PART 1
TALKING SHOP
PLAN YOUR E-COMMERCE BUSINESS

Our definitive guide to selling online

neto
POWERED BY TELSTRA

INTRODUCTION

It's easier than you might think to launch an e-commerce site and start selling online.

Last year, Australian retailers made 35 per cent* of their sales online. Isn't it time you got a little of that e-commerce action for yourself?

Maybe you have already built a successful business and want to translate that success online. You're eager to build your website straight away, playing with designs and product descriptions. Or maybe you're just starting your business journey, and are unsure where to begin.

Either way, our *Definitive Guide to Selling Online* is for you.

This is the first of a three-part series, mapping every stage of your e-commerce journey from idea to launch, and beyond.

At the end of this series you'll have chosen your products or services and will understand how to create an e-commerce site that attracts customers and keeps them coming back. We'll take you there, step by step.

[i] STAY ON TRACK WITH OUR HANDY CHECKLIST

1. MAKE A PLAN

Your journey starts here, *before* building begins on your e-commerce website (you'll find that in part two, *Set Up Shop: Build and launch an e-commerce website*).

Every unfamiliar journey needs a map, so you can plan the best route to your destination and avoid costly wrong turns along the way.

This guide will help you create your plan. It may help to download this **simple planning template** and fill it in as you work your way through this guide, step by step. By the end, you should have all of the information you will need to give your e-commerce ideas a solid foundation.

Turn the page and take that first step now.

JARGON BUSTER

[i] TECHNICAL TERMS EXPLAINED BY THE TEAM AT NETO [DOWNLOAD NOW]

2. RESEARCH THE MARKETPLACE

The online marketplace is different from traditional retail,so spend time researching what's already out there to give your e-commerce ambitions the best chance of success.

[ ] CHOOSE THE RIGHT PRODUCTS

What sells well offline might not do the same online.

It's certainly possible to buy and sell chandeliers, pianos or even antique vases online. However, the extra shipping costs, possible breakages and other complications can make the total price – and the process – far less attractive for such items. If you intend to offer a service, is it one people regularly seek out online?

Consider your stock or services. Which are likely to be popular? Are some more or less suitable for selling online?

[ ] WALK IN YOUR CUSTOMERS' SHOES

Would you buy this product online? Use search engines to see how easy, difficult, expensive or impractical it is to find and buy similar products from other websites. Can you do better?

[ ] KNOW YOUR TARGET AUDIENCE

Are there enough potential customers for what you're planning to sell?

- Use social media as a listening post, searching on keywords to see how people talk about similar products.
- Are others successfully selling a similar product or service online?
- Is there room for another supplier?
- Would people be willing to pay your prices once shipping is added?
- Be clear on what segment of the market you are targeting. Why would they buy from you?

Customer research never ends. Sales data will reveal more about who your customers are and how they behave.

RESEARCH THE MARKETPLACE

(cont'd)

[ ] CHECK OUT THE COMPETITION

With so much competition, it's very hard to compete just on price. So how will your brand and products stand out?

- Go niche: Instead of selling all books, become the best source of books on a particular topic
- Go local: If your competitors are overseas, turn local shipping and local product into a virtue
- Go unique: Handcrafted, limited edition or personalised products carry a different emotional value

Can you add value in a way your competitors can't match?

[ ] CONSIDER THE GLOBAL MARKETPLACE

E-commerce allows you to reach customers on every continent, creating new challenges and opportunities.

- Will you attract customers with different cultural sensitivities?
- Do you have seasonal stock that could be marketed to different countries throughout the year?
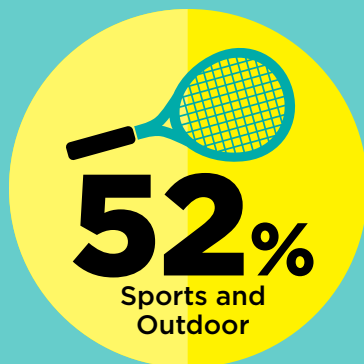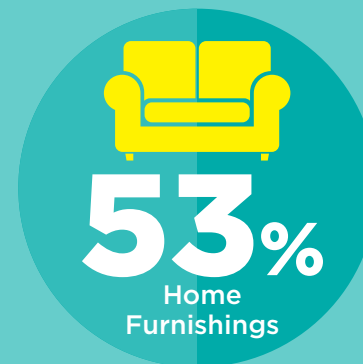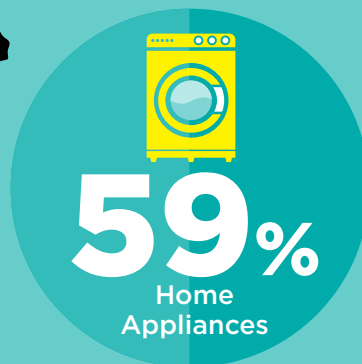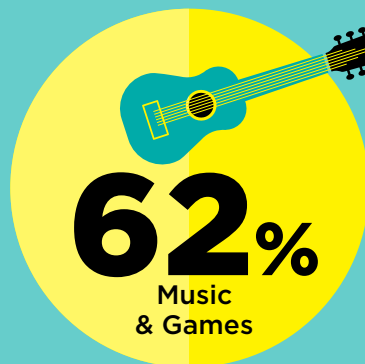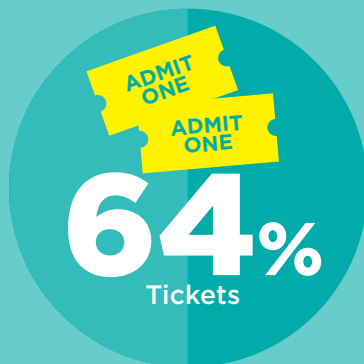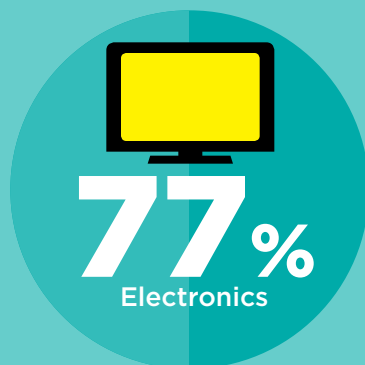- Are your products popular with ex-pats?

Can you tap into new markets, seasons and buying patterns? Are you ready to ship overseas? (We go into that more later in this guide.) You can find useful profiles of overseas markets at the Austrade website.

TOP PERFORMING E-COMMERCE PRODUCT CATEGORIES

%
of online customers globally who bought these goods in a three-month period in 2015

77% Electronics

76% Fashion & Apparel

76% Services

73% Books

64% Tickets

62% Music & Games

59% Home Appliances

57% Beauty Products

53% Home Furnishings

52% Sports and Outdoor

49% Toys, Kids & Babies

45% Groceries

45% Household Items

3. MAKING THE NUMBERS WORK

The goal of any business is to make a profit, and your e-commerce website is no different. But will your ideas make you rich or send you broke?

[ ] RESEARCH COMPETITOR PRICING

You may not be able to match a big player's discount price, but you don't want to be the most expensive on the market, either. Remember, comparing prices isn't always like for like. Consider what else may influence a competitor's pricing decisions: free shipping offers, promotions, different taxes (such as GST), fluctuating exchange rates or regional demand.

Research competitor pricing and keep track of any changes. Then compile them to determine a price range. What is the median or typical price? How close can you get to this?

[ ] FIND THE BEST WHOLESALE PRICE

Even a small saving per item can add up to a better business model. If there are several possible suppliers, shop around for a better deal. If you make your own products, negotiate the best price on materials to reduce your production cost per item.

Although a new business will have little bargaining power with suppliers, as your business grows, you can always go back to negotiate a better deal.

Remember to discuss your business plan with your accountant.

MAKING THE NUMBERS WORK
(cont'd)

[ ] SET YOUR MARGINS

The margin is the difference between your wholesale or production costs per item and the price you sell it for. It must be enough to cover all your other expenses and still keep you in profit.

- How much stock will you keep on hand to service demand? Slow-moving stock is still a cost to you
- What about ongoing running costs: website fees, office overheads, admin expenses and salaries?
- Don't forget processing fees for credit cards, etc.

Case Study: **Bicycles Online**

4. CHOOSE YOUR E-COMMERCE PLATFORM

Powerful software platforms can simplify a lot of the work in an e-commerce website. Which one is right for you?

[ ] 1 Is it an established product with a trusted brand?
Pick a platform that will be supported for years to come.

[ ] 2 Is the interface easy for someone of my skill level?
Look for a balance between powerful features and ease of use.

[ ] 3 Do I need to understand code to make modifications?
If you don't know code, can you complete most tasks satisfactorily?

[ ] 4 Is there a large library of plugins/add-ons?
Plugins and add-ons help modify the platform to your preferences.

[ ] 5 Is there a large library of design templates?
Templates, **like these from Neto**, make building your site easy. Choose a design that suits your brand.

[ ] 6 Do the templates have lots of customisation options?
Make the website look your own by selecting colours, branding layout and display options.

[ ] 7 Are the design templates mobile responsive?
Your online store should work on any mobile or smartphone screen.

[ ] 8 Can the platform integrate with the rest of your business?
You may be able to streamline and automate tasks such as accounts, stock control or warehousing.

[ ] 9 Are the platform and designs social media friendly?
Check the platform has easy sharing features, and displays the right information and images for the chosen social media channels.

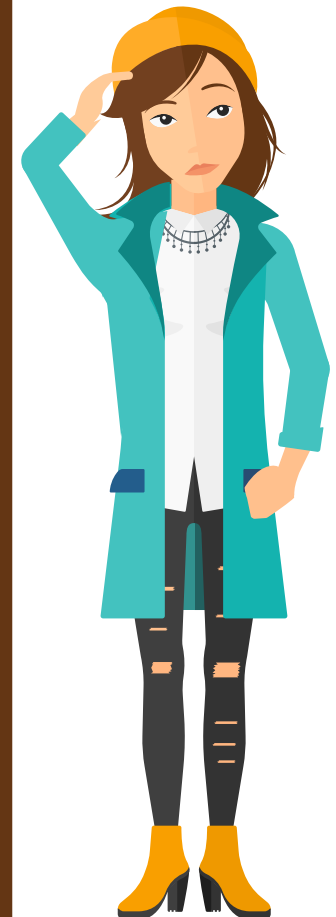**[i] TECHNICAL TERMS EXPLAINED BY THE TEAM AT NETO [DOWNLOAD NOW]**

TAKE A FREE TRIAL OF NETO E-COMMERCE

Neto's e-commerce platform supports online retailers to sell more, ship more and do less! Try Neto for yourself, with a free 14-day trial – no credit card required.
[Sign up]

neto

5. INTEGRATE E-COMMERCE WITH YOUR OTHER TOOLS

In the modern office no piece of software can be an island. Your e-commerce platform should integrate with your existing workflows, devices and apps to save time and boost efficiency.

[ ] CHECK YOUR APPS

If a new platform or app doesn't integrate with everything you need it to (such as your accounting software), it can mean a lot more manual work transferring information back and forth.

List all the devices, apps and online services you use and identify which should integrate with each other.

TIP Online service Zapier can integrate hundreds of popular apps and platforms. **Check if Zapier has you covered.**

[ ] AUTOMATE YOUR WORKFLOWS

Automation between your various apps and services can save time and remove human error. Identify the data and admin tasks you would like to automate, such as:

- Transfer sales data from your e-commerce platform into your accounting software and reporting dashboard
- Synchronise customer lists with your email marketing platform
- Trigger stock alerts in your ordering system
- Add tasks to your organiser so you never miss a shipment

TIP Avoid too many automated notifications, both for your customer and for you. Only trigger notifications for important events.

INTEGRATION MADE EASY

Neto has made it easier to integrate many of the most popular or essential digital tools and platforms used by Australian small business.

Discover how easily you can integrate with apps such as Xero, Vend, Unleashed and more! **[LINK]**

Automation saves you time. Now, choose your apps!

POPULAR BUSINESS APPS TO GET YOU ORGANISED

File Management

Account Management

Task Management

Office Management

6. DOMAIN NAMES AND HOSTING

Domain names and hosting are essential elements of any e-commerce business so they require careful planning.

[ ] REGISTER A DOMAIN NAME

A domain name is the web address that people will type in to get to your site.

It's a good idea to register domain names at the same time you register your business name. However, if your business is already registered, and the matching domains aren't available, try a few variants until you find a domain that suits.

TIP Keep your domain name short, descriptive, unique and memorable. **See here for more advice.**

[ ] TRY OUT YOUR DOMAIN NAME IDEAS

Finding the right domain can be trial and error. Make a list of keywords and ideas, and test the various combinations with a **domain name search**.

[ ] CHOOSE A HOSTING PROVIDER

Setting up your own hosting account to power your website can give you greater flexibility and control. But you'll need a little technical skill to effectively manage it and get the best results.

HOSTING CHECKLIST

[ ] **1 Is the hosting provider rock solid?**
Hosting providers sometimes close down, forcing you to move your website elsewhere. Choose a provider with proven performance.

[ ] **2 Is there 24/7 technical phone support?**
Waiting for an email reply to your support issue isn't much help when your website is down and you're losing $$$ in sales.

[ ] **3 Will your e-commerce website perform well?**
Ask if the host's servers support your software

requirements. A wrong setting can bottleneck your site's performance.

[ ] **4 Can you increase your hosting plan as your business grows?**
Can you scale your hosting plan up and down as needed? Are there extra costs involved?

[ ] **5 Is the provider based in Australia?**
Choosing a local hosting provider may simplify support issues.

SELF-HOSTED OR CLOUD E-COMMERCE?

Some e-commerce platforms – **such as Neto** – are hosted in the cloud, making it easier to get started without the hassle, expense and worry of maintaining your own hosting servers and software. However, when choosing a cloud-hosted platform, check if there is any history of downtime or slow performance.

7. PREPARE YOUR POLICIES

Policies are there to protect both you and the customer by setting clear limits and expectations and ensuring your business always acts within Australian Consumer Law.

[ ] DECIDE ON A RETURNS POLICY

Returns will happen, whether it's due to faulty goods, incorrect sizing or damage in transit. Having a good returns policy can reduce potential disputes later. It should explain:

- When a product can be exchanged
- What scenarios merit a full, partial or no refund
- Who pays for return shipping
- If there is a time limit for returns, say, within 60 days of purchase
- What about sale stock? Or intimate apparel? Does the same policy apply?

TIP Check your policy against the **Australian consumer law** which is regulated by the **ACCC**. For example, a customer shouldn't incur extra costs to return a faulty item.

[ ] PREPARE YOUR PRIVACY POLICY

One of the biggest worries for online customers is data privacy, so having a clear privacy policy will alleviate concerns. It should state:

- What data is collected
- How is it collected
- Why is it collected
- How it will be used
- How the data is protected
- If information will be shared with third parties or vendors
- If customers can request that personal data be deleted.

TIP Don't copy a policy from another site as it must accurately reflect your own practices. The **Office of the Australian Information Commissioner** has resources that help explain the requirements.

[ ] TERMS OF USE POLICY

A Terms of Use policy protects your website and content from abuse or unauthorised activity. It should:

- Protect your copyright, trademarks and intellectual property
- Prevent users from misusing your website to post offensive comments, spam other users, etc.
- Limit your liability against the possibility the website may contain errors or inaccuracies.

TIP There are sites with sample policies or document generators, such as **TermsFeed**. But you should have a lawyer check each of your policies.

HOW WELL DO YOU KNOW THE RULES?

Australian Consumer Law continually adapts to meet community expectations and keep pace with new technologies. **Read more about current legal requirements for e-commerce**

8. SHIPPING

E-commerce success really comes down to what happens after someone has clicked the 'Buy Now' button. Plan ahead to make sure the customer experience between checkout and delivery never disappoints.

[ ] SELECT YOUR DELIVERY SERVICES

Will you stock up on prepaid satchels and bubble wrap, with weekly trips to the post office? Or will a courier service be more suitable? What about international customers or packaging and handling of fragile products?

Getting the packaging right will help ensure every product arrives in one piece. Spend a little time researching your delivery options to find a good balance between shipping costs and speed of delivery.

Learn more about drop shipping and third-party fulfilment.

[ ] SET UP A SHIPPING MATRIX

Calculating shipping costs for each item is complex. A shipping matrix allows you to assign values to criteria such as: shipping zones (geographic regions); product categories (default, fragile or dangerous goods); choice of shipping method (Australia Post, courier, etc.); and so on.

Once loaded into your e-commerce platform, the shipping matrix makes it easy to automatically apply accurate shipping costs during checkout.

**Need help? Learn more about shipping and how Neto can help.**

SHOULD I OFFER FREE SHIPPING?

Free shipping can attract customers, but you will need to absorb the costs, so price products accordingly. Local shipping may not be much, but international shipping could be very expensive.

Find out if free shipping is right for your business.

LOST OR BROKEN IN TRANSIT

If things go wrong, the customer will want a refund. Find out if there is default cover from the shipping company, any limitations, and what the claims process may be. Consider offering additional insurance as an extra in your shipping matrix.
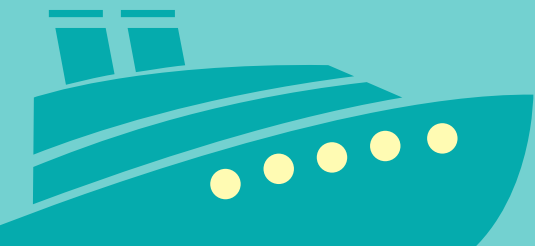
Bicycles Online grew from a backstreet garage to a $5 million a year business on the strength of great service and smart e-commerce strategies. Jono explains how it all started.

① RESEARCH YOUR SUPPLIERS

"We discovered there were only about 10 bike factories producing about 350 bike brands for the Australian market. At a bike shop, each $500 bike does not cost the same to build, because the brand is only involved in the frame. All the other components are big names you see fixed on the frame. We found Polygon, an Indonesian brand, was the only major global brand that hadn't already invested in the traditional dealer channels [in Australia]." ▸

"We sold the first shipment of bikes within three weeks. That's when we knew we were on to something."

2 INVESTIGATE DIFFERENT SALES CHANNELS

"We knew that going down the traditional retail channel would make it difficult to differentiate on price, because everyone's buying and sourcing the same components. So we had to find another channel. We pitched the idea to Polygon to try something different with the brand – [to] cut out the middle man and sell directly online."

3 TEST YOUR MARKET WITH A SMALL PRODUCT RUN

"We had to commit to a minimum order of 130 bikes to get a good deal, which at around $56,000 was a bit of a risk for a young business. So we thought: 'We'll have a go and see if we can sell these bikes – and we set up an eBay store. We sold the first shipment of bikes within three weeks. That's when we knew we were on to something."

4 CREATE COMPETITIVE POINTS OF DIFFERENCE

"We decided to offer free shipping Australia-wide, free 14-day test rides, and create some service to bridge the gap between bricks-and-mortar and online retailers."

THE BICYCLES ONLINE STORY

Jono Allara and James van Rooyen started Manly Bike Tours in 2007. In mid-2011, after a visit to a trade show in Taiwan, they spotted a gap in the market for importing bike parts, assembling them and then selling them direct to Australian consumers.

In November 2011, they imported parts for 130 bikes from Indonesian manufacturer Polygon, and began selling the assembled cycles on eBay. By March 2013, they'd bought 1000 bikes and launched their first 'proper' e-commerce website selling bikes, parts, accessories and clothing.

In April 2015 the business switched to the locally hosted Neto e-commerce platform, backed by Telstra, to better manage their multinational sales. In 2016, Bicycles Online is set to sell about 15,000 bikes, earning revenue of around $5 million. ∎

YOUR E-COMMERCE CHECKLIST

Tick it off! In part one you have learned how to...

[ ] 1 Research the online marketplace
New markets, competitors, global/regional trends? Investigate how your business plan may differ online.

[ ] 2 Set your prices Research your competitors' prices. Find the best wholesale price. Set your margins.

[ ] 3 Choose the right e-commerce platform
You'll be working with it every day, so look for a balance between powerful features and ease of use.

[ ] 4 Integrate with your business tools
How will your chosen platform interact with your accounting, logistics, email and office software?

[ ] 5 Register a domain name
Keep it short, descriptive and memorable.

[ ] 6 Select a web host
Poor web hosting can kill an online store. Look for reliability, performance and 24/7 technical support.

[ ] 7 Prepare your policies
Set clear limits for your business and your customers and ensure it complies with consumer and other laws.

[ ] 8 Plan fulfilment and shipping workflows
Decisions around product, delivery, pricing and promotions will depend on your chosen carrier(s).

OUR HANDY E-COMMERCE GUIDES WILL HELP YOU GET THERE

Find out how you can plan, build and promote your own online business with our *Definitive E-commerce Guides*, free to download courtesy of *Smarter* and Neto. Check out the other parts in the series ...

2 Set Up Shop Build and launch an e-commerce website [LINK]

3 Top Shop Attract and win more e-commerce customers [LINK]

Checklist A full checklist to tick off for planning and launching a site [LINK]