Optimizing Ecommerce Excellence

Strategies for Small Business Success

Growth Statistics: Riding the eCommerce Wave

In the ever-evolving world of eCommerce, small businesses are not just participating; they're making significant waves.
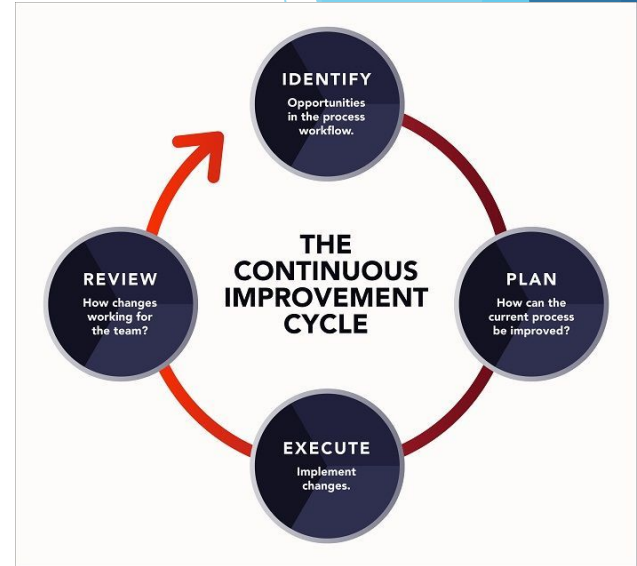
In 2023, global retail e-commerce sales reached an estimated 5.8 trillion U.S. dollars. Projections indicate a 39 percent growth in this figure over the coming years, with expectations to surpass eight trillion dollars by 2027.

- **Businesses that have embraced eCommerce have seen an average revenue growth of 15-30% year-over-year.**
  - This isn't just about selling more; it's about reaching more.
- **More Platforms, More Opportunities**
  - In 2022, marketplace & dropship businesses surged with 38% growth
- **Brand Visibility and Recognition:**
  - It's like being in multiple places at once and making an impression in all of those places

Understanding Operational Efficiency

Operating efficiently means using resources like time, people, equipment, inventory and money in an optimized way

➔ Helps Eliminate Waste
➔ Reduced costs, lead-time and rates of accidents and errors
➔ Happier Customers and Workforce
➔ More Clarity for team members on operations
➔ Easier to adapt to changes, challenges, and opportunities

THE CONTINUOUS IMPROVEMENT CYCLE

IDENTIFY
Opportunities in the process workflow.

PLAN
How can the current process be improved?

EXECUTE
Implement changes.

REVIEW
How changes working for the team?

"
Many entrepreneurs believe the constant firefighting or crisis control means their business is being run effectively. But in reality, the business owner has become a victim of that noise.

How Do We Become Operationally Efficient?

Measure to gauge your current state
- Calculate productivity using benchmarks and metrics from your industry
  - Use Peer companies as a guide
- Complete site visits to other companies to see their operations
- Interview your team for suggestions, ideas, and visions
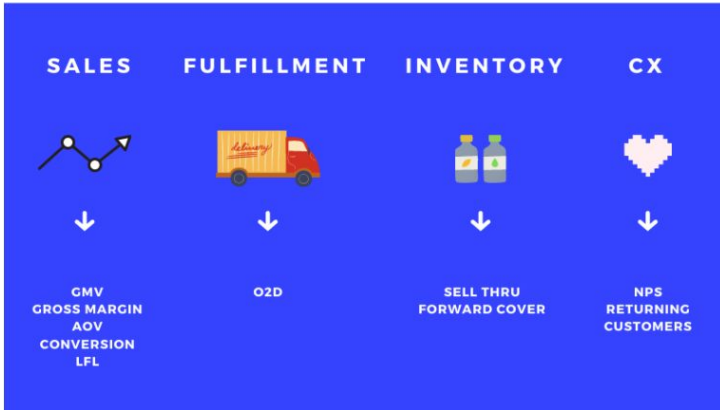- Study the problems to determine a solution, not a band-aid

BENCHMARKING

PERFORMANCE   PROCESS   SURVEY   MEASUREMENT   COMPARE   TARGET   INDICATOR

Develop projects to improve productivity & action plans to address issues
- Create some quick wins
  - Find low hanging fruit and make some swift changes
- Ensure all team members have the training they need
  - Use HR management tools to assist
- Create performance goals, or dashboards (KPI)
  - Track progress and communicate progress

What are the best indicators? How do we measure?

SALES   FULFILLMENT   INVENTORY   CX

GMV
GROSS MARGIN
AOV
CONVERSION
LFL

O2D

SELL THRU
FORWARD COVER

NPS
RETURNING
CUSTOMERS

Top 10 KPIs for eCommerce
1. Gross Merchandise Value (GMV)
2. Gross Margin
3. Conversion Rate
4. Average Order Value (AOV)
5. LFL Growth
6. Order to Delivery (O2D)
7. Sell Through Rate
8. Forward Stock Cover
9. Net Promoter Score (NPS)
10. Returning Customers

Departments To Measure
Inventory
Warehouse
Customer Service
Sales
Marketing

Mastering Your Inventory
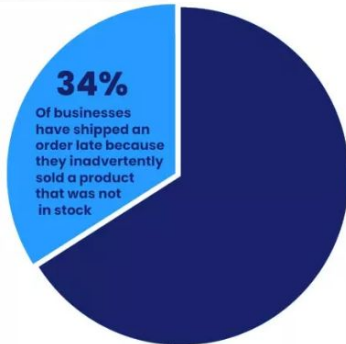
Strategies for Small Ecommerce Success

Inventory Strategies for Ecommerce Sellers
- Utilize inventory management software: Implement user-friendly software solutions like WarehouseNexus.com, or an app such as Vendoo.co
- Centralize inventory data: Sync inventory across all sales channels (e.g., Shopify, Amazon, eBay) to prevent overselling and streamline operations.
- Adopt just-in-time inventory: Minimize storage costs optimize cash flow by ordering inventory as needed, reducing excess stock.
- Implement ABC analysis: Prioritize inventory based o sales velocity and value, focusing efforts on high-demand items.
- Utilize barcoding and SKU systems: Improve accuracy and efficiency in tracking inventory movements and replenishments.

Mastering Your Inventory

Growth Statistics & Accurate Inventory Management

43% of small businesses in the United States don't track inventory, or do so using a manual system

34% Of businesses have shipped an order late because they inadvertently sold a product that was not in stock

Importance of accurate inventory management
- Customer satisfaction: Accurate inventory levels prevent stockouts, ensuring timely order fulfillment and positive customer experiences.
- Seller rating & reputation: Maintaining accurate inventory counts is crucial for meeting marketplace requirements and preserving seller ratings, ultimately safeguarding reputation and trustworthiness.
- Operational efficiency: Accurate inventory data enables efficient order processing, reduces fulfillment errors, and minimizes carrying costs associated with excess inventory.

Small ecommerce businesses (<$5 million/year) constitute a significant portion of online retail, with an estimated 62% of them utilizing inventory management software (Capterra).

Warehouse Operations:
Optimize and Create a Larger Profit!

06 | 05 | 04 | 03 | 02 | 01

A – 03 – D1

Colour | Rack | Bay | Level Position
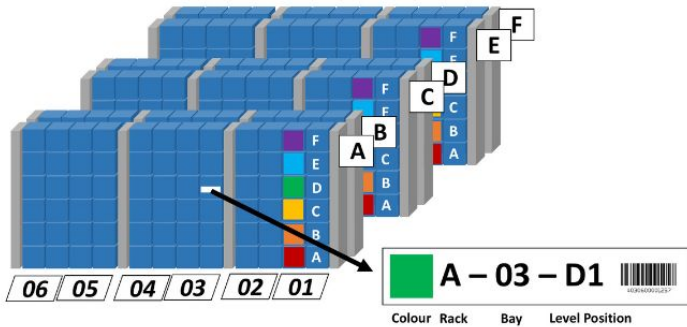
Optimizing Operations
- Implement a robust inventory management system to track stock levels across all channels.
- Utilize SKU rationalization to reduce complexity and improve efficiency.
- Employ picking techniques that help to fulfill orders accurately and efficiently

Best Practice for Warehouse Organization
- Use a naming scheme & label your warehouse
- Store hot sellers closer to pickers
- Create zones for like products
- Create aisles large enough to pick
- Mobile shelving for seasonal products
- Be accountable for all of your inventory, know what you have!

Quality Control, pick orders correctly, everytime

Multi-channel inventory, automation in real time
Streamlining Picking Across Channels

- Integrate all sales channels (e.g., Shopify, Amazon, eBay) into a centralized order management system.
- Use automation tools for order routing to direct orders to the most efficient fulfillment center.
- Train staff in cross-channel picking to handle orders from different platforms effectively Maximize your selling, expand your marketplaces
- Update inventory quantities faster, everywhere to Eliminate overselling, and underselling

In a warehouse, quality control refers to the quality of the orders you are picking to ship

- Create a more efficient work flow
- Risk reduction, less human error
- Orders are picked to completion, correctly
- Inventory quantities stay correct
- Use ID's to monitor pick per person
- Barcode scanning promotes accurate picks

46%
Human error is the leading problem in warehouses

Accurate Warehouse Data & Picks are Key To Success!

Ensuring Accuracy

- Conduct regular cycle counts and audits to maintain accurate inventory levels.
- Implement barcode scanning and RFID technology to reduce picking errors.
- Institute quality control checks at key stages of the fulfillment process to catch errors before orders ship

Importance of Accuracy

- Accurate picking is paramount for customer satisfaction and retention. Studies show that 45% of customers are unlikely to return after receiving an incorrect order.
- Maintaining high accuracy levels also protects seller ratings on marketplaces like Amazon and eBay, where order accuracy directly impacts seller performance metrics.
- Reputation management is crucial in the competitive ecommerce landscape, with negative reviews due to order errors having a lasting impact on brand perception.
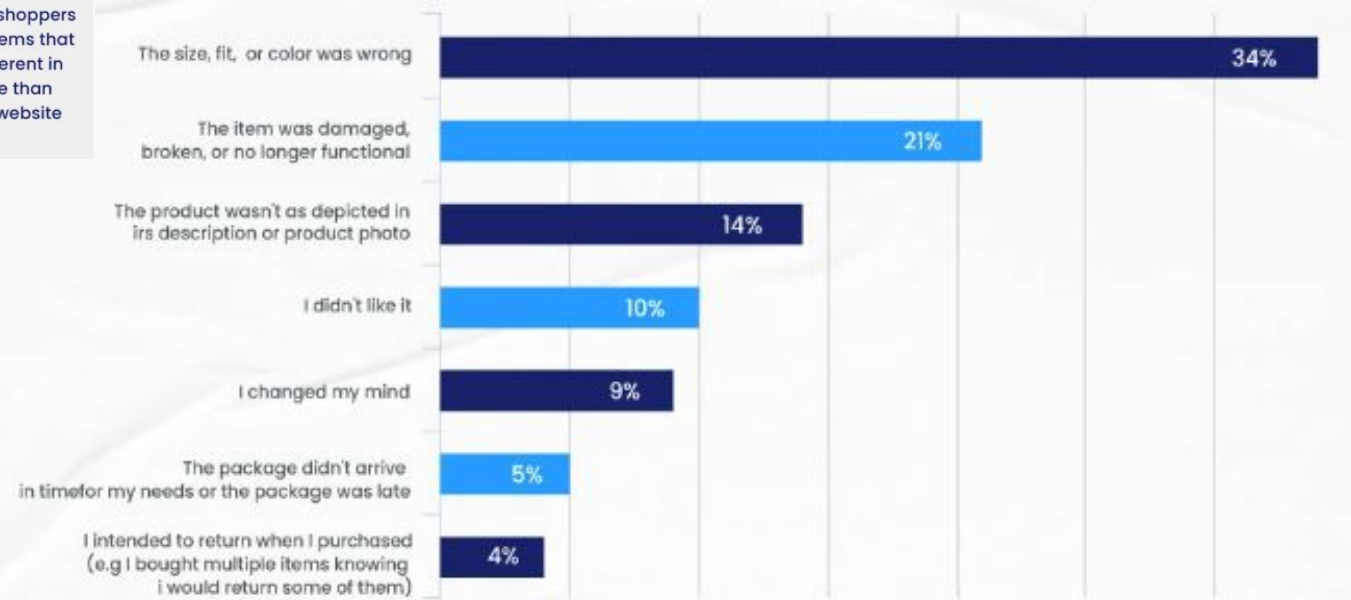
Operational Improvements can slow returns

23%
of online shoppers receive wrong items

20%
receive damaged or broken goods

22%
of online shoppers receive items that look different in real like than on the website

Reason	Percentage
The size, fit, or color was wrong	34%
The item was damaged, broken, or no longer functional	21%
The product wasn't as depicted in irs description or product photo	14%
I didn't like it	10%
I changed my mind	9%
The package didn't arrive in timefor my needs or the package was late	5%
I intended to return when I purchased (e.g I bought multiple items knowing i would return some of them)	4%

Customer Excellence, Exceptional Service

- Implement Multichannel Support: Utilize platforms that centralize customer inquiries
- Prioritize Quick Response Times: Aim to respond to customer queries within 24 hours
- Offer Personalized Assistance: Train support staff to address customers by name and tailor responses to their specific needs or concerns.
- Leverage Automation: Use chatbots for routine inquiries and order updates
- Monitor Feedback Channels: Regularly check reviews and feedback on platforms like Trustpilot or Google My Business to address any negative experiences promptly.
- Offer Compensation When Appropriate: Provide discounts, refunds, or freebies as gestures of goodwill to dissatisfied customers,
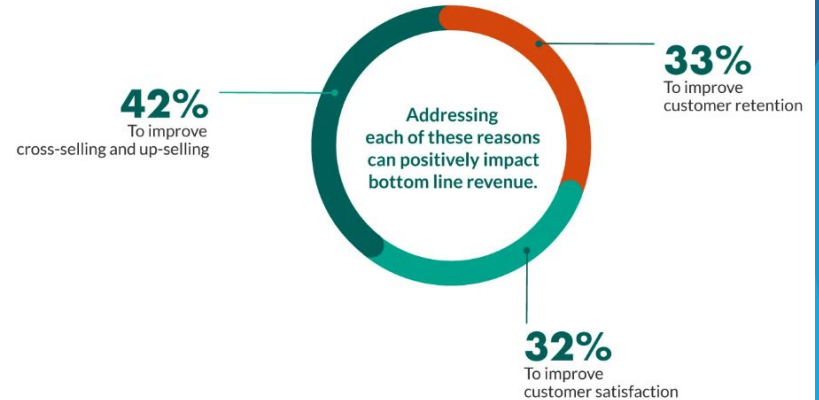
Companies Fall Significantly Short of Customer Expectations

Expectation

68% of customers expect brands to demonstrate empathy

Reality

37% of customers say brands generally demonstrate empathy

66% of customers expect companies to understand their unique needs and expectations

34% of companies generally treat customers as unique individuals

Salesforce Research

Positive Experiences Build Trust

- **Respond to (almost) everyone**
  - Be professional, it's not a silly question (even if you think it is)
  - Don't take it personally, but make it personalized
- **Be Accurate with Photos & Descriptions**
  - Take your photos like you have no words, Write the words like you have no photos
  - Provide Clear Communication: Ensure that product descriptions, shipping information, and return policies are clearly stated
  - Show sizing wherever possible, photo with a common item for scale
- **Give Details**
  - Provide measurements & and Color Insights
  - What's in the box?
  - Do you need an additional item to operate? If so state as such

TOP 3 REASONS WHY BUINESSES PROACTIVELY MANAGE AND INVEST IN CUSTOMER EXPERIENCE

Addressing each of these reasons can positively impact bottom line revenue.

42% To improve cross-selling and up-selling

33% To improve customer retention

32% To improve customer satisfaction

Map The Customer Journey

Take the steps from start to finish to get a feel for the customer experience

- Invite someone who has never shopped your product(s) to do so. Then ask for detailed feedback
  - Was the search easy to use?
  - How was check-out?
  - Did you provide a discount code?
    - Did they know how to use it?
  - Was there follow up?
  - Did they contact Customer Service?
    - What was that experience like?
- Ask for feedback on the look of you products info, website, or other information.
  - Engage others to provide opinions
  - Create a detailed survey to gather info
  - Act on needed improvements

ONLINE
CUSTOMER JOURNEY MAP

AWARENESS
Email marketing
YouTube ads
Online advertising
Radio Text
marketing Loyalty
programs

SEARCH
Organic search
Pay-per-click
Directory search

REPUTATION
Word of mouth
Social media
reviews Blogs
and articles

CONVERSION
Online booking
Website orders
In-store purchase

EXPERIENCE
Post-purchase
experience Review
writing Social post
writing

# Marketing Strategies for Small Ecommerce Sellers

Marketing is essential for eCommerce sellers using multi channel sales methods so they can increase visibility, attract and retain customers, stay competitive, gather insights, and leverage strengths of each sales channel to drive business growth.

➔ Content Marketing
  ◆ Create engaging blog posts, videos, and social media content related to your product, people, and business.
  ◆ Utilize SEO techniques to improve visibility and drive organic traffic to your website.
➔ Email Marketing
  ◆ Build email lists, send regular newsletters, promotions, and personalized recommendations to subscribers.
  ◆ Segment your email list based on customer behavior and preferences for targeted campaigns.
➔ Social Media Advertising:
  ◆ Invest in targeted advertising on platforms like Facebook, Instagram, and Pinterest to reach your audience.
  ◆ Utilize retargeting ads to re-engage with visitors who have shown interest in your products.

Optimizing Operations for Increased Sales

Consistency is Key:

- Stay consistent with your branding, messaging, and customer experience across all channels.
- Regularly review and update your marketing strategies and operational processes to adapt to changing market trends and customer needs.
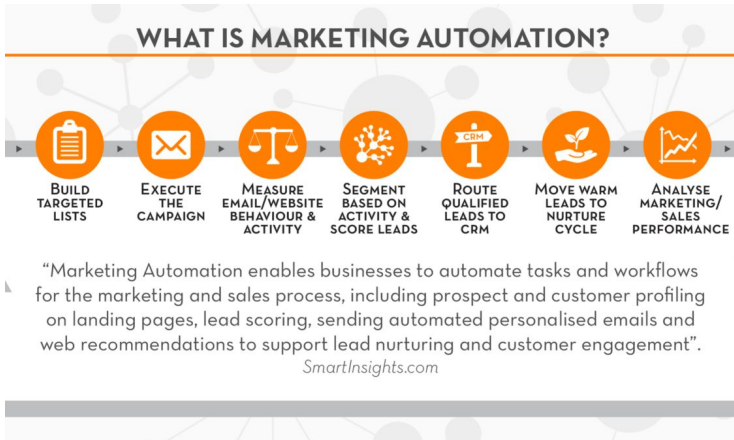
Additional Tips for Operational Improvements

- Stay informed about emerging technologies such as AI-driven automation.
- Continuously monitor key performance indicators (KPIs) such as order accuracy rates, picking efficiency, and fulfillment cycle times to identify areas for improvement and measure progress over time
- Use agencies, and tools that wll save time, and cost.
- Often small businesses can hire externally at a much lower cost than hiring internally, for many functions.
- Foster a culture of continuous improvement and innovation to stay competitive in the ever-evolving ecommerce landscape.
- Invest in Inventory Management Software: Utilize software tools to streamline inventory tracking, order processing, and restocking. This helps in maintaining optimal stock levels and prevents overstock or stockouts.
- Optimize Product Listings: Ensure your product listings are optimized for search engines and conversion.
- Implement Customer Relationship Management (CRM) Systems: Utilize CRM systems to manage customer data, track interactions, and personalize marketing efforts.
- Enhance Customer Support: Provide excellent customer service through multiple channels such as live chat, email, and social media.
- Optimize Website Performance: Ensure your eCommerce website is fast, user-friendly, and mobile-responsive.
- Utilize Data Analytics: Analyze sales data, website traffic, and customer behavior to identify trends, opportunities, and areas for improvement. Data-driven insights enable informed decision-making and strategic planning.
- Implement Cross-Selling and Upselling Strategies: Recommend related or complementary products to customers during the checkout process to increase average order value.
- Focus on Customer Retention: Implement loyalty programs, personalized discounts, and exclusive offers to incentivize repeat purchases and foster customer loyalty.

Questions?

Kim@ecommconnected.com