

8 E-commerce using an online storefront

Clearly one of the most important objectives in having a website is to make money. Not all products and services are suitable for selling via the Internet, perhaps because of a requirement for face-to-face consultation. However, it is advisable to set up an Internet shop for products that require little explanation. An electronic shop is a tool for automatically conducting business using the Internet.

With appropriate marketing, new visitors can always be found. A very effective ordering service can be offered to repeat customers, thereby establishing an additional and important sales channel.

A perfect way to reward regular customers that use repetitive order processes

An electronic storefront is particularly suitable for consumables. It enables commercial ordering processes to be optimised by improving effectiveness and cutting costs in every category - from inventory management to invoicing. It allows you to offer repeat customers an uncomplicated service. You can even offer loyalty rebates and decide for yourself how much of the savings you want to pass on to your customers.

Focused e-mail product quotations with direct order functionality for regular customers

Don't wait for your customers to come to you. Take your products and services directly to your customer using e-mail. Offer your repeat customers special deals on a regular basis. They can access the offer and order directly via the e-mail. Regularly advertised and reliable, useful offers are an effective and decisive success factor.

A good online shop is able to highlight special promotions; for example, by including them in an e-mail newsletter. The e-mail should allow an order to be placed with a single mouse click by taking the reader directly to the respective ordering page in the Internet shop. In the following sample e-mail newsletter, this is done by clicking on the "order" button, which is linked to the appropriate web page.

Using money-back guarantees as a marketing tool

The law stipulates that customers have a seven day grace period, during which they may revoke an order or return purchased products. This enables customers to return purchased products and obtain a refund without stating any reasons. It excludes customised or specially cut products, newspapers/magazines and data media (software) where the package has been opened.

Why not "make lemonade when life gives you lemons", and use a marketing campaign to promote this as company policy in the form of a money-back guarantee? There is no significant negative economic impact of having a "money-back guarantee" that is slightly above and beyond the legally stipulated customer rights, either with respect to time or terms. More importantly, such a process can build trust and lower purchasing inhibitions in the largely anonymous Internet. By using a "Trusted Shops" guarantee for secure online shopping,

you guarantee your customers a worry-free Internet purchasing experience based on the strengths of a world-renowned insurance group. The insurance offers e-shops and customers an all-around insurance package for e-commerce. The money-back guarantee, which is free for customers, protects you and your customers from credit card fraud and the risks associated with lost goods. It is a way for you to eliminate your customers' fear of ordering via the Internet.

Acquiring new customers by linking your Internet shop to eBay

eBay has been more than an auction platform for individual sellers and purchasers for quite some time. More and more companies view eBay as an entirely new sales channel. Sellers decide for themselves whether they want to offer their products at a fixed price for immediate purchase or establish a minimum price as a way to obtain the current market price. The latter method requires a new business thought process. But one thing is clear: whether you use a fixed price or start with a minimum price, you have access to a platform that is visited daily by thousands of people who transact many thousands of times.

Some shop systems offer direct links to eBay, without major investment costs. It is difficult to think of a more effective and potentially sales-enhancing platform that you can use without incurring additional marketing costs.

Cost structure for using eBay.

- Fixed fee for each link to an item for sale.
- Sales commission when item is sold.

Acquiring new customers by showcasing your products in a virtual shop window viewed by millions of potential customers every day

Pangora offers an extensive database of products from various suppliers and is linked to many major Internet shopping portals. This sales channel has an enormous reach and many suppliers benefit by using it to offer every conceivable type of product. With an appropriate shop system, sellers can automatically have their entire product portfolio listed. You can either limit the number of quotations made or increase your number of quotations a millionfold.

Here are a few examples of shopping portals that are linked to the Pangora database and that give customers access to your product portfolio:

<http://shopping.lycos.co.uk>
<http://shopping.hotbot.co.uk>
<http://buycentral.co.uk>
<http://froogle.google.co.uk>
<http://www.virgin.net/shopping/>

Cost structure for using the Pangora portal:

- One-time registration/setup fee for your online shop.
- You pay for each mouse click that steers users from the marketing portals to your Website.

Acquiring new customers by linking your Internet shop to a direct price comparison shopping portal

Saving money has become a national pastime. That is why search portals that offer price comparisons are becoming increasingly more popular. However, the lowest price is not always the winner. Delivery methods, service and other forms of added value are also part of a purchaser's decision-making process.

By brokering and setting up business between sellers and purchasers, Kelkoo has managed to become one of the top e-commerce portals, right behind eBay and Amazon. Google also offers a special search engine and shopping directory called "Froogle" where prices can be compared.

Cost structure for using Kelkoo and Froogle.

- There is no application or set up fee.
- You pay a flat fee for every mouse click that directs potential customers to your website from Kelkoo. Even this is free with Froogle.

Using a banner ad network to acquire new customers

Finding new customers by purchasing advertising space from large, well-known, wide-reaching Internet portals is usually only possible if you have a large advertising budget. This particular vehicle is therefore limited to use by larger companies. A results-based billing

process, which would also allow smaller companies to advertise, is unfortunately still not available from many of these portal operators.

Nevertheless, there are many smaller websites that attract visitors by offering interesting information about various subjects. Of course, your target group is also included. Many operators of these thematic websites are part of a banner ad network that advertise third-party products and services on their websites and only receive commission in the event of a sale. The advertising is usually in the form of banner ads (see section "Various Internet advertising formats" in Chapter 7). The operator of the banner ad network (which you join as "an affiliate or publisher") provides the network and the technical interfaces that integrate the respective banner ads. Both the supplier and the advertising partner must agree to be an agent for or advertise the other's products or services. Both parties can thus be assured that the banner ads only appear on the designated websites and that the product portfolio relates to the agent's website.

The affiliate network also fulfils an important function. The operator must provide a balanced, comprehensive assortment of products with relevance to the network's end customers and also offers a payback to sellers. This means that every seller must be checked before becoming part of the network. Interested sellers must therefore apply to be an affiliate and be registered with the network.

Cost structure for using a banner ad network

- Depending on the partner network, products or services can either be registered for a small one-time fee or for free.
- Sellers are charged when customers are directed to the respective items for sale. Normally there is a choice of three different commission models:

Pay per click:

You pay a fixed fee for each visitor that is directed to your website when they click on the agent's banner ad.

Pay per lead:

You pay a fixed fee for each visitor that carries out a pre-defined set of actions on arrival at your website. For example, requesting additional information or filling out a form.

Pay per sale:

You pay a percentage sales commission that is tied to the actually generated sales revenue.

Summary

E-commerce using an online storefront

- An Internet shop is particularly suitable for products that require little explanation. Don't forget to use e-mail marketing to tell potential customers about interesting products.
- Use services such as "Trusted Shops" guarantee for secure online shopping to lower your customers' purchasing inhibitions.

- Link your Internet shop to portals such as eBay and Kelkoo or product databases such as Pangora and use them as additional sales channels.