



SUCCEED WITH E-COMMERCE

A GUIDE FOR ENTREPRENEURS



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Canada

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INTRODUCTION

E-commerce has revolutionized the way we do business. Canadian businesses made \$136 billion in online sales in 2013, more than double the 2007 figure, according to Statistics Canada.

However, nearly half of Canada's online spending is flowing outside the country, particularly to the U.S.

That's because businesses in Canada lag in targeting the fast-growing online market. It's a huge missed opportunity. Just 13% of Canadian companies sold any goods or services online in 2013, yet half of businesses made an online purchase, according to Statistics Canada.

It means that if your business still isn't involved in e-commerce, you may be missing out on opportunities and losing ground to competitors who are. The good news is it's never been easier to get started in online sales. Thanks to free and low-cost e-commerce services, you no longer need an information technology professional to create an online store for your business. Anyone can do it.

What's more, the Internet lets entrepreneurs punch above their weight in attracting customers. With an e-commerce site, your company can reach a worldwide audience, 24 hours a day. Or you can decide to just target people in your city.

Selling over the Internet can give your company a major competitive edge because of the convenience of online ordering, whether you're selling to consumers or other businesses. E-commerce can also help streamline order processing and fulfillment, reducing costs and errors.

An easy way to shop

"Business people have to make this a priority. There's been a shift from traditional retail to online, and the trend is only getting bigger," says Murray Wall, co-owner of Beddington's Bed and Bath, a fast-growing chain of 14 stores specializing in quality bed, bath and home decor products in Ontario and Quebec.

Beddington's online sales are growing much more quickly than those at its brick-and-mortar stores. "Many customers prefer the convenience of buying online," Wall says.



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Many customers prefer the convenience of buying online.

MURRAY WALL
BEDDINGTON'S BED AND BATH

But it hasn't always been easy for Wall and his business partner Lynn Soucie. They took a big risk when they first got involved in e-commerce and hit some bumps along the way. "We learned by trial and error," Wall says. But the partners are glad they made the move. Beddington's web business should become as big as its brick-and-mortar stores—or even bigger, Wall says. "The potential is too large to ignore."

A fresh start

This eBook is designed to help you get started in e-commerce or revamp your efforts if you're dissatisfied with your results so far. You will learn from the experiences of Canadian entrepreneurs who share their lessons from building successful e-commerce operations.

We walk you through the basics—from getting your company ready for e-commerce to launching your online store. We also give more advanced tips on how to scale up a basic site to a more sophisticated presence. And we look at how to handle the back-end of e-commerce, including inventory management, order fulfillment and shipping.

Throughout the book, we emphasize a lean approach—the core of the advice we give our entrepreneur clients at BDC. The idea is to start small with a few unique products and then grow one step at a time. Along the way, you learn how to use the Internet's powerful measurement tools to see what's working and what isn't—and then continuously fine-tune your efforts.

It's the recipe for digital success we have spent years developing in our work advising entrepreneurs across Canada. We are excited to share it with you so you too can find your place in the e-commerce revolution.

CREATE A SEAMLESS CUSTOMER EXPERIENCE

Get ready for e-commerce

Your first step is to take stock. Review your company's goals and briefly map out how you want to tackle your e-commerce project. No need for a fancy or voluminous plan. Simply sit down with key employees and sketch out the major steps you will need to take to make it happen.

A bad first impression among customers can cost you a lot of goodwill and sales. Thanks to social media and consumer review sites, dissatisfied customers can quickly tarnish your reputation. Repairing it can take a lot of time. That's why it's important to prepare a basic roadmap.

5 essential steps for creating your e-commerce roadmap

1. Designate a person to be in charge of the e-commerce operation, even if it's initially on a part-time basis.
2. Select an e-commerce platform that meets your needs now and can be scaled up as you grow.
3. Prepare your business to handle increased sales and get the merchandise to customers. You'll need the inventory and infrastructure to handle order fulfillment, shipping and returns.
4. Discuss with employees what modifications you may need to make to your accounting, inventory management and other information technology systems.
5. Estimate your start-up costs. Keep in mind that growth can strain cash flow as expenses rise for inventory and overhead while revenue growth lags. Better to borrow money ahead of time than to wait until a cash crunch.

Offer convenience, not headaches

"You need to make sure your business processes are ready before you scale up your e-commerce efforts," says Frédérick Mannella, cofounder of LXR & Co., a Montreal retailer of vintage luxury products from brands such as Hermès, Louis Vuitton and Chanel.



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You need to make sure your business processes are ready before you scale up your e-commerce efforts.

FRÉDÉRICK MANNELLA
LXR & CO.

Online sales are a major part of LXR's phenomenal growth. Since starting as a wholesaler just three years ago, the company has launched an e-commerce site and stores in Toronto, Beverly Hills and New York. Mannella forecasts sales of \$20 million in 2014, up 110% from 2013. E-commerce contributes 20% of revenues and Mannella expects that to rise to 30% in 2015.

The secret of LXR's online success: building trust and providing convenience. "On your site, you're making a promise to your customers, and you have to make sure you're fulfilling that promise at every level or they will walk away," Mannella says. "People shop online for convenience, not headaches."

Powerful branding is also an LXR mainstay. Mannella focuses on products people can't find elsewhere. "You need a distinctive brand and unique niche products to compete online, where customers have a world of choice," he says. "People have to fall in love with your brand. There has to be an emotional attachment."

Define your difference

Branding is another important topic to discuss with key employees before launching an e-commerce site. Try to answer these basic questions: What makes you and your products unique? How do you stand out from the competition? Who is your target audience online? What kind of content will appeal to them, including key messages? How will you make your site accessible to mobile devices?

It's important to hammer out these details so all your efforts on and off the web pull in the same direction. Your message should be consistent wherever you are marketing and doing business.

Start with a few unique products

Finally, discuss with employees which products or services you will sell online first. It's generally not a good idea to offer your entire product lineup right off the bat. Businesses are typically more successful when they start with a small number of unique, competitive products that they will be sure to have in stock. You should research what's on the market and choose products that stand out.

You can then add more products as you test the market and see how customers respond. As you go, you will undoubtedly make mistakes. But by starting small, you reduce your risk and make it easier to adjust.

Remember: It's critical to carefully and continuously monitor your results, learn and improve. We'll return to this later.

Create your e-commerce website

Now you're ready to create an e-commerce website. Many options exist, depending on your budget. Today, you can create an e-commerce site with no web expertise and at little or no cost. Several free or low-cost e-commerce services offer ready-made templates for a basic website you can use right away for online sales.

These sites generally include a digital shopping cart and payment via credit cards or other methods, such as PayPal. You can also create an online product catalogue, offer options for customer reviews and feedback, and get data on your sales to help you track performance and improve your efforts.

Examples of free e-commerce services are OpenCart and PrestaShop, while providers such as Shopify, Volusion and eBay Stores charge a small fee. Generally, the cheaper the service, the less you get in terms of features and customization. (For a more complete list of providers, [click here](#).)

These services are suitable for both B2C and B2B companies. With a larger budget, companies can ask a web designer to create a customized e-commerce site.

In the case of B2B companies, you can ask a web designer to create a special type of e-commerce site called an extranet. It can offer special features, such as private or tier-based pricing and integration of online sales with your internal systems, such as enterprise resource planning (ERP) software.

Create a site consumers trust

Either way, your site should feature attractive product images, clear descriptions and an easily navigable layout so visitors can quickly find what they're looking for.

Your site must look professional and inspire confidence, which is critical if customers are to trust you with their online dollars. Make sure your contact information is clearly visible and easy to find on your site's homepage. The front page should also include a clear call to action that encourages visitors to buy, such as a button that says "Shop Now" or "Sign Up for a Free Catalogue."

Once you've created your site, test it yourself to detect glitches and make sure it's easy for customers to create an account, buy something and have their order fulfilled. You risk losing sales at any point where customers experience "friction" in making a purchase—such as time-consuming forms or technical difficulties. Familiarize yourself with the basic principles of online shopping behaviour and user experience.

Make it mobile friendly

Your testing should include purchases via mobile devices. Canadians are increasingly shopping with smartphones and tablets. “M-commerce” can give you an additional competitive boost.

Be sure to offer a simplified, mobile-friendly version of your e-commerce site that can be easily viewed on the most commonly used brands of mobile devices. It should have more concise text and no large photos or videos.

Some free or low-cost e-commerce platforms offer a mobile-friendly version of your site as part of their service. If you require outside help, seek out a web design expert familiar with mobile sites.

Get more sophisticated

As you grow and gain experience, you can start to transition to a more sophisticated e-commerce presence. Here are suggestions for doing so.

- **Add products**—Consider which additional products you can offer online. Follow the same procedure as with your initial lineup—experiment, track how customers respond and make constant improvements. Again, be ready to handle the extra orders.
- **Give your site a makeover**—You can hire a web designer to make your site more user friendly and visually appealing.

Add higher-quality photos (or even professional ones) of products, and include photos of the owners and employees to show your company’s human face. Include other strong visual content, such as charts, infographics and videos. Update your site regularly to remove outdated information and add new material.

- **Fine-tune your branding**—Look for ways to tell your company’s story better so that it resonates with potential customers and emphasizes what makes you different from the competition. Powerful branding is one of the main ways to convert web visitors into paying customers. Use the same branding in all your online and offline marketing.
- **Add customer testimonials**—Quotes from happy clients do wonders to build confidence in and appreciation for what you offer.
- **Integrate social media**—Social media is a powerful tool for fostering a community of loyal customers. Be sure your website’s homepage prominently features icons for your social media pages. (See more in Section 2, “Attracting traffic to your site.”)

- **Upgrade your site**—If you started with a free or low-cost e-commerce service, consider [upgrading to a more sophisticated platform that offers more features](#). You may even want to splurge on a custom-built e-commerce site that integrates with your internal systems, such as accounting and inventory management software or an ERP system. With such a system, e-commerce can streamline order processing and fulfillment, reducing costs and errors.
- **Kick up your mobile functionality**—Consider targeting mobile shoppers by creating a mobile application (or “app”) for your e-commerce site. An app lets clients install a shortcut icon on their mobile device so they can reach your site with a single click, instead of searching for it each time.

Your app can include creative and fun mobile-specific functions to deepen your customer engagement. For example, augmented reality tools let users create 3D images to visualize a product, such as a new couch in their home or their appearance with new glasses. An app can also let clients save preferences, like “favourite” products and their nearest store; share content with friends; and enhance the in-store experience with product barcode scanning and mobile self-checkout.

7 NO-NONSENSE TIPS ON SHIPPING AND LOGISTICS

Shipping and logistics are often an afterthought for e-commerce, but they play a major role in your success or failure. That's especially true if customers experience shipping delays, breakage or unexpected costs. Shipping can be especially challenging in Canada, where costs are higher than in the U.S.

"No matter how great your product, if you don't deliver the right product on time, that will make or break the client experience and damage your business," says Noel Asmar, who runs noelasmar.com, a quickly growing online retailer of stylish spa and equestrian apparel based in White Rock, B.C.

Asmar ships her products to more than 60 countries and is a six-time winner of the best spa uniform award from *American Spa* magazine.

When she started her business in 2002, she stocked goods in a spare bedroom in her home and packed orders herself, dropping them off at the post office. But with sales growth of 25% annually and over three-quarters of her orders coming from the U.S., she eventually hired a warehouse distribution firm south of the border to stock inventory and handle shipping. That improved customer service while reducing shipping costs and customs delays—not to mention Asmar's stress levels.

"You need to negotiate the best shipping costs to remain competitive," she says. "That's especially important for smaller Canadian firms competing against companies that offer free shipping to customers."

Here are some tips for shipping and logistics.



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You need to negotiate the best shipping costs to remain competitive.

NOEL ASMAR
NOELASMAR.COM

1

Determine your shipping costs carefully before you set your fees so you don't lose money on shipping.

2

Communicate your shipping policy to customers clearly, including a timeframe for receiving purchases and your shipping fees. If you ship outside Canada, your site should tell customers they're responsible for any customs charges. Otherwise, customers may be in for a surprise and direct their frustration at you.

3

Consider hiring a fulfillment company or warehouse distributor to handle shipping as you grow. Such companies can store your inventory and fulfill whatever orders you forward. They often offer cheaper shipping rates and quicker deliveries.

4

Keep packaging as small as possible, since size and weight usually affect the shipping cost. And don't forget that packaging is part of your branding. Consider ways to make it stand out.

5

Customers increasingly expect free shipping, but the cost can be hard to absorb for small companies. One way to ease the pain is to pass some of the cost back to customers through slightly higher sticker prices. You can also require a minimum order size for free shipping.

6

Develop a returns policy, and include it on your site and in communications with customers. It should clearly spell out terms such as timeframes allowed for returns, who pays to ship returned goods, and whether customers get credit, an exchange or reimbursement. Feature clear product images and descriptions to reduce return rates.

7

If shipping to other provinces or countries, research the local tax rules. You may need to ask a tax specialist to help you navigate them.

2

ATTRACT TRAFFIC TO YOUR SITE

You've worked hard to create your e-commerce website. Now, how do you get potential customers to take notice? The key to marketing online is the soft sell. Conventional hard-sell marketing tends to be a turn-off on the web. It can even backfire and harm your online reputation.

The [soft-sell approach](#) means offering fun, interesting and educational content, blended occasionally with more direct marketing messages. Your goal is for your site and content to get noticed and shared online and to foster an engaged, loyal community of customers. Finding ways to be of service to online visitors is the key to converting them into paying clients.

Be creative. Do something different. And always reflect your company's brand.

Value-added content

As you develop your e-commerce site, think about what kind of content you can include that will interest and entertain visitors and nourish your brand. Examples include how-to articles, educational videos, Q&A sessions with knowledgeable employees, event announcements, product demos, surveys and contests. Also, draw on your existing digital assets, and keep your eyes open on the web for engaging content developed by others to which you can link.

You can feature or link to content in a variety of places: on your e-commerce site's homepage or special resources webpages on your site; in blog posts and emailed newsletters; and on your company's social media pages. You can reserve some special material to display exclusively on your customers' account page when they log in. (Be careful not to reproduce other people's copyrighted content without permission.)

Here are some other suggestions.

- To see what kind of content might work best, check what other companies do successfully to get attention online. Look especially at content that attracts a lot of comments, likes or shares.
- Don't overwhelm visitors with too much text. Headlines should be brief, clear and attention grabbing. Be concise and punchy in your writing.
- Look for creative ways to target mobile users with value-added content designed specifically for mobile devices.

Search engine optimization

If potential customers can't find you on the web, your efforts will be wasted. The art of improving your findability online is called search engine optimization (SEO). Sites that appear on the first page of Google search results attract over 90% of web search traffic, according to a study by digital marketing firm Chitika. Second-page rankings attract just 5% of web traffic.

SEO can be a complex subject. Please [read our blog post](#) to learn the basics of how to boost the findability of your e-commerce site.

You may want to hire a consultant who specializes in SEO to advise you on this technically challenging and fast-changing subject.

Social media

Social media is a powerful and cost-effective way to build traffic to your e-commerce site. The key to getting attention and traffic on your social media pages is to regularly post engaging content that attracts a loyal group of followers, generates interaction and gets shared. Active social media followers are more likely to visit your e-commerce site and make purchases.

For more information on how best to use social media, download BDC's free eBook, *Social Media: A Guide for Entrepreneurs*, by visiting bdc.ca/socialmediaguide.

Email marketing

Email is one of the most cost-effective, time-tested ways to market your company online. The key is to build a list of email addresses of existing and potential customers, and regularly send them newsletters, promotions and other content. Start building your email list as early as possible. The payoff can be large, with some companies generating more than half of their sales leads via email marketing.

"Collecting email addresses is one of the most important things you can do," says Lynn Soucie of Beddington's Bed and Bath, the bedding products retailer. Beddington's puts a lot of effort into getting customers to sign up for its emailed newsletter, which goes out daily to 40,000 subscribers. It includes a mix of promotions and value-added tidbits, such as tips on caring for linen and a guide to thread count.



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Collecting email addresses is one of the most important things you can do.

LYNN SOUCIE
BEDDINGTON'S BED AND BATH

“When we send out the newsletter, we get high conversion rates. We see the reaction almost immediately,” Soucie says.

Here are some ways to build your email list.

- An easy way to collect email addresses is at the point of sale by asking existing customers if they'd like to get emails featuring specials and promotions. You can do this even before you've launched an e-commerce site.
- Offer value-added content on your site, such as a newsletter or eBook, in exchange for an email address.
- Feature a pop-up or call to action on your site inviting visitors to subscribe to your newsletter, company news or fun content. Occasionally offer the same invitation in social media posts.
- Within a client's e-commerce account on your site, offer an option to opt in to receive email marketing material.

It's important that you respect Canada's [anti-spam legislation](#) concerning email marketing.

Online ads: Pay per click

Online ads on search engines like Google or on social media can be a good way to bring in traffic. These ads show up above or beside search engine results when Internet users look for terms (known as “keywords”) relevant to your business. You can also buy ads on social media sites, such as Facebook, Twitter and LinkedIn. They're called “pay-per-click” ads because you pay every time someone clicks on your ad.

Unlike traditional media, online marketing lets you buy highly targeted ads based on factors such as a geographic location, language and user demographics.

Online ads can help you bring in extra web traffic on top of what comes in from “organic” sources, such as search engine results, links or shared content. Paid ads can be worthwhile to build your initial web following when you first create your e-commerce site.

What's critical for online ads is using the right keywords. These are the terms that will cause your ad to pop up beside a web search. They can be the same as the ones you use to improve your search engine ranking.

Avoid keywords that are too vague or general. Not only do they often cost more (popular keywords are usually more expensive), but you're also likely to end up paying for clicks by people who aren't actually interested in your products. Use the free Google AdWords Keywords Planner tool to study various keywords to see which ones attract the most searches at the optimal cost.

“It’s a challenge to understand what motivates people to place an order online,” says Murray Wall of Beddington’s Bed and Bath. Initially, as Wall and his partner learned the ropes of e-commerce, they made the mistake of choosing keywords not targeted enough to Beddington’s business. They got traffic, but much of it was from people who didn’t buy anything. However, they still had to pay for each click, which cost them dearly.

They finally hired an online marketing expert who optimized their ad keywords using the Google AdWords tool to bring in qualified visitors—those looking for a product they sell. The expert also redesigned their website to improve its search engine ranking and make it easier for customers to make a purchase. The changes quickly paid off with vastly improved e-commerce sales.

For more information on online marketing, download BDC’s free eBook, [Boost Your Sales With Online Marketing: A Guide for Entrepreneurs](#).



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It’s a challenge to understand what motivates people to place an order online.

MURRAY WALL
BEDDINGTON’S BED AND BATH

3

USE OMNICHANNEL MARKETING

Consumers aren't shopping the way they did before the advent of the Internet and smartphones. Purchases can now involve multiple touch points with your business, both online and offline.

For example, prospective customers might do some online research on your company at home, then ask friends via a smartphone for their input. Next, they call the company or visit a store to find out more about their options. Finally, they make their decision at home and buy what they want online. To save on shipping, they may even go back to the store to pick up the product.

If consumers don't have smooth interactions 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.

As your e-commerce efforts get more sophisticated, it's important to focus on taking advantage of the multifaceted way we shop today. Here are some tips.

- 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 customers your online catalogue, and take orders and payment on the spot.
- Take integration to the next step with a client relationship management (CRM) system. 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. Businesses 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.

- Regularly review what data you're collecting and experiment with your personalization methods. While doing so, be sure to respect customer privacy and security.

4

MEASURE AND OPTIMIZE

Measurement tools are what make digital marketing so uniquely powerful. They provide an extraordinary amount of near-instant data on your online efforts, telling you what works and what doesn't, so you can continuously optimize and improve your results.

The tools give you highly detailed information about who your web visitors are, how they found you and what they did on your site, including purchases. No other type of marketing offers such powerful tools for improving your efforts.

Measuring and optimizing are, in fact, the keys to the success of your e-commerce efforts. They are a continual process. "Optimization is the name of the game. You need to continuously track your visitors," says Frédéric Mannella of vintage luxury retailer LXR. "Digital marketing and e-commerce are not a set-it-and-forget-it proposition. You need to always be measuring, analyzing the data and tweaking what you do."

Here are tips on measuring and optimizing your e-commerce efforts.

- Track metrics that matter most for your business. These are some useful ones to watch:
 - > Sales through your e-commerce site
 - > Number of forms filled out requesting a quote
 - > Number of shopping carts abandoned midway through a purchase (indicating a possible glitch or overly complicated checkout process)
 - > Number of in-store redemptions of an online coupon
 - > Email list signups
 - > Number of downloads of white papers, eBooks, service or data sheets
 - > Number of comments, likes and shares your social media posts attract



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Optimization is the name of the game. You need to continuously track your visitors.

FRÉDÉRIC MANNELLA
LXR & CO.

- Use free tools or low-cost tools, including Google Analytics, to monitor the effectiveness of your online efforts. The tools give data on how often your ads get clicked and how well clicks convert into sales. Use the tools to test how different keywords, visuals, content and campaigns affect web traffic and sales. Devote resources and effort to the best-performing ones.

Check out [BDC's free and low-cost tools page](#) for help in considering your web analytics options.

- E-commerce can be highly seasonal. Don't compare data from one month to the previous one. Instead, compare it year-over-year, as brick-and-mortar retailers do.
- Test your e-commerce homepage and conversion pages (quote forms, contact us pages, sign-up forms, etc.) by using two versions that are significantly different to see which is most effective (also known as A/B testing). Do this with free tools such as Google Content Experiments and Optimizely.

CONCLUSION

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. Online sales are the future. And the opportunities are immense.

E-commerce lets you compete with much larger companies and target a global market around the clock. It offers customers the convenience of online ordering, while potentially saving you money through cheaper Internet marketing and streamlined ordering.

The trick 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.



INVEST

in your e-commerce business

BDC's Internet experts can guide you through the steps of establishing or optimizing your e-commerce business. They will help you:

- > Identify the most effective approach for your market
- > Select the proper web platform and technology for your needs
- > Increase your visibility in search engines
- > Monitor activity on your site to improve performance

You can apply for a technology loan* to finance the cost of consulting fees and/or purchase hardware and software.

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* Certain conditions apply.

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