e-Commerce: A Guide for Small and Medium Enterprises

HOW MID-SIZED COMPANIES CAN MAXIMISE THEIR ONLINE OPPORTUNITIES
The Online Opportunity

Given the UK Government’s recently announced plans to get 12.5 million more people online, there has never been a better time for small and mid-sized companies (SMEs) to embrace e-commerce. According to a recent report by technology analyst firm Forrester Research, 190 million Europeans will be shopping online by 2014. Based on a survey of nearly 26,000 European consumers, the report also reveals that 48 percent of UK consumers currently make a monthly online purchase.

With such compelling statistics, it’s surprising that more businesses have not embraced the opportunities e-commerce offers to boost sales. A recent study by PayPoint found that although 27 percent of small and medium organisations appreciate the benefits of a well-designed e-commerce site, they are yet to make the move online. For those that do have a basic online presence, the increasingly sophisticated demands of individuals mean many are outgrowing their existing setup and need more innovative tools to engage with consumers online. Based on conversations with our customers ATG has found several inhibitors to online adoption and expansion, including:

- **Keeping a lid on costs** – For many SMEs, investment in e-commerce is often associated with huge sums of money. For this reason alone, many e-commerce plans fail to see the light of day. Despite these concerns, it is important to note that e-commerce investment need not be that significant in order for SMEs to reap the benefits of an online presence.

- **Skills and knowledge** – In many cases, a lack of individuals with experience or skills running an e-commerce site means many are unsure how best to go online. For those that do make the move online, a lack of e-commerce skills means sites are often basic and fail to deliver the rich experience consumers expect. While expertise is important, it is not essential that SMEs have the necessary skills in-house to run a successful e-commerce site.

- **IT capacity** – Another factor impacting the adoption of e-commerce concerns is IT capacity. In many cases, small enterprises do not have the capacity to host complex sites with their own infrastructure. This, however, need not inhibit e-commerce adoption, since outsourcing options are available to businesses.

**Making the move online**

Today, having an online presence is the bare minimum requirement if SMEs are to have any chance of remaining competitive, attracting new customers, and retaining existing ones. While there may be many issues that need to be addressed, failing to embrace the online world is no longer an option. However, organisations must develop the right e-commerce approach and strategy, applying careful thought and consideration, due to the importance of getting it right the first time. Smaller organisations don’t have the resources to make mistakes, and risk losing market share without an effective e-commerce strategy in place.

**Picking the right partner**

Although organisations may be tempted to keep costs down by taking the development of an e-commerce site in-house, this approach is short-sighted. Consumers today expect sites to change over time as their needs change, which means a professional site is a must. A basic online ‘shop window’ approach, or site with limited functionality will not cut it. For SMEs, this means seeking expert technical and strategic support from an e-commerce partner.
Working with one partner that can deliver the complete e-commerce package offers multiple benefits. First, it avoids having to work with numerous e-commerce providers and consultants so costs can be kept down. It also makes the process easy to manage; good news for small enterprises that do not have the resources available to dedicate one individual to e-commerce management. Second, this approach ensures SMEs have the flexibility to operate in the fast moving online world. If an organisation wants to target a new market and needs a new e-commerce site up and running quickly, this can be easily put in place by working with a specialist e-commerce provider. Done in-house, on the other hand, the process could take much longer.

Lastly, the ‘one stop approach’ offers organisations some much needed scalability. For example, if a company suddenly needs a more sophisticated site due to consumer demand, changes and enhancements can be made to ensure the site meets the need of the market quickly.

**Launch a Successful e-Commerce Site**

Once a SME has found the ideal partner to design and implement an effective e-commerce strategy, various e-tail site options must be considered. In most cases it is wise to start small and then add extra functionality over time. To get started, below are six key considerations to bear in mind when launching an e-commerce site:

1. **DELIVERING THE PERSONAL TOUCH**

Small businesses have long excelled at delivering the personal touch, giving them an edge over competitors many times their size. Offering this same level of service online is often thought to be challenging, especially since consumers today are more demanding than ever. Thanks to developments in technology, tools such as automated recommendations play a key role in delivering a personalised shopping experience. This technology automatically recommends products or services to consumers based on their browsing behaviour and/or previous purchases during a session. The technology also ensures relevant content is offered to shoppers while giving the company control by ensuring only those products in stock are recommended. Automating and personalising online merchandising ultimately gives SMEs a powerful means to convert browsers into buyers and increase the value of orders placed.

2. **UNDERSTANDING CONSUMER NEEDS**

Customer insight is key to the success of any SME. Without knowing what customers want and how their needs change over time, growing revenue is difficult. Online tools that track why customers are coming to the site and how they interact online are important. For example, if a consumer searches a clothing retailer’s website for black shoes and is presented with a home page detailing a number of red jumpers for sale, that consumer will likely go elsewhere. If presented with the latest range of black shoes, the consumer is more likely to stay, browse, and hopefully make a purchase on that website.

The use of such customer insight to improve sites plays a key role in helping to reduce the likelihood of shopping cart abandonment. Shopping cart abandonment occurs when an online shopper makes the decision to buy a product, places it in their virtual shopping cart but then at the last minute decides to not buy. By tracking consumer behaviour and understanding why a shopper visited a site in the first place, a company can reduce shopping cart abandonment rates by ensuring that searches are fast, seamless and accurate.

3. **ENCOURAGING THE RIGHT LIVE ASSISTANCE**

Although UK consumers are increasingly comfortable buying online, when it comes to some purchases a little human interaction can play a crucial role in helping close a sale. This is particularly so when it comes to high value items or complicated goods such as electrical products. Offering
customers innovative click to call technology is one way to give consumers the chance to talk directly with organisations. The technology allows a shopper to request a call from someone at the company who can then discuss on the phone any queries they may have. Offering customers the option to talk or even purchase goods over the phone after browsing online can be particularly beneficial in helping smaller, less known companies establish trust with customers. In many cases individuals will be unwilling to handover card details online to a company they’ve not done business with online before but will be happy paying over the phone. In a recent survey of over 1,000 UK consumers, ATG found 86 per cent said having access to live online help services would be useful when making online purchases.

4. **KEEPING IT SOCIAL**

For many, shopping is a social experience enjoyed with family and friends who provide advice and support, so consider opening up your site to accommodate reviews of products and services, and actively promote feedback. Shoppers are more likely to buy based on the feedback of peers than on some corporate blurb about a product. Despite the concerns SMEs have about doing this, the benefits far outweigh the negatives. Reviews should be featured prominently on a site, not hidden where they may be difficult to find. Consumers like to read reviews, since they provide a balanced view and address specific queries. By opening up sites and allowing existing customers to comment on products and services on offer, businesses can extend their reach without having to spend resources on expensive online promotional activity.

5. **PROVIDING INFORMATION IN A MORE ENGAGING WAY**

While all customers have different and ever-changing motives for shopping online, they all share a common desire to find out as much information as possible about products and services. Online shopping in the short term is unlikely to replace the act of touching and feeling a product in-store, but organisations can do their best to mimic the real life experience by using video and other interactive content on a site. Giving consumers the opportunity to view products in multiple styles and colours is just one way to increase the likelihood of purchase. Even product demonstration videos that show what a product can do will help convert browsers and reduce returns, since shoppers know what to expect. Video content might seem expensive, but videos need not be overly sophisticated. Even simple videos that showcase products or services will add an extra layer of information to a site and be well received by consumers.

6. **ADOPTING A SINGLE VIEW OF CUSTOMERS**

Consumers do not think about shopping in terms of ‘channels’ when dealing with an organisation. They merely think about their engagement with a company as a whole. Whether in-store or online, consumers expect a consistent high level of service and will be disappointed if the two do not meet, which is why having a single view of customers, regardless of how they choose to shop is important. If an e-commerce site fails to reflect the same brand values and principles as the company trading offline, boosting sales and retaining customers online will be a challenge. For SMEs, the key to success is building personal relationships with customers. Technology can help SMEs do this online, but only if they reflect the organisation’s values and offerings in the offline world.

**Making the Most of Online**

Consumer demand for commerce anywhere means no SME can afford to avoid the online world. Those that do, risk losing market share and alienating customers increasingly keen to spend online. For smaller enterprises, making the move online may seem daunting, but partnering with a specialist one stop shop e-commerce provider will address concerns over how to manage the process and keep costs down. It also provides the flexibility and scalability needed to meet consumer demand as expectations and shopping habits change over time. With more consumers prepared to shop online in the years ahead, no enterprise today can afford to miss out on the online opportunity.
E-COMMERCE: SEVEN TOP TIPS FOR SMEs

1. **Do your homework** – Understanding what your customers want and expect from an online site is crucial before rolling out changes or making the move online. Consumers are becoming increasingly picky and won’t hesitate to go elsewhere if they experience poor levels of customer service.

2. **Pick an expert partner** – Given the huge opportunity e-commerce offers, it’s important to get it right online the first time. Doing this requires working with an e-commerce partner that can host the site and provide innovative technology, as well as offer strategic advice on best practices.

3. **Start small but think big** – Gradually increase the functionality on your e-commerce offering over time, so your site evolves in line with your business. Testing the waters with some initial base e-commerce technology that allows you to easily scale up is often the best approach to take. Start with an e-commerce solution that’s too small, and it can be all too easy to outgrow, resulting in expensive development and re-platforming costs.

4. **Continually learn** – Deploy tools that provide insight into why customers are visiting your site, and what they are searching for in order to improve the online offering and increase your chances of converting browsers into buyers.

5. **Keep it personal** – Use technology that automatically recommends products and services based on shopping behaviour to increase the likelihood of purchase. One mid-sized retailer achieved a conversion rate increase of 487 percent after deploying ATG Recommendations, an automated, personalised merchandising service that recommends the most relevant products from the catalogue to each shopper. Such tools can also help increase the value of orders placed, since consumers always respond well to a personalised level of service.

6. **Remember the human touch** – Customers may be increasingly happy to shop online but still expect a human touch. Use tools such as click to call technology that allow customers to request a call from a sales agent to discuss their purchase over the phone. ATG customers that have deployed these tools have enjoyed a range of benefits including a 15 percent reduction in shopping cart abandonment, a 30 percent increase in conversion rate, and a 25 percent increase in average order value.

7. **Open up your site** – Success for SMEs often depends upon word-of-mouth recommendations, especially since spend on marketing activity is tight. Opening up your site by encouraging customers to post reviews and recommendations can help you raise awareness of your online offering.

---

About ATG

ATG (Nasdaq: ARTG) provides the most advanced cross-channel commerce software and services to fuel the growth of the world’s best brands. Offering the industry’s leading commerce solution, ATG works in partnership with clients to drive sales via a personalized customer experience - unifying and optimizing interactions across the Web, contact center, mobile devices, social media, physical stores, and other key channels. Exclusively focused on online and cross-channel commerce, ATG is uniquely capable of powering the most innovative and successful commerce experiences, with results that outperform industry norms. ATG Commerce is the commerce platform and business user application solution top-rated by industry analysts for powering results-driven, personalized, and innovative e-commerce sites. ATG’s platform-neutral optimization solutions for live help, lead performance, and product recommendations can be easily added to any website to quickly and measurably grow revenue, boost loyalty, and unlock profits and insight. ATG is headquartered in Cambridge, Massachusetts, with additional locations throughout North America and Europe. For more information, please visit [http://www.atg.com](http://www.atg.com).

2010 Art Technology Group, Inc. ATG and Art Technology Group are registered trademarks. All other product names, service marks, and trademarks mentioned herein are trademarks of their respective owners.