



## Online and on top

**The internet has achieved widespread penetration across the UK, which means online shopping is no longer the sole domain of the intrepid consumer. The Office for National Statistics reported that 61% of UK households had internet access last year, with 84% of those using broadband, and this prevalence has clearly influenced the nation's spending habits. The past few years have seen a seismic shift from traditional high street shopping to online sales, pushing e-commerce to the top of the business agenda.**

"As time goes on, people will become even more comfortable with buying online, and the size of purchases they are happy to make on the web will reflect that," says Daniel Smith at ISIS. "People who were very nervous originally will now buy a £3,000 holiday online."

The internet provides significant opportunities for businesses to cut overheads, notably the costs associated with maintaining traditional bricks and mortar operations.

Mark Advani, partner at ISIS, says: "I know of mail order businesses that have shrunk their call centres by two-thirds since web traffic really started to pick up. Moving your business online can take away a lot of cost and headache."

The first step for retailers looking to capitalise on the booming online market is getting to grips with internet search engines, notably the ubiquitous Google.

Advani says: "Google is the acknowledged default entry point to the web and a retailer needs to have smart search engine optimisation to capitalise on that."

But ensuring your business appears at the top of a Google search is no mean feat. Smith argues that companies new to e-commerce may struggle to make their presence felt.

"It is quite difficult for someone to come to the web now and get on the top of search lists. They will have to spend an enormous amount of money on advertising with Google in order to build up a presence. It's quite a barrier to entry."

Smith believes that search engine optimisation is an art and that businesses need to invest time and money if they want to ensure a pertinent position on the relevant sites.

He adds: "Driving people to your site does become a virtuous circle; if you have a significant history of being relevant on searches, then that will help your score with Google to make you more relevant next time."

Once a business has mastered search engine optimisation, Smith and Advani believe the real secret to e-commerce success is brand differentiation: how can you make your firm stand out from the crowd?

The first rule is to avoid getting into price wars. Smith explains that the increasing number of price comparison websites makes it exceptionally easy for consumers to analyse costs at the click of a button, so firms need to look at other means of differentiation.

"If you are solely competing on price it will be difficult to differentiate your business. The two fundamental ways to differentiate are in how you drive traffic to your website and converting that traffic into spending customers," Smith says. To guarantee long-term success online, a business needs to establish brand loyalty by creating an environment that encourages customers to return to its site. Advani believes businesses should give retention marketing as much attention as search engine optimisation, and make the experience of buying online as easy as possible: "The winners are going to be people who can persuade higher spending customers to keep spending with them rather than shopping around via Google."

Advani says delivering excellent customer service is one way to secure loyalty.

"You have to make sure people who use your site are so thrilled with the customer service that they want to come back," he explains.

This is a view shared by On the Beach, the online travel company that partnered with ISIS last year. According to research from EyeforTravel, the total offline travel market for Europe shrank by £3.3bn between 2002 and 2006, while the online market grew by £29.4bn over the same period.

On the Beach managing director Simon Cooper says in order to capitalise on that growth, his firm focused on making it extremely easy to use the website. He visualises the web as a funnel with a search engine at the top and the online sale at the bottom. "You are trying to get the traffic from the top of the funnel to the bottom. You need to make that journey slick, convenient and comfortable to use, so people reach the bottom of the funnel and, ultimately, they want to come back," he explains.

Cooper thought carefully about what his target market wanted and made sure they delivered it. The On the Beach website is

designed to make it extremely efficient for the consumer to find what they are looking for.

"If people are searching for holidays, they want a price that suits them and they want to get those results quickly. We try to make that process easy for them," he says.

Another online success story is Wiggle, the online retailer for outdoor pursuits which partnered with ISIS in 2006. Advani says Wiggle looked beyond search engine optimisation to drive

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traffic to the site, setting up an online blog and links on other web pages. "The more information and links you provide that tempt people to come back to your site and enable them

to shop while they are there, the more money you will save on alternative retention strategies," Advani says.

Once a company has established a distinctive, user-friendly site, it needs to be prepared for the ensuing rapid growth. "The businesses that manage to hit a really brisk stream can find the growth is phenomenal and they must not allow their systems to grind to a halt," says Smith.

Hiring the right team is paramount when keeping the business on top of growth, but Advani notes that the scarcity of personnel equipped with the appropriate internet skill sets poses a challenge. "The key issue for online businesses is a paucity of experienced management. It's a small market and it's tightly picked over; executives who are looking to change jobs are snapped up very quickly," he says.

According to Advani, finding the right marketing executives – at both senior and junior levels – is particularly challenging, as is recruiting IT personnel.

Cooper says On the Beach tapped into the ISIS network for support during the site's rapid growth, adding: "ISIS has teams of people who are good at finding solutions."

Creating a viable online brand may not be entirely straightforward and it certainly isn't easy, but for businesses that are committed to the unique demands e-commerce presents, the spoils are plain to see.