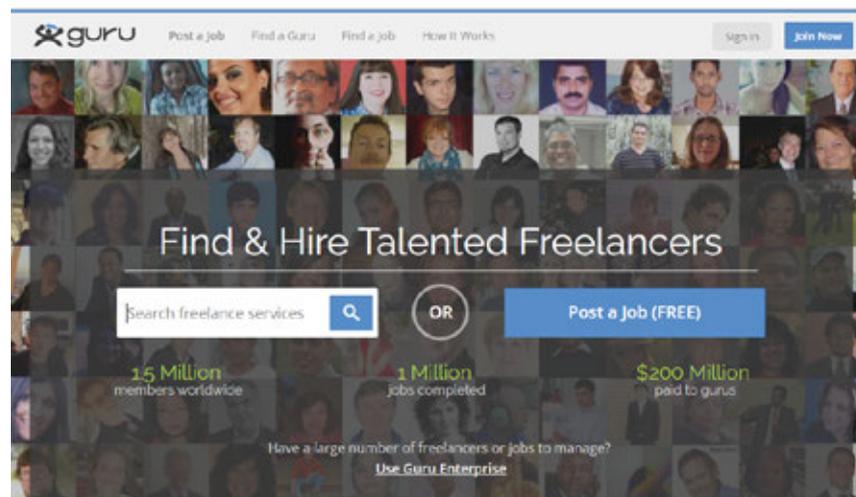

Figure 3. The guru.com homepage.

10.4 eCommerce on specific channels

eCommerce refers to electronic business transactions across the entire Internet. There are some specific channels on which eCommerce is gaining popularity, namely mobile and social commerce

With mobile becoming the channel of choice for accessing the web and with Facebook, along with other social media platforms, continuing to dominate the time users spend online, businesses need to ensure they operate in these spaces if they want to continue to appeal to and retain, their users.

In short, having eCommerce that operates across mobile and social is an online business necessity. Failure to move into these spaces means users may simply look for alternatives that do facilitate eCommerce through these channels.

10.4.1 Mobile commerce (m-commerce)

Mobile commerce (m-commerce) is the use of wireless handheld devices such as cellular/mobile phones to conduct commercial transactions online. While the growth of desktop eCommerce has slowed down, mobile continues to thrive, with dramatic year-on-year increases. Over a third of all eCommerce transactions now take place on mobile devices and this is expected to grow by another 30% in 2017 to overtake desktop transactions. While in China, mobile shoppers already account for 68% of online purchases (SmartInsights, 2017). The importance of m-commerce is undeniable and should be included in every business' eCommerce strategy.
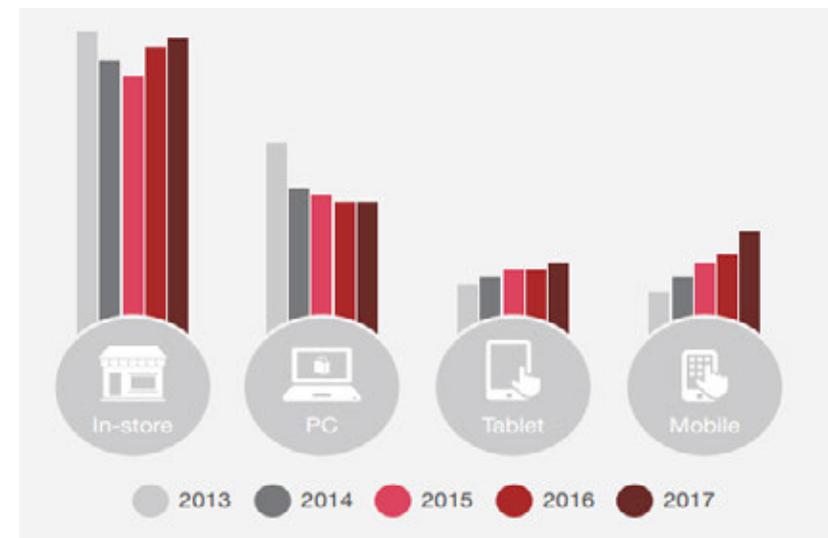

Figure 4. Usage of shopping channels over time.

Reasons for growth in m-commerce

M-commerce transactions continue to grow as a result of the following:

• The number of global mobile users is steadily increasing every year, resulting in an increased demand for mobile websites and applications.

- The rapid adoption of eCommerce means that evolving customers are looking for more options across more devices.
- Improved technology has given mobile devices advanced capabilities and faster internet access enabling m-commerce to be available on even the most affordable devices.
- Broadband technology and lowering data costs mean more consumers have access to m-commerce even on affordable devices and data plans.
- Mobile users are looking for instant gratification online; this includes their online shopping needs. Increase in m-commerce for fast food, fresh produce and basic household items, such as toilet paper, nappies, bread and eggs, have been driven by this need for customers to get what they need when and where they want it.

Benefits of m-commerce

M-commerce has a range of benefits over traditional eCommerce. These include:

- **Access**
  Gaining access to the Internet through mobile is easier and more affordable than desktop options. The lfalling costs of data and improved Internet access on mobile mean more and more users have access to the Internet via mobile than any other device.
- **Convenience**
  Mobile phones are always with us, and being constantly connected enhances the benefits of anytime, anywhere use with no need to plug in to or log in to computers wherever they are situated. Mobile is an appropriate name as these devices are with us wherever we go, making it easy and convenient to transact online at any time convenient to the consumer.
- **Costs**
  Mobile devices are more affordable than computers and offer multiple uses reducing the need for an additional computer. Calls, messaging services, social media and news content are just a few of the reasons consumers would prefer to use a single device making mobile phones the obvious choice.
- **Ease of use**
  Mobile phones are relatively easy and simple to use and there is no need for a particularly digitally-skilled consumer. They allow consumers to make instant purchases with little technical skill.
- **Mobile payments**
  Security around online payments remains the biggest barrier to eCommerce. Mobile payments allow alternative options for transactions via mobile currencies, mobile wallets and alternative mobile only payment methods. Such easy and secure payment options make mobile the preferred choice for many users.
- **Rich content**
  The advances in mobile processing power and cheaper data rates mean GIFs and videos can be easily used on mobile web and mobile applications (apps). Such rich media allows brands to better demonstrate a product's key features, to share testimonials of happy consumers and to showcase the use/look of the product or service.

Mobile web vs. mobile applications for m-commerce

Google is the largest search engine used by mobile consumers globally and thus access to m-commerce sites is mostly via Google search. Email marketing and social media are the next largest drivers to m-commerce platforms, also via mobile browsers. As a result, traffic and transactions on mobile browsers outperform traffic and transactions on apps.

However, this does not mean that mobile apps are not important. Just because most traffic is through mobile browsers, doesn't mean that your business cannot operate mainly through the app. Mobile applications should be considered and, if applicable for your business, used in conjunction with mobile websites to enhance consumers' overall shopping experience. If most of your mobile traffic is through apps, then you will need to consider using the app as your primary m-commerce platform.

> **NOTE**
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> If you want to learn more about whether a mobile app or mobile website is better for your business go to Human Service Solution at www.hswsolutions.com/services/mobile-web-development/mobile-website-vs-apps

10.4.2 Social commerce (s-commerce)

Social commerce is a subset of eCommerce that involves social media, or other online media that supports social interaction and user contributions, to assist users with the online buying and selling of products and services. S-commerce uses social networks to facilitate eCommerce transactions – it brings eCommerce functionality directly into social media platforms. And with users increasingly spending their online time in these social media spaces, bringing eCommerce to where users are spending most of their time makes good business sense.

Figure 5. Social media captures 30% of online time.

When customers are satisfied with your business, social media makes it easy for them to share and recommend your brand. Because of this shareable nature, social media is a place where content goes viral. This is known as social influence. Social media channels play a very important role in driving conversions if you have happy customers, but such channels can also cause brand degradation if a customer is unhappy.

Social media enables conversations to spread at lightning speed so how you will harness these conversations to drive sales needs to be considered as part of any eCommerce strategy. Enabling users to purchase the products and services that are being talked about and shared on social media is the most effective of way of using the platform to drive conversions. Various platforms now enable users to buy products directly and instantly through the platform.
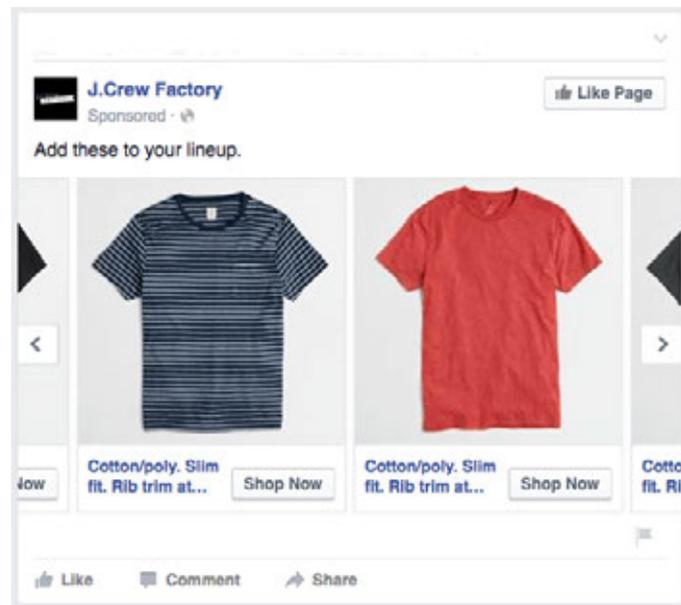

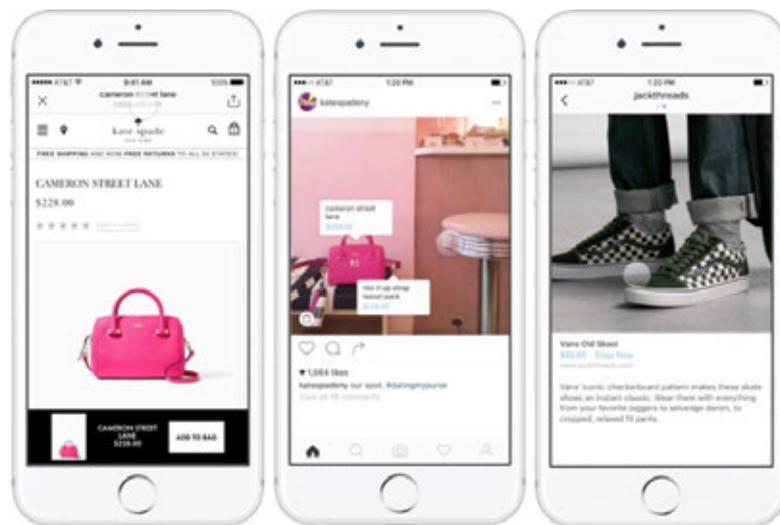*Figure 6. Shopping on Facebook using the 'Shop Now' button.*

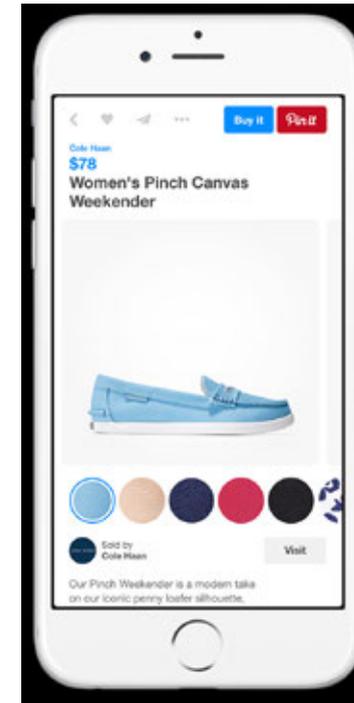*Figure 7. Shopping on Instagram. Users can purchase highlighted items directly.*

Figure 8. Buyable Pins on Pinterest.

To find out more about using Facebook for s-commerce:

www.facebook.com/business/industries/retail-and-eCommerce

To find out more about Buyable Pins on Pinterest: www.demandware.com/pages/pinterest

Benefits of s-commerce

Just like m-commerce, there are certain benefits that s-commerce has over traditional eCommerce. These include:

- **Audience growth**
  As of January 2017, over 2.7 billion people were on social media. This is more than a third of the global population. This number is also up over 20% from 2016 and shows tremendous growth, with little sign of slowing down (Chaffey, 2017). One of the most important considerations for any eCommerce business is how to reach and sell to its target customer audience. Based on these statistics, it is safe to say that a large proportion of any brand's market is on social media.

- **Higher search engine ranking**
  Using social media for s-commerce increases traffic to your website which will influence your ranking on search engine results. Sharing links to products and content on your website through social media is an excellent way to drive traffic using social media users. It also allows your audience to engage with a product, like or share it and to reach an even larger audience.

- **Authentic engagement and traffic**
  The most significant benefit of using social media for s-commerce is the engagement and reach that businesses can get whenever they share content. By appearing in followers' updates or feeds on a regular basis, you're participating in a powerful branding opportunity. Users who have regular positive contact with a company are more likely to recommend that company.

  Operating on social media encourages users to connect with a business through two-way communication. This allows customers to not only engage with your business on a commercial level, but it also gives them the opportunity to use social media as an efficient customer service channel where it's possible to solve problems. Social media word-of-mouth (sharing/reposting) helps with audience building, as well as increased engagement and website traffic.

- **Customer loyalty**
  S-commerce is not purely focused on selling but uses the social platforms to help the business build relationships with potential and existing customers. Such relationships can deepen trust and loyalty between consumers and the brand. This in turn creates happy, satisfied customers, who will likely be customers who make repeat purchases, i.e. a loyal customer.

- **Analytics**
  Social media platforms make it easy to track, measure and evaluate conversions that happen through s-commerce. Facebook, Twitter, Instagram, Pinterest and LinkedIn all offer built-in analytics tools for measuring traffic, clickthrough, fans/followers, likes, sentiment and actual conversions coming via the social platform. This is a huge benefit for monitoring your ROI.

Learn more about social media as a digital marketing tactic in the Social media platforms and Social media advertising chapters.

10.5 Multi-channel commerce to total retail

In addition to being available on specific channels, eCommerce also forms part of other retail approaches. It is important to understand what these approaches are and where eCommerce fits into the broader strategy of your business.

Multi-channel commerce

When your business operates across multiple sales and media channels, you are engaging in multi-channel commerce. For instance, you might sell your products on your website, a mobile app, via a call centre, in stores, on Amazon and on eBay, all while communicating with customers via many types of devices and social media channels. You utilise a variety of multiple sales and marketing channels to sell your products to different types of users and, therefore, you're a multi-channel vendor.

CUSTOMERS

Figure 9. Multi-channel means operating across multiple channels to reach different customers.

Cross-channel commerce

When your business encourages its customers to interact with your business on more than one channel, you are engaging in cross-channel commerce. Essentially cross-channel commerce is the strategic maximisation of customer relationships via the introduction of new channels beyond the one that originally engaged the user.

A customer would have approached a brand via a specific channel to browse and initiate purchase and cross-channel retailers would encourage that customer to then make use of other available shopping channels, such as the website, app or social media platforms, to engage further with the brand. Cross-channel retailers encourage interactions on their terms. Such interaction across channels increases the likeliness of additional conversions and future sales.
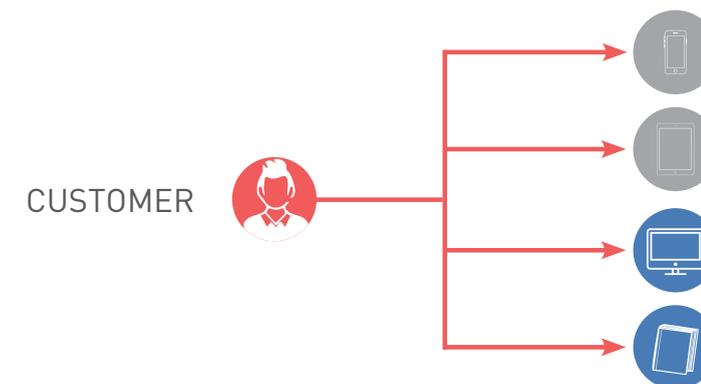
CUSTOMER

Figure 10. Cross-channel commerce is directing the same customer to engage with your business on more than one channel.

Omnichannel commerce

An omnichannel commerce strategy can be defined as a retailing strategy that delivers a seamless customer experience through all available shopping channels. What distinguishes the omnichannel customer experience from the multi-channel customer experience is that with the latter there is true integration between channels on the back-end, including customer data (single view of customer), inventory management, stock movement, supply-chain, fulfilment information and customer relationship management.

The customer's interaction with the brand is integrated across all channels. Customers can seamlessly migrate from channel to channel with no interruption or loss of data and can pick up wherever in their customer journey they may be, irrespective of which channel they choose to engage the brand.

Customers are becoming increasingly digitally savvy and expect to be able to engage with the brand across a variety of channels, depending on what is most convenient to them. They expect these interactions to be seamless, backed by an integrated system across all channels. In short, customers expect an omnichannel commerce experience and are frustrated by what they see as inferior brands, that fail to provide this.

CUSTOMER

Figure 11. Omnichannel commerce means providing a seamless customer experience by integrating interaction across all available channels.

Total retail

A seamless experience across all channels should arguably be a point of parity, rather than a differentiator. With thousands of brands competing for business, there is a need to go one better than omnichannel and offer their customers an enhanced and personalised online shopping experience if they want to satisfy and retain their customers. In 2014, PwC termed this approach of providing a seamless, enhanced and personal retail experience as going, "Total retail" (PwC, 2014).

Total retail means two things:

1. A unified brand story across all channels that promises a consistently superior customer experience.
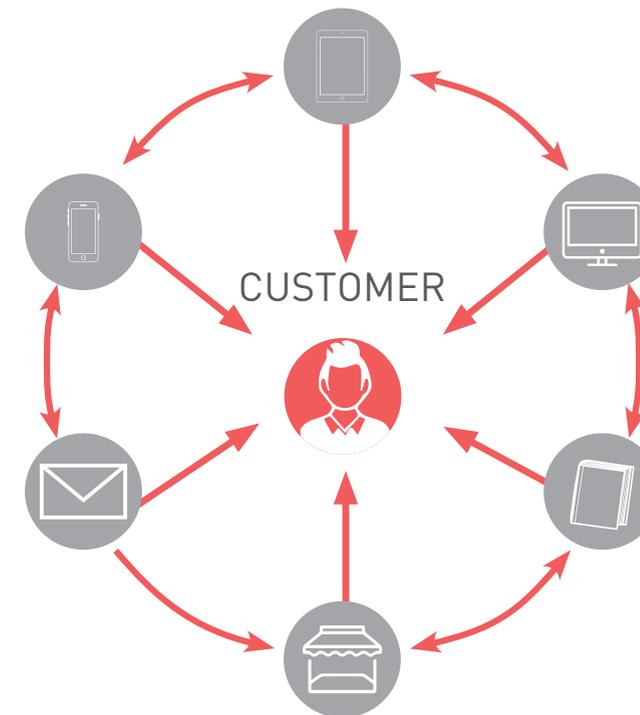2. An integrated back office operating model with agile and innovative technology.

CUSTOMER

Figure 12. Total retail offers a customer-centred retail experience, delivered seamlessly across all channels.

Total retail is a more customer-centric approach than omni-channel. It still offers a seamless experience to the user across channels, but it places the individual customer's experience at the heart of all its business operations. The focus is on the customer, rather than the various channels that can be used to reach the customer.

According to PwC (2014), it is consumer expectations that are driving this new retail business model. Customers are quick to take their business elsewhere if they are not satisfied with their online shopping experience. Brands need to respond by doing what they can to make their eCommerce offering enjoyable, seamless and as convenient as possible. To enable this, brands need to invest in customer-focused technologies that can track customers across the various channels and aim to achieve a single view of customer.
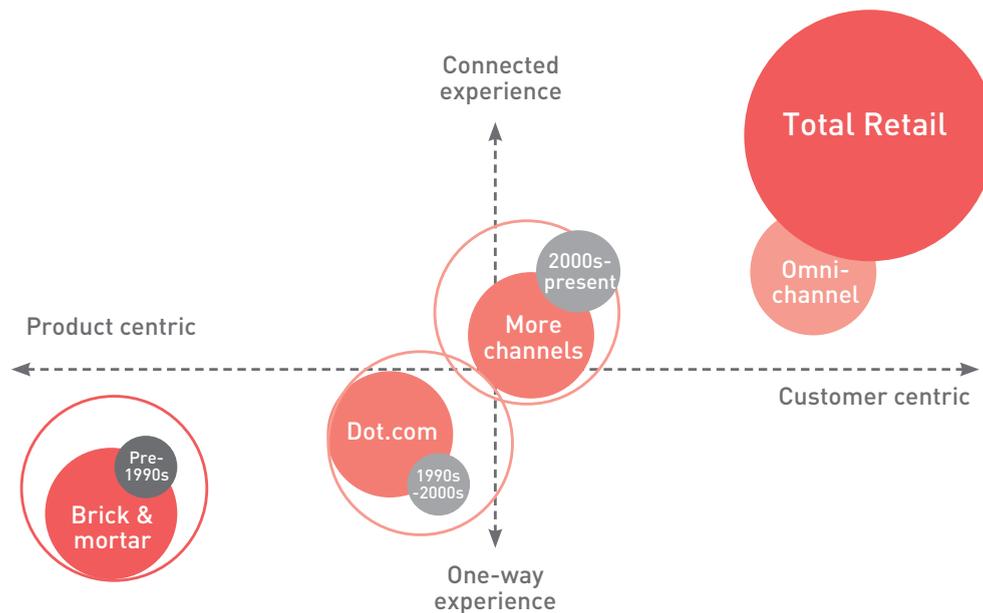
Figure 13. Transforming the channel experience to a total retail experience with more focus on the consumer (Adapted from PWC, 2014).

10.6 Setting up an eCommerce site

When deciding to set up an eCommerce website there are five main considerations:

1. Which industry will you operate in and what products will you sell?
2. How will you build your website?
3. How will you physically ship your product and fulfil orders?
4. How will you drive traffic to your site?
5. What metrics will you measure to determine success and which tools will you use?

Each of these considerations is important to having a successful eCommerce business. From choosing your product through to analysing your performance, decisions you make here will have a long-term impact on your business. So, carefully examine your options and make informed decisions to ensure future success.

10.6.1 Choosing an industry and product

To make your eCommerce business a success you need to be selling a product that consumers will want and are prepared to buy online. You also need to ensure that you are making a reasonable margin on your products to sustain your business' longevity and that you will be able to manage physically storing and delivering the product you choose to sell.

Here are some key factors to consider when choosing an industry and product:

- **Price**
  If the product cost is too low, it will be challenging to reach a positive return on investment (ROI). If it's too high, there is a good chance that some customers will want to speak with someone, or see, touch and feel the product prior to making the purchase.
- **Margin**
  Many products sold online have a gross margin around 30–35%, however, this can change drastically depending on the industry. For example, electronics and toys typically have smaller margins while clothing and apparel are often marked up by 150% to 200%.
- **Competition**
  Generally speaking, it is easier to drive sales online when the product can't be bought in local stores or in a wide variety of online stores.
- **Shipping costs**
  Larger products tend to have higher shipping costs which can negatively affect sales. Most customers not only want free shipping, they expect it. As a result, it can be difficult to sell a product with a hefty shipping fee.
  Many online retailers include the shipping cost in the cost of the product while raising the total price and offering 'free shipping'. However, these increases in price can decrease sales.
- **Passion**
  Love the product or service you wish to sell. Starting and growing an eCommerce website typically comes with a series of obstacles and frustrations. Passion for your industry can be a great source of motivation to push through any challenges that may arise.

10.6.2 Setting up the website

There are five important steps to follow when setting up your eCommerce website.

Step 1. Choosing your domain name

Step 2. Obtaining a secure (SSL) certificate

Step 3. Choosing the right hosting package

Step 4. Choosing an eCommerce platform

Step 5. Selecting your payment gateway.

Step 1. Choose your domain name

To get started you will need a domain name for your website. Domain names can be purchased through hosting companies or domain registrars. When choosing a domain name remember your target market, will you be targeting just your local market or an international one? If you are targeting the local market, you can register a local domain, like .co.za or co.uk, but if you are targeting a global market then it would be preferable to go with an international domain like .com

You can purchase domain names from companies like godaddy.com or www.networksolutions.com.

Here are some tips for choosing a good domain name:

- **Make it easy to type**
  Remember you want users to be able to find you easily and slang, complicated names or those with different spellings can make your site difficult to find. So choose words in your domain name that are simple, easy to spell and type.

- **Keep it short**
  The longer and more complex your name, the more risk you run of users misspelling it or mistyping it. Keep it simple.

- **Use keywords**
  Carefully think about words that describe your product or the keywords that users will type into search engines when searching for your brand or product. Using keywords will make your site rank higher on SERPs, which will drive traffic to your site.

- **Target your area**
  If you are running a local business, try including your location in your domain name, as this will make it easier for local users to find you and may rank you higher on search engines. For example, users looking for electricians in Chicago are more likely to find ChicagoElectical.co.us than ElectricianForU.com

- **Avoid numbers and hyphens**
  Although using numbers or hyphens appear clever and make sense to you, they can confuse users who often type out the number or forget the hyphen. If you need to use characters, try to register the different variations to ensure users will still be driven to your site and not to a competitor.

- **Be memorable**
  There are already millions of registered domain names. Users are inundated with regular and ordinary names, so coming up with a domain that's catchy and memorable will definitely help to drive traffic to your site.

- **Research it**
  Before you decide on a name, do your due diligence and research the name for any trademarks or copyrights. You also want to check that it is not too similar to any competitors. Failure to ignore trademarks and copyrights can result in costly legal battles and having to rebrand later on.

- **Use an appropriate domain name extension**
  When registering your domain, you will need to choose the extension. Extensions are the suffix at the end of your domain name, such as .com, .net and .org. Local options like .za or .uk are also popular. The .com or .net options are the most popular; however, because these have been around so long, it is often problematic to get a unique and relevant name with that extension. Extensions have specific uses, so be sure that you choose the right one for your business.

Here are some of the most popular extensions and what they mean.

.co	an abbreviation for company, commerce and community
.info	informational sites
.net	technical, Internet infrastructure sites
.org	non-commercial organisations and non-profits
.ac	academic institutions like universities and colleges
.biz	business or commercial use, like e-commerce sites
.me	blogs, resumes or personal sites.

- **Protect and build your brand**
  When choosing your domain name, it is worth purchasing other domain extensions and spelling variations to prevent competitors or trolls registering other versions that will then direct traffic to these alternate sites. By owning all the domains, you ensure that customers are directed to your site, even if they use the wrong extension or misspell it.

- **Act fast**
  Once you have decided on a name, you need to act quickly. Domain names sell fast, but they are affordable, so register your chosen domain name as soon as you have decided on it. If your desired name is already in use, most of the registrars will suggest alternate names to help you (Godaddy.com, 2015).

Step 2. Obtain a secure (SSL) certificate

If you are not using a pre-packaged eCommerce service, then alongside the domain name you will also need to obtain an SSL certificate to protect and secure your website content. SSL prevents malicious users from accessing your website to steal passwords, credit card information and sensitive data. There are many providers of SSL certificates, such as Thawte or Symantec.

A list of SSL certificate reviews can be found on the following link: www.sslshopper.com/thawte-certificate-authority-reviews.html

Step 3. Choose the right hosting package

All websites have to be hosted on a server somewhere. It is important to choose the right hosting package regarding website speed, uptime and cloud hosting.

- **Website speed**
  Hosting your website in the same country that you are selling to, can have an impact on how quickly the website loads. If you are selling to a global market, then consider the use of a content delivery network (CDN) to help localise your site to different target countries.
  Google has hinted that site speed is a ranking factor in its algorithms so there are SEO benefits to having a good host, as well as the obvious user benefits.

- **Uptime and performance**
  The reliability of the host to keep the website up and running is vital. At certain points of the year, such as peak-trading periods, the demand on your website will increase significantly. It's important to understand how the extra traffic will increase the load on your webserver and the impact that can have on the site's performance. Too much traffic may even cause the server to trip over and crash, taking your site offline.

- **Cloud hosting:**
  Cloud hosting is hosting services that are provided via multiple connected servers. These servers make up a network cloud. Cloud hosting is seen as preferable to a single server or virtual server, for the follow reasons:
  o **Reliability and accessibility**
    The content is more easily accessible and there is less chance of server failure.
  o **Stability and security**
    The servers will interact to sustain the site, offering more stability and more security in terms of not losing any data.
  o **Seamless scalability**
    With cloud hosting, you are not limited by the size and capacity of your particular physical server. The sky is the limit, unlike physical servers where you will need to expand, or move to a larger server, once you maximise that specific server's capacity.
  o **Cost efficiency**
    The cloud removes a lot of the costs of maintaining physical servers.

Ensure that when choosing your host server, you consider the user needs as well as back-end applications that need to operate in the background to facilitate orders and other processes. Think about your business objectives and if the hosting service you are opting for will be able to meet and facilitate your objectives.

Step 4. Selecting an eCommerce platform

When setting up your site, you need to use an eCommerce platform to assist you in building and hosting a digital storefront from which to actually sell your products and services. An eCommerce platform is the series of software technologies that enable this build and selling of products.

There is a vast range of eCommerce platforms that you can use. These various options can be classified under four main types of platforms:

1. **Software as a service (SaaS) storefronts**
   - Third-party providers host applications and make these available to customers online.
   - Examples include Shopify.com and BigCommerce.
2. **Open source**
   - Open source platforms provide a more affordable option for online businesses and offer more control. However, you need to manage the hosting and some expertise is needed. Popular examples include Magento, WooCommerce and X Cart.
3. **Licensed and hosted by the retailer**
   - The provider will manage the site and offer reliable support. However, site builds are often tied to the specific provider and moving your site requires a complete rebuild. Large companies can also stagnate and not keep up to date, so ensure the provider you opt for is dedicated to development. Some popular examples include Oracle Commerce, IBM Websphere, Hybris and the paid version of Magento.

4. **Platform as a service (PaaS)**
   - PaaS is usually used for B2B where businesses are looking to link their eCommerce to other systems that their customers already have such as SAP or Ariba. Such integration of systems allows clients to link their purchasing systems directly to their online sales processes, enabling automated purchase orders and stock management. PaaS is ideal for large corporates with complex procurement and distributions systems. Apache Stratos, Windows Azure, Force.com are all examples of PaaS eCommerce platforms.

> **NOTE**
>
> Read here about how more and more eCommerce store owners are turning to open source eCommerce platforms. selfstartr.com/open-source-eCommerce

For a more comprehensive discussion about the eCommerce options available and how to choose the right one for you, see ShivarWeb's Essential Guide to Choosing an eCommerce Platform. www.shivarweb.com/1386/essential-guide-to-choosing-an-ecommerce-platform

Step 5. eCommerce payment gateways

A payment gateway is a service that processes credit card payments for online and brick-and-mortar stores. The gateway transfers key information between eCommerce sites and the bank and authorises such payments. There are three steps the payment gateway performs to finalise the transaction:

1. **Encryption**
   The data to be sent is encrypted by the web browser. This transaction data is then sent by the gateway to the payment processor that the vendor's acquiring bank uses.
2. **Authorisation request**
   The bank's payment processor sends the transaction data to the relevant credit card association. The bank that issued the credit card will view the request and either approve or deny the transaction.
3. **Filling the order**
   Once the processor has received authorisation, it forwards this to the payment gateway. The payment gateway then sends it on to the website to proceed with processing payment if approved, or to deny the sale if denied. The website interprets the data and creates the appropriate response for the user. If approved, the merchant will proceed with filling the order.

This process takes only a few seconds and is almost instant for the user. Gateways can also be used to prevent fraud and many have inbuilt fraud detection tools, such as delivery address verification, computer finger print technology and geolocation among others (BigCommerce, n.d).

If you're concerned about online fraud see this helpful article by Chargebee on types of online fraud and how you can protect your site. www.chargebee.com/blog/protect-startup-online-fraud

When considering payment gateways for your eCommerce site, you have two main options. You can either go for an onsite or offsite gateway.

An **onsite payment gateway** (also known as a non-hosted payment gateway) means the gateway is integrated into your site and users do not need to leave your site to complete their transaction. Iveri and Stripe are examples. Note that to receive online payments you will need an SSL certificate and a merchant account.

An **offsite payment gateway** means the potential buyer is transferred over to the payment gateway's website. The user completes the payment and then is returned to the online store. PayFast and PayGate are examples. It is important to note that sending users away from your site can impact on whether customers complete their payment, especially if the payment process is slowed down by the redirection and/or the user has any security concerns regarding the redirection (GoCardless.com, n.d.).

To fully decide which payment gateway is right for you visit GoCardless's guide on the 10 questions to find the right one for you: (gocardless.com/guides/posts/payment-gateways)

10.6.3 Shipping fulfilment

Fulfilment is a big part of running a successful eCommerce store and can have a huge impact on your customer experience. The fulfilment process starts when the order is placed and ends when the customer receives the product successfully. There are six stages to the fulfilment process:

1. **Inventory management:** Ensure your stock-level information is accurate and up-to-date. Accurately forecast customer demands to manage your inventory stock-levels and plan orders appropriately.
   Shopify has a great blog post on eight inventory management techniques to help your business: www.shopify.com/blog/70603013-warning-youre-losing-money-by-not-using-these-8-inventory-management-techniques

2. **Warehouse management:** Ideally, integrate your warehouse and stock management with a warehouse management system. This is a software application that supports the day-to-day operations in a warehouse. It will monitor stock arrivals, warehouse-store transfers and departure points. The correct and precise allocation of stock within the warehouse is critical for fast and accurate fulfilment. Some popular examples of warehouse management software include EZOfficeInventory and Zoho Inventory.

3. **Order management:** Ensure you know the order status throughout the fulfilment process and integrate notifications of delays/ disruptions in the order management process.

4. **Destination:** To offer customers a successful, fast and accurate delivery, it is important to understand the destination

   o **Home delivery:** Delivery is to an individual's house, apartment or place of work.

   o **In-Store collection (also known as click and collect):** Online orders are delivered to a physical store, in the customer's chosen area, for later collection by the customer

   o **Inter-Branch transfers:** Stock is transferred from one store to another and purchased via an online order or point-of-sale.

5. **Returns:** To ensure a seamless customer experience, a returns policy, should be available and well communicated to potential customers. Any returns process should be easy and convenient for online shoppers.

6. **Order tracking:** All orders should be tracked and their progress frequently communicated to the customer. Communication should include the status and expected delivery date and time of the order. Any changes to estimated delivery dates or times need to be communicated as soon as possible.

10.6.4 Driving traffic to your site

To make sales, you need users to visit your online store. Driving traffic to your store is a prominent marketing - and advertising - specific objective. Many of the techniques discussed in the section below will be covered in greater detail in the rest of the book.

You can drive traffic to your store by using the following techniques:

1. **Content marketing strategy:** Highly targeted and quality content can result in a positive social influence and ultimately drive traffic to your website. It is important to create meaningful content with your customer as the main subject in your storyline. Positive customer feedback can influence other customers and drive them to your online store.

2. **Product videos:** Include videos/ 360 degree views of your product. Visually experiencing the product closes the gap between the 'touch and feel' benefits of in-store shopping and the online experience. Customers enjoy and appreciate seeing the detail of the product and are then inspired to go to purchase the product.

3. **Alias domains:** To grow the traffic to your site, it is necessary to capture all potential customers trying to reach you. Whether they have misspelt the brand name or entered the wrong/similar name directly into a search engine rather than the address bar, it is important that they still reach the destination and that this does not become lost traffic.
   There are two strategies to owning alias domains:

   1. Purchase any misspelt domain names for your brand.

   2. Own the alias search terms for your brand.

4. **Social media campaigns:** There are so many channels to choose from when opting for social media, but it is important to use the right social media platform for the right type of advertising,

   o Use images or videos to demonstrate the benefits and details of your product. Good platforms for this include Facebook display ads, Instagram, Pinterest and Snapchat.

   o If your product or service targets a professional customer, use professional networks, such as LinkedIn or Twitter, to drive thought leadership or content marketing strategy.

   o For products or services that rely heavily on social influence, understand the audience then re-target to the happy customer's network.

5. **Customer reviews:** Research indicates that customers like to read reviews of a product or service prior to making a purchase. Encourage customers to leave reviews about their experience of the product itself.
   Customer reviews also provide meaningful feedback to the retailer, indicating the response to new and changing product lines, which products to promote and potentially, which product to remove from the offering.

6. **Product merchandising and SEO:** All elements of online merchandising affect your search optimisation as well as directly influence the sale. Product names must be short, searchable and descriptive. Product Images must be inspiring, detailed and include specifics. Product descriptions need to be engaging and original. Text descriptions with well-chosen keywords will be picked up by search engines. Unique descriptions will prevent you from being filtered out as spam by search engines.

NOTE

Read more about the power of content marketing in the **Content marketing strategy** chapter.

NOTE

Read more about using video in the chapter on **Video marketing**.

NOTE

Read more about advertising on social media in the **Social media advertising** chapter.

NOTE

You can learn more about optimising your website for search engines in the **Search engine optimisation (SEO)** chapter.

7. **Landing pages:** Direct paid media, such as search, email marketing and display media , should lead users directly to the relevant product pages and not to the homepage. These pages are called landing pages. Matching product or category landing pages to users' intent will improve drop-off rates and increase conversion rates.

8. **Search:** Besides optimising the site for search engines and buying paid search media (Search Engine Marketing – SEM), it is critical to include site-wide search on your page. To ensure the user finds the product, service, or information that they are looking for, include an easy-to-find and easy-to-use search function. Users expect this to be at the very top or top right of your site, across most pages.

9. **Site speed and performance:** To avoid page-abandonment ensure that the site loads quickly with the most important elements loading first. Fast engagement time and performance is essential to keeping the user engaged and if not considered during development and monitored on an ongoing basis, could result in a poor user experience or lost customers.

10. **Registration and checkout:** The registration process needs to be quick and relatively painless for the user. It should only request essential information. Sites that ask for too much or unnecessary personal information will lose traffic and result in increased drop-off rates. Checkout needs to be slick, simple, secure and informative. Checkout needs to be supported with transactional emails that confirm the user's order ID, order details (product and price paid), as well as delivery and tracking information.

10.6.5 eCommerce analytics

As with all digital interaction, eCommerce activities can be easily tracked. There are certain key pieces of information that you need to be aware of and should be tracking. These include:

- **Supply-chain management**
  Information about the products and the process from the warehouse through to delivery to the customer.

- **Product analytics**
  Details around how many times a product is viewed, positive or negative reviews, social sharing, loading of detailed information on a product and actual conversion rates.

- **Online marketing analytics**
  Success or, conversion rates, of your marketing initiatives that enables optimisation of spending for paid campaigns and strategy optimisations for earned and owned campaigns.

- **Tracking the eCommerce funnel**
  Can customers find the products they are looking for? Can customers add products to their cart and check out successfully? Analysing this data highlights site speed and performance as well as detailed information about traffic sources, high-traffic times of the day and related conversion rates.

The most popular eCommerce analytics tool is Google Analytics analytics.google.com. Google Analytics is a powerful and detailed analytics tool. These are just some of the benefits of the platform:

- Provides a vast amount of data from conversion rates to revenue by product.

- Provides insight into customer behaviour and analyses cart-abandonment.

- Integrates digital marketing initiatives, including remarketing

- Offers detailed metrics to understand the total economic value of the online store in relation to the overall business

- Has promotion tracking, tracking internal (such as vouchers) and external promotional efforts (such as affiliate marketing)

- Tracks revenue by currency including online refunds for accuracy in revenue and reporting.

Try out Google Analytics and learn about this powerful analytics platform by using Google's demo account. Google also offers some great guidance.

support.google.com/analytics/answer/6367342?hl=en

10.7 Tools of the trade

There are a variety of tools relevant for working with eCommerce. We have discussed many tools during the course of this chapter and mentioned Google Analytics as an essential analytics tool in the last section. But there are many other paid and free online tools that you could opt for.

Here are of the best tools for starting an eCommerce business, according to Inc. (Haden, 2017):

Storenvy www.storenvy.com

Free tool for building an online store. It's a marketplace platform, but does enable you to build your own store, with your own design and branding.

Shopify www.shopify.com

Possibly the most preferred tool for new online stores. Affordable with many features for your store.

Gumroad gumroad.com

Considered one of the simplest ways to start an online store.

WooCommerce woocommerce.com

Platform that enables you to add a store to your WordPress site or blog, providing an impressive store and business.

PayPal www.paypal.com

One of the largest online payment gateways, but it can be complicated and confusing to implement.

Stripe www.stripe.com

Popular payment gateway that you can integrate into your store. It works with Shopify, WooCommerce and other popular platforms.

Amazon payments pay.amazon.com/us

One of the simpler payment gateways available and run by Amazon.

10.8 Advantages and challenges

Throughout this chapter we have discussed some of the benefits of using eCommerce. In short, with online retail already a trillion dollar industry and growing each year, to stay in business, businesses need to be operating online. It is no longer simply a 'nice to have', but is an essential part of business in the 21st Century.

The beauty of eCommerce is that it is easily tracked and monitored. Analytics tools provide incredible data that can be monitored in real time. It makes this space dynamic but also incredibly competitive. Online shoppers have more variety and options than any shopper has ever had before and catching their attention is more and more difficult. But, once you have caught potential customers' attention, your eCommerce platform has to be good enough to keep their attention and guide them through to completing their conversion.

Besides stiff competition and being an incredibly dynamic and fast-changing environment, eCommerce has other challenges. There are many factors operated by other service providers, or that are simply beyond your control. Issues such as crashing servers, slow data, errors on external payment gateways or faulty links in display ads, all impact negatively on your brand, even though you have little to no control over such issues. If a user is trying to access your online store and these issues impact negatively on their experience, it is your store they associate this experience with.

Choosing appropriate service providers who can meet the needs and future demands of your site is key, so take time to carefully consider and review your options when setting up your site.

10.9 Case study: Pixie Faire

10.9.1 One-line summary

How one couple is making US $600 000 per year selling digital products.

Figure 14. The Pixie Faire home page.

10.9.2 The challenge

Cinnamon and Jason Miles started making and selling dolls' clothes online. Cinnamon was an excellent seamstress who made unique and beautiful clothes for her daughter to use with her dolls. After being inundated with queries on where they got these clothes, Cinnamon and Jason started Liberty Jane Clothing, selling dolls' clothes online, initially through eBay and then through their own eCommerce website on WordPress.

Unfortunately, their business model was not very scalable and they struggled to meet demand and break through earning US $1 000 a month. Cinnamon was maxed-out creating all the clothing herself and having local seamstresses assist, also did not work on any scalable level. They declined the offer of getting their products made in China, as they wanted to retain manufacturing control and guarantee the integrity of their product.

10.9.3 The solution

Selling the physical products alone simply wasn't scalable, so Cinnamon and Jason looked at what digital products they could sell. They hit on selling their doll patterns as downloadable PDFs, which users could purchase and use to create their own doll clothes. This model scaled well and to date, have had over 700 000 pattern downloads.

Figure 15. Pixie Faire kept the Liberty Jane brand for some of its own patterns.

They also noticed a gap in teaching users how to actually create the clothes, so they started online classes and videos to train users on how to make the clothes with the patterns. The online training courses grew to include design, pattern-making and how to start and manage your own craft business.

They also broadened their business model to become the Internet's largest marketplace for dolls' clothing patterns and to feature other indie designers. Designers have to be approved by Cinnamon and Jason to sell through the site. They renamed their site Pixie Faire, but kept the Liberty Jane Clothing brand for their own doll clothing and patterns. They use a store-level pricing strategy that all designers have to comply with, similar to that of iTunes and Kindle, to keep prices at acceptable levels.

With increased demand, visits and purchases, the WordPress site struggled. Even with the shopping cart functionality, the platform was simply ill-prepared to manage the volume that Pixie Faire was now dealing with. Opting for platforms that were designed to manage eCommerce specifically, such as Shopify and SendOwl, really helped to remove much of the frustration the company had experienced with its online sales. The peace of mind and ease that was provided by going this route was invaluable.

10.9.4 Results

Pixie Faire now generates over US $600 000 a year, with an average monthly return of US $50 000. This is only possible due to their move into digital products and using a platform designed to cope with the demands of larger volumes of traffic .

A physical, tangible product that required so much hands-on attention simply was not scalable. Cinnamon and Jason needed an alternate digital product to provide the scale for their revenue to totally explode beyond their expectations. Careful consideration of your product and offering is necessary when determining your eCommerce needs and capabilities. (Schreiber, 2015).

This study also demonstrates the need to choose an eCommerce platform that will be able to manage the demands of your business, should it take off. Problems with check out and crashing lead to a poor user experience that may put off potential customers. Planning your product strategy and selecting appropriate platforms are essential to eCommerce success.

10.10 The bigger picture

eCommerce is an important part of operating a business in the 21st Century. Not having an online store can be detrimental to your business. Your eCommerce store needs to operate alongside your website and online presence.

Directing potential shoppers to your online store to ultimately convert is the aim of almost all your digital marketing tactics. You online store needs to be consistent with your other online messages and should provide a seamless experience for the user. The overall user experience with your eCommerce platform needs to be sound, simple and efficient.

It is also important to note that if your eCommerce platform falls short and does not provide a pleasant user experience, it means all your other marketing efforts have been in vain. Directing traffic to your online store is not the ultimate goal; the ultimate goal is conversion. A sloppy online store can put potential shoppers off your brand, not just in this instance and online, but as a whole.

10.11 Summary

In this chapter, you have learnt about the different types of eCommerce. You have also learnt the steps and been referred to the tools, for setting up a site to do business online. Key considerations and questions to ask when planning your eCommerce strategy were provided, as well as the importance of thinking about the possible future demands of your business.

You now have a sound understanding of the processes involved behind the scenes of eCommerce and how eCommerce fits into your digital marketing strategy. Lastly, you were shown how to go about tracking and monitoring your eCommerce activities and why such analytics is important.

Although designing and creating your own complex and commercial eCommerce store is beyond the scope of this book, we hope you now have insight into its development and know what to consider when commissioning and using eCommerce platforms.

10.12 Case study questions

1. Why did Pixie Faire have to consider digital products?

2. What made Pixie Faire opt for a market site as opposed to a more traditional eCommerce site?

3. What lesson can be learnt from Pixie Faire and choosing appropriate platforms?

10.13 Chapter questions

1. What are the steps involved in setting up an eCommerce platform?

2. Why is analytics so important and which metrics in particular would be of interest to online retailers?

3. List some of the ways you can drive traffic to your eCommerce site.

4. Explain how important eCommerce is in any digital marketing campaign.

10.14 Further reading

Here are some blogs to read up more on eCommerce,

Internet Retailer www.internetretailer.com

ECommerce Training Academy blog ecommercetrainingacademy.com/blog

Get Elastic www.getelastic.com

Shopify blog eCommerce Business Blueprint: How to build, launch and grow a profitable online store.

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