10.6: Setting up an eCommerce site

When deciding to set up an eCommerce website there are 5 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.

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.

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 that are simple, easy to spell and type in your domain name.

- **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 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 organizations 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: https://www.sslshopper.com/thawte-ce...y-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 localize 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:

  - **Reliability and accessibility**

The content is more easily accessible, and there is less chance of server failure.

  - **Stability and security**

The servers will interact to sustain the site, offering more stability and more security in terms of not losing any data.

  - **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.

  - **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. These are:

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-sourceeCommerce/

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. https://www.shivarweb.com/1386/essen...erce-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. Authorization 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 authorization, 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. https://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.

Definition: onsite payment 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.

Definition: offsite payment gateway

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 comple 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. (https://gocardless.com/guides/posts/ payment-gateways/)

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.

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 order appropriately. Shopify has a great blog post on eight inventory management techniques to help your business. www.shopify.com/blog/7060301...ent-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
    - **Home delivery:** Delivery to an individual's house, apartment, place of work.
    - **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
    - **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.

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 to drive traffic to your site, will be covered in greater detail in the rest of the course.

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.

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

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.

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

3. **Alias domains:** To grow the traffic to your site, it is necessary to capture all potential customers trying to reach you. Whether that 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,
   - 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

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

   - 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
   - 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 or 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 being filtered out as spam by search engines.

> **Note**
>
> You can learn more about optimising your website for search engines in the Search engine optimisation 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.

> **Note**
>
> Learn more about landing pages in the User experience design and Web development and design chapters.

8. Search: Besides optimizing the site for search engines and buying paid search media (Search Engine Marketing – SEM), it is critical to include sitewide 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 unnecessarily personal information will lose traffic and result in increased drop-off rates. Checkout needs to be slick, simple, secure and informative. Checkout needs 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.

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 optimization of spend for paid campaigns and strategy optimizations for earned and owned campaigns.

- **Tracking the eCommerce funnel**

Can customers find the products they are looking for? Can customers add products to 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.

Note

Read more on Google analytics in the Data Analytics and Conversion optimisation Chapters.

- 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. https://support.google.com/analytics.../6367342?hl=en

This page titled 10.6: Setting up an eCommerce site is shared under a CC BY-NC-SA 3.0 license and was authored, remixed, and/or curated by Rob Stokes via source content that was edited to the style and standards of the LibreTexts platform.