



THE 2021 GUIDE TO BUILDING YOUR E-COMMERCE BUSINESS



WHAT DOES E-COMMERCE MEAN FOR BUSINESSES IN 2020?

What comes to mind when you think about e-commerce? If you immediately thought of a shopping cart, you may be missing the bigger picture.

This surprises many of our clients who come to us with a very specific idea about e-commerce, and therefore very specific ideas about whether e-commerce is “for them.” *They may believe they are not an e-commerce business because they don’t have a shopping cart.* Or they may have devised a complicated ordering process because they haven’t chosen the right model for their store.

This fundamental misunderstanding of what e-commerce is can hold many businesses back, so it’s worth taking a step back to re-examine what e-commerce means in the context of your business.

*Put very simply, e-commerce can be defined as **any time you use the Internet to conduct a business transaction.*** That doesn’t mean you need a shopping cart and products, an inventory management process, or an order fulfillment system. *You don’t even need to be processing payments to be doing e-commerce.* All you need is something to sell, and a means for your customers to place orders.

A photograph of a person's hands typing on a laptop keyboard. The scene is set on a wooden desk with a coffee cup. The image is split vertically, with the left side being dark and the right side being light and semi-transparent. The text is overlaid on the right side.

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WHAT DOES THIS LOOK LIKE?



Donations. *You're a non-profit. You don't sell anything, but you do have an option on your site that allows your donor base to donate online.* You even include options for people who want to auto-debit a regular monthly amount.



Fees and dues. *You're a society or a membership club. Your members use your site to pay their annual membership fees.* You even offer a few exclusive items in a members-only online store.



Purchase orders. *You're a B2B organization. You have an online form that allows visitors to order a service, and you invoice them separately.* Sometimes they pay through your online payment gateway, but as often as not they send you a check in the mail.



Pay-on-delivery. *Your customers use your website to make an order, but you don't collect payment until you're at their door, product in hand.* Half your customers pay you in cash, but you're still an e-commerce business.



Virtual goods. *You don't have a physical product to sell—no inventory to manage, no shipping, instant order fulfillment—*but you do have virtual products and you are processing payments.

None of these business models fit the typical e-commerce mold. However, they are e-commerce businesses nonetheless. The main difference between most of these business models and a traditional online shop is how orders are received and paid for. In other words: does your store use an online shopping cart, or a registration form?

SHOPPING CARTS

Shopping carts are the traditional and stereotypical e-commerce model (think Amazon). *With a shopping cart, you offer standard goods, and your visitors decide how many and of what type they want.* You may only sell a single product, or you may have product categories, including descriptions of each item on offer, sizing options, and potentially a few other ways by which you can customize a product, such as color or style adjustments or a special inscription. Or you may be selling tickets to an event, and all you need is a head count.

Shopping carts usually focus on quantity: you have items in your cart, which you can add or delete. If you want more of a specific item, you can easily increase the quantity. When you're done, you check out and pay for them all together.

FORMS

Most businesses only use forms when they need to collect detailed information to process the order. *Think of form-based event registration: to complete the order, you need to know how many guests are attending, what kind of ticket type they need (student, adult, child, senior), any dietary restrictions they may have, and seating preferences.* There may be price variables along the way that affect the total price at the end, or in the case of donations you may leave the final price up to the user.

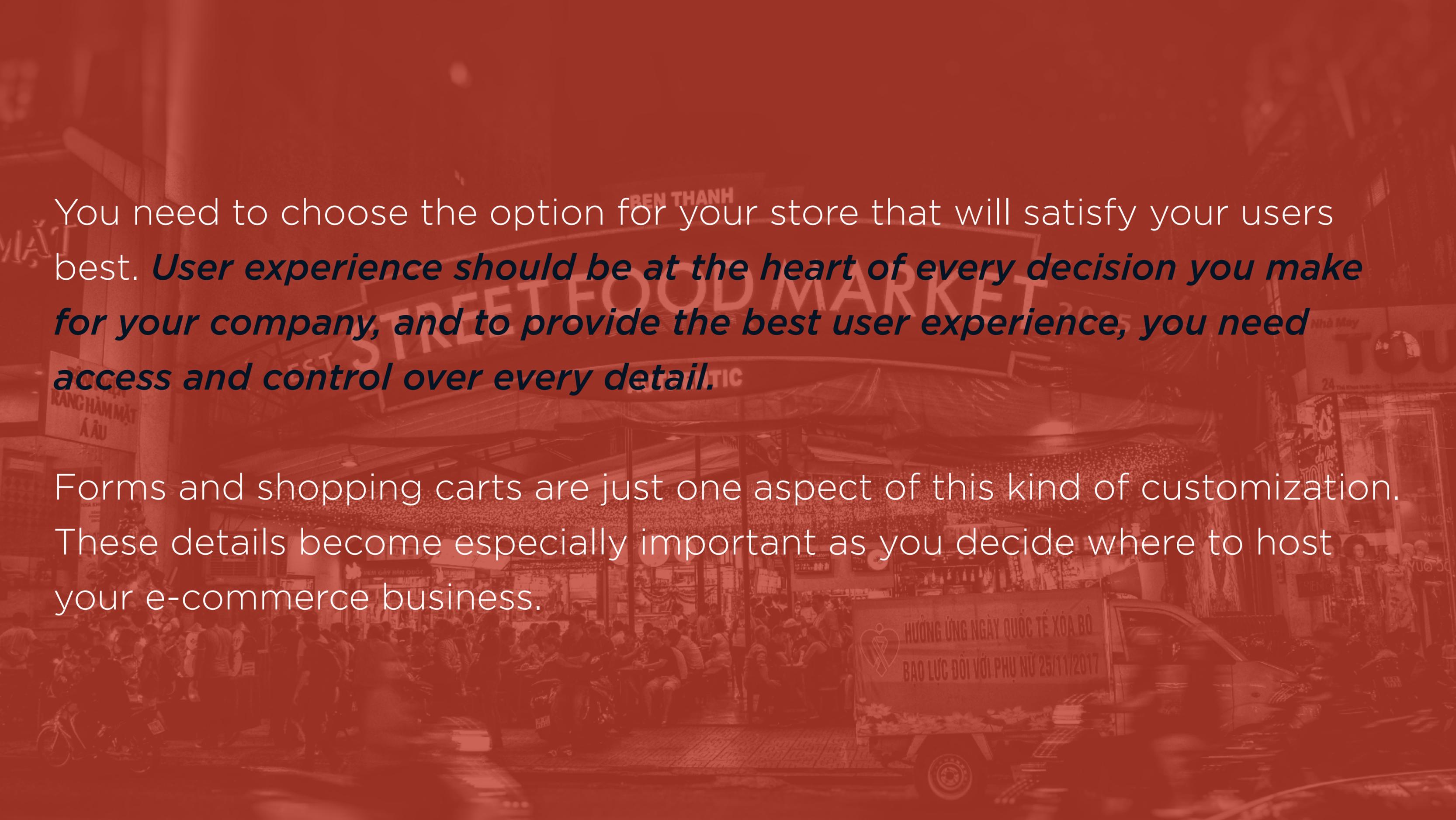
One of the key differences between forms and shopping carts is that with a shopping cart, your visitor tells you what they want, but not necessarily a lot about themselves. *With a form, you're often collecting information from your visitor which you need to complete the order.* Some of this information can be private, such as Social Security Numbers or other forms of ID.

SHOULD YOU USE FORMS OR A SHOPPING CART?

By discussing the differences between forms and shopping carts we don't mean to imply that one is inherently better than the other. But there is a right option for your business, and if you've chosen the wrong one, you could be complicating your check-out process and compromising your user experience.

For instance, *forms are generally more cumbersome and shopping carts more flexible.* A shopping cart allows users to search by category and more easily compare products in their cart. Forms can also tempt business owners to ask too many questions, causing users to abandon the process and walk away.

On the other hand, when you need detailed information to complete an order, shopping carts don't provide the same level of customization. Sometimes there's no substitute for a detailed registration form, especially if you're offering a complex or highly personalized service.



You need to choose the option for your store that will satisfy your users best. ***User experience should be at the heart of every decision you make for your company, and to provide the best user experience, you need access and control over every detail.***

Forms and shopping carts are just one aspect of this kind of customization. These details become especially important as you decide where to host your e-commerce business.

DO YOU NEED A HOSTED OR SELF-HOSTED E-COMMERCE PLATFORM?

Businesses entering the e-commerce market—or expanding their current offerings—must first decide where they plan to build their website. Will they choose a hosted e-commerce platform, such as Shopify or BigCommerce? Or on a self-hosted platform such as WordPress?

Hosted platforms, or companies offering Software as a Service (SAAS), are a common choice among young businesses who are just launching their first e-commerce offerings. SAAS companies provide various website templates for you to choose from, and handle all the hosting and payment processing on the backend themselves. They provide a low barrier to entry, as they're relatively easy to set up and don't require a lot of technical expertise to get going. *You pay a modest monthly fee, as well as a small percentage on sales unless you use them for payment processing as well.* For brand-new businesses with a lot of capital tied up in product or other business costs, they provide a great option to get you on your feet.

But at a certain point, SAAS options outlive their purpose. Your business grows, and many of the features which used to be selling points become limitations. *Those templates that were so easy to set up at first? Now they're holding your brand back.* That built-in infrastructure might have made starting your store convenient at the time, but now you're noticing the constraints and you want your options back. What should you do?

Let's take a closer look at the SAAS model and how it compares to self-hosted platforms.

WHAT YOU GET WHEN YOU SUBSCRIBE TO SAAS

When you opt for a SAAS e-commerce store, *you're essentially leasing the software to run your business from the company.* You have no access to the code, and that limits your options. You don't have the responsibility of creating or maintaining the system, but you also have less control. What does that mean in practical terms?

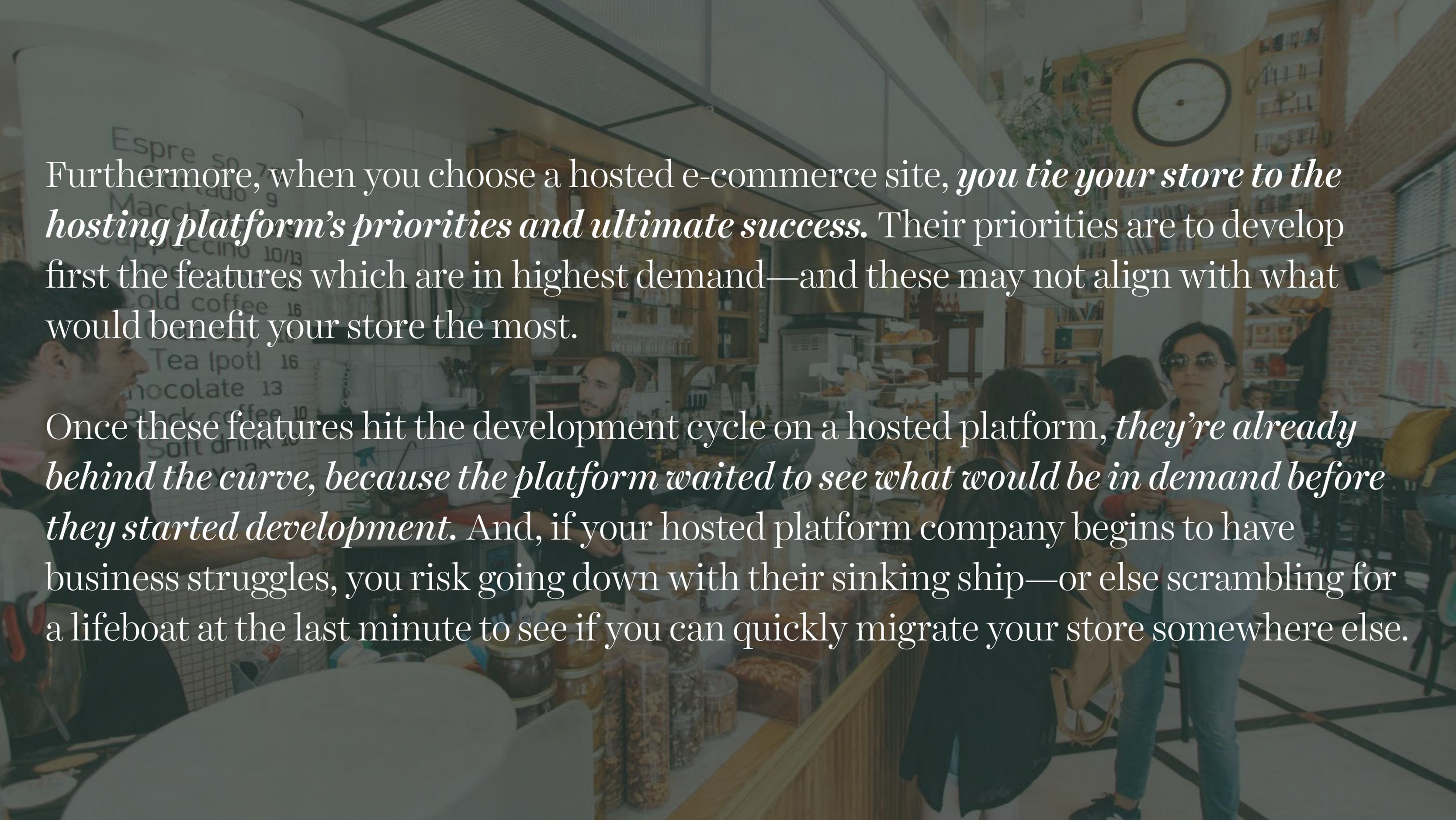
Compare the advantages and disadvantages of owning vs. leasing in general. When you lease an apartment, you can't decide to knock down walls and begin remodeling the interior. If something breaks, you have to wait for your landlord to get around to handling it. And of course, like any leasing arrangement, you have a monthly bill to maintain, just to have access to the service.

For a hosted e-commerce store, this means that the functionality of your site depends on the features provided. *You can work within the constraints of your chosen template—painting the walls, hanging pictures, and re-arranging the furniture—but some edits are outside your control.*

If you add widgets to increase functionality, you may not be able to fully integrate them into the design of your site. They'll look tacked-on and out-of-place. *You won't know what new features your hosting platform has in the works, and you'll have no say over if and when they get released.* And at the end of the day, your e-commerce story will only ever be a variation on any number of other e-commerce stores.

It may conform to an acceptable standard, but it will never exceed that standard.

By its very nature, it can never go above and beyond.

A dimly lit coffee shop with a menu board on the wall and customers at the counter. The menu board lists items like Espresso, Macchiato, Cappuccino, Cold coffee, Tea (pot), Chocolate, Black coffee, and Soft drink. A woman in a white jacket and sunglasses is standing at the counter, and a man in a dark shirt is behind the counter. The background shows shelves with books and a clock on the wall.

Furthermore, when you choose a hosted e-commerce site, *you tie your store to the hosting platform's priorities and ultimate success.* Their priorities are to develop first the features which are in highest demand—and these may not align with what would benefit your store the most.

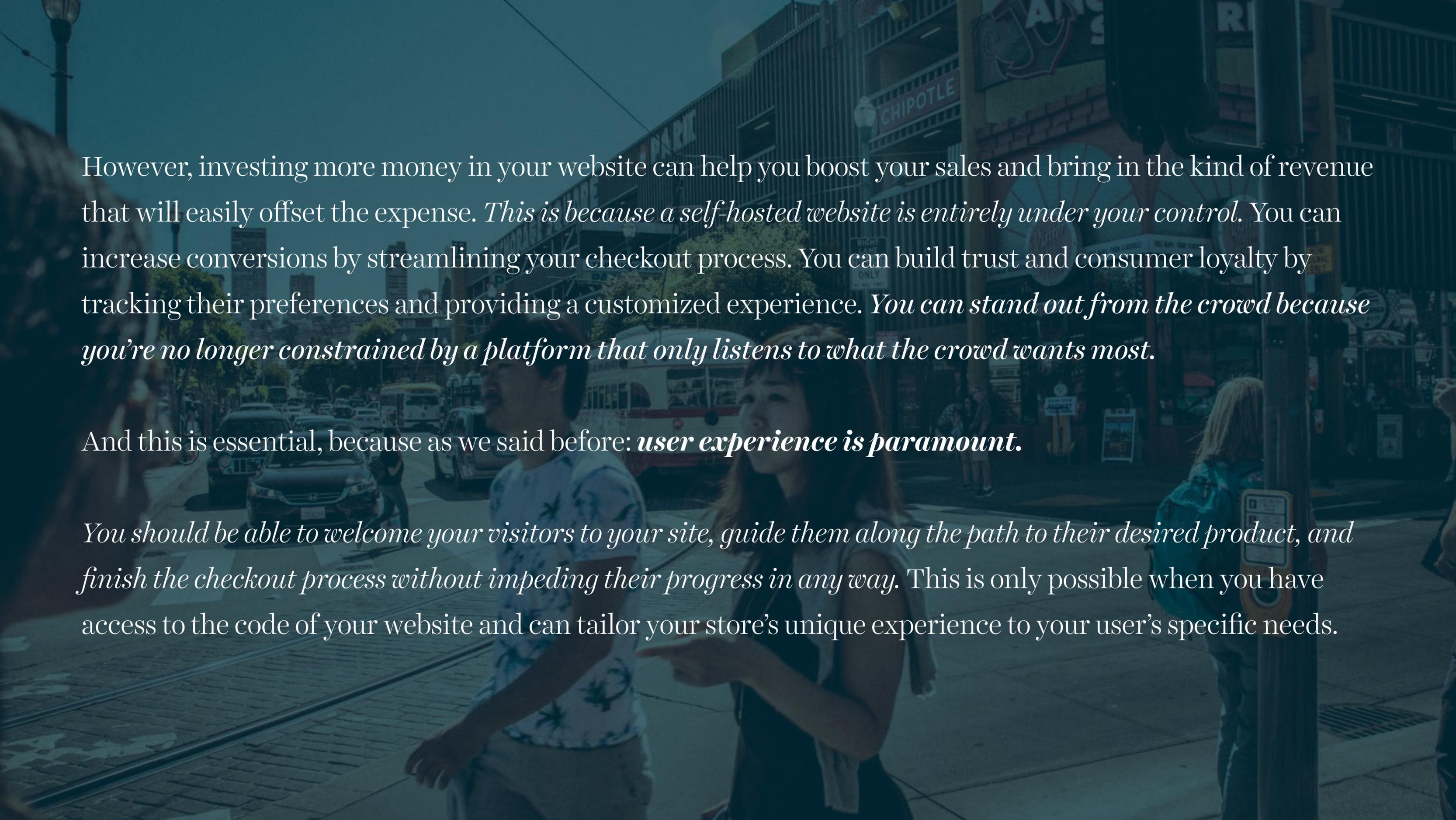
Once these features hit the development cycle on a hosted platform, *they're already behind the curve, because the platform waited to see what would be in demand before they started development.* And, if your hosted platform company begins to have business struggles, you risk going down with their sinking ship—or else scrambling for a lifeboat at the last minute to see if you can quickly migrate your store somewhere else.

DOES THAT MEAN YOU SHOULD MOVE TO A SELF-HOSTED E-COMMERCE MODEL?

If you have the capital for it: yes. As we said, hosted websites are good for businesses that have just launched. Maybe you only have a limited supply of a single product, a few thousand dollars of inventory, and even less capital at your disposal. You know nothing about building a website yourself, and you don't have the resources to hire someone who does. *In this situation, the wisest option is to start out on a hosted platform until you have the resources to transition to a self-hosted site.*

This is because self-hosted is not the cheap option. It will not help you save money, *but it will increase your earning potential.*

Self-hosted e-commerce gives you all the control, and all the responsibility. *The house is yours: now you can knock down that wall you always hated and install that energy-efficient insulation to optimize your heating bill—but you'd better also save money to replace the roof.* You're no longer paying rent, but you still have regular maintenance expenses.



However, investing more money in your website can help you boost your sales and bring in the kind of revenue that will easily offset the expense. *This is because a self-hosted website is entirely under your control.* You can increase conversions by streamlining your checkout process. You can build trust and consumer loyalty by tracking their preferences and providing a customized experience. *You can stand out from the crowd because you're no longer constrained by a platform that only listens to what the crowd wants most.*

And this is essential, because as we said before: ***user experience is paramount.***

You should be able to welcome your visitors to your site, guide them along the path to their desired product, and finish the checkout process without impeding their progress in any way. This is only possible when you have access to the code of your website and can tailor your store's unique experience to your user's specific needs.

All that said, once you decide to move from a hosted to a self-hosted platform, a lot of the infrastructure and maintenance which used to be handled by your hosting platform are now on your shoulders.

We're talking things like:

1. *Hosting*
2. *Payment Processing*
3. *Security*
4. *SEO*
5. *Marketing Integration*

These are all the barrier-to-entry elements that made hosted e-commerce so appealing in the first place. But once they're in your hands, you can optimize them to work on your behalf, creating a more efficient website that better addresses user need.

SETTING UP THE INFRASTRUCTURE FOR YOUR E-COMMERCE BUSINESS

It takes a significant amount of work to put all the components of a high-functioning, self-hosted e-commerce website in place. *But with all the parts under your control, you guarantee that each area functions at peak efficiency.* Breaking down these elements one by one, let's begin with hosting.

1. HOSTING

One big reason to switch to a self-hosted e-commerce store is so that you can... well, host your own site. Not literally in your office (we strongly recommend against this), but through some reputable cloud-hosting business. *This is key, because your webhost is responsible for the most critical part of your online business: keeping your store online.*

You also have better control over server space. If traffic is fairly low, you can save money by using a shared server for a certain amount of time. But as your business grows, you'll want to move to a dedicated server to ensure increased traffic doesn't slow your site down or cause it to crash.

By taking control of your own hosting, you also gain better access to customer service, and can ensure you have enough room to grow as a business. Research your hosting options well before making a choice. Any good web developer should also be able to give you a hosting recommendation, along with information about how their chosen host handles customer support, security, and down time.

2.

PAYMENT PROCESSING

Payment processing brings a couple factors into play. You can process payments off-site through a 3rd party, such as PayPal, or you can handle them on-site through your own payment gateway.

*Off-site payment processing is faster and easier to enable, but it compromises the user experience. If you've ever paid for a product using PayPal, you know that it navigates away from the main website and on to the PayPal portal. **This breaks the branded experience, and may feel less professional to some users.***

That said, some users may prefer PayPal as being more convenient, if they don't want to dig out their wallet and search for their credit card. If it's a popular choice among your customers, you can provide it alongside other payment methods.

However, to process credit cards, you will need an account with a payment gateway.

This usually comes with a small set-up fee, and then depending on your merchant provider, you pay a certain percentage of sales and a small transaction fee per order. *Typically, this is about 2.9% + \$0.10/transaction, although if you handle a large volume of sales you can sometimes negotiate the percentage down a few decimal points.*

These costs are similar for many hosted e-commerce platforms, which also provide their own payment gateway services. *If you choose to go with a different payment gateway, they typically charge an added 2% on each transaction.* Accordingly, this is an area where, depending on the hosted e-commerce platform in question, you could save yourself a significant portion of your sales margin.

3. SECURITY

Before you handle payment processing, you will need to secure your site. If your site doesn't properly encrypt sensitive payment information, your customer's data could be compromised.

Fortunately, any good hosting company provides SSL implementation, taking this step out of your hands. Nonetheless, there are a few other things you should do on your site to ensure proper security:

- Keep your plug-ins up to date.
- Use strong passwords.
- Enable two-factor authentication.

If you're working with a web developer, they can provide more guidance on security measures to ensure a safe website for your visitors.

4. **SEARCH ENGINE OPTIMIZATION (SEO)**

Following SEO best practices can be difficult on a hosted platform. As we said before, hosted platforms prioritize development budgets on whatever users demand most. *This means they're never at the cutting edge of the latest developments.*

But, as Google updates its search algorithms, businesses can't afford to be behind the curve. *To build your rankings, you need complete access to the backend of your website to ensure it performs its best.*

Factors that impact your search engine rankings include:

- Presence of keywords in title tags, copy, and alt tags.
- Optimized meta descriptions.
- Image descriptions and alt tags.
- Canonical URLs and site structure.
- Page speed and bounce rate.
- Link structure, both on-site and off-site.

Many of these factors are complex and invisible to the user. ***If your current website doesn't allow you access to areas of the site where you can edit and optimize these elements, you need to switch sites immediately.***

5. **MARKETING INTEGRATION**

How well does your current site integrate with your marketing tools? Can you track user behavior? Target emails based on page visits? Remarket to cart abandoners? And does it provide the analytics tools you need to measure page performance and bounce rate?

*Digital marketing is a competitive and ever-changing world, and you need to stay on top of new developments to attract and retain your ideal customer. For instance, statistics show that **remarketing to cart-abandoners can bring back 10–30% of visitors** who might otherwise never have returned to your site.*

That kind of functionality can bring in thousands of dollars in new sales.

A content marketing strategy is also key to building your domain strength and drawing organic traffic to your site. *To do this, you need to work with the content management system (CMS) of your website to schedule posts and optimize your content on the backend for SEO.* As you move to a self-hosted e-commerce platform, you'll want to choose a CMS (we recommend WordPress) that provides the flexibility and accessibility you need to update and optimize content yourself.



READY TO BRING YOUR E-COMMERCE BUSINESS TO THE NEXT LEVEL?

You may have noticed that a lot of what we discussed takes time and expertise to put into action. If you're ready to launch your e-commerce store—or if you've outgrown Shopify and are looking for a self-hosted option—we can help.

At build/create, our WordPress websites allow for all the customization and functionality you need to grow your e-commerce business. And we offer integrated marketing services to strengthen your SEO and increase conversions.

In other words, we build websites that build your business.

If that sounds like something you want, contact us today.