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Inside Edge

E-Commerce is Growing up – Is your Business Keeping Pace?

In this month's edition of Inside Edge we look at the changes and maturing of the e-Commerce business model. Read on to find out where e-Commerce is going and whether your business is geared to keep pace with the changing dynamics of this model.

Back in the mid-nineties when Internet users were first able to conduct secure online transactions, e-Commerce was considered a best practice in itself. It was a nice-to-have, state-of-the-art addition to an existing business model. Today e-Commerce is growing up and now maturing into a business model in itself, rather than just an add-on. If your business has an e-Commerce component and has had one for a while, it's time to take a close look at it. The way you would look at your child's changing needs as they grow from diapers to skateboards to i-Pods.

Continuing to run your online store the way you did five or ten years ago could cost you the loss of valuable customers and revenue. So what can you do to ensure that your e-Commerce model is adapted to suit the needs of online consumers in the constantly changing and highly competitive space of the Internet? Read on. *If you have still not explored the realm of e-Commerce for your business, it's never too late to start!* Take a look at the graph below to see where e-Commerce is headed worldwide.

B2C E-Commerce Worldwide, 2004 & 2009 (billions)



Source: International Data Corporation (IDC), October 2006; Standard & Poor's, March 2007

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www.eMarketer.com

E-Commerce – That Personal Touch on the Impersonal Internet

By its sheer vastness, the Internet seems like a very impersonal space. Compare it to a huge department store which would seem just as impersonal if the sales staff was scarce, unfriendly and impersonal. It's a mistake that a traditional offline business simply cannot afford. No surprise then that as those same shoppers go online, they expect and feel comforted by some degree of personalization offered by e-Commerce tools such as cookies, member profiles and wish lists that help to identify individuals and their preferences.

Sucharita Mulpuru, a senior analyst at Forrester Research says, "Personalization is very important, as we've seen with Amazon's collaborative filtering--other customers who bought X

were also interested in Y". If your e-Commerce website does not have that personal touch of recognizing repeat customers, you are missing the opportunity to understand your customers and profit by serving their specific needs.

Reward Customer Loyalty... Before Your Competitor Does

Many of us make the mistake of focusing our marketing and Internet marketing efforts on trying to attract new customers. Instead, we should be concentrating on boosting the loyalty of our current customers. Think about it – when was the last time you ran a special promotion for your existing customers, sent a customer e-newsletter or a direct mailer, took advantage of your customer's patronage by asking them for referrals and rewarding them with a gift for the same? How often do you send birthday or festival greetings to your top customers? If you are actively doing many of these loyalty rewarding activities, that's great! The greater possibility is that you are doing little or none of the above.

WSI can help you analyze the potential of your e-Commerce business model to create a closer and more profitable relationship with your customers – current and new ones – before your competitors steal them away.

Simple customer retention ideas WSI can help you implement:

- Offer an incentive or some small prize to your online shoppers to fill out information about themselves and their shopping preferences. Develop and maintain a database of this information.
- Reward shoppers for their continued patronage through a simple loyalty program, rewards program or frequent shopper program. Bonus points, air miles, frequent shopper reward points or similar ways can show your customers you value their business and that you are grateful for it.
- No matter what, everyone loves appreciation. Staying in regular touch with repeat customers gives them the sense of appreciation and they will most likely continue to give you their business. Email newsletters, birthday greetings, a phone call (not a sales call, mind you) to find out if they have any comments on their recent online shopping experiences, are ways to show your appreciation through communication.
- Use your customer database and profile information to run special events for good customers. Show them how important they are to your business by creating a promotion or customer event only for them. Be careful, however, not to throw the event open to everyone else as this would make them feel cheated. The result could be negative rather than positively generating more business. Let's say you were invited to a special fashion show by your favourite online apparel store. Your e-vite (email invitation) said you had been "specially chosen to be among the select audience for being such a frequent shopper". When you get to the event you discover that many of the guests at the show had never shopped at the store and had received a complimentary invitation from their jewellery store. The apparel e-retailer probably thought it was a great cross-promotion to attract new and current customers. But you as a loyal customer would for sure be rather disappointed at not being the "special" one after all. So cross promotions are great for business but they must be carefully thought out in order to handle delicate customer sensitivities.
- Go the extra mile for your loyal customers and offer them additional services, such as free delivery or more liberal exchange and return policies.

Make Payments Hassle-Free – Reduce the Risk of Abandoned Sales

If you ever studied the Web Analytics report of your e-Commerce site, you have probably experienced the frustration that comes from the abandoned sales figures. The sales where your online shoppers had gone from product review, to selection, proceeded to check-out and then cancelled to leave your site. Simply enabling your customers to pay immediately using a credit card (instead of mailing a check or money order as in the past) is not enough anymore.

Consumers want a variety of payment options and the latest trend is payment with debit cards. Other payment alternatives are online services like PayPal, bill-me-later options, pre-paid gift cards for use on the Internet and e-bills where people can shop online and pay through an online banking account. Shoppers who are worried about the security of online payments or just don't have a credit card would likely not abandon the sale they so want to make, if only they had flexible payment options such as these.

Marshall Lager, editor of CRM Magazine lists the following **best practices** you can keep in mind for your e-Commerce business:

Do's	Don'ts
DO think about your e-business as a business, and apply the same discipline.	DON'T treat online customers as second-class citizens. They're not your warning system or guinea pigs.
DO use customer data to give each individual a personalized shopping experience.	DON'T rely on new technology as a panacea. Tools don't improve performance by themselves; wise use of them does.
DO provide as many payment options as your customers need.	DON'T compete on price alone. Convenience and selection often have greater value than a coupon.
DO make your transaction process easy and smooth from home page to checkout. Failed transactions are money in your competition's pocket.	DON'T rely on automation and self-service exclusively. Sometimes, customers are people who need people.
DO be prepared to change your business rules and processes to meet emerging trends.	DON'T wait for customers to find you. Market wisely with targeted ads, search engine optimization, and search term placement.
DO integrate online and offline channels, taking advantage of the best features of each.	DON'T cheat your old customers by making them think they are "special" and then treating all customers – old and new – alike.

Be There When Your Customers Are Crying "Help!"

Maintaining your website was never more important than in an e-Commerce site. Of the nine out of ten people who experience problems with online purchasing, 34 percent would cancel the transaction and go offline or would switch to a competitor's site. A Harris Interactive poll from which these figures are taken, also shows that easy transactions with no failures and good feedback when issues arise are what the public wants, not speed. Only 3 of the 34 percent would switch due to slow performance. It is thus, critical that your online store is always functioning smoothly, even during peak online traffic such as in the midst of a promotion or a holiday season.

Going a step further, it's important to be aware that no system is 100 percent error-free and fool-proof. Be prepared to encounter failures with some sort of back-up plan. When a customer faces a problem, offering customer support options will keep the customer on your site rather than

having them abandon the sale. Use Web Analytics to identify when customers are having difficulty and ensure that your e-Commerce system can respond appropriately.

WSI can help create rules-based triggers for your e-Commerce site. For instance, if the customer is stuck in the shopping cart for a while, or is receiving lots of error messages, the system should pop up a "Do-you-need-help?" dialogue. When customers face a serious problem, they want the option of live help. Chat windows are good and integrated VoIP is even better. Click to callback is the latest trend in live support. Advanced technologies like WSI Live can jazz up your site's customer-friendliness further with video email, streaming video, audio/video e-cards, video auto-responders and much more. Contact WSI to find out more.