Part 1: Common Mistakes in E-commerce and Best Practices

Common Mistakes of E-Commerce Merchants & Solutions

- Weak design & thought in layout
- Lack of security (PCI compliance)
- Lack of focus
- Lack of easy access to products
- Lack of promotion
- Lack of business readiness
- Lack of specialization

Common   Mistake:
Weak   Design   &   Layout

- Marketing matters. Consumer confidence is built through a great looking site that seems like a legitimate business.

- It's not just about being pretty – a website needs to consist of a layout that has clear calls to action and gets users where they want to be quickly.

- We have a limited time to capture users, search features, and proper navigation drive conversion.

*40% of people abandon a website that takes more than 3 seconds to load. If an e-commerce site is making $100,000 per day, a 1 second page delay could potentially cost you $2.5 million in lost sales every year. (KISSmetrics)
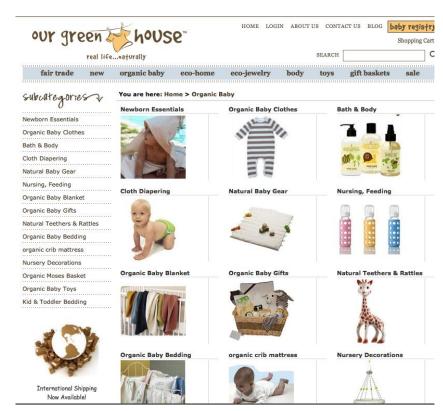
Tip 1: Avoid being too content heavy & distracting from the sale

No

This site is very text heavy with no products displayed on the homepage. If the focus of your store is to sell product show the product immediately!!

Yes

This site does an excellent job of making clear pathways to product categories so a visitors can find exactly what they want within two clicks. They highlight beautiful products for each category (most likely top sellers) and have a simple, clean design.)

Tip 2: Never utilize design or colors That compete with a clear message

Common E-commerce mistakes in design

- Color text on color backgrounds
- Multiple calls to action
- Heavy text without clear pathways to conversion.
- Attempting to speak to multiple audiences on the homepage.
- Bright colors that exhaust the eyes.

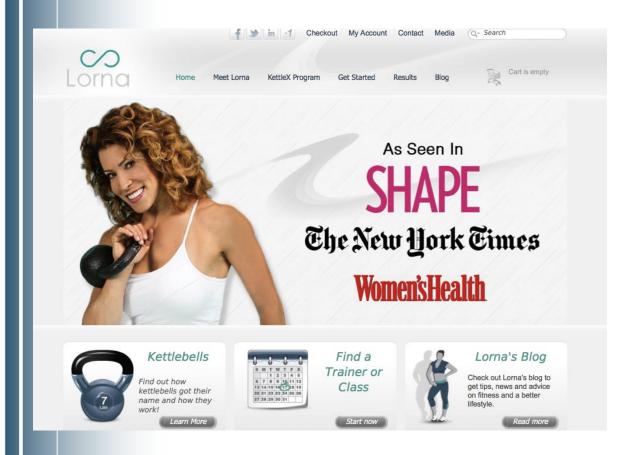# Tip 3: Utilize critical homepage real estate for promotions

Homepage sliders allow for calls to action and to prompt purchase through special incentives. Always have at least one call to action slider that focuses on a short term or seasonal promotion.

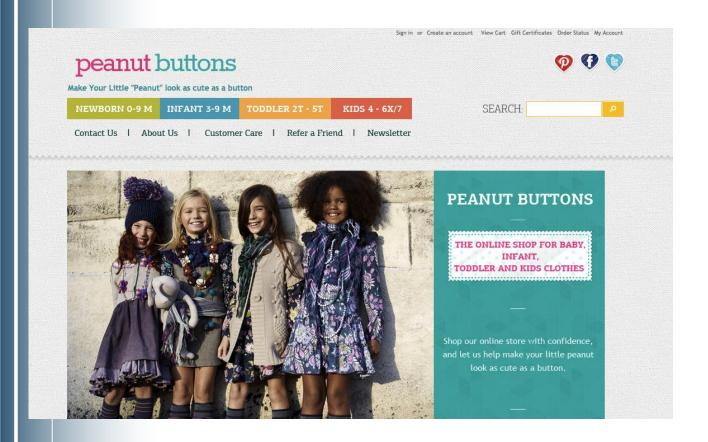# Tip 4: Use Homepage real estate to build credibility

Nearly half of all consumers in a Stanford study assessed the credibility of sites based in part on the appeal of the overall visual design of a site.
(Bj Fogg et al)

Homepage sliders allow merchants to build credibility with the audience within those first few crucial seconds. Press coverage, client logos, all establish credibility.

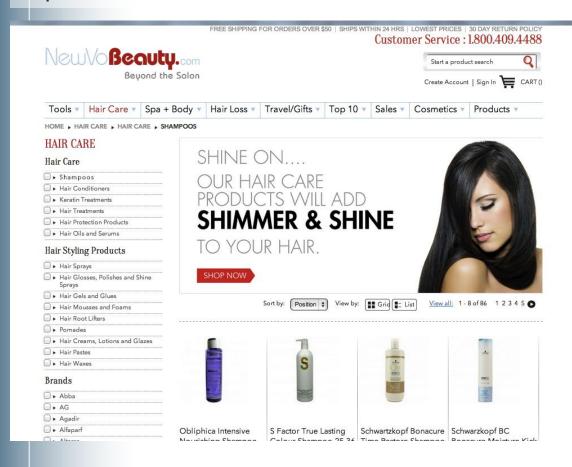# Tip 5 : Make sure your navigations make clear pathways

Here, a secondary form of navigation allows the visitor to immediately identify their child's size and go right to the products they are interested in.

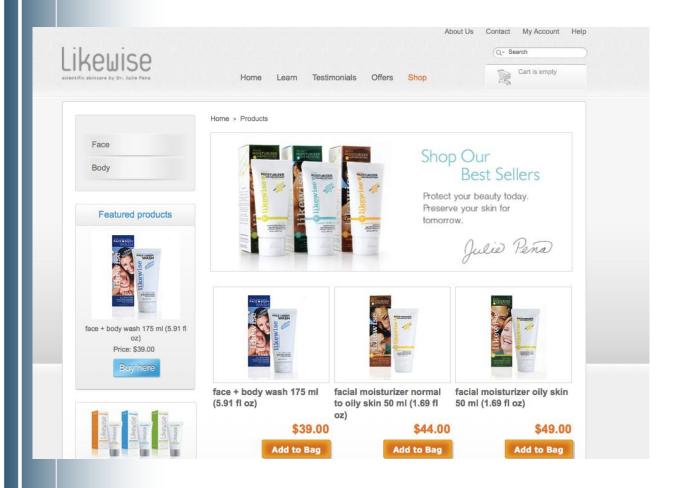# Tip 6: Utilize Navigation (& Sub navigation) appropriately to drive sales

Studies by Forrester Research estimate that approximately *50 percent of potential sales are lost* because users can't find information and that *40 percent of users do not return* to a site when their first visit is a negative experience.

Because this website had over 5,000 products a "drill down style" was used so that shoppers could narrow down their options quickly.

Tip 6 : Utilize Navigation (& Sub navigation) appropriately to drive sales

Conversely, this site has so few products that a "SHOWCASE" was created instead of a large market style navigation.

Tip 7 : Appeal to all Brains : Use visual, side & top navigation

Tip 8 : Testimonials are critical to build consumer confidence

Tip 9 : Utilize Video

- Online video is the fastest growing ad format in 2012 with nearly 55% growth. (eMarketer, January 2012)

- According to Internet Retailer, 52% of consumers say that watching product videos makes them more confident in their online purchase decisions.

- When a video is information-intensive, 66% of consumers will watch the video two or more times. (Internet Retailer, 2012)

- According to Retail Touchpoints, the Step2 Company found that shoppers who viewed video were 174% more likely to purchase than viewers who did not. (Retail Touchpoints Channel Innovation Awards, 2012)

Tip 10 : Let your product descriptions be your sales person

Punch List for great conversion:

- "Sale" price
- Detailed product information
- Product reviews
- Video of product in use
- Customer testimonials
- Shareability on social media
- Feature sets
- Specs
- Clear images
- Multiple images
- Clear call to action in "BUY" button

Petite cotton short trenchcoat

Our cotton trenchcoat gets a fresh new look. Sporting a modern length and high-gloss buttons, it is drenched in a broad range of vibrant color options.

ROLL OFF TO ZOOM OUT   VIEW LARGER

about this product

fabric & care
- 100% Cotton.
- Machine wash.
- Imported.

Allowing roll over, zoom, and multiple images helps consumers feel they understand what they are purchasing.

Tip 12 : Image quality is critical

Distorted images do not convert, nor do products that are not made to look like high quality or that clash on a very busy border or background.

Below, is the proper way to showcase pants with close ups, multiple angles, and clear images on a white background.

Part 2: E-commerce Options

Why own your e-commerce store?

• One of the benefits of having your own e-commerce store (as opposed to selling through a marketplace, an etsy, ebay, or amazon) is ownership of the customer.

• Once you have their information you begin to own the customer and that transaction takes on a lifetime value.

• It is the key to moving your e-commerce store from a transactional to a sustainable business. Own your own customers.

Some   Financial   Terms

- **ACH payments** are electronic credit and debit transfers, allowing customers to make payments from their bank accounts for utilities, mortgage loans, and other types of bills. ACH stands for Automated Clearing House and most payment processors offer ACH payment options to their customers, especially for monthly- and subscription-based transactions. Most payment solutions use ACH to send money (minus fees) to their customers.

- A **merchant account** is a bank account that allows a customer to receive payments through credit or debit cards. Merchant providers are required to obey regulations established by card associations. Many processors (such as the ones listed below) act as both the merchant account as well as the payment gateway.

- A **payment gateway** allows merchants to securely pass credit card information between the customer and the merchant and also between merchant and the payment processor. The payment gateway is the middleman between the merchant and their sponsoring bank.

- A **payment processor** is the company that a merchant uses to handle credit card transactions. Payment processors implement anti-fraud measures to ensure that both the front-facing customer and the merchant are protected.

- **PCI compliance** is when a merchant or payment gateway sets their payment environment up in a way that meets the Payment Card Industry Data Security Standard (PCI DSS). The PCI DSS standard was created by the Payment Card Industry Security Standards Council to increase security of cardholder data and to reduce fraud.

Reasons why businesses elect to go the third party route…

- **Unable to acquire a true merchant account**
  - Not everyone who wishes to accept credit cards is eligible for a true merchant account. Possible reasons someone would not be able to establish a true merchant account might be:

- **Not a Registered Business**

- **Black Listed** (Website or Personal credit)

- **Averse to High Risk**
  - Accepting credit cards online is a risky proposition. Fraud rates are substantially higher when compared to traditional retail establishments. Some merchandise is also riskier then others.

- **Personal Credit**
  - Since new businesses typically do not have established credit, merchants must use their own personal credit to support the business. Merchants who have no credit or poor credit will find themselves unable to secure a merchant account, or they find that they can only secure one with prohibitively high rates.

- **Process small volumes**

- **Non-programmers** Not everyone who wishes to accept credit cards online has the means to implement a complex API.

Other minor points to consider:

- **Want to be able to leave business**/high risk start up not looking to incur costs

PayPal, Google Checkout & Amazon: The Pros

- No need for a credit check or banking history.

- Because this is a third party processing company there is less liability for compliance as a vendor.

- Google Checkout, PayPal, and Amazon Payments employ their own fraud screening, customer dispute, and chargeback management systems.

- Many customers have history (with Amazon especially) helping to cut down on fraudulent orders.

- Established accounts help consumer confidence and ease of checkout.

- Easy to integrate APIs for all solutions make them a fast and easy way to get up and running at a lower cost.

PayPal, Google Checkout & Amazon: The Cons

- PayPal is a hotbed for fraud.

- Transactional fees can become costly for large merchants.

- Seller protection/chargeback coverage (especially with PayPal) is often limited to those transactions where the original purchaser signs for the package (which happens less than 1% of the time) reducing some of the protection of being a PayPal seller.

- PayPal has been known to freeze or hold funds in sellers accounts based on a failure to authorize buyer accounts and requires extensive documentation to remove this hold.

- Amazon has very flexible return policies which can cost merchants trying to keep up with that policy.

Own Your Own Gateway

- Authorize.Net is the Internet's most widely used payment gateway. With a user base of over 300,000 merchants, Authorize.Net has been the go-to method for e-commerce sites that need a gateway to accepting payments.

- Widely used e-commerce platforms such as Magento, Volusion and X-Cart are designed to easily accept payments using Authorize.Net.

- Pricing: Authorize.Net has a $99 setup fee, costs $20 per month and takes a $0.10 per-transaction fee.

- They also offer a great SSL solution combined through Comodo.

Why Vendors Select Their own Payment Gateways

- **Process large volumes**
  - Very large volume merchants will easily clear the threshold where a true merchant account becomes a financially superior option.

- **Total control over the account**
  - your name that appears on your customers' statements, you get customer support directly from the processor and do not have to go through the third-party provider, and you have less restrictive rules as to how you can use your account.

- **Transparent checkout**
  - Most gateways offer an API (Application Programming Interface) for interacting with their services, and as a result the transaction seems to only occur on the merchant's website. This alleviates the problem of the customer leaving your website and not feeling comfortable with their purchase.

- **Professional image**
  - Many customers have a preconceived notion about what a professional website is. In the scope of this article, that means a checkout process with pages that have the same look and feel as the rest of the website. It also means never leaving the website to complete the transaction. With a true merchant account utilizing the API of a gateway you can achieve a transparent checkout and maintain that air of professionalism expected from your customers.

- **Quick access to funds**
  - Funds are usually deposited within 1-3 business days.

PayPal, Google Checkout & Amazon

PRICING IS ALL THE SAME WITH THE EXCEPTION OF AN ADDITIONAL AMAZON TRANSACTIONAL FEES ON ORDERS LESS THAN $10.00. Some vendors offer all three, some use just one.

Purchase payments received (monthly)	Fee per transaction
$0.00 USD – $3,000.00 USD	2.9% + $0.30 USD
$3,000.01 USD – $10,000.00 USD	2.5% + $0.30 USD
$10,000.01 USD – $100,000.00 USD	2.2% + $0.30 USD
> $100,000.00 USD	1.9%[*] + $0.30 USD

Using a Gateway: How Does it Work? The 6 steps of the credit card process

- Step 1: Buyer pays.

- Step 2: A payment gateway will manage the complex routing of the data on behalf of the merchant through the following steps/entities.

- Step 3: The gateway passes the secure transaction information via a secure connection to the Processor.

  The Merchant Bank's Processor submits the transaction to the credit card network (like Visa or MasterCard). The credit card network routes the transaction to the bank that issued the credit card to the customer.

Credit   Card   Process   Continued:

- Step 4: Approval or decline of the transaction occurs and then it is communicated to the bank processor, which is in turn then cleared by the payment gateway provider.

- Step 5: The vendor gateway stores the transaction results and sends them to the website for the customer and merchant to see.

- Step 6: After goods are shipped/the card is actually charged (settled) with the buyer's bank depositing funds into the seller's bank within 3 business days.

The Pros of Your Own Merchant Account and Gateway

- Own your own customer, and reduce fees on a per transaction basis (for large ecommerce stores paypal, amazon and google checkout will take significant revenue over time).

- Increased consumer confidence by not leaving your site for purchase activity.

- Increased perception of professionalism.

The Cons of Your Own Merchant Account and Gateway

- Increased liability of credit card information and transactions.

- Increased need to remain diligent about compliance matters.

- More technical expertise will be required for initial set up of accounts.

- Personal credit checks / banking history will be required.

Part 3: Security & its Role in E-Commerce

What is PCI Compliance?

The Payment Card Industry Data Security Standard (PCI DSS) is a set of requirements designed to ensure that **ALL** companies that **process, store,** or **transmit** credit card information maintain a secure environment.

The council was formed in September 2006 by the five major credit card brands, Visa, MasterCard, American Express, Discover, and JCB [Japanese Credit Bureau]. It was formed because each one of these brands had their own compliance programs and they still do, but they all use this standard as the foundation for their programs, so there is a common practice to create security. It includes 12 steps or parameters.

PCI Compliance seems like a lot of work. Is it necessary? I am just selling a few items.

- It's all mandatory. Nothing is voluntary. The rule is if you store, process, or transmit credit card data you must be compliant with the PCI standards. Fines can be as high as $100,000 a month for breaches.

- Merchants are responsible for STAYING compliant.

I keep hearing PCI compliance & SSL certificate for security, but what is the difference?

The SSL certification is a PART of being PCI Compliant

What is SSL and a SSL certificate ? (Secured socket layer)

There is the acronym SSL or a closed or an open lock on some web pages. When the lock is clicked, it shows various certificates that tell you whether the site is encrypted or not. The public key is used for encryption and the private key is used for decryption. It ensures that various layers of security measures are used during the entire transaction process.

What to look for in your SSL certificate provider.

- **SSL certification is a straight forward and easy process that does not have to be extremely expensive.**

- *However some SSL certifications are free but BE WARNED. The SSL Certifications that are free are often not appropriate for e-commerce. For example companies like StartSSL, and CACert do not verify behind user name and email making them not a secure enough solution for e-commerce.*

- *Seek a SSL certificate that offers:*
    - 128 bit encryption
    - Website Security
    - Securing a Mail Server
    - Securing Sub-domains
    - Email Security
    - Secure multiple domains
    - Unified Communications
    - Warranty of $100,000 or more

* The warranty protects the end user if an SSL Certificate is mis-issued (issued to a third party that was not entitled to the SSL Certificate).

A few brands we know (and love) for SSL…

- Digicert is a great provider with easy to use products and excellent customer service. They offer a warranty up to $1,000,000.

- Trustwave is also great and $50 less than Digicert. However, their warranty is only up to $100,000. The price difference is worth it.

- Authorize.net partners with Comodo (they over 128 bit encryption), but is more expensive than Digicert, and Trustwave. Comodo is also not aimed at a "do it yourself" model – but rather for a developer or IT professional (this is our total recommended solution).

What other security measures do I need to facilitate visitor confidence and promote sales?

- http vs https (the 's' indicates to a consumer your site is <u>secure</u>)
  - HTTPS encrypts the data sent and received with SSL, while HTTP sends it all as plain text
  - TTPS connects on port 443, while HTTP is on port 80

- Most Web customers know that they should look for the https in the URL and the lock icon in their browser when they are making a transaction. So if your storefront is not using HTTPS, you will lose customers. But even still, it is common to find Web sites that collect money including credit card data over a plain HTTP connection. **This is very bad.**