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Small business eCommerce essentials

A practical guide to grow your business online

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eCommerce is nothing less than revolutionary. A little more than two decades since the first online sales, global retail eCommerce is expected to surpass a remarkable **$5 trillion in 2011** [1]. eCommerce expands limits and transforms the way we do business.

eCommerce is changing businesses of every size. Success stories of large businesses dominate headlines. Yet big business is only part of this remarkable story. In the past, small businesses couldn't compete on the same playing field as established national brands. Today, the rules are changing.

Small businesses are busy writing their own eCommerce success stories. Large enterprises may grab headlines but small businesses remain the grassroots engines of economic growth. Small businesses of every size and type imaginable are not just along for the eCommerce ride—they're helping shape the story from the ground up.

[1] eMarketer, June 2018, "Retail Ecommerce Sales, by Country."

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We'll preview what small businesses can expect getting started with eCommerce. We'll explore the infrastructure that makes eCommerce possible, and the steps needed to establish a business foundation online. We'll look at strategies and best practices that can help your business not just survive, but thrive. Finally we'll review what you need to know to protect your business from payment fraud.

This guide will help you understand the essentials of eCommerce. You'll still need a clear business model: The right goods and services, in front of the right people, at the right time, place and price. eCommerce introduces new wrinkles to the business puzzle. We'll help you make sense of the new challenges specific to eCommerce.

It's still early for eCommerce. Yet the market is quickly maturing. Consumers demonstrate their choice to shop online more and more every day, while small businesses have been slower to adopt eCommerce solutions. Far from being settled, the migration of business to the internet still offers first-mover advantages. The gap between the number of consumers shopping online and the number of businesses moving online represents real opportunities for growth.

Why eCommerce for small business?

The internet is notoriously overhyped, making it hard to cut through the clutter and separate fact from fiction. Before you invest time and money in building an eCommerce store, it's worth asking: Why? What makes eCommerce worth all that time and effort for small businesses?

eCommerce offers access to more potential customers. It's easy to overlook the basics: The internet opens your market to many more potential customers. Sometimes eCommerce helps expand reach locally, connecting your business with potential customers close to home. In other cases eCommerce opens the door to customers from every corner of the world.

7 in 10 U.S. consumers make at least one purchase a month on the internet [2]

eCommerce levels the playing field and frees small businesses from historical limits.

eCommerce reduces barriers to entry. eCommerce helps level the playing field between large and small businesses by opening access to markets that once only companies of massive scale could reach. eCommerce solutions are more affordable than ever, allowing smaller businesses to reach these markets at a fraction of the cost of expansions in past generations.

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[2] eMarketer, "Digital Shoppers & Buyers by Country," February 2018

[3] eMarketer, June 2018, "Retail Ecommerce Sales, by Country."

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The eCommerce pie is massive, and growing. US retail eCommerce sales are predicted to reach **$525 billion in 2018**, growing to **$893 billion in 2022**. US eCommerce sales projected to grow **16% in 2018**. Growth rates are slowing, though US eCommerce is still projected to rise a **13.3% in 2022**. [3]

As a share of total US retail sales, eCommerce is expected to grow from

10% 2018 to
15% in 2022

eCommerce helps your business gain an edge over your competition. A 2017 CNBC/SurveyMonkey poll revealed that 45 percent of small businesses still didn't have a website [4]. A January 2018 eMarketer report suggested that the reasons why included: a website wasn't relevant to their industry; excessive cost; that they use social media instead; and that they lacked technical knowledge [5].

It's easier than ever for small businesses to get started in eCommerce. Every industry is relevant to the internet: that's where we research and discover now. Website costs start in the hundreds rather than thousands of dollars. Social media helps but even the largest social sites reach only part of your potential audience. Today's website and eCommerce platforms are routinely managed by people just like you with a wide range of technical skills.

45%
of small businesses still didn't have a website in **2017.**

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[4] CNBC, "You'll be shocked to learn how many small businesses still don't have a website."
  https://www.cnbc.com/2017/06/14/tech-help-wanted-about-half-of-small-businesses-dont-have-a-website.html
[5] eMarketer. January 2018 Clutch report, "Small Business Websites in 2018."

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Infrastructure: Building your online store

When building a physical store you start by laying a solid foundation, followed by essential infrastructure like walls, plumbing and electricity. Only then do you add the finishing touches to personalize your store and make it your own. Building an online eCommerce store follows a similar pattern.

Laying the foundations: eCommerce platforms

Small businesses are often drawn to hosted eCommerce platforms. Once you have a clear business model and vision, you are ready to begin building your website. Platform solutions offer a simple experience for getting your website up and running.

Today's eCommerce platforms offer almost everything to make your online store a reality:

- Website hosting
- Customizable design templates
- Shopping cart functionality
- Payment processing integrations
- Built-in security and fraud detection tools
- Integrations with third-party platforms

eCommerce platforms are becoming more flexible every day. eCommerce platforms provide more opportunities than ever to customize your store exactly how you want by offering a variety of templates. If the default tools prove inadequate, many platforms facilitate plugins that allow for virtually unlimited extension and customization, including serving as a platform for you to write your own custom code.

Hosted solutions provide affordable options for small businesses on a budget. Hosted eCommerce platforms operate on a subscription model with affordable monthly service fees that scale to sales volume. The costs of platform services are spread out over time, growing only as your business grows. Setting up an online business with an eCommerce platform typically requires minimal upfront costs.

eCommerce platforms speed time to market. eCommerce is still an emerging art and science. But now it's been around for a while. eCommerce platforms now have years of operating experience to draw upon. Like anything worthwhile, setting up your online store on a new platform still takes time. Yet setup time is measured in weeks rather than months with today's platforms.

eCommerce platforms solve a ton of problems for small businesses. Whether it's speed-to-market, operational efficiencies, or seamless payment acceptance, hosted eCommerce platforms have learned from past mistakes. The result is a new generation of platform services that make building and operating an eCommerce business easier than ever.

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Laying the foundations: eCommerce gateways

Many eCommerce journeys are best supported by a gateway provider. A payment gateway is simply a connection point for payments. A gateway connects your shopping cart, point of sale system, or virtual terminal to the next point within the processing journey of authorizing a payment.

Payment gateways are perfect for existing businesses that want to expand into eCommerce and accept online payments. Payment gateways make accepting payments online easy for businesses already accepting payments in store. A payment gateway allows you to stay with your current payment processor regardless of the eCommerce solution you choose.

Payment gateways allow businesses to consolidate their payments with one provider. That's an important consideration for many businesses that view their payment providers as true business partners.

Leveraging the power of eCommerce platforms means not having to reinvent the wheel.

A note about self-hosted solutions

A self-hosted solution means you build the online store yourself and host it on your own server or data center. You can choose your own hardware and operating system, use your own customer management system, build your own shopping cart—your business, your way. You're free to develop the software from the ground up, create a patchwork of third-party solutions, or anything in between.

Self-hosted eCommerce sites often aren't practical for most small businesses. Small business owners are independent by nature. When you do it all yourself you're in total control. The question becomes: how much are you willing to reinvent the wheel? When a business builds a new physical store, you don't mix your own cement or manufacture your own electric. Smart growing businesses these days reply on the expertise of hosted eCommerce platforms as the building blocks of their virtual infrastructure.

Hosted eCommerce platforms are the choice of many small businesses today. The increasing customization, reliability and scalability of hosted solutions makes eCommerce work for small businesses. Hosted eCommerce solutions allow you to focus on what you do best while offering more control than ever.

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Operations: Running your online business

Opening the doors to a business storefront for the first time marks the realization of a dream for many entrepreneurs. Owning a business poses many challenges and your eCommerce store is certainly no exception. From social media management to inventory control, shipping and return policies to search engine optimization, operational details matter. eCommerce enjoys more benefits from automation than ever. But your business still needs active involvement and oversight on a day to day basis. Here are a few essential considerations that will help get the most out of your eCommerce store.

Shopping cart best practices

Your shopping cart is the beating heart of your eCommerce business. The quality of the shopping cart experience can affect whether shoppers complete a purchase. It's crucial to make the purchase process as efficient and frictionless as possible.

Today's savvy consumers demand seamless checkout experiences. Paying attention to how, when, and why a customer abandoned their shopping cart can help you identify the point of friction during the checkout process. Shopping cart metrics can let you know how people are interacting with your site and where to adjust.

Common sources of friction during checkout include:

- Required registration to purchase
- Too many steps to complete checkout
- Excessive number of required form fields
- Rigid formatting rules for data entry
- Lack of responsive design / poor mobile functionality
- Non-specific or confusing error messages

Following shopping cart best practices can grow your business faster. When evaluating eCommerce service providers, look for those that offer meaningful shopping cart metrics, guidance on evolving best practices, and cart flexibility to maximize conversions.

77% of consumers reported that a quick and painless checkout process was the most important aspect of their online shopping experience [6].

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[6] Worldpay and Socratic Technologies 2017 ShopTalk survey
https://www.vantiv.com/merchant-resources/news-integrated-pos/articles/5-online-commerce-tips-smbs

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The importance of payment acceptance

Successful eCommerce business requires successful payment acceptance. Consumers are notoriously picky about what types of payments they're comfortable using, and that preference may change at a moment's notice. Indeed, many eCommerce merchants increase conversions rates after implementing alternative payment types such as Apple Pay, Google Pay and PayPal.

You'll want to accept as many payment types as possible. You'll need to accept credit, debit, and prepaid cards from major card brand networks like Visa, Mastercard and American Express. Mobile wallets and alternative payment types are more essential than alternative these days. Broad acceptance prevents missing out on sales simply because a customer's preferred payment type isn't supported.

Thankfully accepting payments online is easier than ever. Depending on what service provider or gateway you use, the ability to accept all of those payment types and more is integrated directly into the platform. Payments are important. Take the time to research payment providers and make sure that any eCommerce solution you consider has an intelligent approach to the future of payments.

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The rise of recurring payments

Recurring payments are important to businesses of all sizes. A recurring payment is an ongoing charge that your customer agrees to pay on a periodic basis. Traditionally these payments have been for services like a magazine subscription or gym membership. Today recurring payments and subscription models appear in a wide range of business services, from meal delivery to parking garages to salons.

Recurring payments models work for businesses and customers alike. Subscription models are good for customers who can "set and forget" their payments. This allows them to focus on what's really important—the benefits your goods and services provide. Recurring payments are great for all businesses since they offer a more predictable revenue stream. Recurring payments help cement long-term relationships with their customers.

Look for an eCommerce solution that makes recurring payments easy.

Recurring billing best practices include:

- Required registration to purchase
- Disclose all terms, conditions, and fees upfront
- Provide transparency to customers about how to cancel services
- Process credits immediately and be as transparent as possible about timing
- Use all the authorization tools (address verification, CVC2, CVV2, and CID)
- Use soft billing descriptors to identify subscription status
- Use an account updating solution to reduce payment breakage

Advances in account updating

Payment interruptions often mean big hassles for small businesses. The flow of business is interrupted when a customer's payment information changes. Most often interruptions are due to the card expiring or being reissued because it was lost or stolen. Whatever the cause, payment breakage can lead to a wider rift with your customer. That process needs to be stopped in its tracks.

Managing payment interruptions means less time growing your business. When a payment won't go through, you need to contact the customer to get their new card information and get the flow of payments back on auto-pilot. Aside from the time and effort you can least afford, manual card updating has a high rate of failure. Whatever the reason, your customers often don't respond. You need to save that customer.

Account updating services correct out-of-date information automatically. Account updating automatically submits card data on file to the card brands via your payment processor for automatic updating. Routine changes in your customers' accounts become seamless to both you and your customers. The flow of payments continues uninterrupted, as does your customers' focus on your goods and services.

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Understanding security and fraud

Small businesses have big partners in the fight against fraud. Some of the best minds in banking, financial technology, card brand networks, payment processing, eCommerce providers and cybersecurity industries work tirelessly to make commerce safer for all, wherever it takes place. From machine learning to artificial intelligence, big data to biometrics.

Being concerned about fraud is reasonable and understandable. If your business accepts credit cards, you understand fraud firsthand. Perhaps you've experienced a card compromise yourself, or know someone that has. You've worked too hard to lose any of what you've earned to fraudsters.

You can't eliminate risk, but you can reduce it and make your business safer. The safety of your business largely depends on following best practices and selecting the right eCommerce partners. For small businesses these security partners are your eCommerce platform providers and payment processors who fight fraud on the front lines. Take the time to learn about their approaches to fraud and what they are doing to protect your business..

You don't need to become a security expert to run an eCommerce business. You will however want to become a savvy consumer of security services in order to make the right choices for your business.

Surveying the fraud landscape

The stories told by data about fraud only begin to capture the true impact of payment crimes, especially on small businesses. At best fraud acts as a drag on the free flow of commerce, adding administrative hassles and hidden costs to virtually everything. At worst fraud ruins hard-earned reputations and ultimately entire businesses.

A September 2017 LexisNexis study estimated that every dollar of fraud tactually costs eCommerce companies upwards of $2.82 due to the drain fraud causes on resources beyond IT. The study pegs the **average costs of fraud at 1.58% to 2.39% of total revenue** [7].

A 2018 Ponemon Institute study shows that the average cost to businesses of each stolen record containing confidential information is $148. That might not sound like much to worry about, until you multiply $148 by 10, or 1,000, or more. Indeed, the study estimates that **the average total cost of a data breach worldwide in 2018** was **$3.86 million** [8].

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[7] 2017 LexisNexis® True Cost of Fraud Study, https://risk.lexisnexis.com/insights-resources/research/2017-tcof
[8] 2018 Cost of a Data Breach Study by Ponemon, https://www.ibm.com/security/data-breach

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A 2017 Trustwave Global Security Report notes that **63% of all data breaches targeted payment card data,** with magnetic stripe data at **33%** and card-not-present data at **30% [9].**

Recurring billing best practices include:

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- Process credits immediately and be as transparent as possible about timing
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Automated thresholds and manual review. Your eCommerce platform provider or your payment processor can set automated thresholds for certain conditions that may initiate a manual review process. Many of these filters are in place with the core fraud protection services of card networks and payment processors. A lot of modern eCommerce fraud protection takes place out of sight of small businesses. But it's worth taking some time to understand what's happening to fight fraud behind the scenes.

A comprehensive fraud solution helps deliver peace of mind, allowing you to focus on growing your business. Look for a payment partner that delivers a safety strategy covering card data security, PCI compliance, data breaches and fraud protection. Taking the time to choose the right payments partner will offer the protection your business needs to keep more of what you earn.

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[9] 2017 Trustwave Global Security Report, https://www2.trustwave.com/2017-Trustwave-Global-Security-Report.html

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eCommerce challenge: Managing chargebacks

A chargeback is when a customer disputes a charge on card, resulting in any credits paid to a business to be "charged back" to refund the customer. If you accept credit and debit cards, properly managing chargebacks is set of skills you'll want to acquire. There are many legitimate reasons for chargebacks, like the customer never received the goods or were dissatisfied with the goods received.

Unfortunately, chargebacks can be a sign of fraud. Sometimes chargebacks reflect actual fraud: the unauthorized use of stolen card credentials to fraudulently purchase goods. Other times "friendly fraud" is at play, where legitimate cardholders file a chargeback claim despite receiving goods as ordered.

Accurate billing descriptors reduce preventable chargebacks. Billing descriptors should be short and clear and sufficiently descriptive enough to remind your customer of the purchase. Creating this type of transparency reduces the likelihood of a dispute for an unclear charge on their statement.

Strong customer support is one of the best defenses against chargebacks. When it comes to chargebacks and especially chargeback fraud, there are elements out of your control. You can influence the rate of legitimate chargebacks by listening to your customers, hear their complaints, and address them proactively.

Chargebacks can do significant damage to a business' bottom line.

PCI compliance

PCI stands for Payment Card Industry, which is the organization responsible for setting the Data Security Standards (DSS) that must be adhered to by all merchants who accept credit and debit card payments. PCI DSS addresses payment system security at large, recommending the implementation of network security protocols like firewalls, anti-virus protection, secure remote access portals, password maintenance, and more.

Businesses that run their online store on an eCommerce platform will often have PCI compliance responsibilities covered by the provider. Staying in compliance with PCI standards is important for all business that accepts credit and debit cards. eCommerce merchants are no exception.

The road to eCommerce success

From the biggest cities to the smallest towns, from garage startups to garage sales, the internet has become the canvass for commerce, a virtual main street shopping district that throws open even the smallest business doors to a world of seemingly infinite possibility.

This overview of eCommerce essentials for small businesses talks about the road to success in broad strokes. Of course, each business journey is unique. Each business journey follows its own road to success. Serving the needs of those unique journeys requires partners who will take the time to understand and appreciate your business, and design solutions that fit your needs. Nothing more, nothing less.

Worldpay has payments expertise, delivered by real people who care about making your business the best it can be. To learn more, contact an eCommerce specialist today at 888-248-2690.

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About Worldpay

Worldpay, Inc. (NYSE: WP; LSE: WPY) is a leading payments technology company with unique capability to power global integrated omnicommerce. With industry-leading scale and an unmatched integrated technology platform, Worldpay offers clients a comprehensive suite of products and services globally, delivered through a single provider.

Worldpay processes over 40 billion transactions annually through more than 300 payment types across 146 countries and 126 currencies. The company's growth strategy includes expanding into high-growth markets, verticals and customer segments, including global eCommerce, Integrated Payments and B2B.

Worldpay, Inc. was formed in 2018 through the combination of the No. 1 merchant acquirers in the U.S. and the U.K. Worldpay, Inc. trades on the New York Stock Exchange as "WP" and the London Stock Exchange as "WPY."