AdRoll

Diving Into Digital: Bringing Offline Brands Online

Introduction

Now, more than ever, it's imperative for brands to have an owned digital presence. Companies with no e-commerce presence need to build one out to remain viable, and those that have relied on e-commerce partners like Amazon or other large marketplaces are finding their sales deprioritized as those platforms deal with COVID-19-related surges for essentials.

This eBook will help brands understand the challenges and opportunities available for moving their business from physical to digital, from relying on third-party platforms to managing their own thriving e-commerce presence. It isn't a complete how-to but will help companies understand how to think about and plan for the transition.

Who Is This Guide For?

This guide was written for any brand that feels that they can use a little help getting their e-commerce efforts off the ground. That said, there are some companies that might find this guide especially useful. These companies break out into three distinct categories:

	Current Web Presence	Biggest Challenge	Biggest Needs
Not Yet Digital	None, or a simple website with no e-commerce or online sales	No e-commerce at all, potentially closed retail/ physical locations	Planning their initial digital sales strategy; transitioning customers from physical to digital
Third-Party Dependent	Selling entirely through third parties like Amazon or eBay, might have an explanatory/brand website	Products being deranked/deprioritized by third party	Plan for moving from third-party platform to owned; transitioning existing customers
Digital Newbies	Limited e-commerce on an owned website	Not enough customers to sustain business	Scaling up business

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Chapter 1:
Getting Online

Types of E-Commerce Platforms

Digital storefronts come in a variety of flavors and configurations, from complete DIY experiences to turn-key solutions. For the purposes of this guide, we're going to break them down into three distinguishable categories. These can be roughly classified as "owned," "partially-owned," and "unowned." The distinction between the three is important for determining your e-commerce strategy:

Unowned or third-party platforms

Like the name implies, these platforms are ones on which a business can sell goods and services online, but which the business doesn't own. The most well-recognized platform is Amazon Marketplace, though others include marketplaces from Target, Walmart, eBay, Etsy, Alibaba, and similar.

Pros:
Easy to set up and quickly get started selling; outsources a lot of the technical and back-office work; often has built-in logistics.

Cons:
Expensive licensing fees, sometimes percentage of sales based; sellers are at the whim of the platform and can lose rankings, be penalized, or get completely delisted often with little communication or redress; opaque rules and conditions; and limited marketing opportunities.

Partially-owned platforms

Partially-owned platforms are typically social platforms linked to an owned "back office" and often tied in with social sales. The most common example is a Facebook store — it's on a platform that is somewhat (partially) controlled by the company doing the selling, but not entirely. While the back end that processes orders might be entirely self-owned, the front end that customers see is still at the whim of the platform.

Pros:
Built-in user base; familiar interface for many consumers; trust from being associated with a large platform; minimal design work required.

Cons:
Opaque rules and conditions; limits on what can be sold and how; risk of losing ranking or visibility, or being delisted.

Owned platforms

Owned platforms are completely owned and controlled by the business doing the selling. This means that everything, from the design to the order processing to the customer experience to the product selection, is entirely in the hands of the business and is hosted on the businesses' own servers.

Pros:
Complete control, top to bottom; can sell anything in any way; most marketing options.

Cons:
Requires the most time and thought up front to implement; requires the most effort to maintain.

Looking at these different types of platforms isn't just an academic exercise — the decisions that brands make about their e-commerce approach has real, lasting consequences on how they reach and sell to customers online.

Companies on third-party platforms may benefit from an initial boost in visibility from the installed user-base of that platform (Amazon shoppers, for example), but may end up losing almost all of their traffic when those platforms respond

to a crisis like COVID-19. Amazon sellers, for example, saw business drop when the platform decided to deprioritize "non-essential" products sold through its Fulfilled by Amazon service.

In a time of social distancing and mandatory quarantines, any digital sales presence is better than no digital sales presence. Brands looking to move online, however, should take the time to weigh their options and consider how they want to build out their digital storefronts — with a strong bias towards investing in a fully-owned platform.

Overview of Major E-Commerce Platforms

There are hundreds of e-commerce platforms available, ranging from super-specialized providers that serve a particular niche to newcomers just trying to break through. For brands just getting online, however, it's highly recommended to go with an established major player: not only will it be easier to find guides, manuals, and solutions to common problems, but it'lll also be much easier to find developers and experts with an expertise in a larger platform than a small one, and that expertise will often be much more affordable. Below is an overview of the most popular options.
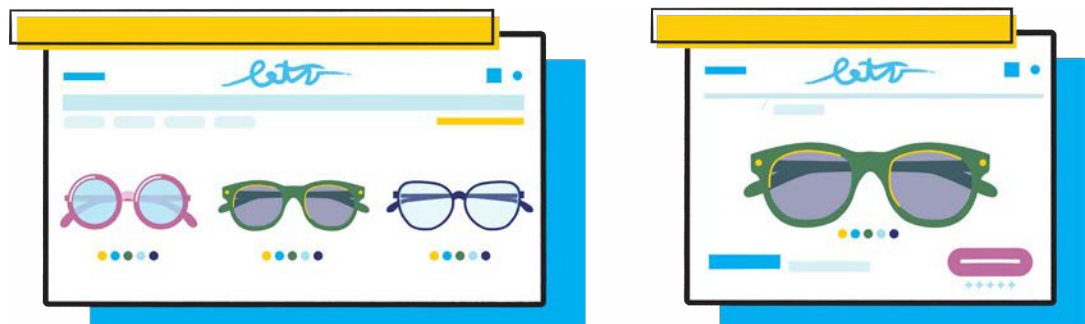
E-Commerce Platform	Pros	Cons
Shopify	Established platform; lots of add-ons and customizations; feature-rich; includes hosting	Limited free design options
WooCommerce	Lots of plugins and add-ons; highly customizable and extendable; easy setup	Built on WordPress, so some limits and requires knowing how to work with WordPress
BigCommerce	One of the market leaders for large brands; very fully-featured	More difficult to use than many competitors; can get pricey; no app
Wix	Most popular website builder online, so easy to integrate for sites built in their ecosystem; simple drag-and-drop interface	E-commerce functionality is an afterthought, so lacks a lot of features standard in other options; not easy to integrate with social
Squarespace	Easy to use and excellently designed website builder; very large support infrastructure	Like Wix, the e-commerce platform is an afterthought; no integrations, apps, or add-ons — you get only what's built-in
Magento	Incredibly powerful and fully-featured; owned by Adobe, so it integrates with marketing/sales cloud; extremely customizable	Most expensive option; can be very difficult for beginners; expensive support, design, and developer options
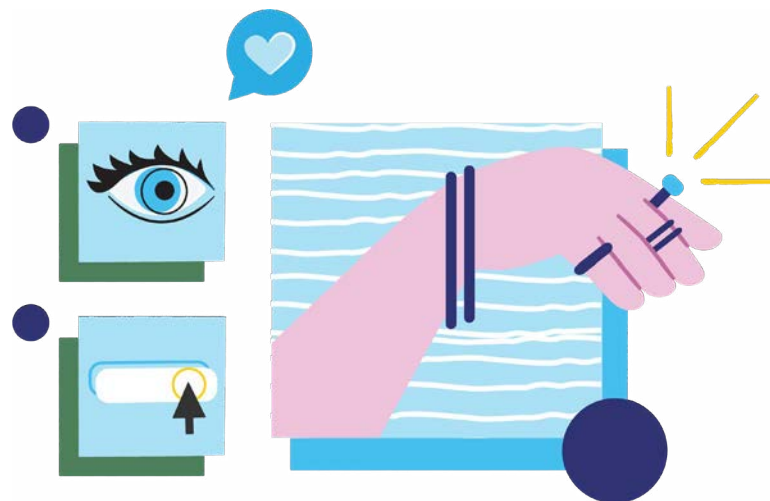
Chapter 2: Product

Building out an e-commerce strategy doesn't begin and end with choosing a platform and going live. Brands that want to sell over the internet also need to carefully consider the product they're selling.

Product Considerations for Moving Online

The product calculus for selling through digital storefronts is different than for physical storefronts. The characteristics of the products sold go beyond "Will this sell or not?" They have the potential to dramatically impact profit margins, sales strategy, pricing, and marketing considerations. Some of the most important are:

Digital vs. physical products: Not every product being sold has to be a physical "thing." Many brands moving online find that selling intangible products is an important part of their strategy. This includes gift cards, services like design or stylist consultations, digital art and music, and other virtual items that are easier to sell online than physical products.

Dimensions and weight: The biggest impact dimensions and weight have in a physical store is "How many of these products will physically fit on a shelf?"

When selling online, the dimensions and weight of products being sold are critical components of profitability. Brands selling large or heavy products may see the net margins on those products fall to zero because of high shipping costs — including higher packing costs for items that don't fit into regularly-sized/shaped boxes and envelopes.

Perishability, breakage, and other shipping concerns: Not only do digital store owners need to worry about the size, weight, and shape of the products being sold, they also need to think about how those products will hold up to shipping. Fragile or perishable items can still be sold online, but they will need additional care in packaging, which can drive down margins.

Differentiation, uniqueness, and commodities: Selling a generic product, say a thermometer, can work on Amazon where people aren't really looking for branding and differentiation. Selling a generic product in an owned digital shop probably won't, since it'll be much harder for customers to find it. Moving to a completely owned digital storefront requires thinking about how products are branded and differentiated, whether that be with features, pricing, experience, or some other factor.

Understanding Which Products Will Sell

Finding success online requires carefully picking the right products to sell. That requires two things: knowing what products customers want to buy, and knowing which products will be the most profitable to sell online. The latter can be discovered using [ABC inventory management](#), but how do brands solve the problem of figuring out what customers want?

Start with competitor data

One of the easiest ways to identify products that will sell well is to look at what the competition is doing. Thanks to prevailing trends in web design, almost every e-commerce website will have functionality to sort products by most popular. Enterprising brands can browse the competitors' best-selling products and align their inventory to match.

Look for additional sources of information

Competitors' e-commerce sites aren't the only source of data brands can use to evaluate product popularity. Some additional data sources include:

Google Search Console: For brands that have a website in place, what are the keywords and queries people use to find it? Google webmaster tools provide a historical record of the search terms that a website has shown up for, and how many visitors each one leads to.

Advertising: What products are competitors advertising, and how much are they paying to advertise them? This is another place where a free Google tool, the Keyword Planner inside the Google AdWords tool, can help brands figure out what people are searching for and how much competitors think those searches are worth. In general, the more a keyword costs to bid on, the more interest consumers have in that product.

Customer surveys: Who knows a brand better than the people who are already customers? Reaching out to past retail customers via email, SMS, or web survey and asking what they would like to purchase online can give a wealth of data on what kinds of products are likely to do well through e-commerce.

> **Sales data:** Similar to customer surveys, historical sales data can provide some insight into what customers are likely to buy online. It won't be perfect, because the medium changes shopping habits, but it can be a good place for brands to start.

Alternative Product Ideas

Figuring out the logistics of shipping existing inventory can be difficult. Brands looking to dive into e-commerce should consider selling some alternative or digital products while they work to figure out how to move the bulk of their business online. Some ideas are:

Gift cards: Gift cards can be simple to roll out, and are one of the easiest ways to generate cash flow online, even for companies whose products might not fit the e-commerce model. Most digital storefront platforms have integrations to allow selling gift cards, making the rollout fast and easy.

Remember, though, that selling a gift card creates an obligation for the future — sales of gift cards are essentially an advance a business gives itself against future sales.

Presales: Very similar to gift cards, presales allow brands to sell a product today without having to deliver it until later. Like gift cards, presales can be set up relatively quickly and easily, but they also set up liability for businesses. The product will eventually have to be delivered and typically by a certain date, which can be difficult to plan for during a pandemic.

Downloadable content: Some businesses will be in a position to offer digital products, whether it be software, art, music, video, or something else entirely.

Just remember that digital products come with their own concerns. These include piracy and unauthorized copying and distribution. Various apps and plugins can help brands offset some of these dangers.

Digital services: Brands, even ones that don't focus on retail, can offer digital services through their e-commerce shops. This can be something like a design consultation offered by a furniture retailer, or hair and makeup consultations sold by salons. Professional service providers like CPAs and attorneys can sell their time over video conferencing software. As with other digital products, plugins and apps exist for most e-commerce platforms to make selling these services easy.

Chapter 3: Customers

Customers that shop online aren't the same as customers that shop in person. Online shoppers have different habits, motivations, and preferences.

E-Commerce Customers vs. In-Person Customers

Some of the key differences that brands will need to account for when moving from physical to digital retail are:

Digital customers are less impulsive

The act of shopping online is significantly different than shopping in person. Most customers end up in a virtual store by searching either for a specific product or a specific brand. Without any aisles to browse or neighboring stores to pop into, a lot of opportunities for impulse buys are eliminated. Brands moving from physical stores to e-commerce shops need to go out of their way to reintroduce these impulse-buy opportunities into the process.

Digital customers are more direct and demanding

Similar to the above point, customers typically are looking for something

specific when they get to an e-commerce destination. If they don't find it quickly, they'll likely move on to the next retailer that has exactly what they want. Digital retailers need to work hard to make sure that their e-commerce sites are easy to navigate and easy to use, and that customers can quickly find exactly what they need.

Digital customers are more revealing

One of the advantages of e-commerce over traditional shopping is that customers provide brands with much more data: where they came from, how they found the store, what they were looking for, and sometimes why they decided not to purchase. Brands need to leverage that data to get the most out of each shopper.

Identifying the Best E-Commerce Customers

Before brands can go to find customers to browse their virtual shelves, it's important to understand what a good customer looks like. Some metrics that will help you identify the best customers are:

- **Average Order Size:** Good customers will buy more than average in every transaction.

- **Velocity:** Good customers will go from browsers to buyers more quickly.

- **Frequency:** Good customers will buy more often and in shorter intervals.

- **Customer Lifetime Value (CLV):** All of the above will add up to good customers being worth much more over their lifetime of shopping. **CLV** is the metric used to judge this and comes down to the total dollar amount spent by a customer over a given period of time.

Building ICPs and Personas

In business, ICP stands for the "ideal customer profile." The ICP is a representation of what a brand thinks its best customers look like. This is helpful because knowing who a brand wants to sell to gives them insight into where these customers might be found and how best to reach them. Some things to consider when putting together an ICP for a new digital shop are:

- **Demographics:** Who are the best customers likely to be? How old are they? Where do they live? How much do they earn? What gender are they?

- **Psychographics:** What cultural or social groups do these people belong to? How do they self-identify? What do they think about the world and their place in it?

- **Origin:** Not where the ideal customer comes from, but how they arrive at the e-commerce shop. Are they finding a link on Google? Do they come from Facebook or Instagram ads? Did they hear about a brand from friends or read about it in a magazine?

- **On-site behavior:** What do they do when they get to a digital shop? Do they browse category pages or use the search box to find a specific product? Do they read reviews or blogs, or look at shipping and returns information? How do they use e-commerce?

- **Off-site behavior:** Do they interact with brands outside of their e-commerce sites? What social networks do they use? Do they read reviews, either in publications or on review aggregators?

Every customer is important, but these ideal customers are the core of any brand — 80% of revenue comes from just 20% of customers! Answering all of these questions, and then linking those answers to the metrics presented earlier, can help brands understand who they should be targeting when it comes to customer acquisition.

Finding Customer Data

The best source of data on customers is obviously going to be analytics collected from the e-commerce shop. For brands that have just moved online, or are just considering moving online, that data is going to be limited. Some alternatives for finding information on customers are:

- **Competitors' websites:** Read the reviews on products, look at the kinds of products being spotlighted, examine the colors and design, if they have a blog see what kind of content they're writing.

- **Social media and user groups:** The best place to find information on potential customers is on social media. Find people who are talking about top competitors or best-selling products and identify the characteristics they have in common. Join discussion groups and bulletin boards, and become part of the conversation.

- **E-commerce giants:** There is a wealth of customer data hidden in plain sight on Amazon and other e-commerce giants. One particularly powerful technique is to find similar products and then browse the "customers who bought this also looked at these" sections. Given some time and a few spreadsheets, it's possible to form a pretty accurate picture of the kinds of customers that are looking for a specific product.

Chapter 4: Acquisition

The hardest part of moving a business from offline to online is getting customers to follow. Physical locations could often count on people walking or driving past and seeing the shop. Brands that used distributors and third parties could count on an installed customer base to at least notice their products. What happens when these pieces of the customer acquisition are removed?

Finding Customers Online

The first question most businesses have when moving online for the first time is, "Where is everyone?" Without being able to rely on a base of walk-ins, some brands struggle to attract a solid core of shoppers who can keep the virtual lights on as the business grows.

There are a few tried and true methods to capture online shoppers.

Unpaid/organic
Unpaid, or organic, customer acquisition typically takes more time and requires more effort and consistency than paid, but can pay off in creating more loyal customers at a lower cost.

- **Bringing physical customers online:** The easiest, and most cost-effective way to quickly build up an online customer base is to simply tell existing customers their favorite store is now online. Brands should leverage existing customer lists to kickstart their digital journey.

- **Direct outreach:** One of the ways to get existing customers (and prospective customers) to notice a new digital store is by reaching out to them directly. The easiest way to do that is email, however, brands shouldn't ignore the more traditional approach of physical mail — it's currently very underutilized, and can make a real impact.

- **Search Engine Optimization (SEO):** SEO is how people find a website when they type "warm woolen mittens" into Google. The most important aspect of SEO for new e-commerce sites is that products should be clearly labeled and described, using words customers might use to search for those products.

- **Social media:** In a world of social distancing, consumers are looking for connections and experiences, and social media is where brands can stand out. Many brands are turning to social to reach new customers, but also to provide existing customers with the kinds of experiences once reserved for real-world shops — everything from fashion shows to cooking demonstrations to how-tos and even virtual concerts. The most popular channels right now are Instagram and Facebook, but brands should use their earlier research to figure out which channels their customers are spending time on.

Paid

Companies that want business fast can turn to paid advertising. Digital ads come in many different forms and give brands speed and flexibility in exchange for higher costs of organic acquisition tactics.

- **CPC and search ads:** CPC stands for "cost-per-click," which means advertisers only spend money when customers click on their ads. The most popular and familiar example is Google AdWords, which places text ads alongside search results when people use the ubiquitous search engine.

  CPC ads are popular because of the flexibility they offer. Users often are able to have an estimate of how much clicks will cost them before committing, and can set daily, weekly, or monthly budgets. This gives a relatively predictable flow of traffic that can be adjusted up or down by adjusting the budget.

- **Social ads:** Anyone that uses social media is familiar with social ads — sponsored posts, promoted stories, and similar content that has become a mainstay of the major social networks. The most common ones used are Facebook ads and promoted stories and Instagram brand stories.

  Social ads are simple to set up and can be deployed rapidly. However, they also take some skill to perfect, and businesses that dive in without doing their homework can spend a lot of time and money without seeing strong results.

Which advertising channel a new e-commerce store uses is going to depend heavily on who they're targeting and where those customers live online.

Channels aside, the world of digital advertising can get very complicated very quickly. Lookalike audiences, retargeting, and dynamic ad creation can all dramatically improve the performance of ads while lowering costs, but also require some knowledge and specialization to implement well. Using an advertising management platform like AdRoll can help streamline the process and allow companies to spend less time figuring out advertising and more time building a top-notch experience for customers.

Chapter 5: Fulfillment

The digital storefront is built, customers are metaphorically walking through the door, and suddenly orders are coming in. Now, it's time for one of the most critical components of a successful e-commerce business: getting products into the hands of customers.

Setting Up an In-House Fulfillment Center

Everything else — the marketing, the web design, the branding, and social media presence, even the product choice — doesn't mean much if customers don't get the things they buy in a timely fashion and in good condition.

This is one of the main reasons why so many modern e-commerce stores use third-party fulfillment platforms, like Fulfilled by Amazon. Using a third party saves companies the headaches and worries that come with self-storage and self-shipping of products. However, setting up a new relationship with a third-party logistics supplier can be challenging. And for many small businesses just getting online for the first time, the costs of using a third party can overwhelm many of the benefits, so for this guide we'll focus on self-shipping. Here are some top tips:

- **The most important piece of advice for companies starting with self-shipping is that a controlled process is critical.** Businesses need a system that carefully tracks and monitors each step of the order process to make sure that nothing falls through the cracks.

- **New e-commerce stores should set up dedicated "fulfillment center" areas that are kept distinct and separate from general stock and other areas.** Nothing is more frustrating than searching for customer tickets in a pile of unrelated paperwork.

- **There's no "cheapest carrier" — rates can be higher or lower, depending on the size and type of package.** Break down inventory by package/shipment types and regularly check pricing to see if they've changed.

- **As companies try to reduce costs to deal with the pandemic, it's important to remember that most carriers offer free packaging for certain types of shipments.** Switching to free packaging is another opportunity for large savings.

- **Packing materials can add up quickly. Bubble wrap, for example, is often more expensive but easier to use than packing peanuts.** Play with different packing methods to figure out how to ship items in the most cost-effective way possible.

- **[95% of customers say shipping cost impacts their buying decision](#)**. However, offering free shipping isn't the right move for every digital store. Carefully consider margins and customers' tolerance for shipping costs before deciding whether to offer free shipping.

- **If free shipping isn't economically viable, consider some alternatives like offering free shipping over a certain order size, or partially subsidizing shipping costs.**

- **Test ship everything.** New product? Test ship it before sending to customers. New carrier? Test. New packing method? Test. Nothing will hurt a brand's reputation more than customers getting broken items in the mail.

Conclusion: It's a
New (Virtual) World

Commerce has been moving away from the real and towards the virtual for a long time now. Every year, more products across more categories are purchased online by more consumers.

While moving online can seem like a daunting step for many brands, it doesn't have to be. Starting with a clear strategy and thinking carefully about each step can help make the transition smooth. Following a plan can make it easy. We hope to see many more companies join the digital evolution, and look forward to all of the successful virtual storefronts readers will launch this year — and in the years to come.

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