



When are you ready to launch an eCommerce site?

Investing in online sales

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Executive Summary

Since the slowdown of the economy over the past few years retail sales have come under heavy pressure seeing declines in almost all market segments, however eCommerce sales have continued to grow in double digits¹ forcing retail executives to re-think their online strategies with large retail organisations now embracing online sales, and taking a more proactive approach to multi-channel retailing as well as developing mobile and tablet device presences.

Launching an eCommerce website requires an investment in time and money, there are often costs related to building an online catalogue, product photography, eCommerce website development and marketing budgets, so choosing the right time to go online should revolve on understanding when you will see a return on your investment. The biggest fear for many retailers is that the cost of setting up an eCommerce website will never be recouped, this fear is often based on the experiences of companies who have not succeeded online in an era when online sales was still in it's infancy. However, this remains the single most important question to ask, "When will I see a return on my investment"?

There are many additional benefits to why you might sell online, such as providing your customers with a better user experience and opportunity to research your products, or considering your site as marketing spend to enhance your retail presence and professional appearance in comparison to your competitors, or simply because your competitors have done it so you don't want to get left behind. However, choosing to sell online is an investment and must be treated as a business decision, your investment must return a profit and your eCommerce website should be considered equal to the launch of an additional retail store.

Bearing in mind that you would never open a retail store unless you had done your research and were convinced it could make a profit, was in a suitable location, had adequate passing traffic, was adequately advertised and sign posted and was a suitable size and layout to maximise it's potential; how do you now apply this logic to your online store? The answer to this question often involves up skilling, you are a successful retailer but applying this to an online strategy is often a step into the unknown, and can daunt the most seasoned of retailers without the benefit of experience to rely on.

The good news is that there are companies out there who can help you in this process, companies that specialise in online sales who can guide you through the process of setting up an

eCommerce store and who specialise in working with you to manage your online store, helping you generate the traffic necessary to see an return in your investment in as short a period as possible. 15% of all retail sales are currently online with this predicted to grow to 50% by 2020², in June 2011 alone online sales increased 19% over the previous June after a growth of 18% in May³ meaning it's no longer a question of can you be successful online, but which company should you choose to make you successful online.

Online sales involve a lot more than just building a website, it requires specialist technical skills, online sale experience, and marketing know-how and in depth security knowledge to protect your customers credit card details, for this reason traditional web development companies are not the best people to build your eCommerce website. There are an increasing number of eCommerce specialist companies emerging to fill this niche, and the challenge for retails is to now choose which of those companies is going to make them successful online. Armed with the right questions you should short list companies that: -

- 1) Specialise in online sales – *(ideally the company should only build eCommerce websites)*
- 2) Have a proven track record – *(get references, ask about sales figures)*
- 3) Specialise in Online Marketing including: -
 - a. Search Engine Optimisation of eCommerce Websites – *(Not just regular websites)*
 - b. Pay Per Click Advertising again specialising in online sales and
 - c. Email Marketing

The combination of all these skills are required to make an eCommerce website successful, and you should work with a company who can provide all these services and who will work with you for at least the first 12 months after getting your business online as this is the critical period for making your website a success and it will require regular updates and marketing know-how to generate the traffic necessary to make your site a success.

Hailstorm Commerce works with many online retailers, and specialises in providing on-going support contracts and marketing skills to help make our customer successful online. 90% of our clients see a return on investment in less than 6 months with many in as little as 6 to 10 weeks. If you are interested in selling online, or require help with your online business, contact Hailstorm today for an initial consultation.

References

- ¹ Forrester's five-year forecast last published in Q1 2010 predicted a 13% growth rate for online retail in 2010 over 2009; online holiday sales were predicted to grow by 16%. See the November 9, 2010, "US Online Holiday Retail Forecast, 2010" report. Other sources ranging from Chase Paymentech's Pulse Index and MasterCard's Pulse Index also found the Q4 2010 online holiday spending season to be the largest on record.
- ² Source: Forrester Research "The State Of Retailing Online 2010: Marketing, Social Commerce, And Mobile" report.
- ³ Internet retailer: <http://www.internetretailer.com/2011/07/22/2011-uk-e-retail-sales-increase-19-through-june>