

Starting an Online Store: Tips and Tools

By **James Maguire**

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Two years ago, Laurie Solet knew little about operating a Web business. Now, the 35-year-old clothing retailer runs [Laurie Solet](#), an online store that receives about 21,000 visits a month, greatly increasing the customer base for her brick-and-mortar storefront.

Solet owns a designer women's clothing shop in Clayton, Mo., an affluent suburb of St. Louis. In 2004, she was spending about \$1,000 per month advertising in local magazines. She decided to scale back on her print advertising and build a Web site, enabling her to show off new clothes as soon as they arrived.

However, when she approached Web designers they warned her not to launch an e-commerce site. "They kind of gave me the scare tactic, 'Oh, you don't want to do that, you need a whole other staff for that, it's like opening a second store.'"

So, in a decision she would later regret, she built a site that was simply for advertising. Customers couldn't purchase from it. The good news was that it was an attractive site. She spent about \$10,000 on original graphics and photography. She also spent about \$1,000 a month maintaining it.

After about a year — during which shoppers often e-mailed her asking to purchase clothes from the site — she realized she needed to rebuild it to include e-commerce functionality. "I looked back and thought, 'I just spent \$22,000 on a site just for advertising and awareness purposes.'" It was, she says with a laugh, "quite possibly a bad decision."

But entering the deep waters of e-commerce was something she wanted to do carefully since she already spent a bundle. Before making another big investment, "I wanted to understand what my customers wanted and what they needed. There were a lot of variables."

To keep her costs low, she decided to lease e-commerce software rather than buy it. "I figured, 'What else are they going to come up with in the next year, and I'm going to have to update my site?' Which means another chunk of change."

She shopped around for e-commerce software, with the idea that she wanted it to be "quick, clean and easy," she says. That criterion had to apply to both the design process for building the site as well as for the overall look and had to extend to the shopping experience for customers.

She chose software made by [Monster Commerce](#). The firm charged Solet \$100 per month (later increased to \$200 a month when the site grew) for a complete package.



Monster provides everything: a shopping cart, an analytics package, 24/7 phone support line and regular software updates.

Solet also hired a full time Webmaster to maintain the site, doing everything from taking new product shots (a model stops by once a week) to posting new photos and descriptions whenever new clothing arrives.

Attracting Traffic

Her e-commerce site was up for a couple of months before Solet decided to invest in pay-per-click advertising. She started with both [Yahoo](#) and [Google PPC](#) but dropped Yahoo because the traffic was insufficient and the administrative tool wasn't user friendly.

In her initial PPC campaigns she purchased a bunch of keywords. With a budget of about \$1,000 a month (or about \$30 a day), she bid on all her designer clothing terms and all their close variants. But she found that she was spread too thin; her budget wasn't enough to draw significant traffic on so many terms. Also, she didn't have enough clothing by some designers to satisfy customers who had clicked through on those designers' keyword terms.

Solet then narrowed her campaign to the names of the top 10 designers she carries, a strategy that worked well. "We spent less money, concentrated on one area, and it was much more profitable," she says. Even more narrowly targeted, she bought keyword terms for the single jewelry designer she carries, which helped move those items.

The point: when buying keywords, it's best to target a very specific focus, and only buy keywords for those items for which you have a deep inventory.

Regardless of the immediate traffic pay-per-click attracts, Solet sees this expense as part of a long-term effort to build brand awareness. "Even if we don't sell something, at least people know we exist now and maybe they'll come back to us later."

Online Self Promotion

Solet's top source of traffic is not paid search but her own unpaid promotional efforts, along with print advertising. She knows from looking at her site stats that her largest group of visitors type in her URL directly, or come from the site's weekly "E-Blast" newsletter, which goes out to 2,000 users.

Also helpful was a free promotion Solet arranged with [Daily Candy](#), the fashion, arts and culture site. It went so well she had to increase her server capacity. "That was in February and our numbers just kind of blew up that month." She also recently managed to get mentioned in [Lucky](#), the magazine about shopping.



In the month of June, about a year after the site's e-commerce launch, Solet made 86 sales through the site (although 314 shoppers started checkout). Her average order amount is \$200.

Using the [Urchin Web analytics](#) software program provided by Monster Commerce, she tracks the average time spent on the site by users. In February, the average user session lasted 3 minutes, 50 seconds; in May it increased to 5 minutes, 10

seconds. In June, the figure fell to 4 minutes, 31 seconds, a drop that Solet attributes to the summer, a time that is typically slow for e-commerce merchants who don't sell seasonal items.

She also closely monitors the relationship between traffic and sales. "If we're getting more visitors, are more people buying, or are people just coming to see what we have and not buying?" Fortunately, as visitor levels have climbed, sales have climbed with them, she says.

Lessons Learned

One insightful lesson Solet learned about selling over the Internet is that: "A lot of people like a deal online. There's a lot of bargain shoppers online." This is far more true for her Web shoppers than for her storefront shoppers, she says. "There's a lot of comparison shopping online," she notes. "When we have our sales, we sell tons of sales stuff online."

She also finds that the Web is a great source of shopper feedback. "The women are really receptive to telling you what they like and what they don't like — because we'll ask. We're always trying to figure out what works and what doesn't."

Looking ahead at possible improvements, she'd like to set up a toll-free number. "We need to make people feel comfortable that if they don't want to order online they can call us, no worries." She'd also like to experiment with paring down the file size of photos to make them load faster.

After taking a hard look at her checkout process — about a third of the shoppers who begin checkout on her site finish it — she's planning on instituting a free shipping policy. "I've noticed that a good percentage of our sales are lost during reviewing payment, so I don't mind saying, 'If you spend \$100 I'll ship for free.'" She knows that some of her competitors do this.

Since she runs both a Web site and a storefront, she faces a thorny problem: "how do I get my point of sale software [her in-store sales] to speak to my online sale software?" At this point she has to integrate the data flow manually. She has looked at solutions that combine these two, but has found them to require just as many steps.



So at this point, that question remains unanswered. And in fact, Solet knows that there will be many more such issues to be resolved as she continues to sell online. "After a year I really took a look back, and said, 'Here's where we are, how do we make this better?'" The answer, she's learned, is that it's a never-ending process, but one that pays off.

James Maguire is a regular contributor to ECommerce-Guide.com.