

# HOW TO DEVELOP AN E-COMMERCE MARKETING PLAN

BC Ministry of Agriculture Marketing Guide Series



## Convenience is a Key Driver of E-Commerce

E-commerce is the business of purchasing and selling goods and services electronically. As an increasing number of consumers are making purchases online, it is important to determine if e-commerce is a good fit for your business.

### WHY E-COMMERCE IS IMPORTANT

Globally, e-commerce is on the rise and it is growing rapidly. According to Statista.com, global e-commerce penetration is at 41.4% in 2016 and is expected to hit 57.6 % in 2021. Millennials and Generation Z buyers, those born after 1980, are the digitally connected consumers primarily driving this growth. The desire for new products and convenience are key drivers of online shopping both domestically and internationally.

E-commerce is not necessarily a good fit for all companies. You will have to assess your company's readiness to do business online. A few of the questions to consider are:

- Do your e-commerce goals support your overall business plan?
- Have you done a cost-benefit analysis?
- What are the financial projections?
- Do you have all of the resources required?

### GETTING STARTED

The following steps are essential to developing a solid e-commerce marketing plan:

1. Determine which products to sell online;
2. Decide on your target audience;
3. Develop a sound marketing strategy;
4. Choose an e-commerce marketing model; and
5. Measure, adjust, repeat.

### 1. DETERMINE WHICH PRODUCTS TO SELL ONLINE

Review your products to determine which are best suited to online sales. Some of your products may be better suited to e-commerce than others. Shelf stable, light weight, non-breakable products lend themselves to e-commerce better than refrigerated, heavy or breakable products.

Think about how you can get your product to the consumer most efficiently. Shipping considerations are very important in e-commerce.

Some points to think about are: weight; breakage; contamination; temperature; pilferage; and moisture. The distance a product has to be shipped is also a consideration.



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## E-Commerce is Visual

### 2. DECIDE ON YOUR TARGET AUDIENCE

E-commerce has local and global appeal. Your audience can be located anywhere in the world. In Canada, urban centres tend to have greater e-commerce opportunities than in rural areas due to population density and lower delivery costs. If you are targeting an audience outside of Canada you need to consider: cross border regulations, cultural differences, fluctuating exchange rates, and increased shipping costs.

From a Canadian perspective, selling online to the U.S. market makes the most sense based on population size, e-commerce penetration level and proximity for shipping.

The key to being successful in any international market is to look at it from the perspective of the consumer in the export market. What is the availability of supply in that market for your type of product and at what price? If you are thinking about international e-commerce, in a market with significantly different cultural values, it is extremely important to learn the business culture of that country.

Thinking about customs and brokerage, import and export management, optimized global shipping and cultural expectations to name a few can be overwhelming. You may want to work with a distributor that specializes in e-commerce in your target country.

**One of the fastest growing international e-commerce markets is China.**

### 3. DEVELOP A SOUND MARKETING STRATEGY

Your online marketing strategy is made up of a combination of elements:

- Fast Loading and Visual;
- Search Engine Optimization;
- Mobile and Omnichannel;
- Internet Marketing;
- Shopping Cart;
- Customer Experience; and
- Fulfillment.

#### FAST LOADING AND VISUAL

Internet users are becoming increasingly demanding. Your goal is to keep shoppers on your website long enough for them to make a purchase. That means having a lightning fast load time and highly engaging visual content. E-commerce relies heavily on visuals to convey the look and feel of the product. Ensure your product images are professionally done. Nothing kills a sale faster than a slow loading site and poor quality images.



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## Communicate Your Brand Promise and Build Trust

### SEARCH ENGINE OPTIMIZATION (SEO)

SEO is one of e-commerce's most effective digital marketing tools. If your target audience is starting their buying process with an internet search then it is vital that you are readily found. Search engine optimization is the application of tactics and strategy to attain a strong ranking in the search engines. The closer your site is to the top of the search results, the more visitors your site will receive.

Keep SEO in mind whenever you have the opportunity to list your product or its attributes online. This includes product listings and descriptions on your own website as well as any listings you might have on a third party seller such as Amazon or eBay. Consider what your target audience might be typing in to find your product. Do your homework.

### MOBILE AND OMNICHANNEL

Mobile commerce (m-commerce or e-commerce done on mobile devices) is growing and is expected to quickly overtake desktop purchases. Your products must display well on mobile platforms and provide seamless purchase experiences. This seamless experience is expected on multiple channels, (e.g. shopping online, by telephone or in a physical store). Omnichannel marketing is the consistent presentation of your product across channels. Make sure to include a robust mobile platform that includes: real-time notifications; click to call; maps; and product information.

**Deliver the same web store experience across any sales channel and on any device.**

### INTERNET MARKETING

A major component of your e-commerce strategy is internet marketing. Maintaining a strong brand across all of your online marketing is fundamental to success. In e-commerce the personal touch relayed by the sales representative in a bricks and mortar location is not available. You must use a combination of compelling visuals and storytelling to communicate your brand promise to your target audience. You may choose paid advertising, content marketing, email marketing, social media or a combination of all of these.

After you have identified your primary target market, develop a strategy that engages the audience using the advertising medium most appropriate to them. The key objective is to communicate your brand promise and build trust all along the path to purchase.

A sample digital marketing campaign may include:

**Search Engine Marketing:** A strategy that shares your story and product features across platforms; search engine optimization (SEO); and, paid advertising such as Google Adwords.

**Social Media:** Organic content creation and sharing as well as paid advertising on Facebook, Twitter, Instagram etc.

**Email Marketing:** Promoting products to your existing subscribers through email marketing. Email marketing has one of the highest returns on investment of all marketing which makes building your email list worth the effort.

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## Keep Shipping Fees Upfront

### SHOPPING CART

Your visitor's shopping cart experience has a significant impact on making the sale. You have worked hard to get the consumer to this point. Having them abandon the purchase now is a waste of all your marketing efforts.

The following are proven methods to reduce shopping cart abandonment:

- **Offer a guest check out:** Allow people to make a purchase without signing up.
- **Use micro copy:** Insert short explanation texts to reassure people. i.e. "Are you wondering why we ask for your phone number?" "We need your phone number to be able to contact you if the package is delayed en route."
- **Reassure people throughout the process:** Clearly display information such as free shipping, trust logos.
- **Keep your brand strong:** Maintain your brand messaging throughout the purchase process. Stay consistent.
- **No hidden fees:** List your shipping fees up front. Unexpected costs are responsible for most shopping cart abandonments.
- **Emphasize customer support:** Have live chat and accessible contact information.
- **Minimize distractions:** Keep newsletter sign ups or other distractions out of the shopping cart funnel.

**Tip**

**Order confirmations have one of the highest open rates in email. Use this as a merchandising opportunity and for customer retention.**

### CUSTOMER EXPERIENCE

When your product arrives at the customer's door, they should be greeted by an experience, not just a product. Packaging can be an effective way to set you apart from the competition and create a lasting impression.

Remember that when the consumer opens your product you have a built in direct mail opportunity. How could you best use that to your advantage? A discount coupon or special offer? A handwritten thank you? A family recipe? Or perhaps subscription options? Replenishment models that send commonly used items on a regular basis are very promising for the food industry.

### FULFILLMENT

How to efficiently deliver your product in a timely and cost effective manner can be a difficult aspect of e-commerce. The agrifood industry has the additional challenge of often requiring temperature controlled shipping and contamination avoidance.

Many e-commerce models start in the urban areas where delivery is more affordable due to population density. In more remote areas, cost effective shipping can be achieved through minimum orders, consolidated shipments and/or lengthier delivery times.

Reverse logistics must also be considered. The ability to handle returns and exchanges can be a key differentiator from the competition. Innovative fulfillment, same day delivery, seamless returns and efficient exchanges can all be competitive advantages. You may want to work with a third party logistics provider to manage the fulfillment aspects of your e-commerce business.

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**Your Customer is an Omnichannel Shopper**

## 4. CHOOSE AN E-COMMERCE MARKETING MODEL

When you are thinking about your e-commerce model keep your target market in mind. It is likely that they shop online in a variety of different places. You may choose to custom build a shopping cart on your company website, sign up for a hosted third party solution provider or sell in an online marketplace such as eBay or Amazon.

The choice will depend on the requirements you have for the website, your budget, how much control you need and your technical expertise. The table below outlines some of the pros and cons of these three popular options.



	PROS	CONS
<b>Company Website (Custom build)</b>	<ul style="list-style-type: none"> <li>• Full control over user experience, look, feel and functionality</li> <li>• Not listed next to competitors (as with a Marketplace)</li> <li>• No listing fees</li> </ul>	<ul style="list-style-type: none"> <li>• Possible limited exposure</li> <li>• High start-up costs</li> <li>• Technical expertise required</li> </ul>
<b>Online Marketplace (eBay, Amazon, Etsy etc.)</b>	<ul style="list-style-type: none"> <li>• Huge online presence</li> <li>• Leverage without cannibalizing in-store or website</li> <li>• Often have existing Apps for mobile simplification</li> <li>• Global access</li> <li>• Support/onboarding programs</li> <li>• Low entry cost</li> </ul>	<ul style="list-style-type: none"> <li>• Fees</li> <li>• Lack of control over refund or returns</li> <li>• Focus is on products not sellers</li> <li>• Branding and/or product restrictions</li> <li>• Shopping cart may not sync with main inventory without manual reconciliation</li> <li>• Product oversaturation</li> </ul>
<b>E-commerce Solution Provider (Shopify, Magento, Wix etc.)</b>	<ul style="list-style-type: none"> <li>• Easy entry, i.e. no installation</li> <li>• Create new online store or integrate with existing website</li> <li>• Secure shopping cart</li> <li>• Some offer POS integration with entire sales system</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly fee plus charges for every transaction</li> <li>• Product attribute limitations</li> <li>• Lack of control (i.e. if it is a hosted solution and they shut down tomorrow your website would be gone)</li> </ul>

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## Focus on Metrics Important to You

### 5. MEASURE, ADJUST, REPEAT

E-commerce transactions provide a wealth of data. Depending on the system you are using you will have data on: order value; repeat customers; shopping cart abandonment; visitor traffic; conversion rate; email subscribers; and much more. The amount of data available can be overwhelming. To avoid 'analysis paralysis', focus on the metrics that are important to your business. You may need to hire a professional to get the initial tracking codes set up but it is well worth the investment if you are serious about e-commerce. Metrics to consider are:

#### **Customer Acquisition Cost (CAC)**

CAC reveals how much money you spend acquiring a new customer. Whether it is through Facebooks Ads, SEO or a guest blogger's post, the amount of money you spend throughout the acquisition funnel will tell you what you it costs to acquire one customer. Once you know the cost you can work on bringing it down.

#### **Conversion Rate**

Your conversion rate is the number of online store visitors you have that make a purchase. It is terrific to get 10,000 visitors in a month but if no one buys anything something is amiss. It could be the wrong audience or it could be the wrong landing page. Either way your conversion rate is a good way to measure the possible disconnect that your site visitors have to your product.

### MORE INFORMATION

See the Ministry of Agriculture's Marketing Guide Series for more information and additional topics by visiting <http://www2.gov.bc.ca/gov/content/industry/agriculture-seafood/statistics/market-analysis-and-trade-statistics>

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#### **Shopping Cart Abandonment**

Following up on the conversion rate mentioned earlier, your shopping cart abandonment rate will tell you how many visitors added a product to their cart but failed to complete the transaction. It may be that your conversion rate is directly related to the shopping cart funnel experience. These visitors have shown an 'intent to purchase' and if possible should be followed up with to potentially re-engage.

#### **Average Order Value**

Knowing the average order size will allow you to predict how much revenue you can generate from your business based on visitor traffic and conversion rates.

#### **Churn**

Churn is the percentage of customers who make a purchase from your store and never return. Recognizing that it is easier to sell to an existing customer than acquiring a new one, having a low churn rate is an important metric to measure.

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In the world of e-commerce, what you track will be determined by what information you need to know to make solid business decisions. Using real data to drive your decisions will put you in control and enable you to adapt when necessary making the most of your time and money.