



Succeed With E-commerce

A Marketing Guide
for Entrepreneurs



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Getting your e-commerce site off the ground



Canadian consumers are turning to e-commerce in greater numbers every year. Annual retail e-commerce sales in Canada, for instance, are forecast to grow from \$35 billion in 2016 to \$56 billion in 2020, [according to a BDC study](#).

For entrepreneurs, changing consumer habits and new, easy-to-use technologies have made e-commerce a can't-miss-opportunity. This eBook is designed to help you get started with e-commerce or to help revamp your efforts if you're dissatisfied with your results so far. Readers who want to drive more visits to an existing site can consult our [online marketing eBook](#).

This eBook walks you through the process of building an e-commerce marketing strategy, building a high-performance website and optimizing your site to turn more visitors into paying customers.

It's the recipe for digital success that we at BDC have spent years developing in our work [advising entrepreneurs across Canada](#). We are confident it will help you too.



This eBook covers these three elements of your e-commerce journey

1

Build your e-commerce marketing strategy



2

Evaluate your procurement and HR needs



3

Figure out your shipping and returns strategy



4

Construct your online store



5

Plan your promotional activities



6

Launch your e-commerce site



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Measure and optimize



1

Build your e-commerce marketing strategy

- › What do you want to sell?
- › What is your market?
- › Who do you want to sell to?
- › How will you build trust in your brand?
- › Who will do what and when?
- › Case study: From Rachel

Before building your e-commerce site, you have to step back and create your marketing strategy by answering a few basic questions.

Perhaps the most important question is why your customers should choose you over your competitors. The answer will guide your online marketing strategy and the direction of your brand.

An effective brand helps you find your audience and your place in the market. It's also essential to telling a consistent story about your business. This consistency builds trust. Trust leads to sales. And sales are the basis of a thriving e-commerce business.



What do you want to sell?

Businesses often succeed in e-commerce when they start with a small number of unique, competitive products they will be sure to have in stock. Use your market research to choose products that stand out. Here are other factors to consider when choosing what to sell.



5 factors to consider when deciding what to sell

- 1 Product size and weight**

Lighter products are cheaper to ship and offer better margins online. Shipping costs are a frequent cause of shopping cart abandonment.
- 2 Customization level**

Customization can be a unique selling point, but it's also a source of additional cost. Variations in product colour, size and other elements can increase inventory costs and the risk of fulfilment mistakes.
- 3 The competition**

Your competitors' products and price levels have a direct impact on what you're able to sell and charge. It's key to know the marketplace and decide which of your products are the most competitive.
- 4 Product fragility**

Selling fragile goods increases shipping costs and could complicate customer service if too many products break on their way to the client.
- 5 Seasonality**

Different products sell at different levels at various times of the year. This can affect your cash flow, your busy season and your cost structure.

What is your market?

Research your online market

You'll first want to understand how much online demand there is for your products and/or services.

- Start with an online search to see how many people are talking about and searching for what you sell.
- Next, use published research to get an overview of consumer demographics, industry trends, market share, etc. [Statistics Canada](#) and [Innovation, Science and Economic Development Canada](#) are reliable sources of data. Other sources include articles from business magazines and periodicals, trade associations and analyst reports or company annual reports.
- Finally, you may want to consider gathering original information, through interviews and other first hand methods, specifically about your product or business. [Learn more.](#)

Study the competition

After looking at online demand, you'll want to understand the online supply. Take a look at the competition with an in-depth online search. Also talk to salespeople, suppliers and other industry players. This should help you answer the following questions.

- Is there a leading player in your industry?
- Is the market overcrowded?
- Is there a market niche that isn't currently being served?
- What is the quality of competitors' websites, and what customer experience do they offer?
- How are your competitors positioned in the market?
- How much are competitors charging?
- Is the competition well rated on review sites and social media? [Learn more.](#)

Who do you want to sell to?

Define your target market

The data you've already collected will help you choose your target customers and understand what they want from your business. This can include purchasing behaviours, demographics, social values, media consumption habits and more.

Focusing on specific segments of your total potential market lets you increase the returns on your marketing efforts. You can tailor your messaging to resonate with a specific type of client. You can also create target personas—fictional characters used to understand customer expectations online related to user experience, ease-of-use and navigability. [Learn more.](#)

Reach your customers

You might be tempted to pursue online sales on marketplaces such as Amazon, eBay, Alibaba and Etsy. These platforms allow you to reach a large audience with a lower initial investment and less technical complexity. However, such sites can also charge high commission rates.

We recommend you adapt your online sales strategy per channel. For example, you may want to sell returned goods on eBay. Or you could decide to sell last year's collection on Amazon at great prices to increase your score on the Best Sellers list.

Read
our [free online marketing eBook](#)
for more info about
reaching your
customers.

How will you build trust in your brand?

Every customer interaction is an opportunity to build trust. But some interactions are more important than others. Here are six moments that deserve a bit more attention in your e-commerce journey.



6 key e-commerce customer interactions

- 1 Evaluation**

Establishing trust online can be difficult. Clients will read reviews and testimonials on your website, but they will put more importance on independent sources such as blogs.
- 2 Initial contact**

Potential clients will often try to contact you to ask questions about your products or services. Make sure you can be reached by phone, email, chat or social media. Remember that e-commerce consumers can be anywhere in the world and you want to answer any question within eight to 12 hours.
- 3 Trial**

Online customers increasingly expect a trial period before making a final purchase. If you can't offer a trial, consider offering a strategic discount code, free samples or other perks to help convert leads.
- 4 Purchase**

Make purchasing as painless as possible. Aim for a one-click purchasing experience by gathering as much information as possible from your clients during their first purchase.
- 5 Shipping and return**

Shipping is crucial to a positive customer experience. Online clients typically want rapid and free or low-cost shipping and the ability to track shipments. They also want hassle-free, inexpensive returns.
- 6 Retention and loyalty**

We strongly recommend reengaging with customers after the sale. You want to know more about the customer service you offered, but you also want clients to talk about you to their friends and to advocate for you. If you know that a client is happy with your business, don't be afraid to ask for referrals or a testimonial.

Who will do what and when?

You've figured out what you want to sell and who's going to buy. Now you need an action plan to bring your e-commerce site to life.

An action plan details the concrete steps needed to attain your goals—usually covering the coming year—and a timetable for each task. Here are five key steps to create your e-commerce action plan.

- 1. Involve your team**

You'll get the best team buy-in if as many employees as possible are involved in creating the action plan. Employees can give valuable input on the steps needed to build your e-commerce site and set up the operations of your online store, from purchase to fulfilment.
- 2. List actions**

The core of the action plan is a list of tasks for achieving your objectives. They can include everything from choosing a web platform to creating content for your website. Don't forget the operational side of your site: production and distribution teams need to be readied for more customers, IT capacity needs to be increased, accounting and inventory systems may need to be updated, and you need to budget for all these costs—including lining up financing so your cash flow isn't affected.
- 3. Set a timeline and decide who will be responsible**

Establish a timeframe for completing each task and choose who will be responsible for each task. Also outline other resources (money, equipment, personnel) you'll need to carry out the various tasks.
- 4. Establish a follow-up and measurement process**

Spell out how you will follow up on the action plan to ensure the steps are carried out. This can include internal reporting and regular meetings to discuss progress. Also specify the metrics you will use to track implementation. These can include milestones, such as the completion of certain tasks, and quantifiable measures, such as revenue or market share.
- 5. Communicate the plan**

Make sure all employees are aware of the action plan, including their role in implementing it. Explain how the plan fits into your overall business strategy.

Case Study

From Rachel

Carolyn Parent, Alyeska Guillaud and Mélanie Heyberger were fed up with stockings that had boring designs and poor quality.

As advisors at a Montreal entrepreneurship centre, they decided to solve the problem by starting a business. They launched From Rachel, an online subscription service offering great-looking, high-quality stockings, leggings and socks.

Customer focus was key to growth

The company suffered slow sales growth until the partners hit upon the idea of personalizing their stockings. They designed an online questionnaire to gather information on each customer's preferences in stockings, including colour, design and where they wear them.

The questionnaire is accompanied by images to guide choices and allows the company to create a "style profile" for each customer. From Rachel uses this profile to send a selection of stockings tailored to each customer's needs and desires.

Thanks to their cool branding and highly personalized service, the partners have tripled sales every year and are now exploring the U.S. market.

➤ [Read the full story.](#)



We saw an opportunity to create a brand online that would connect with women of the Millennial generation.”

— **Carolyn Parent**
Co-founder, From Rachel

2

Construct your online store

- › 6 steps to establish your website build requirements
- › Building your website: Pros and cons of a DIY website
- › Choosing the right website design agency
- › Build your online catalogue
- › 4 e-commerce design tricks to boost your sales
- › How much will it cost?



Just like an engineer wouldn't start a building without blueprints, a business creating an e-commerce website needs a plan that sets out must-haves and nice-to-haves.

A poorly planned project can end up with a wish list from different stakeholders that inflates budgets, leads to scope creep and delays launch or a website that doesn't support business objectives.

Use your marketing plan, brand, value proposition and customer research to guide your website creation process and help ensure the site increases sales.

6 steps to establish your website build requirements

- 1 Clarify your vision**

Start by listing the needs and challenges of your intended buyers. Then look at how what you sell matches those needs. You'll then be able to decide what features your website should include. Will your site need to connect with your customer relationship management system to maintain a list of all your customers? Do you need a search bar? Will customers have accounts? How will you manage those accounts?

A mistake at this point can result in loss of money and effort. Consider getting the help of a professional who has previously built e-commerce websites to avoid any missteps.
- 2 Create your sitemap**

Next, plan your website's organization. Think about your target users' needs and how they are reaching your site. Then, design your site with those goals in mind. List all the pages you want to create and categorize them into sections and subpages to map out how users will navigate your site.
- 3 Make it mobile first**

Make sure all your pages are designed for smaller mobile screens first and then adapted to larger ones. Online shopping is increasingly being dominated by mobile users.
- 4 Design your interface**

Get a graphic design to create a conceptual design of your homepage, navigation menus and calls-to-action to get a feel for how your site will look on phones, tablets, laptops and desktop computers.
- 5 Decide what you will say**

Your company's value proposition should be made clear on your homepage, and every page should include a call to action, such as an invitation to view your products, contact you or sign up for a newsletter.
- 6 Develop your site**

Weigh your options for how to create your new website. Hire a professional web developer or build it yourself if you have in-house technical skills.

Building your website: Pros and cons of a DIY website

Should you try to build your own website or hire a professional to do it?



Pros

Lower cost

Web developers can cost a lot of money to hire. Doing it yourself takes a lot of time, but it may be worth it if you've got tech-savvy team members who have previously built successful e-commerce websites.

You control the result

While hiring an agency to build your site can be considered the safer route, it's important that you or someone from your team remain involved to ensure the site is well designed and aligned with your business strategy and branding. As your online business grows, it may be worth it to hire a web team to maintain and optimize your site.



Cons

Customizing a site can be hard

A DIY site likely doesn't offer everything you'd like for an optimal user experience. You may need to turn to a developer to build a customized site that offers the features you want.

Application and plug-in integration is highly technical

E-commerce websites need to connect with other businesses to arrange for payments, shipping and analytics. They can also serve as client portals or accounting systems. It might be better to have an expert integrating these complex systems.

You have to do it yourself!

Building a good-quality site yourself takes a lot of time. You also risk hurting your brand if your site doesn't look good or isn't easy to use.

Choosing the right website design agency

How do you find the right agency or freelance designer to help build your website? Start by looking at these six factors.

- 1. Do they take the time to understand your industry and your business?**
Hiring a designer to work with you is like hiring a new employee. You need to find one who genuinely cares about your results. That can only be achieved if they take the time to understand your business and industry.
- 2. Do they have the right technical skills?**
Make sure the designer has the creative and technical ability to give you the website you want. Any agency should be able to build a simple site with little to no functionality. But it can be more difficult to find a designer with advanced technical skills.
- 3. Will their business model meet your needs?**
Some agencies have local teams and offices, while others have freelance personnel distributed across the city or country. A virtual agency may have low overhead and cheaper fees, but working with a team face to face is often simpler.
- 4. Do they have experience in your sector?**
It's important for the designer to be an expert at what *they* do—building websites—not what you do. But a designer who has worked in your industry previously will be better equipped to help you meet your business goals.
- 5. Does their fee structure work for you?**
Some companies charge hourly rates, while others quote fixed fees for defined scopes of work. Some require an upfront deposit or instalment payments, and many have provisions to cover cost overruns if the project gets bigger. Fixed pricing can often be easier to budget with fewer surprises when invoices come in.
- 6. Do they have the ability to complete this type of project?**
It's usually better to choose a designer who's already done a number of projects similar to yours. However, a designer who lacks experience may make up for it in other ways. They may also be more affordable.

Construct your online store

Build your online catalogue

To create your product catalogue, begin by making a list of the products you want to sell. Then, create categories and a hierarchy of product that visitors can navigate. Also choose star products you want to feature, and decide where you want to display them on your site.

Your product pages should include the following elements:

- product title
- description
- images
- prices
- variations (colour, sizes, materials, design)
- shipping and return policy
- warranty information

Consider the purchase journey and how your website will integrate with your operations. Will customers have to log into your site to make a purchase? Will you send an automated confirmation email once a purchase has been completed? Or will you simply display a confirmation page? And how will you keep track of product inventory and manage refunds?



SEO tips for your product pages

Improving your search rankings through search engine optimization (SEO) is the cheapest way to get traffic on your site. Here are the basic elements of SEO for your product pages.

- 1. Structure every page around a single theme**
Build each page of your website around a single theme. This will help search engines classify your page and present it when it's relevant to a search.
- 2. Choose five keywords for each page**
Use Google Keyword Planner to find keywords people are most likely to use when looking for the information on that page.
- 3. Create your SEO tree**
This is a document where you will track six important optimization components for each webpage:
 - keywords
 - page title
 - page description
 - a header and subhead
 - image ALT tags (the text describing your image)
 - URL structure
- 4. Implement your work**
Now that you have all your optimized content, it is time to implement it on your website. Make sure to keep a constant check on the performance of your pages and update the SEO. [Learn more.](#)

4

e-commerce design tricks to boost your sales

Visitors coming to your e-commerce website are usually looking to solve a problem or fulfil a need. The primary goal of your site design is to let visitors know what you offer and make it easy for them to buy from you. But you can go further by using design techniques that work on the psychology of visitors to encourage them to buy.

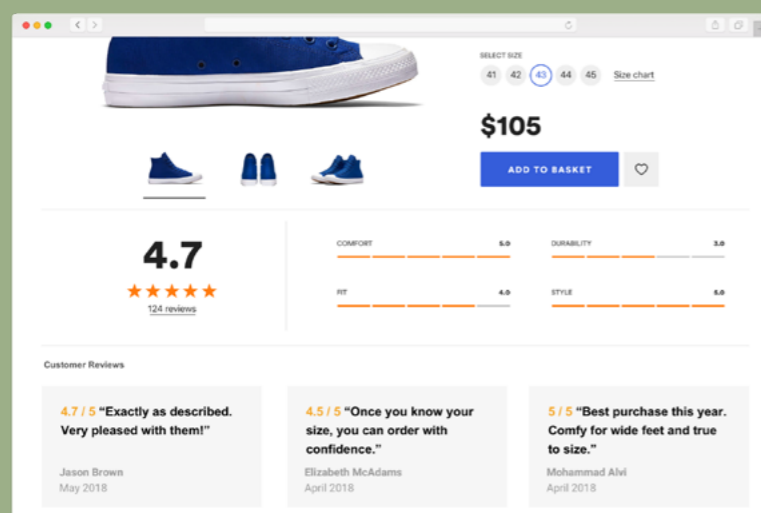


1

Social proof

Social proof is the idea that people follow the lead of others. Endorsements of your products from customers, experts, celebrities or organizations gives psychological comfort to visitors that they're making a good choice buying from you. Social proof can take the form of:

- testimonials
- ratings and reviews (think Amazon)
- quality seals and certifications
- client logos (for B2B companies)
- user counts (McDonald's billions and billions served)
- social media popularity indicators (followers and/or shares)

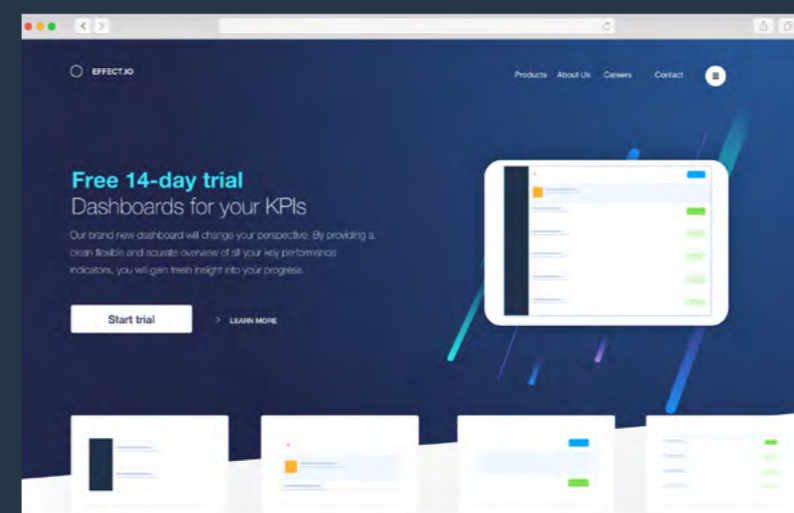


2

Scarcity and loss aversion

Anyone who's had a time-limited offer dangled in front of them knows it can have a powerful impact. By limiting the availability of products or special offers, you can create a sense of urgency in prospective customers. It can be in terms of either time available for purchase or how many units are available.

Loss aversion is another closely related concept you can use to increase sales. People tend to prefer avoiding losses over making an equivalent gain. Consider how you could take advantage of this tendency—for example, by offering trials or subscription memberships that run out after a certain period of time.

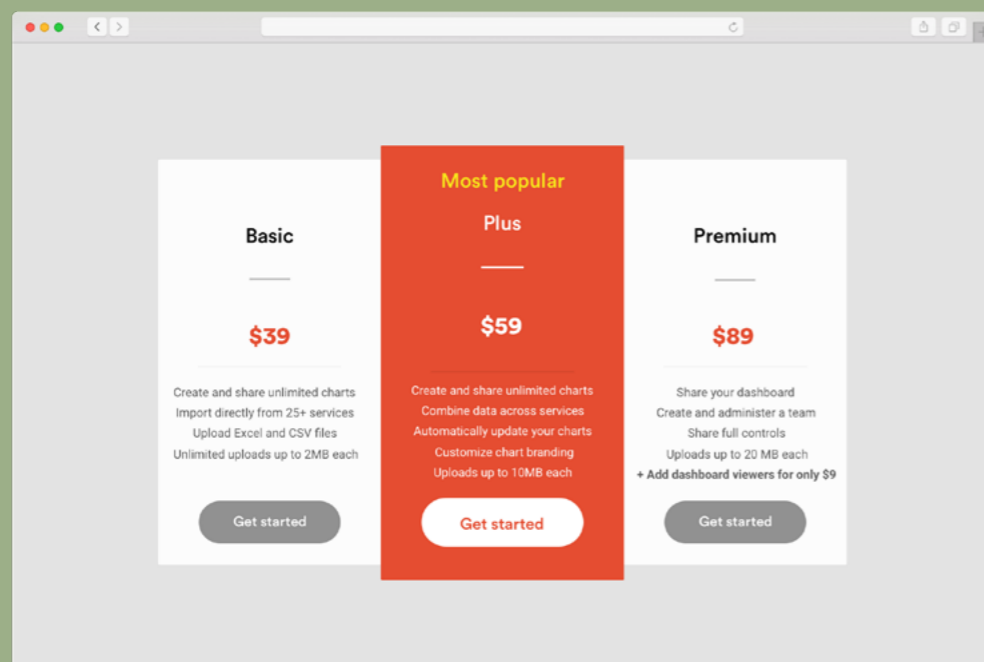


3

Anchoring and extreme aversion

We tend to focus on extreme options and pick one in between as a compromise. This is why you often see e-commerce sites propose three or four choices to customers ranging from least to most expensive. The idea is that most will choose a middle option.

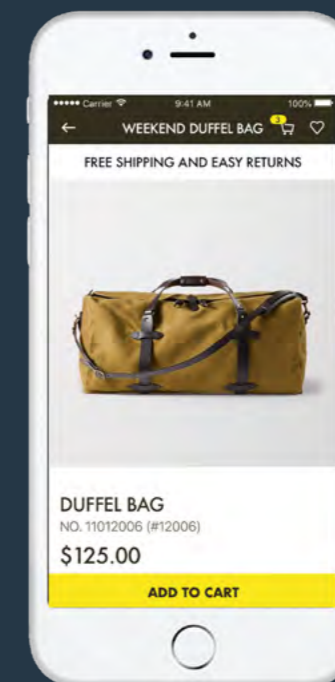
Offering a limited number of options can also increase sales because the more choices people have to sift through, the more likely they are to abandon their shopping cart.



4

Reassurance

People like to feel safe when they make a decision and know they can get out of it if they regret their choice. That's why guarantees, free shipping, easy return policies and free trials/samples are so popular. To reassure customers, make the final purchase step as simple as possible, remove friction and try to make the customer feel good about buying from you.



Construct your online store

How much will it cost?

Unfortunately, there's no magic formula to know how much building your website will cost. But there are a few pointers to keep in mind to help develop your budget.

- Be skeptical of any developer who gives you a price without spending time understanding your business and developing a list of features that align with your objectives. If online marketing and your website are crucial to your growth, then you should consider investing more.
- Think of your website as an ongoing investment rather than as an expense. Your e-commerce site is a 24-hour-a-day, 365-day-a-year storefront and sales representative that brings in revenue.
- Remember your site needs to be updated regularly to reflect your evolving business, products and services and to keep attracting visitors with fresh, interesting content.



For most of our small and medium-sized businesses, we find that web development costs typically range from \$10,000 to \$30,000 for the initial build, although we have had outliers that go as high as \$60,000 to \$100,000.

In addition, small to mid-sized businesses typically spend \$20 to \$200 a month for website hosting, depending on traffic volume and other variables.

These costs don't include website maintenance and content updates, which vary greatly depending on the business.

Given the costs, it's important to evaluate your finances when getting started and to consider what financing you may need to bridge the gap before e-commerce sales start to roll in.

Arranging financing ahead of time can help you avoid a cash flow squeeze.



3

Measure and optimize

- Focus on conversion:
4 steps to turn visitors into paying customers
- 5 variables to measure
- Bricks and clicks:
Creating an omnichannel experience
- Case study: PC Parts Now

Measurement tools are what makes e-commerce so uniquely powerful. These tools give you nearly instantaneous information about who your web visitors are, how they found you and what they do on your site. This information can tell you what works and what doesn't so you can continuously optimize and improve your results.

Measuring and optimizing are, in fact, the keys to the success of your e-commerce efforts. E-commerce is not a set-it-and-forget-it proposition. You need to always be measuring, analyzing the data and tweaking what you do to increase your sales and profits.

Focus on conversion:

4 steps to turn visitors into paying customers

① Determine your current performance

To start with, determine your current rate of visitor-to-sales conversion. This number will not only tell you how you're doing, but also give you a target to beat as you improve your performance.

Now, dig deeper. Where are you converting or losing visitors? Which pages produce the most sales? Where do visitors exit your site without taking any further action? With a handle on your current performance, you'll be ready to identify opportunities for improvement.

② Adapt your content

Conversion-optimized content needs to be customer- and value-focused. You'll need to find the right "fit" by mapping your content to:

- identify your priority segments
- develop customer personas
- ensure messaging is aligned to your core brand offering

In short, you can ensure your site's content is conversion oriented by exploring exactly why and how customers choose your business.

③ Create campaign landing pages

A common error many businesses make is to direct traffic to the homepage of their website. Instead, ad traffic should be sent to a campaign landing page—a webpage designed to communicate a specific message related to an ad or series of ads.

Unlike your homepage, where people arrive from a variety of places, a campaign landing page allows you to study the behaviour of visitors who clicked specific ads and fine-tune your approach to better convert them into customers.

[Learn more.](#)

④ Optimize individual pages for conversion

The final step is to consistently test your assumptions and make incremental adjustments. It's better to optimize individual pages for conversion than try to redesign your site all at once. If you change too many things at the same time, you won't be able to determine which elements actually helped boost conversion.

5 variables to measure



- 1 Conversion rate**

Your conversion rate is the most important metric to keep an eye on as you build your website. Average conversion rates vary from sector to sector. Start by measuring your score and then work to improve it.
- 2 Average sale/basket size**

Your basket size is the average total value of sales on your website. One technique for increasing your average sale price is to pay for shipping on orders above a certain amount. Selling larger packs and giving bulk discounts can also be a good strategy to increase your average sale price (e.g. selling a pack of three shirts instead of a single shirt).
- 3 Product margin**

Some of your products will earn you more profit than others, so find ways to sell more of them. For example, you can draw in customers by selling one product at cost and then proposing another item that has a higher margin. [Learn more.](#)
- 4 Advertisement return on investment**

How you measure your advertisement return on investment will depend on your goal. If you want to promote your brand, you can monitor traffic to your website, bounce rates and conversion of visitors into paying customers. If your goal is to drive revenue then metrics such as conversion into sales will be the most important.
- 5 Customer lifetime value**

Customer lifetime value represents the revenue/profit you will receive from a customer over your entire relationship—not just from a single sale, but from all revenue-generating activities you engage in with that customer. It is typically used together with the customer acquisition cost to understand how much a customer is worth to you. This will help you calculate how much money you can spend to acquire new customers. [Learn more.](#)

Bricks and clicks: Creating an omnichannel experience

Consumers aren't shopping the way they did before the advent of the Internet and smartphones. Purchases now involve multiple interactions, both online and offline. If consumers don't have smooth experiences with your business at each point, you risk losing the sale. Coordinating all your online, in-store and over-the-phone efforts is called omnichannel marketing. The idea is to make the customer experience seamless. Whatever you do online should come alive in your store and on the phone.

Here are some tips to help you take advantage of the multifaceted way we shop today.

- Sales reps on the phone or in store should be aware of online campaigns and your other web efforts. This applies equally to B2C and B2B companies.
- Reps should be ready to promote online specials, honour coupons and update loyalty cards.
- Integrate your systems so sales reps can quickly access customer data, product information and inventory records when dealing with a client.
- Explore technology that allows your employees to use tablets to show your online catalogue and take orders and payment on the spot.

The next level of personalization



You can build more trust and improve conversion rates by offering clients a highly personalized experience—sometimes called one-to-one marketing.

This requires you to integrate all the data you have on a customer, including their purchases, location, browsing history, devices used to access your site, emails to your company, social media posts on your pages, product reviews and call centre records. With all this data available at a glance, sales reps can personalize interactions with a customer.

You can also use this data to personalize marketing messages on a customer account page and in email marketing. For example, you can email customers about a sales promotion if they've "liked" a post on your Facebook page (although it's important to be aware of [anti-spam legislation](#) and rules on obtaining consent for sending promotional material).

Case Study

PC Parts Now

Stuart Tidd was an early adopter of technology. “If we were going to survive this onslaught of technology, I knew we had to be at the forefront online,” he says.

His Markham, Ontario-based printer parts retailing company PC Parts Now launched its first website in 2008. In 2013, Tidd started planning to expand into the lucrative market of online sales. But Tidd’s enthusiasm was stymied by the high cost of e-commerce platforms at the time.

After hiring an online marketing expert from BDC to help him create his e-commerce website and marketing plan in 2016, the company’s sales quickly shot up, increasing by 30% in 2017.

Website is a gold mine of useful data

An unexpected bonus was the large quantity of useful business data Tidd gets from the new website. For example, data on web visitors shows what they’re looking for when they come to the site, where they click on a webpage and why they leave. Tidd reviews the data each month to adjust the site and improve sales conversion.

“The reports I see every day are just amazing,” he says. “I’m so impressed. I can’t believe some of the information I have now that helps us make more informed business decisions.”

[➤ Read more.](#)



“**Planning was key. You can’t just throw something together, which is what you see many entrepreneurs doing.**”

— **Stuart Tidd**
CEO, PC Parts Now



Adopt a continuous improvement mentality



Achieving e-commerce success takes commitment and work. But it's important to make the effort, because if you don't, you may lose ground to your competitors.

Creating your marketing strategy and building your website are important first steps to get started with e-commerce. With this foundation in place, you'll be ready to start driving traffic to your site. That includes improving your findability on the web and getting customers to regularly return to your site. Tactics include posting interesting content, creating an e-mail marketing campaign and buying ads on social media or search engines.

The key is to take small steps, test and carefully monitor your results. Learn from your mistakes, and continually fine-tune your efforts.

If you don't have the money or expertise you need, BDC is here to support you with our team of financing professionals and digital marketing coaches.

Whether you are just getting started or want to take your e-commerce efforts to a higher level, we have the right solution for you.



BDC is here to help.

We provide advice to help you build your e-commerce site and financing to help you get it off the ground.

- **Learn more about our advisory services**
- **Learn more about our financing solutions**

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