



A GUIDE TO  
**Successful  
Ecommerce  
Practices**



# Introduction

Seems like there's an "e" version of everything these days — emails, ebooks, e-scooters, and, of course, ecommerce. The online marketplace has exploded over the last few years, and if you're a product-centric company intent on staying competitive, the growth of ecommerce is something you need to pay attention to, or you'll be *e-eliminated*.

Running a successful ecommerce operation involves a lot more than creating a website, though. **You need a strategy for how to start selling your goods**, and you need to put some serious thought into how you manage your inventory. Without smart inventory management systems in place, your ecommerce store won't perform the way you need it to, and you'll be back to square one. A solid inventory system in any sales situation will mean better margins and fewer losses — and it's no different when it comes to ecommerce.

Once your selling strategy is in place and your inventory is in ship shape, you can start to compete with the big-box retailers (yes, it's possible) by implementing a few key strategies.

But before we get into how you can go toe-to-toe with the online giants, let's talk about why you need to think about your inventory management strategy first.



# HOW SMART INVENTORY MANAGEMENT HELPS YOUR ECOMMERCE STORE SUCCEED

## It helps you avoid overspending

While one of the worst things that can happen to your business is running out of inventory, overspending and overstocking is not the solution.

It may seem counter-intuitive, but small businesses should carry less inventory in order to keep their carrying cost low.

Small businesses who are not yet well-capitalized and don't yet have the systems in place to carry inventory well tend to overbuy to compensate for poor supply chain management, poor vendor management, or poor visibility and reorder points. However, **better inventory tracking and management** can keep business costs much lower.

For example, if your current method of picking inventory is a paper-based process of printing pick tickets from ecommerce orders for warehouse employees to follow, you could update this method to save time and improve your accuracy. By utilizing carts and picking bins to allocate and organize inventory, plus a barcoding solution to match order numbers to inventory, you'll quickly see an increase in overall efficiency.



## HOW SMART INVENTORY MANAGEMENT HELPS YOUR ECOMMERCE STORE SUCCEED

# It helps you avoid running out of inventory

Selling out of an item is one of the most expensive things that a business can do because it costs you a sale.

A good inventory system will help you avoid running out or selling out of product in your ecommerce store. If your business has other sales channels aside from ecommerce, you can treat your ecommerce store like another warehouse location, segmenting your inventory between ecommerce and traditional retail (or whatever your sales channels are).

If you're only selling through ecommerce and retail, you'll absolutely want to split up your inventory for those storefronts and keep them separate. Retail sales are unpredictable. You don't want to lump in the items sitting on your retail store shelves with your ecommerce store, then experience a sudden run in your retail store that drains all of your inventory and leaves you with no inventory for your ecommerce store.

In addition to segmenting inventory, a good inventory system will help you determine what your turnover is and forecast future sales, helping you keep inventory in stock at the appropriate levels.



## HOW SMART INVENTORY MANAGEMENT HELPS YOUR ECOMMERCE STORE SUCCEED

# It helps you avoid marketplace penalties

If you sell on online marketplaces like eBay, Amazon, or Newegg, you need to meet certain requirements. Amazon requires that sellers ship books, music, video, and DVD products within two business days of receiving the order from Amazon. If you can't meet that turnaround time, your metrics as a seller will be negatively affected — you might even risk having your account shut down.

If items can't be located quickly, your shipments will be delayed. A common mistake businesses make as they grow is not switching over to bin labeling soon enough. Using bin tracking and having a digital record of an item's location will allow anyone to pick up an item and get it ready for shipping. If an order goes through and you don't know where the item is, or you're unaware that you don't have it in stock, you'll waste time searching shelves via a physical inventory check to find a single part or item.

A good inventory system can be as simple or as complex as the business requires. It's up to each individual business to determine what kind of system their size and complexity warrants.



## HOW SMART INVENTORY MANAGEMENT HELPS YOUR ECOMMERCE STORE SUCCEED

# It keeps customers happy and coming back

With the advent of Amazon and Prime Shipping, customers expect an item to be shipped same-day, and to receive it within two days. Any delay in shipping, whether because you don't have stock, you don't understand what you have, or you don't know where an item is located, is expensive because you're not meeting customer expectations.

Shipping late or losing a sale because you're out of stock has a huge impact on a customer's impression of you. One negative experience may keep a customer from ever buying from you again — even worse, it might lead them to write a negative review.

When it comes to keeping customers satisfied, tracking quantities is a must — it's a basic first step. However, fully managing inventory and cost will take you to another level. Simply put, the stronger your inventory system is, the stronger your ecommerce store will be.

Whether you're selling through a merchant service or hosting your own site (either with a hosting option, like Shopify, or a site built from scratch with Magento), customer satisfaction is possibly the most important determining factor for success in today's commerce world. Companies must be customer-centric in order to stay competitive.

And if you think your business doesn't have what it takes to open a Magento storefront, think again. **Software customization options** are often far more affordable than companies realize.



# HOW SMART INVENTORY MANAGEMENT HELPS YOUR ECOMMERCE STORE SUCCEED

## It keeps you efficient

An efficient, easy-to-use system for shipping and confirming orders directly affects your ecommerce performance, and avoiding common inventory mistakes means removing human error from your processes. Having orders from ecommerce stores sync directly with your inventory management software (typically accomplished through EDI) speeds up order processing and cuts down on mistakes.

Not only does a well-defined inventory system prevent wrong shipments or running out of stock, it frees up time for team members by allowing orders to be processed more quickly and getting shipments out the door faster.

Ultimately, ecommerce is no different from any other order channel. Your ultimate goal in having a strong inventory management system is to always have the item in stock and be able to ship it out as accurately and as quickly as possible.



# Playing with the big kids — and winning

If you think it's impossible for your small business to compete against the big-box retailers and win, think again. Keeping your ecommerce store relevant and profitable can be quite the feat, but with the right know-how, practices, and insights, you can see growth and success in your business — no matter the size.

So, where do small businesses even start when developing a strategy to compete against big box retailers? You can't compete with their customer scope or price points, so what do you have to offer?



# Offer high-quality, specialty options

If you're a small business, trying to compete with large retailers on a wide range of selections will only set your company up for failure. You likely don't have the same capacity as your competition, and that's okay. Instead, leverage your ability to offer specialty products that aren't available anywhere else.

Your capability to deliver exclusive products is distinct to being a small business. Where larger retailers can offer hundreds of the same item, you can offer unique items that attract and retain customers. As a small business, you can also offer goods and services that are much higher quality than big box retailers — keep this in mind as you continue to build your brand and market your business.

Consumers want items that are truly valuable, and **they're willing to invest a little more** in something if they're convinced it will last.



# Deliver exceptional customer service

This one should be a given for any company, but the reality is that small businesses are better built for offering customer service that goes above and beyond customer expectations. As a small business, the ability to make special connections with your buyers is in your DNA.

While larger retailers are often spread thin across their customer base, you can dedicate a significant amount of time and energy into building customer trust. This trust relies heavily upon ensuring the buying experience is a positive one, from the moment they place their order to when they receive their items. Invest in shipping integrations and **payment processing applications** that will make the buyer's journey as smooth as possible.

Since customer service representatives (CSRs) play a huge role in earning the confidence of your buyers, it's important that your **CSRs are equipped with the tools** necessary to serve your customers best. Happy CSRs and happy customers go hand in hand.

One big way small businesses can improve customer relations is by using automation when necessary. Inquiries received during the day should obviously receive a prompt reply, but in this day and age, customers expect service 24/7. Automating your replies gives customers a regular stream of communication, especially when you're selling in online marketplaces.



# Offer an experience

Think about the companies you consider to be most successful. Brands like Apple offer more than a product; they offer an experience. Apple invites the buyer to step into their brand — from the moment you walk into their store or buy one of their products, you feel as if you're part of something.

Building a strong brand starts with knowing your customer. Take the time to research both your targets and the competition. As you dive into the personality of your buyer, you can begin to build the personality of your business.

As you work to build your brand, embrace your niche and take advantage of the things that make you stand out. Understanding your place in the market is instrumental in formalizing your target audience and the experience you want to offer them.

When selling in online marketplaces, remember that healthy competition is good for business. Focus on what you can offer rather than areas where Amazon or Walmart have you beat, and don't be afraid to embrace change for the sake of growth.





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Above all, make sure you're operating from an inventory management software that integrates with your ecommerce solution. Mismanaged inventory is hard to sell in the simplest of circumstances — when you factor in multiple online storefronts and the additional complexities ecommerce brings, you want to be certain that your inventory data is up-to-date and reliable, and using an inventory management solution that integrates directly with your ecommerce platform(s) will provide that reassurance.

It's a great big digital world out there, but with a little preparation, some savvy business practices, and the right systems in place, you can claim your spot in the ecommerce marketplace. If you want a little more help figuring out your best strategy for optimizing your ecommerce strategy, reach out to us! We're eager to start a conversation with you.



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