



The Story of E-Commerce Success: Marketing, Selling, Fulfilling

HOW MODERN RETAILERS AND BRANDS WIN ONLINE

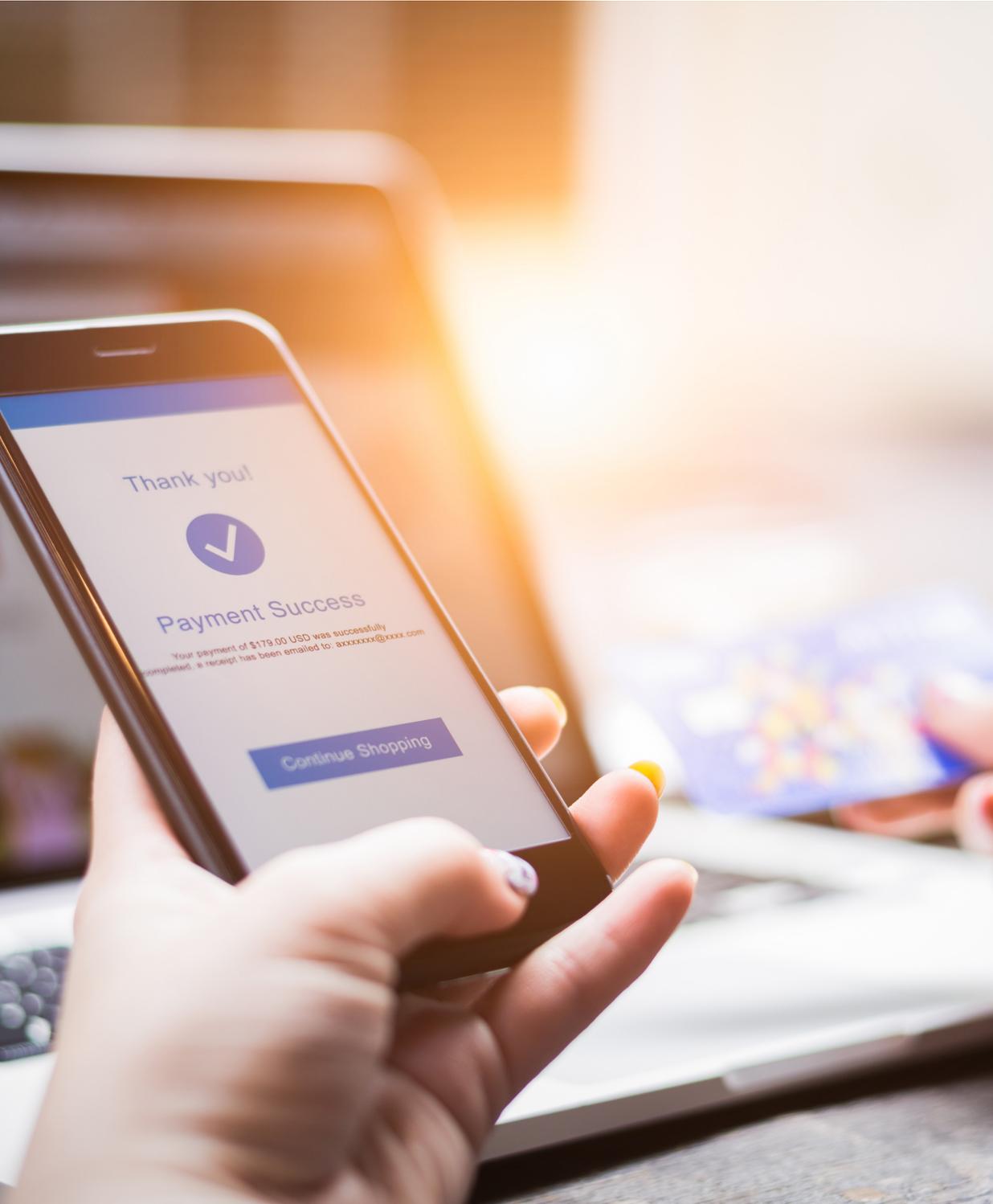




TABLE OF CONTENTS

Preface	3
Introduction	4
Part I: Marketing	6
Chapter 1: The Digital Marketing Landscape	7
Chapter 2: Strategic Snapshot	9
Chapter 3: The Future of Digital Marketing	12
Part II: Selling	15
Chapter 4: The Selling Landscape	16
Chapter 5: Strategic Snapshot	18
Chapter 6: The Future of Marketplaces.....	21
Part III: Fulfilling	23
Chapter 7: The Fulfilment Landscape	24
Chapter 8: Strategic Snapshot	25
Epilogue	28





PREFACE

The Evolution of Success

After watching and advising e-commerce retailers and brands for over 16 years, we've learned that online businesses need to master the entire spectrum of e-commerce — from **marketing** to **selling** to **fulfilling** — to ensure that their story is a successful one.

And despite an increasingly fragmented e-commerce landscape, a deluge of online competition and a growing population of fickle consumers, stories of success are everywhere.

They are the stories of adaptability. They are the stories of growth — strategic growth, tactical growth, and ultimately, financial growth.

For some sellers, the tale below is open to adaption to suit your business. Not every chapter may apply to you at this time. Maybe you're still relying on your resellers for a social strategy. Maybe you aren't selling your full line of products directly to consumers. Or maybe it's too soon to re-evaluate your fulfilment operations and own the "last mile" of delivery.

Regardless, evolution and growth are essential to your long-term success as an online seller. And as you mature as a manufacturer, retailer, reseller, the full spectrum of e-commerce will be relevant and vital to you and the future of your business.

INTRODUCTION

The Characters in the Modern E-Commerce Story: Manufacturers, Retailers and Resellers

Let's face it: there are rarely perfect archetypes for e-commerce sellers. Many businesses were born before the internet and are quickly adapting to online innovation (e.g., fulfilment, changing retailer relationships). Some younger companies are native to the digital landscape and have an entirely different set of challenges (e.g., brand recognition, global expansion). Many have one foot in the digital world and another foot squarely in their brick and mortar past.

And that's okay.

Sometimes, though, it's tough to figure out what to call each business. Are they a brand? A retailer? A branded manufacturer? A pure play seller? All of the above?

While there are obviously exceptions to every definition, and plenty of "hybrid" sellers that defy easy categorisation, we see online sellers fall roughly into three buckets today: **Manufacturers**, **Retailers** and **Resellers**.



MANUFACTURERS

Manufacturers are companies that build or make a product. In white label situations, they'll add their logos to their products.

Common characteristics:

- Historically, manufacturers have sold their product in a B2B transaction to a retailer (including retailers like Amazon) or reseller, who then sell direct to consumers. In the past, manufactures have also sold to drop shippers, who then sell to resellers or retailers, who then sell direct to consumers.
- In recent years, some manufacturers are engaging directly with consumers and can sell products on their website or as a third-party seller on marketplaces.
- Their brand equity is extremely important, and they want to develop brand-loyal customers.
- Merchandising and single-order fulfilment is typically a struggle if it hasn't been a part of their business model for long.



RETAILERS

Retailers offer a supplier, vendor or branded manufacturer a location — whether digital or physical — for consumers to purchase their products.

Common characteristics:

- Retailers place a high value on customer loyalty, typically invest in their own brand and value a positive customer experience.
- They spend heavily in digital marketing and other marketing tactics to draw customers into their stores (digital or physical).
- They started the “first party” (1P) selling strategy and will seek out manufacturers, suppliers and vendors for the next hot product.
- If they operate a marketplace or retail website, they may allow vendors and resellers to sell through their marketplace as a third party.



RESELLERS

Resellers purchase branded items from a supplier, vendor, drop shipper or branded manufacturer to sell.

Common characteristics:

- They invest very little into their brand and will not typically have a website (especially an e-commerce site).
- Resellers do value customer comments after a transaction, because these marketplace and online ratings affect page position and reputation.
- Predominantly sell their products on marketplaces. (May sell in retail, but not typically.)

PART I

Marketing



CHAPTER 1

The Digital Marketing Landscape

If there's one thing strong retailers and brands have in common, it's digital marketing. Or, to put it more accurately, the most epic e-commerce success stories all start with strategies that scrap common misunderstandings and misassumptions around modern marketing.

Why? Because consumer demands keep changing. All. The. Time. The days when a single ad could convince consumers to purchase products have been completely replaced with complex journeys — ones that leave consumers increasingly hungry for new plot twists and turns. As a seller, it's your job to continually court consumers with the right array of search, social, promotional and mobile experiences that make it easy to discover and engage with your brand.

In other words, it's time to rewrite the book on digital marketing to fit modern trends and behaviours. For example, consider:

How shoppers search. Today's most common consumer searches are driven by a real sense of urgency. Google found that in the US:

- Searches centred around “open now” have **tripled**
- “Near me” searches have grown 130%
- “Same-day shipping” has increased **120%**

Made easier than ever by the prominence of conversational commerce:

- By 2021, more than **1.6 billion** people will use voice assistants on a regular basis.
- Voice-enabled shoppers spend as much as **66%** more than consumers using keypads.
- 48% of UK households will own a smart speaker by 2020.

The one thing consumers are asking for less? “Store hours.” With so many ways to buy, there's simply no reason to wait on a particular retailer or brand. From Local Inventory Ads to mobile marketplace apps, options are everywhere.

**WANT TO LEARN MORE
ABOUT THE MODERN
CONSUMER?**

Check out our eBook **The Evolving
E-Commerce Consumer
Journey**

VIEW EBOOK



What consumers see. Today's buyers can consume content wherever, whenever and however they want.

- More than **a third of British households** now pay for a streaming TV service
- **74%** of people now multiscreen
- **76%** young people (16-24) use a subscription streaming service in the UK

This means attention can shift from a YouTube ad to a mobile website to social posts... all within seconds.

Where buyers go. As smartphones officially take over as the primary source for e-commerce traffic:

- **80%** of shoppers use smartphones in physical stores to look up product reviews, compare prices or find alternative store locations
- Nearly **half** of holiday online retail traffic now comes from mobile devices

Google's **mobile-first index** considers mobile versions of sites to be the "real" versions — even if a desktop or laptop is being used to search for products and sellers.

It all adds up to one seriously complicated, hard-to-follow consumer journey. These shifts toward mobile-first megastreaming, multiscreening and hands-free voice searching requires sellers to reach consumers across various channels where they're viewing content, at the moments when they might actually care.

It all comes down to:

1. Understanding which digital marketing channels are the perfect match for your products
2. Mastering a handful of essential techniques that will allow you to dominate your chosen channels



80% of shoppers use smartphones in physical stores to look up product reviews

SOURCE: OuterBox

CHAPTER 2

Strategic Snapshot

Do you know where your customers are searching? According to Survata, 15% of modern consumers start their product search directly on a retailer's website. That's not a very high number. What this means is that 85% of consumers are starting their product journey on other channels: marketplaces, search engines and social channels.

So your challenge — and your opportunity — is how to reach that 85%.

So where exactly are they starting their buying journey?

MARKETPLACES, SEARCH ENGINES AND SOCIAL CHANNELS, OH MY

Well, not surprisingly, nearly half of those consumers in the US are starting at Amazon. The combination of Amazon's vast selection (350 million items) along with the lock-in effects of Prime mean that, for many consumers, "shopping" really means "shopping on Amazon."

WHERE ARE YOUR SHOPPERS?



SOURCE: Survata



2.1 Billion Monthly Active Users



300 Million Daily Active Users

SOURCE: Facebook

The second biggest bucket is search engines, which of course means Google. What marketplaces and search have in common is a very strong mobile presence and penetration.

The increasing consumer shift to mobile accelerates the growth of both Amazon and Google — more limited real estate on mobile means more consumers will go through aggregators rather than directly to a series of .com sites.

The third primary destination for consumers is social channels. And while they may not be explicitly shopping every time they log in, they're certainly spending time there and often inspired to act. Facebook has over 2 billion active monthly users, and Instagram has over 300 million daily active users — clearly there's an opportunity to engage with potential customers through social.

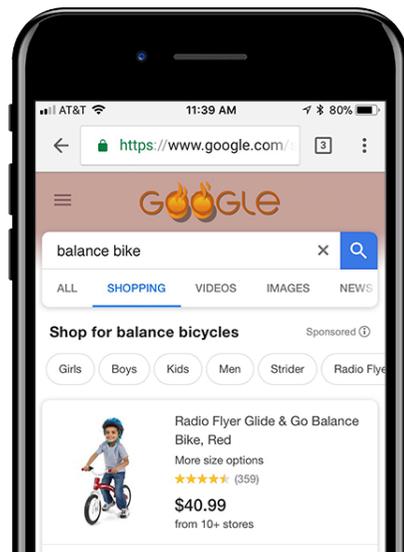
Your goal? Make sure the consumers that aren't starting at your website are able to find your products and start shopping before they ever get to your website.

Product Advertising



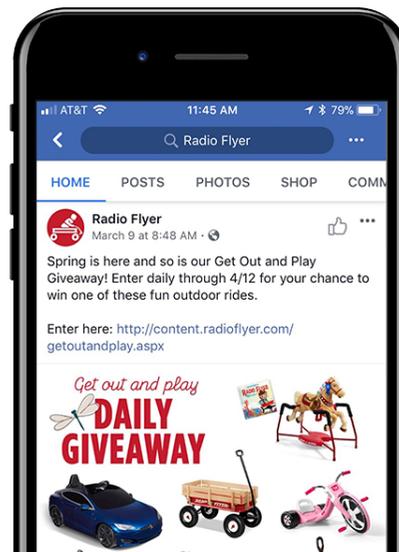
To succeed at digital marketing means succeeding at product advertising. Many marketers are surprised at just how prolific product advertising has become over the last several years. But it makes sense: Product ads are everywhere. Consumers can't help but engage with them.

While Amazon, Google and Facebook are far from the only channels for product advertising - they are certainly the biggest and offer best-practice for brands and retailers, including the opportunity to share insights and learnings across other advertising channels.



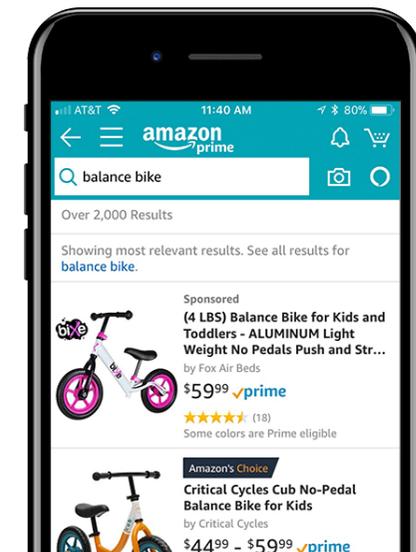
GOOGLE SHOPPING (aka Product Listing Ads)

- Drives traffic to website
- Driven by search queries
- Cost-per-click model



FACEBOOK / INSTAGRAM DYNAMIC ADS

- Drives traffic to website
- Driven by retargeting or audience
- Cost-per-click model



AMAZON SPONSORED PRODUCTS

- Drives traffic to your product listings on Amazon
- 3rd party sellers or brands selling wholesale (1P) are eligible
- Cost-per-click model

So how do you succeed with product advertising?

Successful product advertising comes down to three key pillars:

1. GREAT, CHANNEL-SPECIFIC CONTENT

First, you need to re-evaluate your product ads and look for opportunities to improve the quality of your product data. Are your product ads as compelling as the offers on your website? Is your data in line with the requirements and display of that particular channel?

Quick content checklist:

- Optimise your titles
- Use high-quality images
- Leverage video when possible
- Include relevant promotions

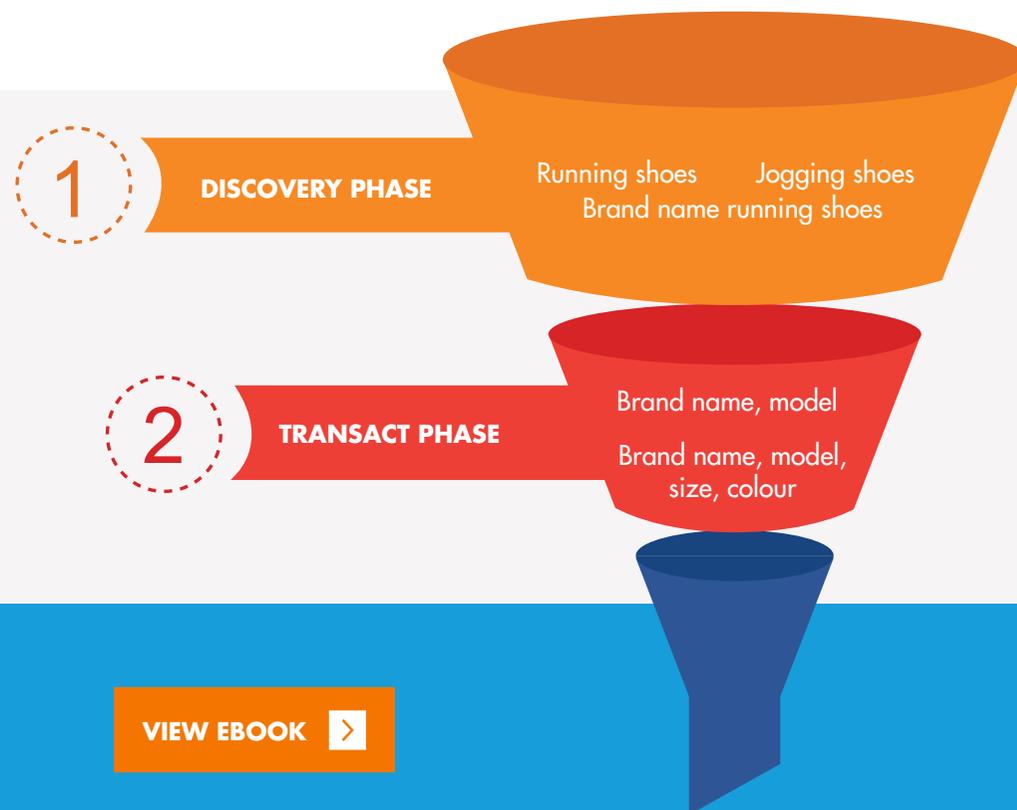
3. MANAGEMENT OF AD SPEND AT A VERY GRANULAR LEVEL

Are you measuring the performance of your ads at the most granular level possible? Digital advertising can be measured across multiple dimensions: query, device, ad type, time of day, day of week, location and more.

One way to see significant gains in performance is to match user intent to your products. Or, to put it another way, map your ads to the buying funnel. Ads at the top of the funnel aren't worth the same as ads at the bottom, and you shouldn't spend the same amount at every phase.

2. ONGOING TESTING

After you have a good grip on your content, testing becomes critical. Your goal is to stand out from the competition and capture the click. But how do you stand out? You won't know until you test images, keywords or titles from one campaign against another to find the best combinations for each channel. Is one image consistently performing better than another for a specific product with the same title? The key is to isolate the metric that you're testing and gather the most reliable data.



WANT TO PROMOTE YOUR PRODUCTS BETTER ON EBAY?

Learn how to leverage the eBay tools at your disposal in our eBook *The New Secrets to eBay Success*.

[VIEW EBOOK](#) 

CHAPTER 3

Looking Ahead — The Future of Digital Marketing

WHY PERSONALISED DIGITAL ADVERTISING IS THE FUTURE

**LINK WALLS**

VP Digital Marketing Strategy, ChannelAdvisor

Personalisation is a concept well known to brands and retailers. In fact, according to a recent Forrester report, 89% of digital marketing professionals identify personalisation as a top priority.

In the context of e-commerce, personalisation is generally framed around the customer's experience — starting with a retailer's website and extending through the purchase and post-purchase process. While we believe these efforts are important, they only cover a single part of the customer journey.

Only 15% of consumers said they start the process directly on a retailer's website. Instead, they are starting on a channel such as Amazon, a search engine or a social network. That means that the shopping process starts at the search results page (or SERP), and it's why personalisation should also begin there — not the website home page.

We believe the concept of personalised digital advertising will fundamentally reshape how marketers think about spending advertising budgets. Greater personalisation offers the prospect of both improved returns and a better end-to-end consumer experience. These concepts have been leveraged before — primarily in areas like email marketing — but are more nascent in advertising on search or social sites. And it becomes even more critical on mobile devices where attention spans are far shorter and irrelevant ads and messages are easily dismissed.

SO WHAT IS PERSONALISED DIGITAL ADVERTISING?

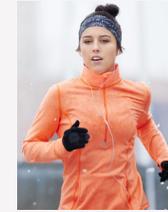
A personalised campaign starts with a focus on the shopper and his or her behaviours — not on the keywords or ad copy. Marketers should think about the person behind the click rather than just a total number of clicks in a spreadsheet. This means we're advertising to **real people** — using a single device, at a certain time of day, at a certain location in the world.



For example, consider a retailer of running shoes that offers everything from fairly basic running shoes for casual fitness all the way up to those used by serious athletes that are running over one hundred kilometres per week. In this scenario, consider two different people:

**Jim**

Jim is a casual runner who would proudly classify himself as a weekend warrior. He does the occasional 5k mostly to stay in shape.

**Cathy**

Cathy is a serious runner, the type of person you see running even when the weather is awful. She competes in 5-6 marathons per year and logs 100 - 140 kilometres per week.

By leveraging user behaviour, as well as demographics and signals from many different sources (Google, the CRM system, past orders), marketers can serve personalised results when these two individuals search on Google for “running shoes.” Jim might see a moderately-priced men’s model appropriate for his style, while Cathy would see the latest top-of-the-line women’s shoe from her preferred brand.

True personalisation, however, goes well beyond demographics and stereotypes. By focusing on the behaviour of the individual, we are able to tailor the advertising to their needs, regardless of how well that fits our perception of the “typical” customer.

ROLE OF CRM

Both Facebook and Google offer programs that enable advertisers to share their customer data to create audiences that can be advertised to. While many retailers have adopted these programs, they often stop at the basics of identifying former customers. Marketers need to be able to segment this data in ways that can be leveraged in their advertising program. For example, if we know that someone’s past purchase history indicates a brand affinity, we can tailor their advertising to that brand.





4 FUTURE IMPLICATIONS OF PERSONALISATION:



Budget Efficiency

Retailers that get personalisation right will drive more efficiency from their ad spend since more relevant ads will drive a higher conversion rate and a higher return on ad spend (ROAS). Retailers that don't adopt this strategy have to spend more marketing pounds to get the same level of sales.



Ad Quality

The bar for what is a "good" ad from the consumer perspective will rise. Consumers don't view relevant and unobtrusive ads as advertisements, so engagement and click-through rates (CTRs) are high. Current ads that aren't personalised will suffer a reduced level of engagement.



Customer Databases

CRM systems will increasingly play a key role for the digital advertiser. The ability to really segment past customers across a multitude of dimensions opens up endless possibilities for advertising campaigns. For example, you could create an audience of "all customers who bought from us in 2016, but not 2017 in a given category."



Skill Sets

The ability to get both very granular, yet not miss the big picture, is a key skill for both digital marketing platforms and the people driving the campaigns. Brands and retailers need to evaluate their current analytics capabilities and determine where they have gaps.

Ultimately, the brands and retailers that embrace this new frontier of personalisation, starting with the initial customer touch point, will drive greater returns.



Ames Walker

[VIEW STORY](#) 

Implementing Sponsored Products has been a tremendous addition for driving traffic to our Amazon listings. Within the first three months of using Sponsored Products, our Amazon sales are up more than 10%, averaging under a 6.5% spend... The cost to acquire these extra sales have been pretty low thus far, making it a win-win.

-Kaki Zell, Owner, VP of Sales and Marketing, Ames Walker

PART II

Selling



CHAPTER 4

The Selling Landscape

So many sales channels. Too many options. How do you cut through the explosion of e-commerce opportunities to choose the ones with real potential for your products? At a time when **80%** of e-commerce ventures are failing, this is a critical question to answer.

At the heart of every successful selling story is a deep understanding of which emerging sales channels should serve as the setting for your listings — and what you need to do to maintain a top spot on the ultimate “best sellers” list. But first, there are obstacles to overcome as you work toward:

MASTERING MARKETPLACES

Do you sell on Amazon? Or have an Amazon selling strategy? The former means selling only as much as current marketplace trends allow; the latter involves tools and technologies that empower you to sell above and beyond what competitors in your category are doing. With **56%** of product searches starting on Amazon by shoppers in the US, UK, Germany and France, this is an essential method to master.

Of course, you'll also need to reach beyond Amazon if you want to hit new sales goals and records. For example, are you...

Tapping into the full potential of fast-growing marketplaces like eBay and Walmart?

- eBay accounts for as much as **50%** of successful sellers' marketplace sales
- Walmart marketplace sees up to **100 million** visitors every month

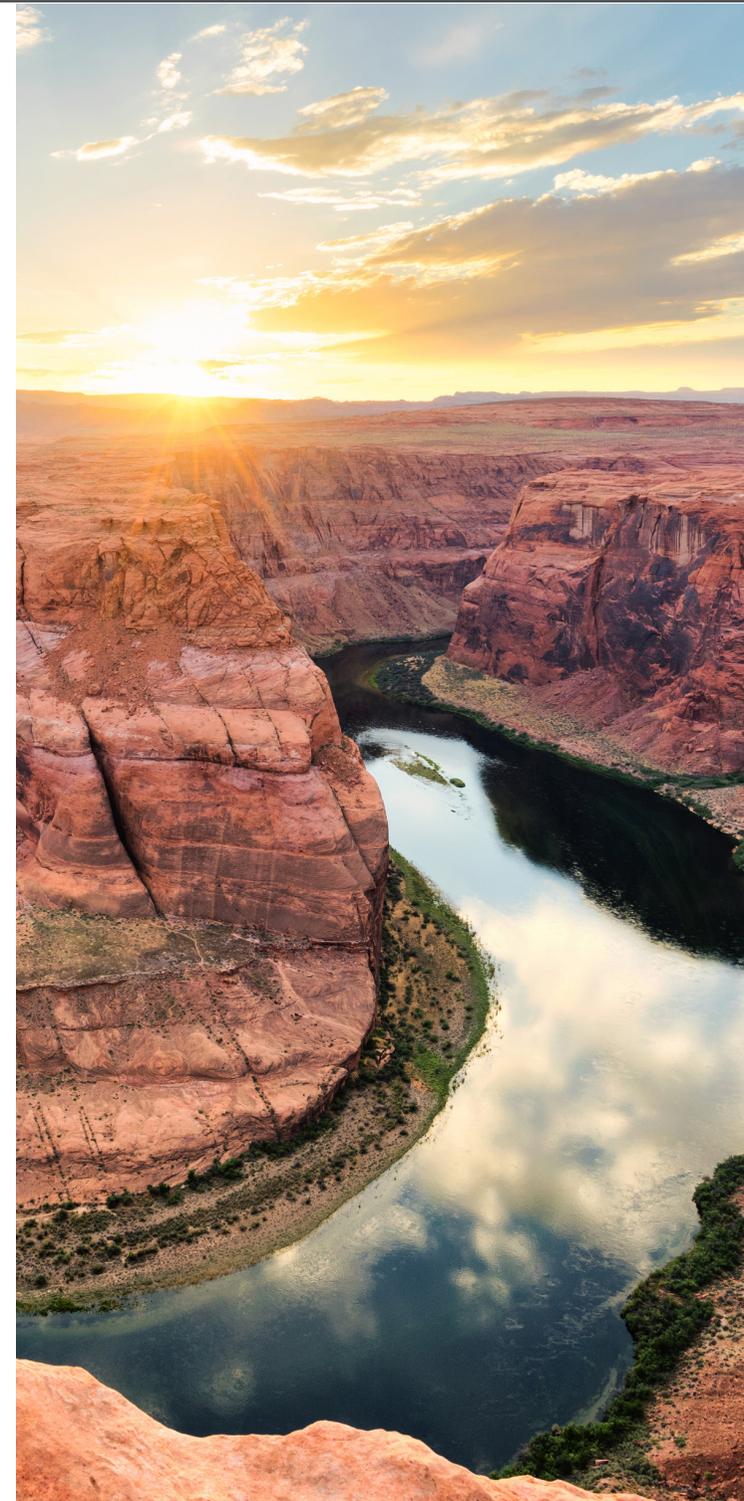
Pricing products competitively?

- Today's consumers are **more than twice** as likely to choose marketplaces over webstores
- More than half choose marketplaces so they can compare and find the lowest prices

Reaching consumers as they discover new, niche sales channels?

- At any given time, **3-4,000** unique shoppers are looking at listings on Topmatter
- The world's **#1 shopping app**, Wish, has rapidly grown from a small startup to **300 million** users worldwide

And the list goes on: Otto, Cdiscount, ePrice, Flubit, Rakuten, Newegg, Sears, Trade Me... it's practically impossible to stay relevant to the modern e-commerce consumer without a comprehensive, cross-channel marketplace strategy.





GOING GLOBAL

Have you begun to tap into the incredible revenue potential of cross-border trade? If the answer is “no,” you could be missing out on a mountain of sales to ready-to-buy consumers.

When worldwide retail e-commerce sales surpassed \$2 trillion, only a fraction of transactions came from the UK: Even with an increase of 14.5% this year, UK e-commerce sales still stand at a comparative **£81.55 billion**.

- China accounts for **40%** of global retail e-commerce, with a mobile payment market that’s a whopping 11x the size of the U.S. market.
- In the US, e-commerce sales have risen by 16%, representing **\$526.09 billion** in transactions per year.

ADVANCING SMARTPHONE SHOPPING

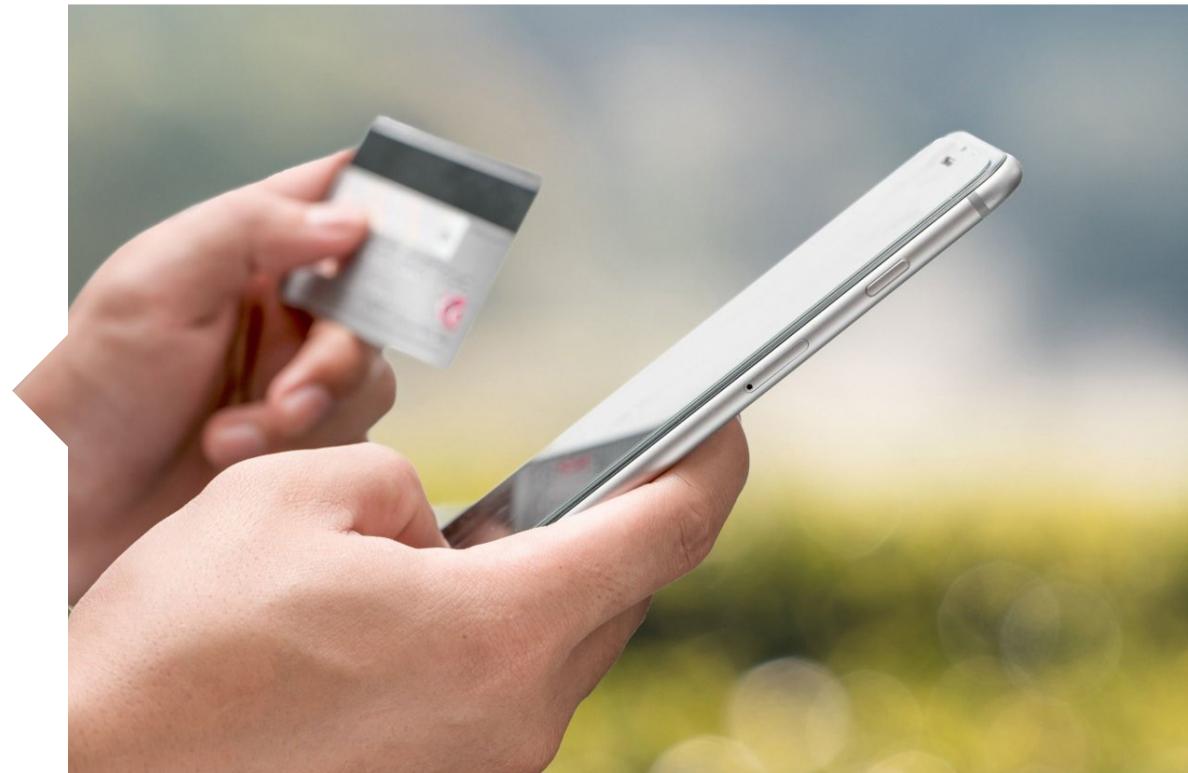
Mobile commerce is quickly taking over as the preferred buying method for countless consumers...

- UK retail e-commerce purchases made using smartphones are now worth nearly **£18bn** (49% of all online sales)
- In China, more than **75%** of online retail sales will be transacted via a mobile device

... but many gaps remain:

- Only 12% of consumers find shopping on mobile devices convenient
- 48% of consumers say desktops still provide the most enjoyable shopping experience

It all makes for some incredibly complex consumer demands. But with the right tools and technologies, meeting expectations can also become strikingly doable.



CHAPTER 5

Strategic Snapshot

To sell more online, you must have a marketplace presence. Of course, you already know this. Savvy brands and retailers are well aware that competing online means capturing more market share — from Amazon to eBay to Otto and dozens of others.

What you may not be aware of is the immense array of opportunities that can be leveraged to dominate these and dozens of other marketplaces. From pricing to advertising, the mountain of steps to master gets higher every month. And if you don't climb them, your competitors will.

BEST PRACTICES FOR MARKETPLACES

If you're an experienced seller, you know that simply listing your products and trying to ride the popularity of that marketplace isn't enough. Here are three proven tactics for marketplace success.

1. OPTIMISE YOUR PRODUCT CONTENT

There are product listings shoppers see, and product listings people buy. The difference? Product content optimisation. It's not just what you list that matters, but how your listings are structured. Product titles, images, descriptions, keywords and categories are often what compels consumers to buy.

The more competitive the marketplace, the more options you have for optimizing content. And the more convincing the content you use to reveal your wares to the world, the more likely a product is to rise to the top of search results and drive more purchases. Add in the fact that more than 44% of online purchases are occurring on smartphones, and the need for mobile-friendly titles and descriptions is higher than ever.

2. FOCUS ON YOUR FEEDBACK

For consumers, one of the most enticing aspects of online shopping is the ability to see how buyers have rated sellers on marketplaces. The more positive your feedback, the more likely you are to turn browsers into new buyers and loyal customers.

Savvy brands and retailers know to focus on feedback. High ratings and reviews hold as much value as quality content and outstanding advertising and they often contribute to the marketplace's algorithm that determines search rankings. There are two key things to remember:

- **Maintain impeccable seller feedback.** Generally speaking, your top focus should be on maintaining positive reviews and ratings everywhere you sell. The trust you build in the process will go a long way in connecting with customers across channels.
- **Respond quickly.** Replying to complaints and inquiries is so critical that marketplaces have created a term for it: Contact Response Times, or CRTs. According to Amazon, orders with messages that are responded to within 24 hours receive 50% less negative feedback than messages with response times above 24 hours.

3. CONTINUE YOUR EXPANSION



“ I feel our industry, pop culture, has to be in line with the major studios. We are seeing more and more movies rely on international appeal to bring profits to movies and so we have expanded into those key markets to offer products that those consumers want, which may be different than our domestic demand. ”

Brandon Harden, Owner, Seven Times Six

To truly exceed on marketplaces and increase e-commerce sales, expansion is everything. Sales in the world's four biggest online shopping markets (the UK, US, Germany and China) continue to experience major increases every year, and worldwide retail e-commerce sales are projected to top \$4 trillion by 2020.

In other words... Your consumers are everywhere — and you should be, too.

The opportunities for growth go far beyond Amazon, eBay, Walmart and Jet, with untapped revenue potential on dozens of marketplaces around the world. In China alone, online sales are reaching \$899 billion — nearly half of all e-commerce sales worldwide. According to VoyageOne, which connects American brands and retailers to Chinese marketplaces, some 80% of those purchases are made on marketplaces.

If you're serious about growing an e-commerce business, marketplace expansion is a must.

WANT TO LEARN MORE?

For more strategies and tips on marketplaces, check out the eBook **Best Practices for Selling on Marketplaces**.

[VIEW EBOOK >](#)



CHARLES & COLVARD

“ Global e-commerce will reach \$4 trillion by 2020, and China will represent \$1 trillion of this number. While there is untapped opportunity for us domestically, we cannot ignore the global e-commerce trends and are leveraging the most efficient and impactful ways to capitalise on it for our brand. ”

- **Jessica Lesesky**, VP, Online Channels, Charles & Colvard

Pricing Strategies

When it comes to beating out the competition on marketplaces, pricing is everything. No amount of targeted advertising or convenient delivery options will land the sale when the price isn't right. And yet... Remaining competitive on price is one of the biggest challenges faced by even the most successful e-commerce retailers and brands. Between managing errors and fulfilling orders, there's little time left to scrutinise pricing on hundreds or thousands of SKUs.



WHEN SIGNING SELLER AGREEMENTS...

Be sure to sweat the small stuff.

When selling on marketplaces like Amazon and Walmart, many sellers will have agreements in place that include fine-print pricing clauses. It's important to pay attention to these. But your marketplace agreements may contain important wording that dictates how you're permitted to price products across channels. For example, Amazon's price parity clause — which prevents sellers from listing products at lower prices elsewhere on the web — has been known to include some surprising conditions in the UK.

SALE

WHEN LEVERAGING MARKETPLACE PROMOTIONS...

Determine your goals first.

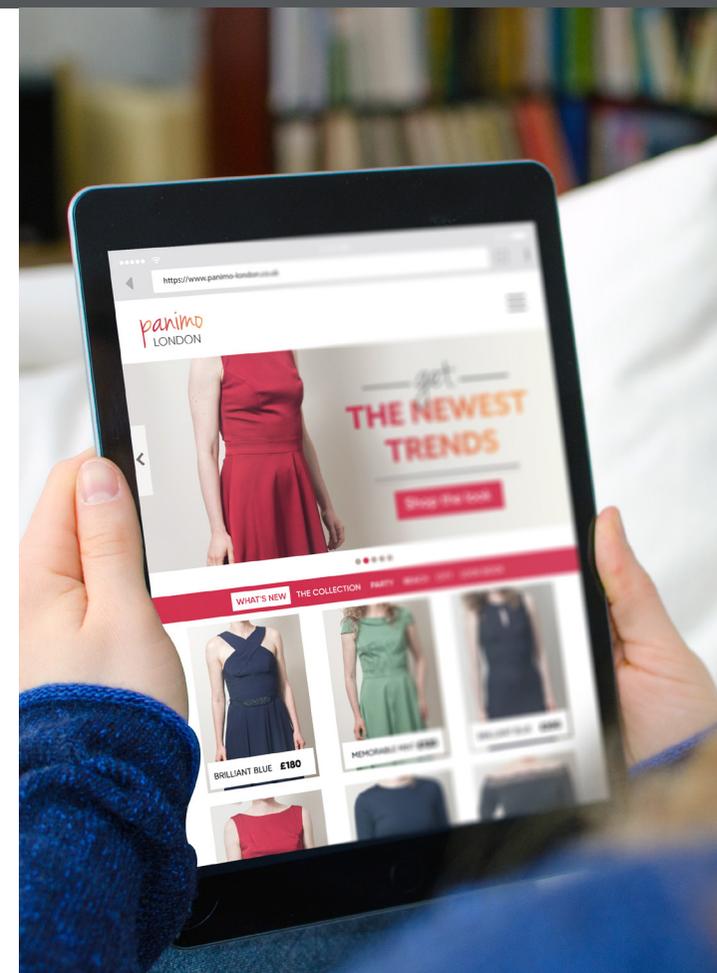
Shoppers frequently flock to their favourite sites and apps for well-known deals. And generally speaking, participating in marketplace promotions can be a great revenue generator. But before you jump in with both feet, it's important to consider the implications of each opportunity and plan accordingly. Do you want to increase the size of your cart or overall order values? Different goals will require different types of promotions, so be sure to opt in to the ones that support your long-term objectives.



BEFORE AUTOMATED REPRICING...

Don't forget to account for requirements across marketplaces.

With so many sellers competing on the same SKUs, automated repricing is a must. Price is a big factor in Buy Box and Best Offer positions, and automatic adjustments can make all the difference. However, you still need to be careful that your solution, even when it's automated, keeps you in compliance across marketplaces.



WANT TO LEARN MORE?

For more strategies and tips on marketplace pricing, check out the eBook **Pricing for Marketplaces: The Definitive Guide**

VIEW EBOOK >

CHAPTER 6

Looking Ahead — The Future of Marketplaces

**BEN HEDRICK**

Client Strategy Director, ChannelAdvisor

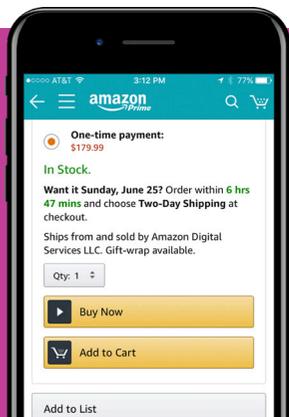
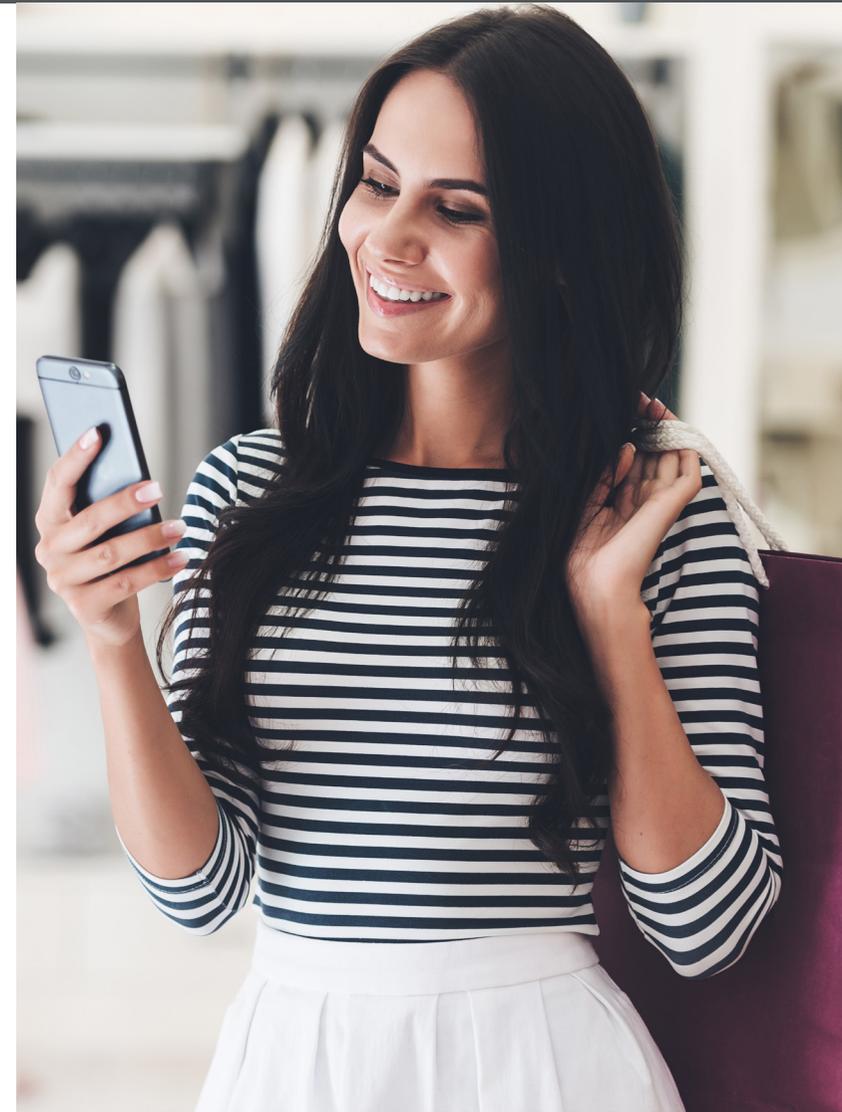
We've seen marketplaces come a long way in 10 years, but the future of marketplaces will give us more channels, more products and more expectations than ever before.

CONSISTENT SHOPPING EXPERIENCES

To begin with, you'll see more of an equal shopping experience whether consumers are buying a product 1P, 2P, or 3P. Consumers will grow accustomed to expecting a similar experience in delivery and customer service across all channels in the future. That will continue to put more pressure on brands and retailers to step up their efforts.

Also, as private label offerings from big box retailers continue to expand, the rising commission fees of marketplaces will put more pressure on retailers. Brands will continue to reach consumers directly on marketplace channels — either to combat off-price retailers or own content of their brand's pages — putting more pressure on retailers as they jockey for position.

Fulfillment on marketplaces will continue to be the battleground for brands as they learn how to better their operations for rising marketplace consumer expectations around delivery and processing times.

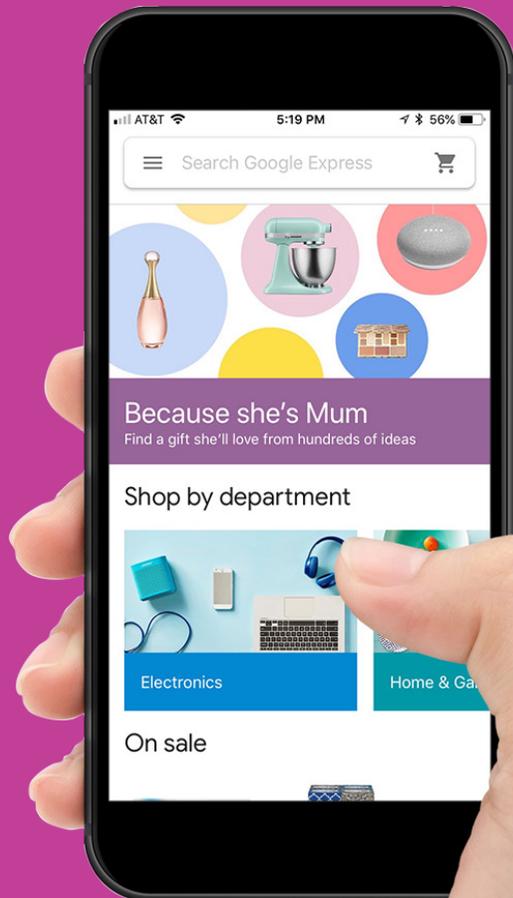
**STRIVE FOR THE BUY BOX**

You probably know how important the Buy Box is on Amazon. And with only one Buy Box available per item, you'll find yourself competing with a number of other retailers all trying to win it. The Buy Box is located on a product's page — where a consumer starts the purchase process — and is highly visible.

To win the Buy Box, you must meet Amazon's criteria in a

number of areas. Although Amazon closely protects the exact formula for calculating the Buy Box, it takes into consideration:

- A competitive price
- A positive customer feedback metric
- Fast and efficient delivery
- Volume of inventory
- Low refund and return rates



GOOGLE AND MARKETPLACES

Believe it or not, over the next several years, Google will also play a big role in marketplace evolution. The search giant will look to grab share in the space by offering competitive commission rates — backed by their popular search engine. Google will directly impact traffic to Amazon and .coms by mixing in its own “buy now” offerings from Google Shopping Actions.

Brands and retailers will have to understand how to manage Google’s new marketplace and how it affects their own .com advertising traffic. This potential opportunity may push a new mix of sellers toward the space to capture traffic and grab sales.

The shift of Google keeping the purchasing path on their site will be something to watch as we move through the next several years. Brands and retailers will need to rethink their “mix” of channels and assume a new way of collecting sales outside of their own sites.

MARKETPLACE EVOLUTION

Sellers and consumers will probably witness a rise of the “social media marketplace,” where Facebook (like Google before it) learns how to improve a buyer experience and retains traffic through an improved marketplace experience.

Another innovation that hasn’t yet found its full potential is voice search. The technology is just getting started and improved marketplace functions will allow voice to improve consumers’ shopping flow. While the Amazon Echo and the Google Home have an early lead on voice search and shopping, we anticipate that brands and retailers will need to have a strategy in the future that encompasses voice search.

In e-commerce, it pays to “be there first.” Ultimately, those sellers who are proactive about experimenting with new innovations will be the first to reach the consumers that are pushed towards new ways of searching for and buying products.

PART III

Fulfilling



CHAPTER 7

The Fulfilment Landscape

It's a struggle that even the most experienced retailers and manufacturing brands face: You can have the best marketing and sales strategies expertise can buy, but none of it's going to make a measurable difference until your orders are on doorsteps in record time. As [eMarketer](#) puts it:

“Consumer demand for free shipping is nothing new, but shoppers have been getting more impatient year by year. Amazon Prime’s speed is acclimating shoppers to faster delivery, and these greater expectations are affecting all retailers.”

Fast, free fulfilment is no longer optional — it's table stakes. The more equipped you are to win this race to the last mile, the better able you'll be to meet consumer expectations and gain lasting loyalty.

The problem, of course, is that fulfilment demands are among the most brutal of the modern consumer journey.

Fulfilment must be free...

It happens all the time: A new promotion quickly captures the attention of eager buyers. They click the link, read a few reviews, add to cart and hover over the checkout button. And that's when it hits them: The price is right, but the delivery is going to cost extra. So instead of completing what would've been a speedy impulse buy, they start down a new path of comparing sellers and offers.

94% of UK shoppers said that they were more likely to purchase something online if free delivery was offered. They're willing to do what it takes — meet minimum thresholds, extend their wallets, sign up for subscriptions — to get it. But rarely will a shopper proceed when the only option is to pay for delivery.

... and fast



Many of today's consumers are unwilling to wait more than **four days** for a package to arrive, even when the delivery is free. (And those Amazon Prime members? They get impatient after a day.) This is why, when comparing buying options, nearly half (**47%**) of consumers look for both “fast” and “free.”

The expectation for speedy deliveries has become so prevalent that people are now replacing old-school errands with smartphone searches for “same-day delivery” — a search term that's grown by a colossal 120% and tends to peak first thing in the morning. This means that, rather than stopping at a store on the way to work, shoppers are turning to their devices to find sellers that'll fulfil their needs immediately.

If you don't find a cost-efficient way to do both, others most certainly will.

The number of UK retailers offering same-day delivery is growing year on year with an estimated **33%** currently offering the option. (By comparison, just 16% offered the service in 2016.) Many are testing **new technologies**, from advanced package scanning to drones to robot testing, to better meet demands.

It may sometimes seem like there's no way to truly keep pace. But with the right tools and technology, it's still possible to optimise fulfilment operations for even the most demanding expectations.

CHAPTER 8

Strategic Snapshot

E-COMMERCE DROP SHIPPING

When it comes to marketplace order fulfillment, retailers and brands have a lot of decisions to make. Should you sell 1P or 3P on Amazon? What process should you use to fulfil orders on Walmart? Which is the best method for integrating inventory with Jet to ensure seamless delivery? And then there's one of the biggest questions of all:

SHOULD YOU LEVERAGE DROP SHIPPING?

WHAT'S DROP SHIPPING?

Traditionally, drop shipping has referred to a supply chain model that's largely reliant on a retailer's decision to accept website orders for products it doesn't actually stock. The retailer waits until the product is purchased, and then buys the item from a third party — typically a wholesaler, distributor, brand or manufacturer — and directs that company to package and ship directly to the customer on its behalf.

With the rapid growth of marketplaces, this traditional drop ship model has evolved to include many different forms, and vendors and retailers can find themselves either assuming the role of drop shippers or using drop shippers to build their business.



CHARLES & COLVARD

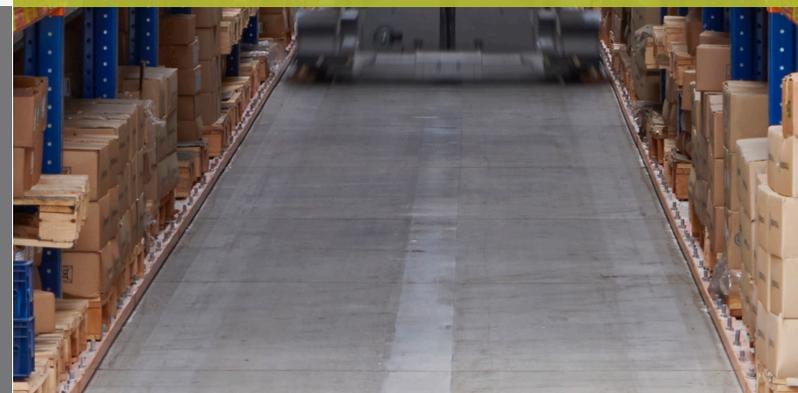
“The trajectory of our Amazon business changed significantly when we obtained Seller-Fulfilled Prime status. It enabled our marketplaces program to grow 114% YOY.

Jessica Lesesky, VP, Online Channels, Charles & Colvard



WHAT DOES DROP SHIPPING LOOK LIKE?

Check out our eBook **Special Delivery: Understanding the Essentials of Drop Shipping** for more

[VIEW INFOGRAPHIC >](#)

WHAT'S DIFFERENT ABOUT MARKETPLACE DROP SHIPPING?

It's no longer just omnichannel retailers that are initiating drop shipments. Many of today's online purchases take place on marketplaces that offer products from hundreds of thousands of vendors — and have many of those orders fulfilled through some form of drop shipping. Sometimes, the vendors are traditional retailers: They've expanded to marketplaces as third party (3P) sellers and use drop shipping partners to increase inventory. Other times, the vendors themselves are behind-the-scenes drop shippers: They provide inventory for the marketplace/ retailer to resell and ship products as they're sold.

WHY PROVIDE DROP SHIPPING?

Drop shipping is a way to get products in front of more customers.

AS A MANUFACTURER, YOU CAN:	AS A RETAILER, YOU CAN:
<ul style="list-style-type: none"> • Reach more consumers through established retailers and marketplaces • Create new revenue streams while leveraging existing fulfillment processes 	<ul style="list-style-type: none"> • Significantly expand your product selection for customers • Reduce costs associated with inventory, storage and warehousing

3 BEST PRACTICES FOR DROP SHIPPING ON MARKETPLACES

At the heart of every successful drop ship model is a solid relationship between seller and supplier. Three key components will help ensure a smooth and seamless drop ship partnership:

- ✓ Set up direct integrations between vendor and retailer to streamline purchase approvals and ensure fast fulfilment
- ✓ Be prepared to meet the unique requirements of each retail, brand and marketplace partner with every new integration
- ✓ Have a clear customer service plan in place and prepare all parties that will play a role in the customer experience

HOW DROP SHIPPING WORKS ON ESTABLISHED MARKETPLACES

When it comes to fulfilling marketplace orders, all drop ship relationships are not created equal. Each marketplace retailer has its own set of standards to dictate proper use of drop shipping — which means a brand or retailer that leverages drop shipping on more than one marketplace will need to be prepared to accommodate different specifications. For example:



uses **drop ship vendors** to package and send products directly to customers on behalf of Walmart, which then manages and supports shipping, customer service, exchanges and returns.



allows 3P retailers to use **drop shipping when fulfilling orders**, as long as the selling party takes full responsibility for processing customer returns.



requires retail partners that use **drop shipping** to document all warehousing, including SKU-level inventory detail for each fulfillment center, within the Jet partner portal.

GETTING PRIME'D FOR DELIVERY

Amazon Prime has conditioned consumers over the years to expect fast, free delivery. When purchasing on Amazon, consumers often look for the Prime badge as the deciding factor on whether to choose one item over another.

Two options for sellers offer access to the golden shelves of Amazon Prime: Fulfillment by Amazon (FBA) and Seller Fulfilled Prime.

FBA is for retailers looking to expand sales without having to worry about the inevitable increase in packaging and delivery. It allows you to store your products in fulfillment centres until they're purchased, when Amazon packages and delivers them directly to consumers for you.

If you prefer to manage your inventory, there's Seller Fulfilled Prime. You can continue to ship through your own warehouse or fulfillment network and still have full access to Amazon's network of lucrative Prime members.



Prime members
spend nearly

2X

what non-Prime members
do on Amazon.



Fulfilment Strategy in Motion

It's essential to find and set up fulfilment centres across the country to assist with positioning products closer to the end consumer. With Amazon's costs of storage and fulfilment continuing to rise we have had to adapt by utilising strategies of replenishment into their warehouses.

At one time we didn't care how much of our inventory sat on their shelves as long as we felt it would sell within 12 months. Now we are looking at it on a much shorter scale and using distance to their warehouses as a strategy for replenishment which also lowers our cost of shipping for other sales channels.

- **Brandon Harden**, Owner, **Seven Times Six**



EPILOGUE

What's Next?

THE STORY REMAINS THE SAME

Unfortunately, there's no silver bullet for multichannel e-commerce success in the modern era. As we mentioned, a lot of the success we see comes down to adaptability and flexibility in the face of industry change and evolving consumer expectations.

And once a seller has achieved a certain level of success, the story starts all over again. New levels of growth lead to new challenges, and those challenges can take many forms...

Maybe your business has grown and you need to hire new employees to manage your digital marketing presence. Perhaps adding a new product line will connect better with the new market you've expanded to internationally. Maybe an influx in sales is forcing you to re-evaluate the fulfillment processes that worked well when you were a smaller operation.

Whether it's new employees, new warehouses, new retailer relationships or new countries, your long-term success story will always hinge on how well you replicate your mastery of the entire spectrum of e-commerce — from marketing to selling to fulfilling.



WHAT WILL YOUR STORY BE?

ChannelAdvisor has spent over 16 years providing sellers with the technology, the services and the experience to enable their online success stories.

Through our industry-leading platform, we have the tools to help your marketing, selling and fulfilling efforts now — and the experience to future-proof what lies ahead.

So as the industry evolves, your business evolves with it.

STORIES OF SUCCESS

Clarks has been able to dramatically expand its product line on Amazon and expand to new markets.

[VIEW STORY >](#)

Lingerie Outlet Store saw business grow 2,000% over two years.

[VIEW STORY >](#)

Synergie Fitness lifts sales 133% on marketplaces.

[VIEW STORY >](#)

Build.com takes online growth to a new level.

[VIEW STORY >](#)


Connect and optimise the world's commerce

ChannelAdvisor is a leading provider of cloud-based e-commerce solutions that enable retailers and branded manufacturers to integrate, manage and optimise their merchandise sales across hundreds of online channels including Facebook, Google, Amazon, eBay, Otto and more.

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