

Internet Explorers

Online shopping is growing at a rapid pace. So what do retailers need to know about extending their business to the Web?

<< By Gerald Flores

E-commerce is changing the retail landscape.

With more shoppers than ever going online, brick-and-mortar retailers are ramping up online efforts to keep up. But what does it take to get started? *Footwear News* asked storeowners and e-commerce firms for tips on breaking into Internet sales.

Sportie LA co-owner Isack Fadlon said before doing anything else, a retailer should consider the costs. “[E-commerce] takes a lot of money and energy,” he said. “It’s something that you have to be involved with on a daily basis because it’s running 24 hours a day.”

A business plan is crucial to estimating costs and making sure you have the right customer base, said Tarek Hassan, co-owner of The Tannery stores in Boston. “You have to set aside an online budget that accounts for design, development, deployment, maintenance and marketing,” he said. “You have to take all of that into consideration before starting design of the website.”

Ed Stevens, CEO of e-commerce company Shopatron, said the costs of launching an online retail platform can start at \$1,900 and go into the millions. Additional monthly costs of maintaining a site can range from \$99 to \$600 a month, depending on what kind of platform you’re using and how much online sales are projected. The higher the projection, the more computer servers needed to handle the transactions and people to help with technology support.

“It really starts with what your sales targets are going to be,” Stevens said. “A lot of retailers open up an online store without even projecting sales targets, but they’d never open a brick-and-mortar store without doing that.”

Website design also depends on revenue goals, Stevens said.

“[An e-commerce site’s] merchandising tools and promotional features are going to be different if a company wants to sell \$10,000, compared with \$10 million,” he added. For example, more inventory creates a greater need to show the product better — through video or rotating imagery — to differentiate from other sites.

After a website is designed (in-house or by professionals) and goes live, the next step is to build traffic through marketing. Hassan suggested starting with the store’s regulars.

“Just because you build it, it doesn’t mean customers will come,” he said. “First and foremost, market to your existing brick-and-mortar customers because they know your brand best.”

Search-engine optimization, or improving your site’s visibility in consumer Web searches, is also key. Fadlon advised retailers to call on outside SEO experts.

Jagged Peak is an e-commerce company that offers SEO optimization services that retailers might not be able to perform on their own. “Our group constantly performs updates and maintenance of SEO content for our clients,” said Vince Fabrizzi, the firm’s chief sales and marketing officer. “We also

have strategic partners to help augment SEO through paid media venues, as well as through social media.”

After e-commerce is launched, it will require constant upkeep. “It’s important to

continue to support the channel,” said Jagged Peak CEO Paul Demirdjian. “It’s not a build-and-forget business; it’s a build-and-support business that you’ll have to maintain.”

Customer service is an important part of that maintenance. Demirdjian said online customer service should be concerned with usability of the website and how quickly products can be delivered.

Depending on the amount of sales the online platform rakes in, a store may need to add staff. “If they are selling \$10 million a year, they will probably need to hire a data maintenance team, merchandising team, marketing coordinator and order administrator,” Stevens said. “If a store is doing \$100,000, all of those tasks could probably be performed by one person.”



Clockwise from top: Shopatron’s Ed Stevens; Jagged Peak’s Paul Demirdjian (left) and Vince Fabrizzi; Sportie LA’s e-commerce site.



Site Sales

Footwear News went to the experts for ideas on building an e-commerce website.

Do's

Take your time. “We’ve seen companies rush into it and not understand that e-commerce is more than just a nice website,” said Vince Fabrizzi, chief sales and marketing officer at Jagged Peak. “It’s more about how you manage the orders, inventory, customer service, returns and all the other back-end business.”

Test free or low-cost platforms first. “There are easy e-commerce opportunities out there, like eBay and Amazon,” Shopatron CEO Ed Stevens said. “They’re low-cost and pay-per-sale so retailers should start with those to get their feet wet.”

Use social media. “A good social marketing strategy includes Facebook and Twitter so customers can tell their friends about your site,” said Tarek Hassan, co-owner of Boston’s The Tannery.

Don'ts

Don’t go in unprepared. “Many organizations aren’t prepared for single-order, same-day fulfillment,” Jagged Peak CEO Paul Demirdjian said. “If they don’t have that, they’re going to have to invest in that or outsource it to another company.”

Don’t take orders without having an inventory management system in place. “Make sure you have the inventory to fulfill online orders,” said Isack Fadlon, co-owner of Sportie LA.

Don’t sell before consulting vendors first. “Review vendor agreements because not all vendors allow you to sell online,” Hassan said. “You don’t want to do all the hard work to find you’ve wasted your time.”