The Small Business Blog

Selling Christmas in July

Thursday, July 29 2010

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Rieva Lesonsky

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Temperatures are soaring across most of the nation as the so-called dog days of August arrived a month ahead of schedule. As we struggle to stay cool, the last thing we're thinking about is the December holiday season. But Damon Schechter, founder and CEO of Shipwire, advises e-tailers to stop thinking suntan and start thinking Santa. I talked to Schechter about prepping now for the holidays, even though they're nearly five months away.

Rieva Lesonsky: You say e-tailers need to start preparing for the holiday season. Am I really supposed to be thinking about Christmas in July?

Damon Schechter: Consumers are doing their holiday shopping earlier than ever. A study conducted last September by Google revealed a whopping 44 percent of respondents had already begun their holiday shopping, and more than a third had actually made purchases. The reality is that [today's] consumer start shopping much sooner. In addition, many of the holiday crises that e-tailers face close to the holidays are actually avoidable if they simply begin preparing now.

Lesonsky: What's the first thing you recommend e-tailers do to prepare?

Schechter: Start the season by reaching out to your past customers and offer them early-bird discounts. A customer who has bought from you in the past is easier to reach than a new customer, so reward them.

Before you can sell to new customers, you have to make sure they can find you. Spend time this summer on SEO (search engine optimization) for your best-selling products. Using social media is a great way to get on the radar of shoppers. [Marketing through] Twitter, Facebook, and LinkedIn can give your business a personality, reach your past and present customers, as well as an entire social network of future customers.

Lesonsky: Speaking of promotions, how can e-tailers use them to entice online shoppers to buy?

Schechter: There are many promotions you can use. However, there are two words in the English language that are difficult for any online shopper to resist: "fast" and "free." Using the term "fast and free shipping" on your home page tends to increase conversions. However, the challenge is in finding ways to offer "fast and free shipping" and not kill your margins. One alternative is to offer free shipping for orders exceeding a specified dollar amount. Or offer flat-rate shipping even on "expedited" orders. On our blog we explain six ways to offer fast and free shipping.

Lesonsky: You mentioned using SEO to drive sales. What do you recommend for increasing organic search leads?

Schechter: Think of search engine optimization as a two-step approach. First get the traffic and second convert the traffic to buyers. Google offers a lot of free tools. Spend some time with Google's free Webmaster Toolkit to make sure your search terms are logical. Before you start your holiday promotions, do some light offer/price "conversion testing" using Google's Toolkit. [It's important] to know your traffic and conversions. It's easy to do this online [by monitoring] your checkout process and abandoned cart rate. You can trace exactly what works and what doesn't, making it easy to know your ROI.

Lesonsky: What else do e-tailers need to consider?

Schechter: The good news is that if you do the right prep work, there's a real chance you'll see a sales spike before the holidays. The bad news is that you may get a sales spike before the holidays! In other words, don't be a victim of your own success. Take a look at your e-commerce technology, particularly your shopping cart and order management infrastructure. Does it work well enough to handle what could be a significant increase in orders? If you wait to test it, you won't have time to redo your shopping cart [if there are problems].

Then, there's the issue of inventory management, order management, and order fulfillment. If you plan to store and ship all the orders yourself, make sure you have enough supply on hand. The quickest way to alienate potential customers is to tell them their holiday gifts are on back order and may not get to them on time. This is especially true if you acquire business though major marketplaces like eBay or Amazon. If you fail to ship on time, you will get negative feedback that can potentially get you kicked off these marketplaces.

Lesonsky: How does your company helps small e-tailers with inventory concerns?

Schechter: If business owners don't want to deal with storing inventory, packing boxes, and taking them to the post office, they should consider outsourcing order management fulfillment to a third party company like Shipwire. We ensure that e-tailers have the right inventory levels on hand, help with order management, store inventory in our warehouses, pack the boxes, and serve as a primary or backup shipper.

Lesonsky: Is it too early to think about handling returns after the holidays?

Schechter: E-tailers would be smart to get a returns policy in place now, since there are so many questions to consider including the value of the product being returned and how much it costs to ship back. Easy returns are a great way to build customer loyalty. If you make it too tough to return a product, the buyer will likely not come back. Take a play from Zappos' and Nordstrom's playbook and make returns a positive part of the experience.

Finally, stay alert for returns fraud. Some people will [say anything] just to get free returns. Or they'll complain that something is missing from an order when it isn't. Set up internal checks on outbound shipping and packing to reduce the chances of errors.

Lesonsky: Is there anything else that e-tailers should prepare for now?

Schechter: As I said, most holiday crises are actually foreseeable and preventable. If you've been in business for more than a year, take a look back at what caused panic over the last few years and plan ahead. Did you run out of boxes or oversell a product? Keep an eye out for looming problems such as your Internet connection dying when you're trying to download orders or if there could be a potentially catastrophic postal strike. As I've been saying, the key is to prepare [for any contingency] early.

Be sure to check out Shipwire's company blog, where Damon Schechter posts frequently.

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