

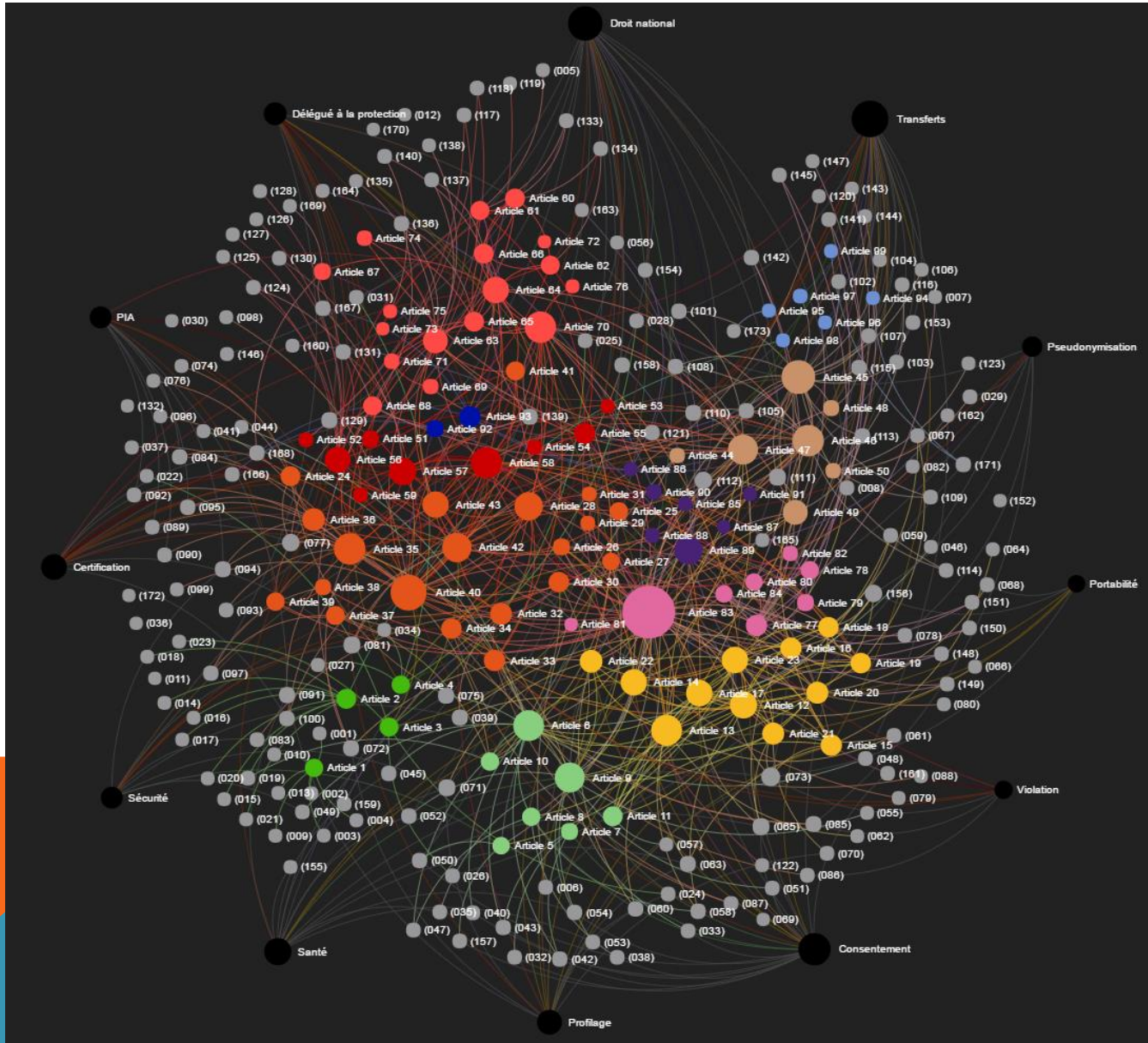
# ECOMMERCE BASICS FROM THE ECOMMERCE INNOVATION LAB

A BASIC INTRODUCTION TO CROSS-BORDER  
ECOMMERCE FOR BUSINESS CLIENTS



**e**COMMERCE  
INNOVATION  
LAB

# THE ECOMMERCE PROCESS:




**JUST KIDDING.....**



# INTRODUCTION

- ✓ This will be a “50,000-foot’ macro view of ecommerce mechanics in general
- ✓ Many abstract concepts to boil down into digestible format
- ✓ This information is provided using a “business-focused ecommerce” lens

# LEARNING GOALS

- ✓ Understand some very basic definitions terms in ecommerce
  - ✓ Understand the general “mechanics” of ecommerce, and how those relate to your own situations
  - ✓ Understand general ecommerce strategic concepts- and start to approach your own business strategy with that understanding of the “ecommerce lens”
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# ECOMMERCE DEFINITION

## eCommerce:

*eCommerce is the act of selling goods and services online.*

## Cross-Border eCommerce:

*Cross-Border eCommerce is international ecommerce. Literally selling “across a border” using ecommerce.*

*Whereas “sales” is “trade”;*

*“ecommerce” is to “cross-border ecommerce” as “trade” is to “international trade”.*

***Similar to International Trade, Cross-Border requires more consideration and forethought to your strategy and process***

# THE ACT OF ECOMMERCE

## Goal of eCommerce:

Using the technology and online tools available (ecommerce platforms) to market to audiences and elicit a sale of goods or services.

**Scenario A:** a company has an “informational website” whereby they have product information, directing visitors to email the company to complete the sale.

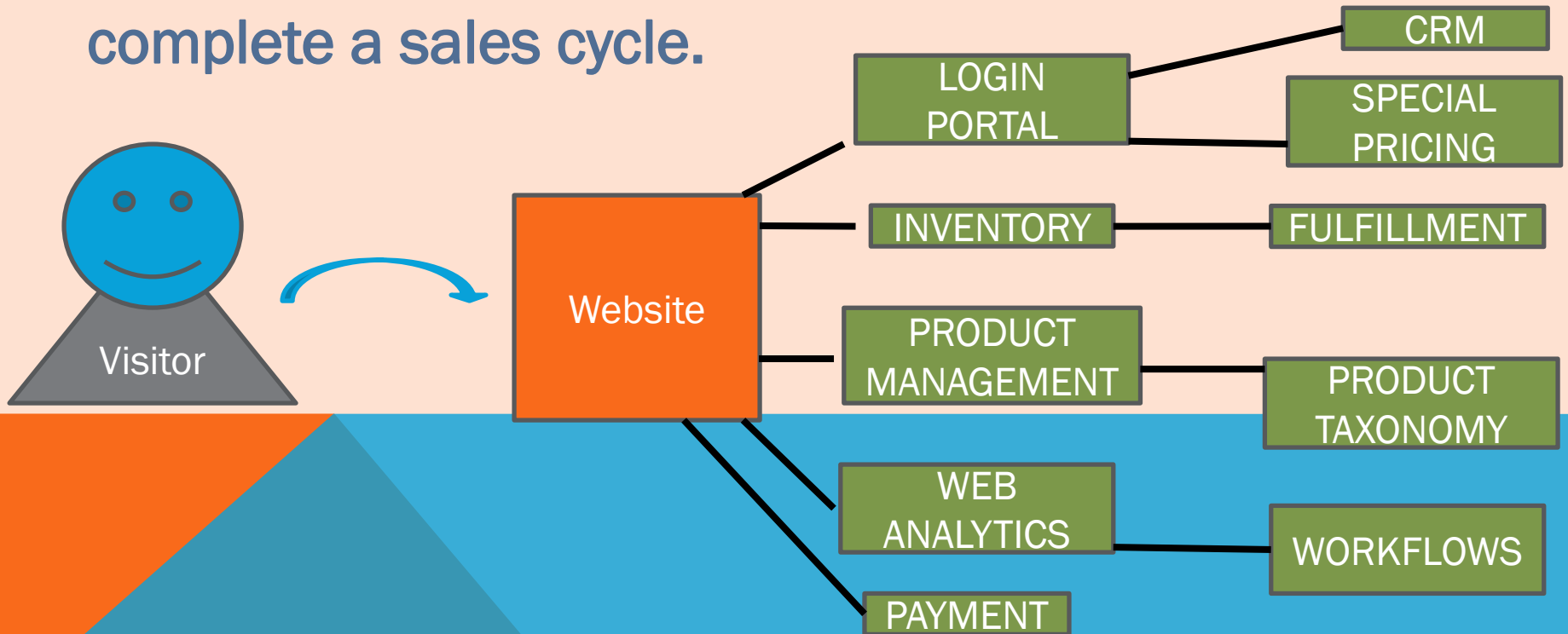
**Scenario B:** a company has a “transactional website”, whereby they have product information, “buy now” buttons, and shopping-cart software installed. They might also have an Amazon storefront connected to their website.

**Both of these Scenarios are ecommerce; Scenario A is more of a passive sale, suitable for manufacturing; Scenario B is a more proactive sale, suitable for consumer goods.**



# SO- WHAT IS AN ECOMMERCE PLATFORM?

An ecommerce platform is a series of software technologies that is integrated into a business's website, that allows a business to solicit a specific set of products or services from its website, to complete a sales cycle.





# THE 3 TYPES OF ECOMMERCE WEBSITES

- **Transactional**

- conduct full end-to-end transactions via the website
- enable customers to search for, order, and pay for products online
- allow customers to contact the company for after-sales service

<http://www.knesekguns.com/commercial/>    <http://www.earthcreations.net/>

- **Static Content**

- generates sales by promoting corporate awareness

<http://www.cckcpa.com/>    <http://www.douglasmanufacturing.com/>  
<http://processbarron.com/>

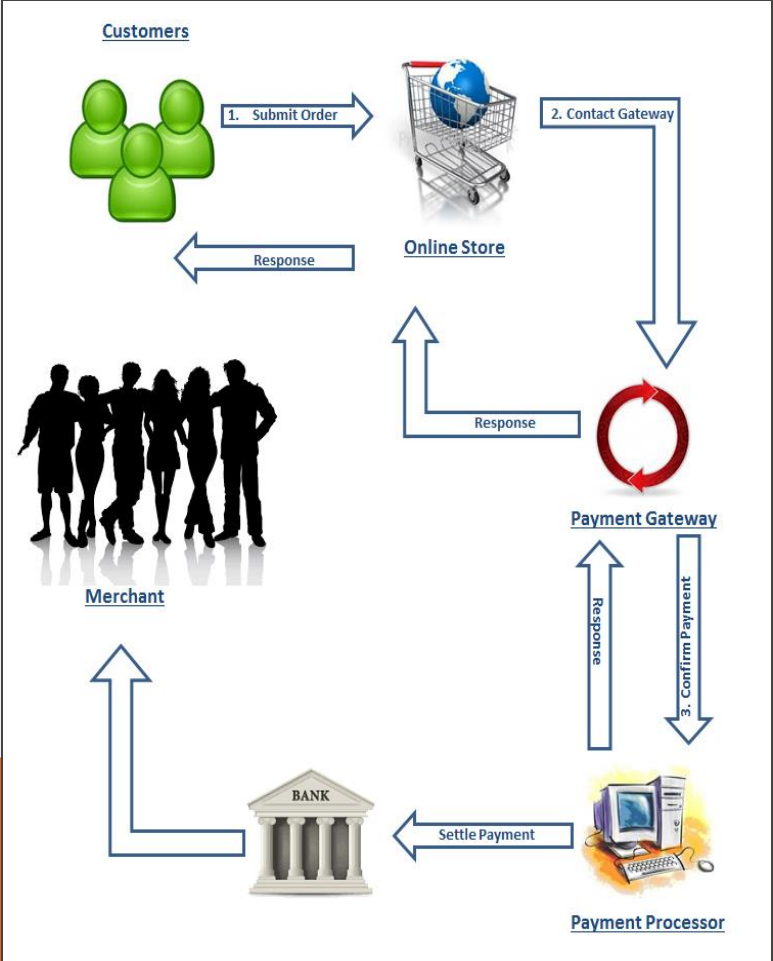
- **Online Marketplace/Auction**

- platforms that bring buyers and sellers together to facilitate transactions

[Claudia's Canine Cuisine](#)    [Dan's Whetstone Company](#)

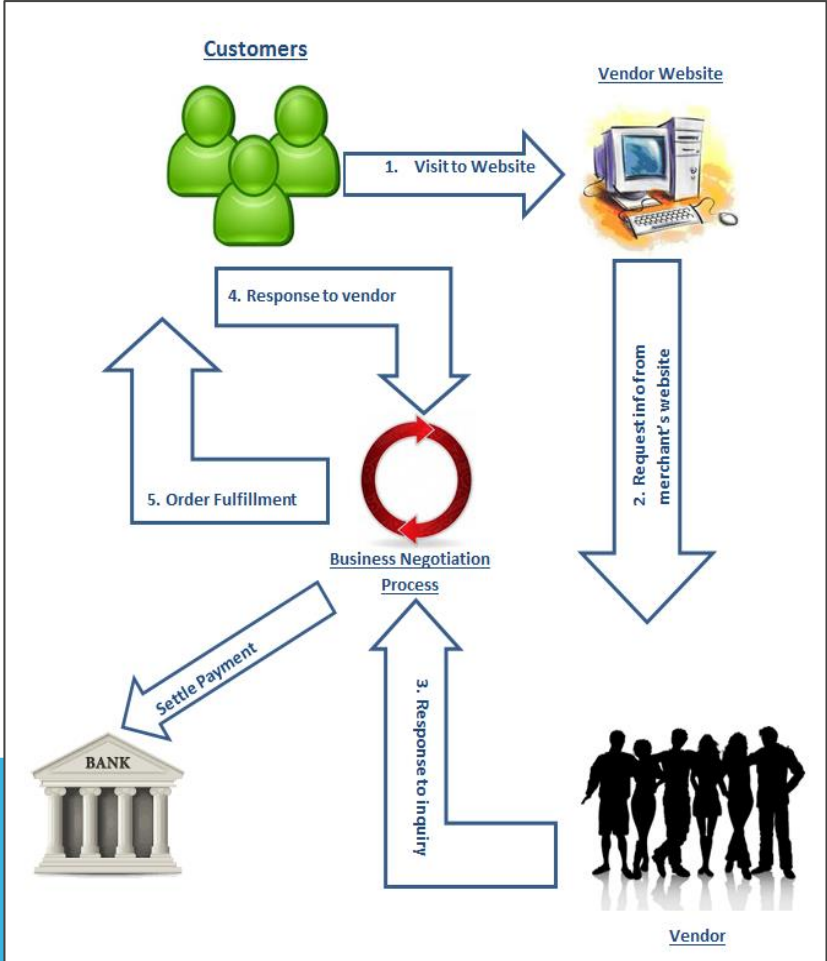
# ECOMMERCE PROCESS BROKEN DOWN

## Transactional/Marketplace



## Versus

## Static Content/Informational



# WHY ARE THE TYPES IMPORTANT? **FOCUS.**

What do you primarily want to happen on your website? A transaction/sale, or education (product information/videos) that leads to a sale?

Transactional- biggest issue is the payment/checkout process, software

Static Content- biggest issue is constant, new information on the site for SEO

Both have issues regarding the ease of which customers find information for a purchase.

The borders between the types are often blurred however...

# E-COMMERCE PLATFORMS

## Hosted

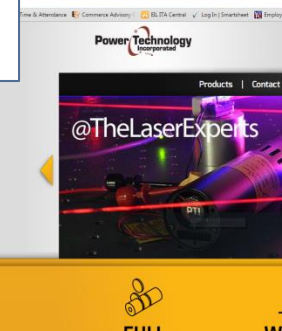
Hosted ecommerce software platforms are the simplest ecommerce solutions for small and medium-sized businesses



## VERSUS

## "On-Premise"

On-premise platform software for ecommerce allows the source code to be modified by the licensed users to customize and alter the functions of the software



# HOSTED ECOMMERCE PLATFORMS

Hosted platform	Price per month	Transaction fees (low to high plan)	Payment processing fee	Ease of use	Support
Shopify	\$14–\$179	0%–2%	\$2.15	Easy	24/7
Squarespace	\$8–\$26	2.9% + \$0.30	2%–0%	Easy	E-mail or LiveChat
Bigcommerce	\$30–\$299	0%	2.9%	Intermediate	24/7
Volusion	\$15–\$135	0%	2.15%	Advanced	24/7
3dcart	\$19–\$129	0%	2.9%	Advanced	NA

# HOSTED PLATFORM BENEFITS

- Time and initial cost are relatively low compared to On-Premise
- Installation, maintenance, and software upgrades of the site are the responsibility of the platform, not you
- Security and PCI compliance is managed by the platform by trained professionals
- Revenue is more predictable, less technical issues to interrupt cash flows

# HOSTED PLATFORM DRAWBACKS

- Limited customizability for you; you will have the options available for the site that are the most popular
- Setting up “Localization” for your site is more cumbersome, as individual sites in with Localization will still need to be set up (as with On-Premise)
- When you pick a host, you are stuck with them- exporting website and product data to change hosts is a limited possibility

# ON-PREMISE PLATFORMS

(AKA- a “self-hosted” option for websites)

- Software is either free (open source) or comes with licensing fees, add-ons
- **Two flavors of On-Premise**
  - Cloud-Based- the “new” way, more logical, economical; essentially a Hosted solution with On-Premise benefits, server farms are used to store data
  - On-Premise (proper)- the client buys, maintains, and operates their own server, usually housed in the janitor’s closet
- You need to focus on tool set usability, suite or software integration, and software innovation when choosing an On-Premise solution



# ON-PREMISE TIERS (CONT)

## Tier 1: Enterprise

- Expensive
- Limited suitability for our clients

## Tier 2: Mid-Market

- Flexible
- Suitable for the majority of clients

## Tier 3: Entry Level

- Cheap, near free
- Limited usability for clients

# ON-PREMISE PLATFORMS (CONT)

## Tier 1 “Enterprise” Solutions

On-premise platform	On-premise or cloud-based?	Licensing cost (annual)	Hosting cost (monthly)	Omni-channel?	Payment gateways included?
SAP Hybris	Cloud-based	\$54,000+	\$6,600– \$8,800	Yes	Yes
Oracle ATG	Both	\$25,000+	\$11,000– \$13,200	Yes	Yes
IBM Websphere	Both	\$28,000+	\$11,000– \$13,200	Yes	Yes

# ON-PREMISE PLATFORMS (CONT)

## Mid-Market Solutions

On-premise platform	On-premise or cloud-based?	Licensing cost	Hosting cost	Payment gateways included?
Magento Community	Both	\$0	\$100-\$200/month	Yes
Magento Enterprise	Both	\$15,550+	\$500+/month	Yes
Mozu	Cloud-based	\$35,000-\$2million/year	\$0	
Demandware	Cloud-based	1% monthly sales	\$250,000/year	
Netsuite	Cloud-based	\$500-\$1,000/month	Varies	

# ON-PREMISE PLATFORMS (CONT)

## Entry-Level Solutions

On-premise platform	On-premise or cloud-based?	Licensing cost	Hosting cost	Built-in blog?	Payment gateways included?
WooCommerce	On-premise	\$0	\$20-\$50/month	Yes	Yes
Spree Commerce	On-premise	\$0	\$20-\$30/month	No	No
Drupal Commerce	Both	NA	NA	NA	NA

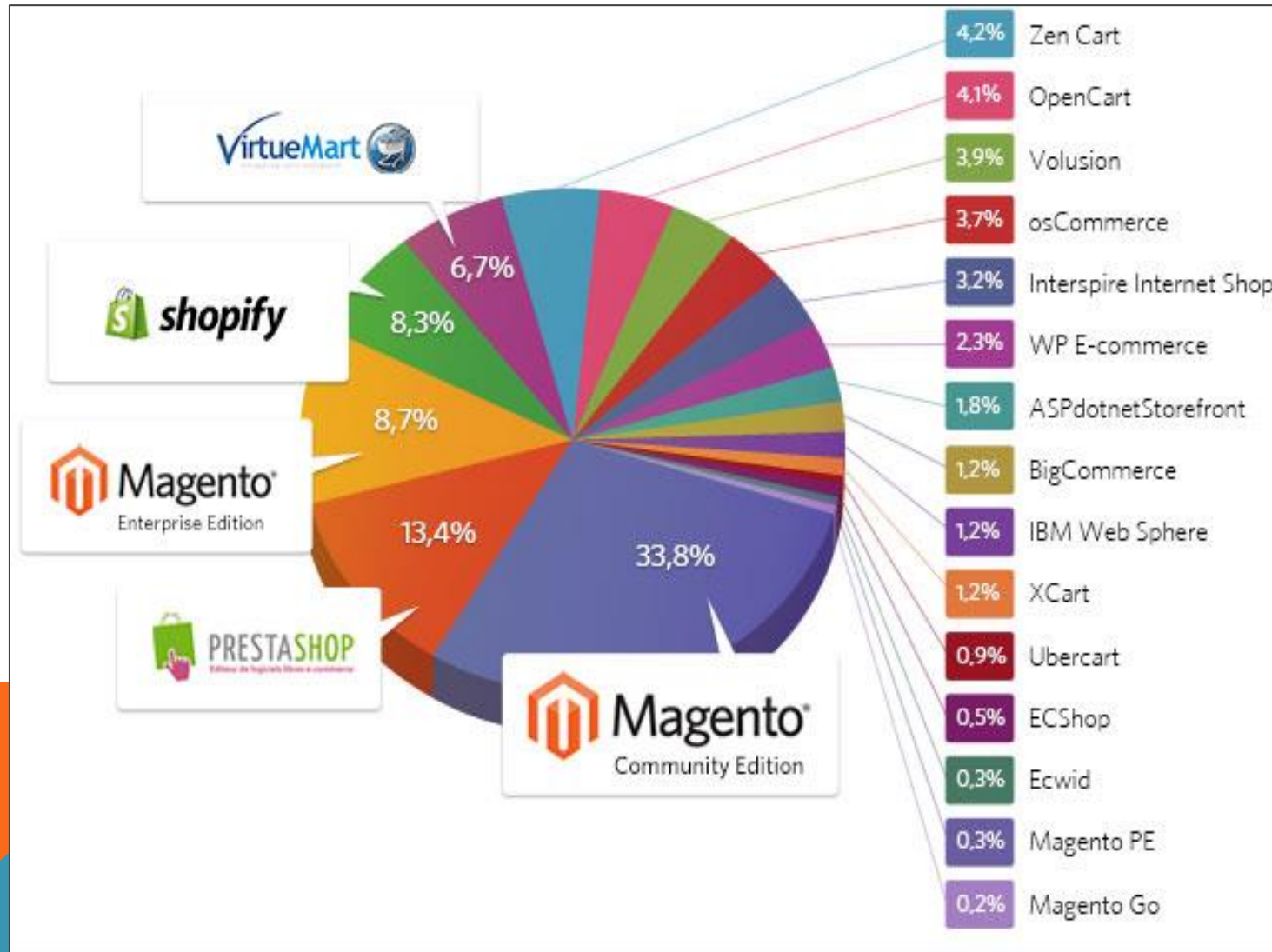
# ON-PREMISE BENEFITS (CONT)

- Full customization, caters to specific business needs (B2B, multilingual), allows for separate country websites
- Top-level domain checkout- no need for paypal, transactions occur onsite
- System integration- allows for a high degree of integration with existing business systems


# ON-PREMISE PLATFORM DRAWBACKS

- Less predictable revenue; greater likelihood (compared to Hosted) of software vendor not being around in several years, requiring new website software and possible recoding of entire site
- Maintenance of the software and hardware systems is up to you, unless you opt for Cloud-Based
- Installation cost and time is significant; costs may exceed \$100k (up to \$5mil for enterprise) when accounting for IT salaries, unexpected repairs
- More tech support is needed for the website

# ECOMMERCE PLATFORM MARKET SHARE (2015 GLOBAL)



# WEBSITE CONSIDERATIONS & STRATEGY

- Digital Marketing Management- not necessarily the same 'ole marketing
  - Mobile- the next evolution in ecommerce
  - eCommerce Statistics
  - eCommerce Strategy
- 



# DIGITAL MARKETING MANAGEMENT

## Why is this important?

Digital Marketing Management- the goal is to increase the SERP ranking for passive marketing, and engaging returning customers to foster loyalty

- On average, B2B customers to your clients' site will conduct 12 searches on Google before engaging a specific brand
- Most B2B customers conducting research for purchase do not go past the 1<sup>st</sup> results page
- 73% of global traffic to B2B company sites originates from Google

# MOBILE ECOMMERCE

## Mobile?

- April 21<sup>st</sup>, 2015: Google updates search algorithm to include “mobile friendly” as a SERP ranking factor
- 30-50% of all current global online traffic going to an ecommerce site originates from a mobile device. Mobile device adoption will reach 90% in the US this year
- Asia accounts for over 50% current mobile commerce (\$230 billion), set to increase to \$500 billion by 2017

# MOBILE ECOMMERCE (CONT)

## Mobile!

Use mobile plugins available from your ecommerce platform software vendor; minor code formatting if on premise– one button if using hosted (“mobile optimize!”), so as to organize content and sections on the page in a mobile-friendly design pattern

*“having a website that isn’t optimized for mobile is like owning a store with no door”*

–Tweet from Elon Musk (July 2015)

# ECOMMERCE STATISTICS

- Of the people that conduct the business purchases, 89% of those prospective clients are online researching for a business transaction using search engines as a part of their job.
- For those 89% of business consumers who conduct online research prior to a purchase, they will spend less than a minute on your site before they decide to leave. You have less than one minute to: immediately establish your reputation, allow them to find what they came to look for, and leave them with a positive impression of your site, and therefore your business.

# ECOMMERCE STATISTICS (CONT)

- 46% of these business-purchase researchers (aka: potential clients) are in the age range of 18-34, making them part of the Millennial Generation. Millennials have never known a world without technology and the internet, making them “digital natives”.
- Another 22% of business purchase researchers are in the age range of 35-44, making them part of Generation X.
- Together, nearly 70% of people whose job is to make purchases for business worldwide have grown up with technology and expect easily navigable, aesthetically pleasing, and logical websites.

# CLIENT ECOMMERCE STRATEGY

## eCommerce Strategy Best Practices

- **Accurate product descriptions**: not only important for overseas buyers with Customs in mind, but also important for web crawlers and SERP rank
- **Privacy policy**: if collecting PII of customers (address), a privacy policy should be displayed on the site
- **Customer service**: your client should be as attentive, if not more so, to the needs and complaints of online customers. Show responsibility & good faith.
- **Security**: if doing On-Premise transactional website, does your client 's site comply with PCI DSS? (Payment Card Industry Data Security Standard)

# CROSS-BORDER ECOMMERCE STRATEGY

- Think local- sizes (smaller or larger people), colors, festivals, etc
- Identify customer needs, work backwards to meet them
- Use local third parties (USFCS) with international trade specialization & local knowledge
- Be prepared to start small, invest in building your brand

# ECOMMERCE TRENDS

- Data Analytics- “Big Data”– 2,500,000,000,000,000,000 (quintillion) bytes of data generated and collected each day online
  - Mobile has created a paradigm shift in ecommerce, supporting 60% of ecommerce transactions, expected to grow to 80% by 2020
  - Cyber Security- the IoT (Internet of Things) has made this exponentially more important
  - Cloud-based ecommerce platforms are the future
- 