



E-Commerce 101

By Michael Temple

Did you know that over 75 million U.S. residents have bought something online? Some estimates are forecasting Internet based sales to top \$395 Billion dollars by 2010. Selling products or services online represents a tremendous opportunity to businesses of any size. Many companies and entrepreneurs alike wonder what the secret formula for online success is. Many wonder if there is a "formula" for online success, something that can be replicated over and over again by different industries.

Selling online should be approached as any marketing project would. Let's start with the 4 "Ps" of marketing.

Product: You must have a product that can be sold online. The ideal product is one that is both unique and difficult to copy by a competitor. If you have a product that doesn't contain both of these elements then you could face some real stiff competition online. Software or a source of information (sold as an ebook, audio download, or video) that only you can provide would be examples of good products.

The product should also have a big enough market, one that shops online, that makes selling it online profitable. The interesting thing about the Internet is that it has aggregated and created markets that prior to the Internet would have been very difficult or expensive to reach. Finally, the product should be a product that is easy and cost effective to ship.

Price: Selling online broadens your potential target market, but it also increases the amount of competitors you have as well. If your price point is too high your competitor is only a click away. Can you sell your product for a price that is competitive? What makes your product or service unique what is your USP (Unique Selling Proposition)? Having a unique product or a combination of other factors that are unique to your business or product will help you from competing strictly on price.

While the Internet has made it possible to aggregate and reach markets that might not have otherwise been profitable in the past it also reduces many products to a commodity where the lowest price wins. With services like Froogle and others finding the lowest price for anything is far too easy for customers.

Therefore, to sell successfully online you either need a price advantage, i.e. you can get it at a price no one else can touch and still make a profit or you can sell it in a way either through your supply chain or because of uniqueness that your competitors can't match, but still allows you to make a profit.

Place: How is your product delivered to your target market? Can they download it like software or do you have to physically ship it to them? If you must ship it to them can the product be easily packaged and shipped cost effectively? Ideally the product is one that can be sold and downloaded with no human intervention. The next best case would be a product

that is drop shipped from your supplier directly to the customer and you are simply responsible for the marketing component of the transaction.

Promotion: Once the first three “P’s” are covered this is really the key to determining online success. You have two basic issues you need to cover in promotion. First, how do you actually get people into your online store? You can use online advertising like pay to click advertising, search engine optimization, email marketing, display ads on high traffic web sites, affiliate programs, or some of the emerging social marketing vehicles like My Space, Facebook, and other online communities.

You can also use offline methods such as direct mail, radio, and TV. Some of the offline methods driving consumers to online sites are providing very effective. No matter what methods you choose you need to understand them and have the correct marketing mix as well as a plan and budget to be effective. Also don’t forget how you would like to be branded as you select and implement online promotions techniques.

Branding is often given very little consideration to eCommerce sites, but it is a critical component to long term success. Powerful brands bring customers back for repeat business, bring referrals from satisfied customers, help you defend higher prices and hence better profits, and people to seek you out for your products or services instead of you having to always go get them with some type of marketing. Online branding is broad topic with a lot of components and outside the scope of this article, but one that should carefully planned out in advance and reinforced with your advertising and marketing efforts.

After you have answered the basic marketing questions of using online sales in your business then you have to turn your attention to the online store itself. Building an effective store requires intuitive navigation on the site, effective sales copy, proper color and an easy check out process. You need to answer questions about privacy, returns, loyalty programs and customer service.

Doing the right planning and work in each of these areas will be the keys to building a successful online business. If you decide selling online is the right choice for your business then begin by developing a marketing plan and working with an experienced e-Business consultant.

Michael Temple is an independent marketing and e-Business speaker, author and consultant the works with businesses to develop online marketing and business strategies. In addition, he is an adjunct faculty at a private college teaching marketing and advertising. If you would like to evaluate your eCommerce project you can get 15 minutes of free phone consultation from Michael by calling him today. You can reach him at www.michaeltemple.com or by calling him at 419-882-4904

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