

# 10 barriers to eCommerce and Their Solutions



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## Introduction

It has been often said the Internet has leveled the playing field, notably so in the world of eCommerce. Without the need for a traditional store front (employees, insurance, or all the other sundry demands of maintaining a physical presence), a merchant can very quickly begin selling compelling products. The Internet has also leveled other barriers to entry. A merchant no longer has to spend time and money researching an optimal location or, worse, accept a suboptimal location because bigger interests have frozen a merchant out of prime retail sites. Costly advertising in Yellow Pages, newspapers, or magazines has given way to cost free search engines, email campaigns, low cost banner ads, or other online promotional schemes like Google AdWords.

Although the playing fields relating to physical costs and traditional advertising costs have been leveled, a merchant seeking to do business on the Internet encounters new playing fields with new barriers. Where as barriers in the brick-and-mortar world are defined by limits (limited land, limited advertising space, a limited customer base), barriers in eCommerce are defined by the unlimited nature of the Internet. Seemingly unlimited customers are being chased by seemingly unlimited competition. Solutions presented to merchants by Web developers, consultants, and hosting services are likewise as numerous and, at times, contradictory.

Finally, all merchants, online or offline, face the barriers presented by consumer psychology.

This White Paper seeks to enumerate ten major barriers facing eCommerce and proposes generalized solutions in terms of both a software solution (what an eCommerce platform should handle) and technique (practices to overcome consumer psychological barriers).

## Barrier #1: Security Concerns


The Internet still reflects its origins as an open venue for scientific and engineering research. Security was not a major issue in the early days of the Internet as it was assumed researchers using the system would not jeopardize their jobs. And of course, the intent of the Internet was open, not to move private data around the planet. Security has come a long way, with strong "military grade" encryption becoming the norm. However, highly publicized security concerns of the early days of the commercial Internet still resonate with online consumers and these concerns are periodically reinforced with high profile news

stories of identify theft at major Web sites. At the end of the day: if a site does not look secure to a consumer, the consumer will not trust it.

### **Solution:**

When selecting an eCommerce platform and hosting service, the merchant needs to ensure the platform employs strong encryption for payment processing and customer data retention. The data center that physically hosts the customer data should likewise employ onsite security. While it might be impractical for the merchant to inspect the hosting facility, the hosting service should detail to prospective merchants what physical security systems are in place (for example, server rooms are protected from unauthorized personnel by security cards, etc.). As well, the merchant should ensure the hosting facility has proper disaster recovery procedures, servers should be backed up daily, back-ups should periodically be stored off site, and so on.

If the merchant is using an online third party credit card processor, the merchant also needs to ensure the payment processor is secure. There are many such payment processors and a merchant needs to diligently research each. The merchant also needs to ensure the eCommerce platform supports the desired payment processor.

All of the above steps will be for naught if they are not properly communicated to the customers. Most online shoppers are savvy enough these days to look for the small lock symbol  and <https://> as confirmations that a transaction is secure. However, a merchant should still visually or textually reinforce on checkout pages and various other site collateral that transactions and customer data are secure.

Finally, a merchant should not forget to include real world methods for the customer to contact the merchant. Also the merchant should consider providing a method for phone orders. A prominently displayed "**Contact Us**" page is critical. The "**Contact Us**" page should have a phone number and, ideally, some physical mailing address. And as noted, for customers still squeamish about ordering over the net, an eCommerce platform should provide a method for the merchant to manually enter and process phone orders.

## **Barrier #2: Confusing Checkout Process**

According to studies 48% of customers abandon the checkout process. This is akin to nearly half of customers getting into a brick-and-mortar store's checkout line and then walking away before getting to the cash register. If this were the case in a brick-and-mortar store, the problems would be likely easy to diagnose: the line is too long, too many customers ahead are having to do price checks, etc. It would be manifest to the merchant

what steps needed to be taken to correct this shocking loss of sales. In online transactions, a loss might not be so obvious to an Internet merchant.

According to surveys<sup>1</sup>, the top reasons customers abandon the check out process are:

1. Hidden charges at checkout (36%)
2. Having to register to buy (31%)
3. The customer was simply comparison shopping (30%)
4. Shipping charges were too high (27%)
5. The customer did not have time to complete the checkout (27%)
6. The product was out of stock (16%)

### **Solution:**

To help prevent "**sticker shock**", (problem 1) an eCommerce platform should always have a visible running total of purchases prominently displayed during the customer experience.

Problem 2 and problem 5 are both problems related to customer time constraints. Some customers simply don't want to register but want to make a purchase. While for marketing purposes the merchant wants to retain this customer data via a registration process, the merchant should weigh the cost of losing a sale today. It is likely a customer who does not register is far less likely to be a return customer. Hence any future marketing efforts will have little effect on that customer. So, the eCommerce platform should provide a way for the customer to purchase without going through a registration process. For registered customers, the eCommerce platform needs to make maximum use of stored data during the checkout process. The eCommerce platform should auto complete the customer's shipping information and credit card and, of course, give the customer the opportunity to override.

Problem 3 is a problem faced by all merchants, online or offline. How to turn a visitor into a customer? An eCommerce platform that allows the merchant to display both the suggested retail price and the online store's price can help a comparison shopper. As well, the eCommerce system should have a good promotions engine, allowing the merchant to offer everything from volume discounts to creating "**razor and blades**" type promotions (that is to say, the customer gets the razor at a good price if the customer buys x number

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<sup>1</sup> See <http://www.e-consultancy.com/news-blog/363726/why-do-customers-abandon-the-checkout-process.html>

of regularly price blades). Also, instead of forcing a customer to commit an item to a basket, the eCommerce system should have a **"Wish List"** alternative. This way a customer can add a list of items and come back later to compare.

The problem of **"shipping shock"** (problem 4) can be handled by matching shipping as accurately as possible with the product being shipped. Too many online merchants pad out the shipping, charging more to make up any possible loss on another product. Amazon.com, for example, has a rather generous shipping and handling rate it pays to used book and CD merchants. It's so generous that it has created the interesting phenomenon of being able to buy any number of books for a mere penny. The small time used book merchant simply sells the book for a token amount to profit from the padding Amazon.com adds to its shipping charge. To wit, an eCommerce platform should allow highly granular control over shipping charges. The merchant should be able to create a general shipping tier along with product specific overrides.

Selling out of stock items (problem 6) can easily be prevented if the eCommerce platform tracks stock and matches sales to stock. If the eCommerce platform's stock tracking function detects a product has sold out, the online store can flag the item as out of stock for the consumer.

### **Barrier #3: Customers Cannot Find the Store**

If a merchant has an online shoe store, the hope is search engines like Google will drive traffic to the site. A Google search on "online shoe store" produces nearly 400,000 results. The odds a new online store will bubble to the top of search results are vanishingly small. In this highly competitive **"key word"** space, the primary barrier to being found is bigger, established merchants have adopted search engine optimization techniques (SEO) to increase their site's relevance and popularity.

#### **Solution:**

Fortunately, SEO is less a matter of hiring expensive consultants or tricking search engines with arcane techniques and more of a matter of employing a handful of straight forward optimization methods such as the correct use of meta-tags and the title tag, rearranging page text in a fashion that can logically broken down by a search robot, and good site layout. An eCommerce platform should support implementing SEO techniques. These methods are beyond the scope of this White Paper. However, Voloper Creations Inc. has created a highly detailed White Paper on Internet Marketing, which includes SEO. You can download the Internet Marketing White Paper [here](#).

## Barrier #4: Customers Can't Find Products

Customers can quickly grow frustrated if they can't find the exact product they are looking for. Stores with poorly laid out categories or a lack of a search interface can cause a customer to abandon the site.

### Solution:

Your eCommerce platform must support the ability to present the customer with nested categories (via a "**bread crumb trail**" like *Shoes > Women's > Jogging*) as well as a search box. One should also remember customers are not always looking for one specific product (e.g., "Nike Air Pegasus shoes"). They want to be presented with a range of choice and they want that range of choice filtered in various ways. Consider an online computer store. A customer knows he wants to buy a laptop. He might first want to view laptops by a "under \$800" category. He might then want to view laptops by a "15 inch monitor" category. He might want to then view laptops via a "3 or more GBs of memory" category. Hence, the eCommerce platform needs to be able support products belonging to multiple categories as well as the ability to generate nearly an unlimited number of categories.

## Barrier #5: Achieving Good Design

Good design is a balance between looking professional and maintaining usability. A significant barrier to any online retailer is attaining both a professional look and achieving a good, useable layout. Poor layout is the equivalent of an unkempt brick-and-mortar store. It subtly cues the customer that goods and order fulfillment will be substandard. However, design can also be so professional that it frustrates the customer experience. Extensive use of Flash animation can present users with an unfamiliar interface. It might require the customer to update Flash before being able to use the site, which can very well prompt the customer to seek another site instead of waiting for a Flash update. Flash prevents a customer from passing on URLs of products to friends to gain comment or approval before a purchase. If a site uses music, not only does this take the site longer to load but it can make it appear as if the browser is hanging. The user might close his or her browser thinking the site causes his/her browser to crash.

Poor design or professional design that employs Flash and Java in its navigation and catalog structure can also confuse search engines and result in a poor search result ranking. Such design can also exclude users with disabilities and may ultimately bring the retailer into conflict with local laws governing equal access.

## Solution:

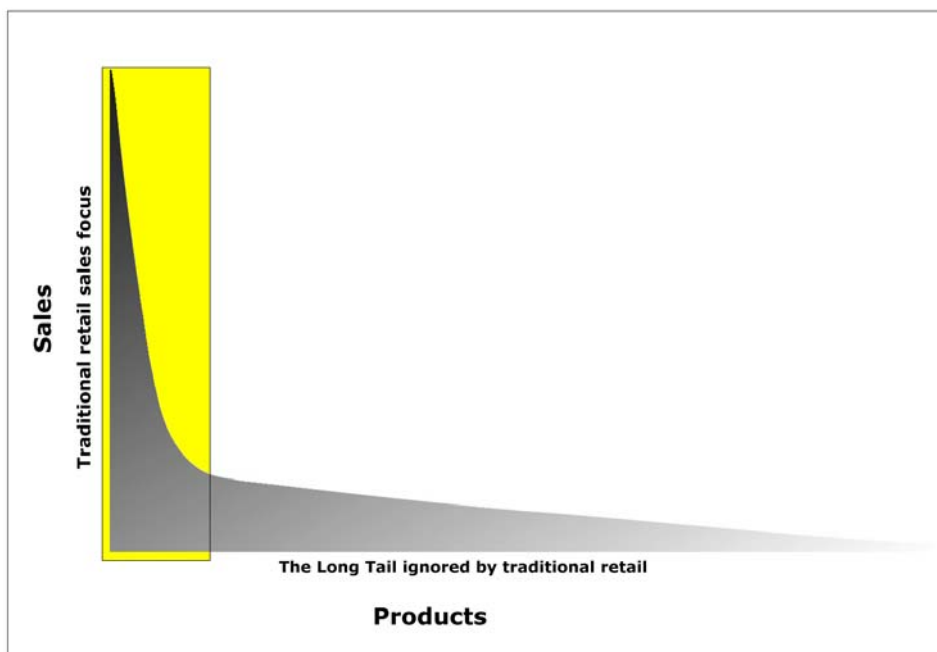
The World Wide Web Consortium has published a set of Web Accessibility Guidelines at:

<http://www.w3.org/WAI/>

Following the Priority level 1 and 2 guidelines ensures both accessibility and a predictable navigation scheme that a search engine can understand. The W3C Guidelines can be daunting to interpret and implement, therefore one should look for an eCommerce platform that builds these specifications into its structure. As well, an eCommerce platform should also include some basic store templates that "out of the box" produce a professional store front with a clean, clear navigational structure.

## Barrier #6: Unable to Sell Products Under the "Long Tail"

Traditional retailers with limited shelf space tend to focus on a narrow range of products that sell in high volumes. A retailer would much rather devote shelf space to items purchased ten times a day versus once a year. However as the figure below demonstrates low sales volume products can equal or exceed sales generated by the high volume products highlighted in yellow. This often ignored product range is known as the "**Long Tail**".



Successful retailers such as Amazon.com and Apple's iTunes tie their catalogs to their suppliers. If a book is not in Amazon.com's warehouse but exists in a publisher's

catalog, Amazon.com can automatically redirect the order to the publisher to complete fulfillment. eCommerce removes the shelf space barrier however it presents a technical and logistical challenge for smaller merchants.

### **Solution:**

To sell from the Long Tail with minimal effort, an eCommerce platform should be able to automate the process of order fulfillment from a wholesaler or a manufacturer. When an order is taken by the eCommerce software, the software needs to generate an order request for the wholesaler.

While electronic merchandizing eliminates the shelf space barrier, it does not remove the problem of entering large numbers of products into an online store's catalog. Spending a lot of time manually entering low volume products into an online catalog is likewise a barrier to selling from the Long Tail. An eCommerce platform then needs to have an import function. An Import function allows a retailer to get a delimited Microsoft Excel or Microsoft Access file from the wholesaler and quickly import dozens or hundreds of products at the click of a button.

## **Barrier #7: Customers Can't Touch and Feel a Product**

Amazon.com was founded when CEO Jeff Bezos went looking for a product amenable to online ordering. Books seemed a good fit. Customers don't have to try on books. Despite adages to the contrary, book buyers generally judge a book by a cover. And books generally sell themselves via reviews and word of mouth. Other products have proven more difficult to sell online as customers are generally accustomed to picking up and examining the product. Groceries and clothing are two notable examples. Merchants wishing to sell certain classes of goods online may face this barrier.

### **Solution:**

An eCommerce platform needs to support product images. Images need to fairly and accurately reflect the product. An eCommerce platform should also support the ability to attach multiple pictures to a product catalog page, allowing the consumer to view the product from multiple angles.

Another solution involves leveraging human psychology. Human psychology is such that humans trust the stories of their peers. Consider, a person can read half a dozen positive reviews about a product by industry experts but if his/her friend has negative criticism, the peer's story will be given far more weight and credence than any number of

expert opinions. Adding the ability for peers (other customers) to review products can go along way in overcoming the hesitancy customers might exhibit when confronted by a decision to purchase a product he/she can't pick up and examine. Hence, an eCommerce platform should support customers being able to add reviews on a catalog page. Of course, the system should have a moderator ability, allowing the store owner to reject unduly harsh criticisms. However, the merchant should also be cautious about rejecting fair, reasoned criticism. Customers are savvy enough to understand when a merchant might be throttling criticism that, while negative, can be helpful.

## **Barrier #8: No Sales Staff Means No Chance of Up-Selling**

"Would you like fries with that?" is a classic example of up-selling. Without a salesperson's help alerting customers as to what products compliment or enhance a purchase, online stores suffer an inability to up-sell. As well, customers sometimes rely on a sales person to inform them of additional required products. For example, a digital camera needs batteries and a memory card.

### **Solution:**

An eCommerce platform needs to be able to associate products with related and complimentary products. These associations need to be displayed automatically on product pages. A robust promotional engine should be able to tie the purchase of one product to a discount on another product or even a category of products. For example, an online electronics store might want to create a promotion where a purchase of a digital camera over \$200 triggers a 10% discount on the purchase of batteries or memory cards.

## **Barrier #9: Language Barrier**

While English is the current lingua franca of business, there are a great number of consumers who speak economically important languages like Spanish or Arabic. Ignoring large pools of potential non-English speaking consumers can be a missed opportunity. Computers can't currently offer accurate translations and making a site multi-lingual invariably requires human translation services. Unless talent is in-house, this can mean contracting out at a very high hourly rate.

**Solution:**

An eCommerce platform can cut down translation time if properly architected. The system should allow all translation to be done centrally. A translator can quickly translate product names, descriptions, etc. without having to toggle between multiple screens.

**Barrier #10: Geographical Barrier**

While a small brick-and-mortar store in say, Columbus, Ohio might never have to confront the possibility of fulfilling orders from other nations, an online store has the potential to vend to the world. In addition to the language problem discussed above, shipping, different weights and measures, and currencies all vary depending on geographic region. If the merchant's store suddenly became popular in Brazil (a nation of nearly 200 million consumers), the merchant needs to be able to handle shipping and will need to be able to price shipping properly. What if a merchant starts getting a large number of orders from another nation and finds a large percentage of orders are resulting in expensive charge backs because of credit card fraud? In a drop shipping arrangement it could be quite time consuming as the merchant has to manually call vendors and cancel orders.

**Solution:**

The eCommerce platform needs to be able to work in either Metric or Imperial weights and measures. An ability to work in many different currencies is a customer-friendly feature, allowing customers to correctly price goods in their own currency. The eCommerce platform also needs to be able to black out certain nations and simply reject orders from nations with high incidents of credit card fraud. As well, some sellers of advanced electronics cannot legally vend to certain nations. An eCommerce system that can beforehand reject orders from certain nations can save a merchant from having to make time consuming overrides after the fact.

## Conclusion

There is no playing field that does not come with a new set of barriers. The proper tool can overcome any new set of barriers. While large companies can bring vast financial resources to bear to aid them in overcoming barriers and erecting new ones for smaller eCommerce companies, one does not need to outspend large corporations to level the playing field. A proper eCommerce platform and some basic techniques can overcome barriers.

The checklist on the next page provides a convenient list of what features should be resident in an eCommerce platform to overcome barriers.

## eCommerce Check List

Feature	Feature Resident?
<b>Security Barrier</b>	
Supports strong encryption?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Supports third party credit cards processors?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Supports manual phone entry orders?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Checkout Barrier</b>	
Has an always visible running purchase total?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Retains customer data and auto completes the checkout?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Has a full featured promotions engine?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Allows catalog pages to display merchant vs. retail price and flags savings?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Has a wish list?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Allows the merchant to accurately price shipping with product by product over rides?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Tracks stock and flags items as out of stock?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Search Engine Barrier</b>	
Platform is Search Engine Optimized?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Product Search Barrier</b>	
Supports its own internal search engine?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Allows unlimited subcategorization?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Design Barrier</b>	
Generates basic, W3C compliant stores?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Feature	Feature Resident?
<b>Long Tail Barrier</b>	
Supports automated drop shipping?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Allows batch import into catalog via Excel or Access?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Touch and Feel Barrier</b>	
Supports multiple images on a catalog page?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Supports customer reviews?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Up-Selling Barrier</b>	
Allows "related products" links on product page?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Promotions engine supports " <b>buy x get y at a discount</b> " type promotions?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Language Barrier</b>	
Allows centralized translations?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Geographic Barrier</b>	
Can operate in Metric or Imperial?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Can handle multiple currencies?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Can automatically reject orders from certain countries?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Supports international shipping?	<input type="checkbox"/> Yes <input type="checkbox"/> No