

E-Commerce: The Way of Today

Online shopping continues to grow in popularity as the lifestyles of many get busier

Our lives are getting busier and busier. Whether we are working longer hours, engaging in more social activities, or just preoccupied spending time with our families, people appear to have less time to enjoy some of life's simple pleasures – like shopping. Businesses have consequently been forced to come up with a solution that will ensure both profit and stability whilst accommodating the busy schedule of their customers – and so came the evolution of online shopping.

Since the 1990s online shopping has become increasingly prevalent. Big name companies like Amazon and eBay were some of the first to enter the world of e-commerce. Numerous businesses have followed by incorporating e-commerce into their business operations to accommodate those individuals who may not have the time to travel to the high street.

Although a vast number of businesses have entered this world and are reaping increasing benefits, there are companies that still believe an ecommerce site would fail to provide adequate financial benefits and would simply increase labour costs. What can often be overlooked is the huge potential for revenue growth long term as businesses become caught up looking at the short term investment required to build an ecommerce site. Research by online shopping comparison service uSwitch has predicted that online retail will account for 40% of UK retail sales by 2020.ⁱ With such a substantial percentage of sales available online in the future it is imperative that companies recognise the need to implement such a system before they fall too far behind in the game.

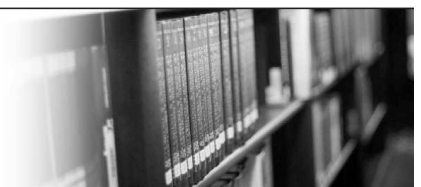
➤ The Shift From Shops to Computers

People are changing the way they shop by spending more and more of their money online rather than in a physical store. Critics believe we will eventually hit a point where the majority of shopping is done online. The following statistical data retrieved from E-Consultancy's *Internet Statistic Compendium May 2009* demonstrates this shift:

- UK online spending outperformed the wider retail industry in December 2008 by posting an increase of 14.2% over December 2007. [Source: IMRG / Capgemini, January 2009]
- Online retail sales in the UK were worth £43.8 billion in 2008, up 25% compared to 2007. [Source: IMRG / Capgemini, January 2009]
- In 2008, online retail sales accounted for 15% of the total UK retail sales. [Source: RNCOS, February 2009]
- 55% of UK adults have purchased something online. [Source: ONS via eMarketer, Oct 2008]
- The UK's online retailers generated £46.6 billion in sales in 2007, up 54% on 2006.ⁱⁱ
- By April 2010, online shopping will be worth approaching £60 billion per annum in the UK, representing almost 20% of all retail.ⁱⁱⁱ

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These statistics demonstrate that people are changing the way they shop. While shopping used to solely take place in physical stores, shoppers are now making the same purchases from the comfort of their own home and seem to enjoy the flexibility this can bring.

Shopping online also provides customers with the opportunity to learn a wealth of information about a product, company, and associated services without the pressure to make a purchase decision.

➤ **What Are Customers Looking For?**

With the number of e-commerce websites available growing at an unprecedented pace, customers have become relatively picky about the companies they choose to do business with. They have become quickly aware of what e-commerce sites are capable of so it is imperative that businesses provide their customers with an online experience that brings them as close to face-to-face interaction as possible to keep up with the competition.

In order to be fully satisfied, customers require the following from e-commerce sites:

➤ **Professionalism**

Customers need to be assured that the company they are dealing with online is legitimate. A professional looking website can help accomplish this. Whilst browsing the site the customer should be given the opportunity to view information about the company (history, operations, location, etc.) to be reassured that they are looking at a respectable and reliable establishment. Without possessing this knowledge about the company the prospective customer may be hesitant to make a purchase.

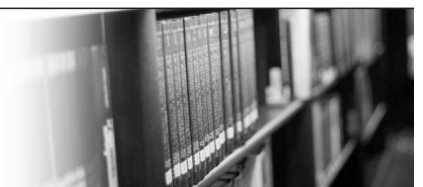
➤ **Product Information**

Customers require thorough knowledge of a product before committing to a purchase. They need to know exactly what they are spending their money on. If they cannot physically hold the product in front of them they need to be given as much information about it as possible. Providing 3D images, rotation, zoom and a detailed list of product features and colour swatches will help accomplish this.

➤ **The Best Prices**

With a mass of products and services available online customers can price compare with ease. Many comparison websites have now been setup to allow you to browse products and research which company offers what you are looking for at the best value, for example, cheapflights.co.uk. These shopping comparison websites now have 50% reach among UK internet users.^{iv}

Due to the capabilities and reach of such websites it is necessary for companies to conduct competitive research so they identify the prices other companies are selling similar goods for. This will allow businesses to offer their products at the most reasonable and competitive prices.





Secure Shopping

There have been many security issues raised within the realms of online shopping. Approximately 12% of British internet users fell victim to online fraud last year, with around half of them losing out whilst shopping.^v Many types of payment scandals (predominately credit card) have occurred online making a number of customers somewhat reluctant to make purchases over the internet. Customers therefore want to be confident that the company they are dealing with has a secure payment method in place.

The most trusted online payment provider in the UK today is PayPal. To date the provider has over 20 million accounts in the UK.^{vi} The Managing Director of PayPal, Carl Olav Scheible, describes the business as “a safe and easy payments service which lets consumers pay using the card or bank of their choice, without ever having to retype their financial information or share it with the retailer.”^{vii} Companies selling online need to thoroughly research the pros and cons of all the available payment options they could offer on their site as this has huge implications on who will or will not feel safe enough to make a transaction.

Privacy

Another security issue that has become a major concern amongst online shoppers deals with the violation of personal information. Many companies have been accused of taking personal information from their customers and selling it to marketers. These marketers then send customers unwanted promotions through e-mail, snail mail and telephone. Such unwanted endorsements frustrate shoppers and consequently turn them away from online shopping.

Although this has become a prevalent issue it is easily resolvable. Customers simply need to be openly consulted with first (consent tick boxes on an online sign up page is easily manageable) to confirm if they would be willing to receive such promotional information and if they have a preference. As long as mailings do not reach those who specifically do not consent then your customers should remain content and continue to use your services.

How To Effectively Build The Site

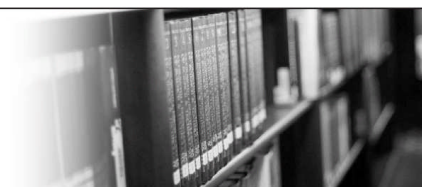
E-consultancy illustrates three features of the website that if developed effectively should help enhance the web user’s experience. The more user-friendly and attractive the site’s design the more attracted your customer will be to your online business. The three features to be carefully considered include navigation, support and promotion.^{viii}

Navigation

- Link navigation
- Search navigation
- Index/Site-map navigation

Support

- Transactional support (basket, account, terms, delivery)
- Purchase decision support (jargon buster, FAQs, gift ideas)
- Other support (customer services, contact us, wish list)



Promotion

- Brand promotion (logo, about us, add to favorites)
- Price/Product/Category promotion (special offers, what's new)
- Channel promotion (stores, catalogue order, telesales)
- Other promotion (free delivery, store-card, newsletter)

“Online Retail User Experience Benchmarks 2006.” *E-Consultancy*

Navigation

User-friendliness is critical to an e-commerce website's design. The easier it is to navigate through your site the quicker the customer can find the product they are looking to buy.

Implementing a simple design is generally the best way to optimise site navigation. One way to accomplish this for example would be to use a single web page rather than incorporating frames. Frames can create unnecessary complexities, which result in lengthier page loading times. Despite what many experts think there are still people who continue to use older computer models that run too slowly when opening pages with frames. These users often block frames to allow for easier navigation. If the majority of your site utilises frames then these visitors will gain very little access to the site and exit quickly.

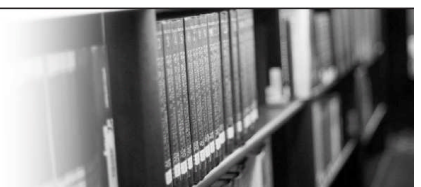
Navigation can be further simplified within your e-commerce site by avoiding the use of extravagant functionality. Showy features using Flash or pop-ups can confuse web users. It is often wise to stick to producing the basics well and make your page as easy to navigate as possible, avoiding all unnecessary distraction, so that the customer may find the product they are looking for in the shortest period of time and make their purchase.

Other features to take into consideration (as mentioned by E-Consultancy) include:

- Link navigation
- Search navigation
- Index/Site-map navigation

Link Navigation

Navigation should be optimised by creating clearly labelled links. If you want your prospective customers to move in a certain direction through your website you must label links appropriately. If for example the purchasing process on your website involves moving through several pages it would be wise to clearly indicate where your customer currently is in their purchasing journey and what link they must click to move onto the next step. If the customer is lost within your sites pages and it is not clear what to click on in order to proceed with their order they may give up altogether and not return to the site.



Search Navigation

How are web users able to navigate through the site to find the products they are looking for? Are there clearly marked subtitles or perhaps a product search engine that can be used? Whatever the method for search you choose to incorporate within the site it is important that it leads the web user to the specific results they require.

Despite their popularity, in-site search engines can often be constructed ineffectively. In these circumstances the search engine can fail to provide all of the results that the site is actually capable of providing. Someone may be looking for a mobile phone on an electronics website but decides to use the word "telephone" to describe what they are looking for. The only results that subsequently appear are telephones meant for use as landlines. Therefore not all potential keywords a customer could use for their search have been researched and covered. As a result the in-site search engine fails to help the customer find what they are looking for.

In-site search engines can prove to be effective if constructed carefully and this must include thorough, detailed research and testing of appropriate keywords. If this is not carried out the ineffective search engine will drive customers away from your site, as visitors will look elsewhere for the products they cannot find on your site.

Index/Site-Map

Incorporating an index or site-map within your website's design can be helpful to your website's visitors. When they are searching for something specific but cannot find it this is often their first point of call. A clear and detailed list of the content on every page within your site will guide your visitors onto the right path to find what they are searching for.

Support

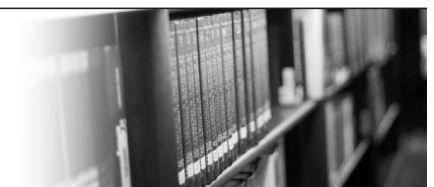
Web users will continue to shop on the sites that provide them with the greatest support. This does not simply mean post-purchase customer support, which is essential, but the support that is given to customers whilst browsing though the website and making a purchasing decision. E-Consultancy breaks down this type of support to include:

- Transactional support (basket, account, terms, delivery)
- Purchase decision support (jargon buster, FAQs, gift ideas)
- Other support (customer services, contact us, wish list)

Transactional Support

Many customers require some form of technical assistance when moving through their purchase journey online. They may wish your store to provide the functionality to allow them to accumulate potential goods in a virtual "basket". Prior to paying at the end of their visit they can then view their basket, decide if they want to make any changes, then proceed with payment of their chosen goods.

It can also prove beneficial to allow customers to create a full account within your e-commerce website. This will allow them to enter their personal information (address, credit card information, etc.) just the once. Upon returning to the site a simple sign in would retrieve all of the previously entered required data. This would significantly reduce the time required to go through the check out process when a customer next visits the site, and allow them to make relatively quick purchases which will encourage them to become a returning customer.



It is important to clearly display the terms and conditions of registration and transaction to all your visitors. Potential customers are entitled to know the specific legalities involved before they carry out any action on your site. When terms are not included on a transactional website you give the impression that your business operations may not legitimate.

Providing delivery options along with real time updates regarding the whereabouts of a package is also extremely beneficial to the customer. Such extensive information allows the customer to become personally involved in the delivery process of their products, a privilege that is welcome to online shoppers. Online shoppers will often favour e-commerce websites that provide these capabilities.

Purchase Decision Support

If the terminology used in the website is slightly foreign to the shopper or if they have a straightforward question about a purchase, providing a FAQ section on the website is a simple way to help quickly resolve customer's queries. It should provide answers to some of the most common questions customers have regarding the website and the company's operations.

Shoppers often do not know exactly what they want to purchase when they enter your site. Another area of support should therefore be to offer inspiration and ideas for purchases. The site could recommend top products, offer shopping tips and cross-sell to those visiting the site. For special occasions for instance they could create pages listing products that would be fitting to give as gifts to others. Wish lists and gift registries are popular site additions.

Other Support

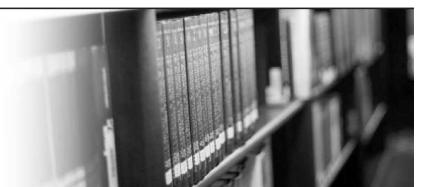
There are various other methods of support you could provide to prospective customers. Customer service is one of the most essential forms of support you can offer. If your customers are facing any type of problem with the website or products they have purchased, or they simply want to make an enquiry, ensure that you always provide clear contact details or live chat facilities for them to easily and quickly get in touch (e-mail, telephone, post). This will increase your transparency as an ecommerce store and win you trusting customers.

Every customer that visits your website is unique and has different needs than the next. To have a truly effective e-commerce site it is best to incorporate as many channels of support as possible for your prospective customers and convert them into loyal shoppers.

Promotion

There are various types of promotions you can offer to encourage online shoppers to visit your website as well as (and more importantly) to increase conversion rates. E-consultancy describes four different methods of promoting your e-commerce site:

- Brand promotion (logo, about us, add to favorites)
- Price/Product/Category promotion (special offers, what's new)
- Channel promotion (stores, catalogue order, telesales)
- Other promotion (free delivery, store-card, newsletter)





Brand Promotion

It is vital that you successfully promote your brand through your website. However, try to establish your brand and its values without overemphasising it. Using logos and information about your company and placing them strategically throughout the site can accomplish this. It will develop a relationship between your company and those visiting the site by allowing them to learn more about who you are as a business. Customers that have a positive experience will remember your brand name and will return for business in the future. They may even add your site to their favourites list.

Price/Product/Category Promotion

An effective way to encourage online shoppers to visit your site on a frequent basis would be to offer regular promotions. Customers are easily tempted to browse through goods if there is a deal attached to them, even if the goods are something they did not originally consider purchasing. Creating online promotions can drive traffic to your website and increase conversion rates. If the online shopper visits your site and decides that they are not interested in the promotions you are currently offering it is possible that something else may catch their eye while they browse, therefore make use of cross selling techniques wherever relevant.

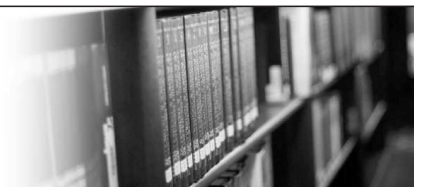
Creating an area on the site that presents all new products and services can also serve as an effective promotional tool. Providing customers with the ability to see what's new in one designated area within the website will give them the opportunity to be one of the first to own the product.

Channel Promotion

E-commerce websites can not only be used to advertise the goods and services you offer for online sale, but they can also be used as a promotional tool to advertise the various channels goods and services are provided offline. Most e-businesses do not solely retail their products on the internet. For the most part, companies have other outlets to obtain revenue through including shops, catalogue orders and telesales. Prospective customers may have no idea that there is a shop located close to where they live offering the product they are looking for. With the help of the website the online shopper could visit the store in person and perhaps save themselves money that would have otherwise been spent on delivery and you would retain the sale.

Other Promotion

There are numerous types of promotions that can be developed to increase a website's popularity. With so many transactional sites available the most successful way to win a customer against the competition is to offer something unique the customer cannot get their hands on anywhere else. This could mean anything from offering free shipping to free newsletters. If it serves to save customers money (or if it is free) most visitors would take the time to consider it. Shoppers love receiving special deals and special offers. If you can incorporate promotions into your e-commerce website then it will likely serve to increase your overall revenue.



➤ In Conclusion

Online shopping has become the most influential retail development in the past decade mainly due to the increasingly busy lifestyles of people that prevent them from having the time to visit stores and therefore now enjoy the flexibility the internet provides. As a result e-commerce has become the way of today with more and more companies offering their goods and services online. There are many points to take into consideration when creating a successful transactional website. With an increasing number of sites available and strong competition in all sectors, it is essential you provide customers with everything they are searching for whilst incorporating unique offers or promotions wherever relevant to ensure that visitors enjoy their online experience and become a loyal customer.

ⁱ "Internet Statistics Compendium." *E-Consultancy*. <<http://www.e-consultancy.com/publications/download/91130/internet-stats-compendium/internet-stats-compendium-May-2009.doc>>

ⁱⁱ *Ibid.*

ⁱⁱⁱ "Internet Statistics Compendium." *E-Consultancy*. 28 April 2008. 9 June 2008. <<http://www.e-consultancy.com/publications/download/91130/internet-stats-compendium/internet-stats-compendium-May-2008.doc>>

^{iv} *Ibid.*

^v *Ibid.*

^{vi} "Press Release: Nielsen continues to rate online payment provider PayPal as number one." *E-Consultancy*. 24 Feb 2008. 17 June 2008. <<http://www.e-consultancy.com/news-blog/365122/nielsen-continues-to-rate-online-payment-provider-paypal-as-number-one.html?keywords=paypal>>

^{vii} *Ibid.*

^{viii} "Online Retail User Experience Benchmarks 2006." *E-Consultancy*. 2006. 13 June 2008. <<http://www.e-consultancy.com/publications/download/90486/online-retail-user-experience-benchmarks/Online-Retail-User-Experience-Benchmarks-2006.doc>>

