



MANUFACTURING

EXTENDING THE AISLE:

SIX SECRETS OF ECOMMERCE SUCCESS
FOR MANUFACTURERS





INTRODUCTION

If you're reading this, there's a good chance you're debating about the value of ecommerce for manufacturing. Or you may have decided to get into online sales, but you're uncertain about how to go about it. That's why we wrote this book.

If you are questioning the value of ecommerce for manufacturing, here's one statistic that should help clarify things: Forrester Research has predicted that total U.S. ecommerce will grow to \$327 billion dollars by 2016, a 62% growth over 2011 numbers. [<http://www.internetretailer.com/trends/sales/>] That's a staggering growth statistic in just one year.

U.S. ecommerce will grow to **\$327 billion dollars** by 2016, a 62% growth over 2011 numbers.



As general consumers make online shopping and buying their default experience, this will quickly lead into similar patterns for the B2B space. Your customers want the same experience and convenience from you that they get from their personal online shopping.

Ecommerce is no longer an option for manufacturers.

It's an absolute requirement. If you fail to offer superior ecommerce options or fall behind, you're at risk of becoming irrelevant to your vendors and customers. But if you take the lead, you'll have an opportunity to build highly relevant, personalized online solutions for your existing customers and a significant opportunity to open up new channels and add new customers and sales.

In the next six chapters we'll lay out the issues, the opportunities, and the approaches that manufacturers can use to build successful online sales while controlling costs and increasing customer and vendor engagement.



CHAPTER 1: WHAT DO MANUFACTURERS NEED IN AN ECOMMERCE SOLUTION?

Ecommerce software is not a one-size-fits-all solution.

Virtually any solution can provide you with a shopping cart and supply the basic needs for retail sales. But do those same basic features make sense for manufacturers? Is that enough to meet the very different requirements of manufacturer direct sales? Are general retail ecommerce solutions relevant to the needs of manufacturers?

It's very clear that the answer to all of these questions is no.

Manufacturers are seeing an increased demand for making their products available for sale electronically. But there's more to ecommerce than just "throwing up" a storefront. Direct sales, vendor sales, private-label sales, B2B sales are just a fraction of the challenges placed before manufacturers.

And when it's time to get serious about ecommerce manufacturers are all facing this single question: what makes ecommerce relevant for us?



Do retail ecommerce solutions work for manufacturers?

Most enterprise-class ecommerce systems are designed with a very specific situation in mind: retail sales. It makes sense. There's lots of money to be made in retail. Consumers have been driving more and more online sales. Consumers like the convenience and the ability to get the best value simply and easily. It's easier to shop online at Amazon than it is to drive down to Wal-mart. And the selection is better.

It's also true that business buyers are consumers as well. They've learned the convenience and power of shopping online for themselves and their families. That's changed their expectations for the B2B buying experience. They want easy online access, full selection, attractive presentation, and simple order completion from manufacturers and distributors in the same fashion as they'd shop for a book or DVD.

When manufacturers implement ecommerce they can use conventional ecommerce "shopping carts," but that only takes care of a fraction of their needs. These basic ecommerce systems are designed for direct consumer sales. When you add in the complexities of needing to sell through multiple channels, to multiple buyers, and with multiple buying/sales and payment strategies, these conventional solutions fall short.

It's easier to shop online at Amazon than it is to drive down to Wal-mart.

CONVENTIONAL ECOMMERCE SOLUTIONS

- Shopping Carts
- Simple, Single-threaded Order Processing
- Credit Card
- Retail-Style Store Front Presentation
- Single Presence

vs

WHAT MANUFACTURERS REALLY NEED

- Shopping Carts, catalogs, Parts lists,
- Vendor specific offerings
- Complex Order Processing
- Credit Card, Purchase Order, and alternate payment methods
- Retail Storefronts/Catalog presentations/custom logins
- Multiple online stores for specific channels
- and much more



It's not just that manufacturers need a different feature set from their ecommerce solutions. From the feature list above it may appear that manufacturers need many different and separate ecommerce solutions. While conventional systems may be designed to run massive online stores for periods of high-demand, they typically do not offer the ability to build and operate several different types of online sales strategies.

But that is exactly what manufacturers need.

The ideal manufacturer ecommerce solution would:

- Allow for the creation of manufacturer-direct online sales.
- Provide a separate and secure online buying experience for wholesale distributors and vendors.
- Allow vendors and distributors to “private label” the manufacturer’s online storefronts with their own branding.
- Allow vendors and buyers direct access to the manufacturer’s catalog inside their own ecommerce solution.
- Create and operate dozens (or hundreds) of local/regional/country or product category/brand/solution stores.

And most importantly: manufacturing ecommerce solutions need to be easy to integrate into existing ERP systems and complement, not necessarily replace, existing EDI solutions.

Linking ERP to ecommerce.

Conventional, retail-oriented ecommerce typically requires extensive implementation, customization, and integration. Retailers already have the better part of two decades of experience with ecommerce and are accustomed to the costs and challenges of this type of ecommerce. This is a new area for manufacturers—many see these costs as surprisingly high and many lack the experience to know what types of systems will best meet their needs.



At a minimum, the majority of manufacturers have been through the experience of implementing an ERP system and know the costs and headaches of a major IT initiative. It's understandable that many are reluctant to step into ecommerce. If EDI was difficult to put into place, ecommerce is another beast altogether. Ecommerce is a blend of conventional manufacturer sales and retail marketing; it requires a different set of skills.

This can be mind bogglingly complex for those companies just getting into online sales, which is why one of the key qualities that manufacturers need to look for in an ecommerce system is the ease of integrating these systems with their existing ERP frameworks. Reducing the integration complexities greatly reduces implementation costs and timeframes.

Many of the ecommerce software systems on the market that are aimed at large-scale retail sales can take up to **18 months** to implement.

expensive—very expensive if not done right. It can take a long time and many resources to get it up and running. Many of the ecommerce software systems on the market that are aimed at large-scale retail sales can take up to 18 months to implement. And it takes specialized skills and experience to get the software up and running and to keep it maintained.

Far too many solutions just look like a "Build your own solution!" Why should you build your own solution? You're not an expert in ecommerce. You need a solution that comes from someone who clearly understands the needs of manufacturers and already has the proper capabilities built in.

If you expect to get any sleep, you need a solution that is relatively inexpensive, easy to implement, that demonstrates the capabilities that manufacturers need, and comes from a trusted source.

What keeps you up at night?

Manufacturers have been selling successfully for years, but ecommerce can be both a threat and a mystery. It's also an incredible opportunity. No wonder it can be a major headache!

Implementing an enterprise-class ecommerce platform can be

What they mean by 'get it right' is that ecommerce is an effective channel for them to sell a product through, it's stable, there's good up time, there's a good customer experience, and the transactions are secure. And it doesn't take undue amount of internal resources that they may or may not have.

— Chris Fletcher, Gartner Analyst



The Manufacturer's Ecommerce Checklist.

Manufacturers don't have to settle for a generic, one-size-fits-none ecommerce solution. In fact, they should demand a solution that is tailored to the needs of manufacturers and not let someone else set the agenda.

Manufacturers need to be clear about what's needed from an ecommerce solution.

Here's a checklist to review:

MANUFACTURER'S ECOMMERCE CHECKLIST

- Relevant to manufacturer requirements
- Easy to implement
- Affordable
- Allows for multiple, custom storefronts
- Private-label branding options
- Marketplace Features
- Fast time to market spin-up
- Easy to integrate with ERP and other systems
- Implementation support available
- Secure
- From trusted, experienced source

Up Next In **Chapter 2: Managing Channel Conflict.**

Are worries about channel conflict holding you back from moving strongly into online sales? In Chapter 2, we'll review the issues and lay out a path that will help you avoid conflict and strengthen your existing vendor relationships.



CHAPTER 2 THE OBSTACLES & OPPORTUNITIES—MANAGING CHANNEL CONFLICT.

One of the biggest issues, one of the most troubling topics that keep manufacturers from moving into or expanding their ecommerce efforts is channel conflict.

As a manufacturer, you have (and may wish to keep) established sales channels. Your vendors and channel partners are both comfortable with these channels and jealous of anything that might disrupt them. Vendors face their own competitive issues, and the last thing they want to do is to add their manufacturers to their list of competitors.

Channel conflict must be a consideration for any manufacturing-based ecommerce initiative, but it doesn't necessarily have to be a limited factor. Manufacturers can succeed with online sales if they approach the opportunity carefully and creatively—and are equipped with the right tools to help them achieve their goals as well as manage channel stresses.

What's the worst that could happen?

If you go into competition with your vendors and you don't have a product line that they absolutely must carry, they'll drop you. Period. That's the fear. Some branded manufacturers have enough consumer demand that they don't have to be concerned with channel conflict or even pricing issues across the various channels.

You might not be so lucky.

Open an online store without consideration for channel conflict and you are setting yourself up for some difficult meetings and conversations, at best. Why go into competition with your vendors? You can create online sales opportunities without directly competing with your established and successful sales channels. Channel conflict isn't inevitable when manufacturers enter online sales, but it can be damaging if ignored or disregarded.

Since launching its own ecommerce site, Lafayette 148, a NY apparel manufacturer saw their sales grow by 132.2% to \$27.9 million from \$12.0 million.

- from Internet Retailer Magazine, June 2012



“We can’t do online sales! Our vendors would drop us!”

That’s the threat, the sword hanging over your head, isn’t it? But channel conflict doesn’t have to be the sole limiting factor that keeps a manufacturer out of the incredible potential of opening new channels online.

That’s the key: online is not a single channel. Ecommerce is simply another medium. It’s like saying, “I can’t sell through distributors,” or “I can’t accept orders via fax.”

While you may not be able to open a big store with your brand name directly across the street from a vendor without endangering your relationship, you might be able to reach potential customers in other ways. Ways that don’t overly anger your current vendors.

If you approach ecommerce as a single, all-or-nothing, approach and just open a factory-direct outlet online, you need to be aware of the potential friction it may cause with your existing vendors. An online store is only one option for manufacturers.

Manufacturing online sales options.

There are many different options and potential channels for manufacturers to explore online.

They include:

- Specialized online stores with password access direct to vendors. Think of them as online catalogs, but customized for specific vendor purchases.
- Extend-the-shelf options: Build and operate a specialized store with your products, but included inside your vendor’s own online store. Think of it as Vendor Managed Inventory for the online shelf.
- Create a new brand or line and sell it direct online.
- Open regional stores where you’re not represented by vendors, including new countries.
- Open a refurbished/seconds/closeout online store.
- Open a replacement parts store for consumers.
- And yes, factory-direct online stores (if handled carefully).
- Vendor Managed Ecommerce™ — Create sites that emulate the customer’s online stores where you maintain the same look and feel while lessening the customer burden of maintenance and management of products.



An online store is only one option for manufacturers.





Any of the above types of stores can circumvent the problems of channel conflict. Savvy manufacturers are doing a combination of the above, or even ALL of the above as the most effective approaches. It doesn't all have to be initiated all at once, but can be built out over time with the right strategic approach.

It's complex enough for most organizations to build and manage a single online offering. Manufacturers need simple and inexpensive solutions that allow them to create and manage many different channels.

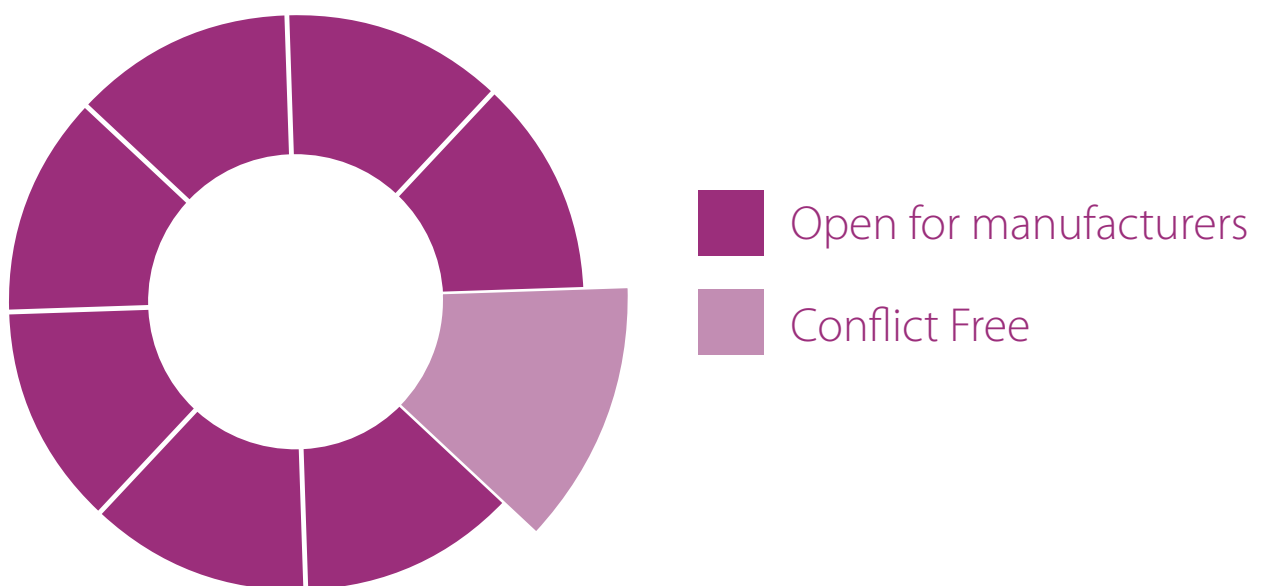
Open a new channel—one with no conflict.

There are many ecommerce options available. Conventional ecommerce solutions are built for one thing: Open an online store. That is exactly the one thing that most manufacturers don't want to do. They want to do ecommerce, but don't necessarily want to set up a full service online retail presence. But that's the only thing that most ecommerce packages offer.

What manufacturers need is a flexible, relevant ecommerce platform that allows them to easily, quickly, and inexpensively build many different types of ecommerce offerings.

That's where the imagination and experience comes in. You can have conflict when you compete with an established vendor. So don't compete with them. Go somewhere that they aren't.

Instead of competing with your vendors, what if you could work with your channel partners to create new, tightly integrated online sales, featuring the strengths of both you and your partner and creating new opportunities in regions and fashions that neither of you currently sells?



**An ecommerce solution for manufacturers.**

If an ecommerce solution is difficult to implement and results in a single online store, it's not going to meet your needs as a manufacturer. You need an ecommerce framework designed with manufacturers in mind—one that allows the building of more than just a single online store. You need a solution that can help you to build new channels and entire new marketplaces.

You need a solution that allows you to easily customize an online store—one that allows you to work directly with your vendors and integrate more closely into their systems. And along with that, you need an ecommerce system that can be implemented quickly and affordably.

Up Next In [Chapter 3](#): How Much Should I Spend? The Total Cost Of Ownership Of Enterprise-Level Ecommerce.

Return On Investment (ROI) is easy to calculate in hindsight, but almost impossible to accurately predict for a completely new venture. What you can calculate is the Total Cost of Ownership (TCO) and that number will reveal the true costs and opportunities of implementing ecommerce.



CHAPTER 3: HOW MUCH SHOULD I SPEND? THE TOTAL COST OF OWNERSHIP OF ENTERPRISE-LEVEL ECOMMERCE.

You've probably heard the phrase, "It's not how much you spend—it's how much you can make." Someone who wanted you to spend a LOT of money probably said that.

An enterprise IT project, like ecommerce, can become expensive without a strategy. You might find yourself in a lot of discussions about Return On Investment (ROI). For manufacturers, especially those who haven't had broad experience in online selling, the ROI question is really more of a guess.

It does matter how much you spend. Even with very good margins, you might not break even if you spend too much money and too much time implementing a costly system. With the typical implementation time of enterprise ecommerce systems being 12 to 18 months, you might have to wait a very long time before even thinking about your return on that investment.

For the most part, you can only calculate ROI in hindsight. A better calculation, a more revealing one, is a focus on the Total Cost of Ownership (TCO) of a new ecommerce system and effort. Those are numbers that can be known. And a careful look at them shines a revealing spotlight on the costs and opportunities of ecommerce implementation.

The elements of ecommerce TCO.

TCO isn't just about the cost of licensing and maintenance for ecommerce software. Here are the line items for your TCO calculation:

Initial licensing cost
Yearly maintenance fees
Initial hardware costs (servers, network upgrades, etc.)
Additional network costs (bandwidth)
Implementation & Integration costs (internal resources)
Implementation and Integration costs (outside resources)
Additional staff costs (IT, marketing, etc.)
Site graphic design and creative costs
TOTAL



What your TCO means.

This calculation will get you close to the cost of one online store. For manufacturers, the calculation can be multiplied by the number of online sales channels required (direct, private-label, vendor-support, etc). You may find some reduction in cost as you learn how to design and open stores, but the additional software licensing costs alone may make this single calculation representative of your marginal cost per new online store.

This calculation will get you close to your first year TCO. Here's the kicker: For many enterprise ecommerce implementations, the time to implement is somewhere between 9 to 18 months. That means your costs need to be calculated over the total implementation time frame before you go live and start making the first sale.

A year and a half, frankly, is an unreasonably long time to implement an ecommerce system. The length of the implementation alone makes it very difficult to even achieve a full return on your initial investment. The sheer length of the implementation virtually assures delays and additional costs. It's not unusual for IT projects of this length to never be completed at all.

Your TCO for following years can be less, but plan on additional costs to upgrade software (minor) every year with major upgrades or replacement costs every 3 to 5 years.

If you make this calculation for the available ecommerce options, you might to see some unexpectedly high numbers.

But don't worry; it's not how much you spend. Right?

Recommended:
look for an ecommerce
solution that can be
implemented in less than
120 days to reduce TCO.



Reducing TCO.

There are two proven ways to reduce the TCO for ecommerce implementations: Reduce the acquisition costs for the software AND reduce the implementation costs and time frames.

The ideal solutions are low cost, as well as, simple and fast to implement. They have low additional costs for multiple store implementations as well.

These ideal systems also have a better TCO calculation, both by keeping the Investment part of the equation low AND by being able to move rapidly into use. A short implementation time improves the chances for achieving 100% ROI long before other systems could be fully implemented.

Do it right and you'll be reaping returns while others are still "investing."

How can "free" actually cost more?

The acquisition cost for ecommerce software is only part of the TCO calculation. That's why you have to question the true cost of "free" solutions.

If a vendor is telling you that their software is free you have to look closely at the implementation costs and additional charges. Many free solutions do not include the features that manufacturers require and call them "add-ons" which carry additional costs.

A "free" solution can quickly become a very expensive one.

Here's something to keep in mind:

- Systems that are both very expensive to acquire and that take a long time period to implement using costly resources have a very high TCO
- Systems that have a low or zero acquisition costs but have long and expensive implementation costs still have a high TCO
- Systems that only supply a bare-bones system and require significant costs for "add-ons" can have a high TCO

Recommended:
Select an ecommerce solution that has a lower acquisition cost, lower implementation costs, and, perhaps most important, rapid implementation capabilities.



Opportunities for manufacturing ecommerce.

An accurate TCO calculation is critical, but it's equally important to calculate the opportunities of creating a strong ecommerce presence for your organization. A calculation of the opportunity benefit may be more useful than a guess at ROI, especially when you've already calculated TCO.

To calculate your opportunities, you'll need to consider:

- Revenue: What is the potential sales that could result from a strong ecommerce offering?
- Awareness and marketing: What would the wider awareness of your organization do for your sales in other channels? Broader awareness means higher brand value.
- Partner strengthening: You have costs associated with maintaining your partner and vendor relationships. With a strong ecommerce offering you could both reduce those costs and potentially increase sales to those partners. What is the value of that?
- Future positioning: Manufacturers are also unseen, invisible to the consumer. By taking an active roll online, you may be able to position your organization and your brands for stronger future sales and opportunities.

Online sales mean a more public, visible role for manufacturers. This opportunity alone may offset the costs of your initial ecommerce implementation.

Why manufacturing ecommerce TCO is different from retail.

Retailers have nearly two decades of ecommerce experience. Ecommerce software companies, for the most part, have experience selling ecommerce solutions to retailers. That creates a cozy, well-understood marketplace for retailers.

But it doesn't address the needs of manufacturers very well.

Retailers will often calculate their TCO based on their previous ecommerce implementation experiences. They know where they can directly reduce costs and speed implementation times. Most retailers have highly experienced ecommerce departments. Manufacturers, for the most part, have very limited experience in large-scale ecommerce implementation.

And here's the key factor that makes the TCO calculation different for retailers:

They typically only need a single online store. They have one way of selling; direct to consumers.



Manufacturers need multiple online sales channels. Each channel requires at least one store, and some channels will require multiple stores. Does that mean that the costs for manufactures need to be higher than it is for retail ecommerce? Not at all. It simply means that manufacturers need to carefully select solutions that do not dramatically multiply costs for each additional channel needed.

The bottom line.

Here's the bottom line for TCO: Manufacturers need solutions that can be acquired for lower costs, are relatively easy to implement, can be implemented very quickly, and offer the ability to create and maintain multiple, custom online options, designed for separate channel needs.

Up Next In Chapter 4: How Fast is Fast Enough?

The Benefits Of Rapid Speed-To-Market.

Enterprise-grade ecommerce systems can be very complex. Many organizations plan on a 9 to 18 months schedule to roll out a new ecommerce offering. That adds to the costs and means missed opportunities in the market.

If you can implement faster (much faster) and at a lower cost, you can dramatically increase your returns and take advantage of opportunities that others have to let pass by.

Manufacturers need solutions that can be acquired for lower costs.





CHAPTER 4: HOW FAST IS FAST ENOUGH? THE BENEFITS OF RAPID SPEED-TO-MARKET.

When any organization makes the decision to enter the world of ecommerce, they typically do so with one stark realization: We should have done this a long time ago.

But the typical enterprise-level ecommerce implementation can take up to eighteen months—a full year and a half. A lot can change in a year and a half, and that's a long and expensive project before you can make your first sale. And in today's rapid-paced marketplace, that means many opportunities will open and close before you even “open the door” to your online stores and new sales channels.

Yes, you want it yesterday, but what's a realistic time frame for ecommerce implementation? Maybe more importantly, what can you gain by speeding up your implementation and getting to market faster?

The clock is ticking and you're losing money.

The restaurant industry thinks of the time frame from the moment that ground is broken until the moment the doors open as a period of losing money. With every tick of the clock, money is being spent, resources are being burned, and no profits are being taken in.

It's a useful way of thinking about things. Yes, you have to build the place and get everything right, but every delay adds to the costs and makes your chances of earning back what you've spent more and more remote. That's why they sometime choose to spend more to speed their launch, to get the doors open.

This same concept works for online stores and sales. A long, expensive implementation effort is a period of spending money and taking nothing in.

The faster your ecommerce system is up and running, the faster you'll start making money.
So speed is essential.



Are you missing out on big opportunities?

As a manufacturer, you have many significant opportunities in front of you that could benefit from ecommerce capabilities. The question is, will they all still be there tomorrow? And what revenue streams are you not tapping into because you don't have the capabilities?

They could be significant, such as:

Enabling vendors to sell online

Direct-to-consumer sales

Outlet sales (refurb, seconds, and discounted stock)

Locking in vendors with online "Vendor Managed Inventory" strategies

Specializing online catalogs for vendors and B2B opportunities

New trends

Seasonal sales

And many more

And it's not just these opportunities. The bigger questions include: Are your competitors waiting or delaying? How long before they begin erecting significant competitive barriers to you and others who don't yet have significant ecommerce capabilities?

How long does it typically take to implement ecommerce?

If you ask the software vendors, you'll get one set of numbers of how long it takes. If you ask the industry analysts and the actual organizations who implemented these systems, you'll get a much more accurate set of numbers.

Here's what they'll tell you: large scale, enterprise ecommerce can take up to 18 months to implement with professional outside assistance.



Why does it take so long to implement those systems? For the most part, the excessive time is due to the difficulty of integrating complex ecommerce systems with ERP and other systems and to build and design the online store and workflow. That's because most enterprise-grade systems are not really systems at all. What they really are is a collection of tools and frameworks that an organization can use to build their own ecommerce system.

That means it's big, complex, and not that easy to get up and running quickly. These solutions can result in robust ecommerce systems, but they do so at a very high cost and a VERY long implementation window.

Can it be done faster?

Yes it can. In order to implement faster, you'll need to select an ecommerce platform that has done most of the heavy lifting for you. You'll need something that's more than just a toolkit and framework. You'll need something that your non-technical marketing staff can easily administer on their own after a short technical implementation period.

Some ecommerce platforms can be up and running in 90 to 120 days—a significant improvement over the typical 18-month window.

What do you get with fast?

A rapid ecommerce implementation does not necessarily mean that you are cutting corners or giving up on crucial capabilities. What you do get is the following:

- The ability to experiment, learn, and re-implement. You could be on the 3rd round of improvements in less time than it takes others to get the first version completed.
- Build alternatives. All-or-nothing is not a strong ecommerce strategy.
- More partnerships. Your vendors will be more willing to join into your ecommerce offerings if they can do so quickly and easily. Few are interested in waiting until "sometime late next year".
- More maneuverability over competitors. When you can enter a market or channel faster than your competitors, you'll gain the first mover advantage and possibly be able to erect barriers against their entry.
- And most critical—an overall lowering of implementation costs.

Most enterprise ecommerce systems are really a set of complex tools that force companies to build their own systems. Manufacturers should seek turnkey systems that enable them to get up and running quickly.



Fast is not just a good thing online, it's expected. The rapid pace of change in the online world has trained consumers to expect and require fast changes. Your buyers, even if your online focus is the B2B market, are also consumers themselves. They no longer want to wait for months for you to enter markets. They want solutions and access NOW. Their consumer mindset carries over into their B2B buying; they want the same experience.

Fast, nimble, and responsive ecommerce is virtually a requirement for manufacturers.

Up Next In Chapter 5: Lock In Your Vendors By Offering Them Superior Ecommerce Capabilities.

Manufacturers have a set of unique opportunities in implementing ecommerce. Instead of a simple online store to sell direct to consumers, manufacturers can also implement ecommerce options that help them to support their vendors and channel partners and tie them into closer, longer-lasting relationships. Learn how Vendor Managed ecommerce can become your most effective channel partner tool.



CHAPTER 5: LOCK IN YOUR VENDORS BY OFFERING THEM SUPERIOR ECOMMERCE CAPABILITIES.

Manufacturers have a set of unique opportunities in implementing ecommerce. It's true, the standard online store does offer a chance to sell direct, but that may be least of the opportunities open to manufacturers (and the one with the most headaches, including angering vendors and creating channel conflict).


The online store may be the only thing that retailers and consumers think of as ecommerce—there are a myriad of other ways to use specialized ecommerce capabilities to both increase unit sales and tie a vendor base closer to you. You just have to think beyond the store.

An online store does nothing for your vendors.


A simple online store, one that is designed to sell direct to consumers, does nothing for your vendors. In fact, it's a threat to them. It's competition. And some may react badly to the perceived channel conflict.

But an online store is the obvious ecommerce path, isn't it? Not necessarily. Ecommerce means exactly what it says: Doing business electronically. The opportunities of ecommerce aren't to replace your vendors. These opportunities are how to do business better WITH your vendors and to, perhaps, open up new sales channels and opportunities.

The very term, ecommerce, was coined in the early days of Electronic Data Interchange (EDI) and was originally conceived to talk about tying together business trading partner relationships electronically. There was no concept of actually selling to consumers. The challenge for manufacturers is to take advantage of the possibilities of ecommerce and to make their relationships with their vendors closer, not strained.



The challenge for manufacturers is to take advantage of the possibilities of ecommerce and to make their relationships with their vendors closer.





E-catalogs and beyond.

The conventional, traditional way for manufacturers to sell into their vendors and to distribution has been through catalogs. The print catalog has a long history in manufacturing sales and is still widely used. Many have made a half-step measure of going digital by supplying their catalogs as PDFs or even in spreadsheet form.

Ecommerce offers a completely new set of capabilities for bringing catalog-style sales online.

OPTION #1: If your ecommerce software is flexible enough, you could, for example, create a specialized online store for each vendor, providing only the product selection that they are interested in and with specialized pricing.

OPTION #2: You could create an online store that was designed to look just like your vendor's online store, allowing them to plug your solution directly into theirs and allow you to directly manage an entire section of their online store—extending the aisle.

OPTION #3: You could create a "Deals and Promotions" site, allowing buyers to preview seasonal and special promotions and prompt them to purchase in larger or economic order quantities (EOQ) with special price breaks and bonuses.

OPTION #4: Create a store for your vendor that they manage. By using an approach we've labeled Vendor Managed Ecommerce (VME), you can create sites that emulate the customer's site, letting you maintain the same look and feel while lessening the customer burden of maintenance and management of products.

The possibilities are endless.

Here's the goal: make it easier for your vendors to do business with you than it is with other sources. Support their goals of increasing sales and maintaining profitable margins. Demonstrate that by creating ecommerce options—not a single online presence.



Going beyond the competition.

One of the significant benefits to a manufacturer of building an ecommerce capability is the possibility of either exceeding what competitors offer or are even capable of.

As a manufacturer, one of the great risks is for an offshore competitor to offer lower quality/lower priced goods that compete directly against you. Many vendors will either select the low-priced option or use that as a weapon against you to try to force you to lower your prices. These manufacturers typically have very limited ecommerce capabilities. The aggressive and creative manufacturer can create custom-fitted online offerings designed to offer precisely what an individual vendor needs.

That's a weapon that you can use to your benefit.

This custom approach can be very successful, but using an ecommerce solution that is designed for retail also makes this approach difficult and expensive. To successfully build dozens or hundreds of custom online vendor stores, a manufacturer will need a very flexible and affordable solution that makes it both simple to build and direct and to manage these custom offerings.

But here's the possible result: You could build an online store or catalog for a vendor that will live INSIDE their buying systems. It will make it both simple and profitable for them to use your system. It will help you to bind you to them and to lock out the competition.

There are infinite variations on this scenario. You just need the systems that are capable of it and the imagination to put them in place.

One of the significant benefits to a manufacturer of building an ecommerce capability is the possibility of either exceeding what competitors offer or are even capable of.

Create your vendor ecommerce menu.

While vendors often react badly when they hear that a manufacturer is getting into ecommerce, you can use your entry or expansion into online sales as a powerful opportunity to strengthen your relationships. Rather than present your ecommerce plans as a fait accompli, a done deal, why not present them with a menu of options that they can choose from?



Giving your vendors options is always a strong approach that lets them tell you how to do business with them, and ultimately, to do more business with them. Having a selection of ecommerce options for your vendors is a demonstration that you're not only forward thinking, but that you value their relationship and input.

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**SELECT FROM OUR
ECOMMERCE OPTIONS:**

- Use our online store and ordering system, especially customized for you!

- Link our product catalog directly into your systems!

- Let us create an online store for your customers with your branding!

- Expand your offerings with our new refurbished and close-outs. Or have us build the perfect online system for your internal or external use.



If you approach ecommerce as an opportunity to build closer vendor relationships rather than a risky venture that may damage them, it's likely that you'll find that your vendors will be excited and supportive of your efforts, even if part of your plans includes consumer direct sales. By supporting their business goals as you further your own, you'll demonstrate that you're a valuable, forward-thinking partner.

Strengthening these relationships may result in your first online profits.

Up Next In [Chapter 6: Making Manufacturing Ecommerce A Success: Driving Traffic And Sales.](#)

Ecommerce is about more than just shopping carts. Manufacturers need new marketing and promotional approaches to help make their online sales strategies drive new sales opportunities. But these approaches may be different from what retailers use. We'll show you how you can you make ecommerce a vital component of your overall sales success.



CHAPTER 6: MAKING MANUFACTURING ECOMMERCE A SUCCESS: DRIVING TRAFFIC AND SALES.

There are two main factors that make an ecommerce effort a success, and one of them is software.

You do need to make the best software selection for your industry and your specific needs, but software alone won't make you suddenly profitable or successful online. Manufacturers in particular need to prepare for what it takes to promote and sell on the Internet.

The movie "Field of Dreams" claims, "If you build it, they will come." But that only works for Iowa cornfield baseball. It clearly does not work for manufacturer online sales. If you want to succeed online, you're going to have to do more than just launch an online store. A lot more.

What causes manufacturers to succeed or fail at ecommerce?

It sometimes seems as if the latest big hit on the Internet comes out of nowhere to instant and lasting success. But it's a myth, a fairy tale. There are a lot of empty cornfield baseball diamonds on the Internet. For the most part, online sales success comes the same way it does offline in the bricks-and-mortar real world, with careful planning and hard work.

But far too many people approach online sales with exactly this misconception. They think that it will be cheap and easy. Set up a store and the business will flow in. But these same people know full well that if you go downtown, build a store, stock the shelves, and open the doors that there's still a lot more to do to get people through the front doors. For some reason this basic business understanding falters when you add the word "online" in front of "store."

Here are the main reasons that manufacturers fail at online sales:

- Their online stores are poorly designed and crudely executed
- They don't present a strong value proposition over other sales channels
- They enter the market far too late
- They don't promote their stores
- They have no ongoing search engine optimization, advertising, social media plans, or any connection with potential shoppers

Manufacturers have to work hard to succeed at online sales. Organizations that fall short typically make bad software choices and fail to execute a marketing plan.



The challenges for manufacturer online sales.

In a very real sense, consumer retailers have it easier—they have a single clear customer, the direct consumer. Manufacturers, on the other hand, have to make choices. Who exactly are your customers?

Potential Manufacturer Customer Types:

- Existing vendors
- New vendors
- Wholesale distributors and specialty distributors
- New regional markets (with vendors and distributors)
- Consumers
- End-user businesses (B2B sales)
- And more



Identify your customer first,
then find out how they want
to shop online.



Opening an online store without deciding who your customers are is futile. You don't know what type of store to build until you know who your target customers are and how they want and need to buy. Without knowing who your customers are, you don't know how to reach them.

Identify your customer first, then find out how they want to shop online. That's the type of ecommerce solution you should build.

Ecommerce success in four easy steps.

Ecommerce isn't necessarily difficult—but it does require planning and real work. Let's say that you've made your ecommerce software platform decision and now have a powerful, flexible way to quickly build online stores. There's still work ahead.

STEP #1: Identify the customer. Manufacturers need a clear picture of who their customers are. And in most cases, manufacturers have more than one type of customer.

STEP #2: Decide the best way to connect with each customer type. This includes the online resource AND the ways to attract the customer to this resource.

STEP #3: Design and build the online resources needed for each customer type.

STEP #4: Continually experiment and test to determine the best ways to stay connected with these customers and to attract more.



Ecommerce success in five more not so easy steps.

The first four steps are the easy part. Here are some of the things that other ecommerce software companies won't tell you:

1. You will have to do marketing and promotion.
This never ends.
2. Your first designs are only the start. To succeed, you'll need to carefully monitor how customers use your new online stores and change them based upon feedback.
3. Even the best online stores need to be regularly refreshed and updated. Most successful sites are updated no less than every three years.
4. Search engines (like Google) like new, fresh content and information. Your search rankings are heavily influenced by how recently your site content was updated and how strategic you are about keywords and search engine optimization (SEO).
5. You are never done marketing. Yes, this is the same as step #1.

Success is found in two fundamental areas: First, choosing the right software vendor, and second, having an ongoing plan for proactive marketing and promotion.

Don't be discouraged. Ecommerce isn't brain surgery. You're not being asked to land a 747, but it's not as simple as throwing a switch. Ecommerce is just another business, another sales channel. What other part of your business is as simple as throwing a switch?

There really are two sides to ecommerce success.

While ecommerce isn't as easy as some make it out to be, it can be made much simpler. First, select an ecommerce software platform that supports your business requirements. As a manufacturer, you will likely need more than just a single online store. Ideally you'll need an affordable solution that will allow you to quickly and easily build multiple online stores and ecommerce offerings.

Next, plan on marketing and promoting your new ecommerce efforts. If you don't market and promote well and continuously, your customers won't find you (or they'll forget about you). If you pick an unwieldy software solution, you'll have difficulty executing on the multiple ecommerce needs of manufacturing customers. But do both of the suggestions listed above, and you're on your way to not just ecommerce success, but a dramatic expansion of your sales and your business. Selling online isn't an option any longer—it's expected. And it's not the future, it's the current way of doing business.

It's this simple: Get online or get left behind.

And when you do get online, get serious about it. Plan for success.



Znode is the software platform for creating relevant ecommerce. From a single, user-friendly administrative control panel, Znode empowers manufacturers to create and roll out an unlimited number of fully customized, segmented online stores in just a couple of months, not the ages that other system implementations require.

You can use Znode's flexible ecommerce platform to completely replace your legacy systems or to augment and enhance your existing ecommerce infrastructure.

This results in the delivery of highly relevant, segmented and targeted stores in record time—driving higher online sales and increased conversion rates. Znode helps you connect with customers on their terms.

Want to learn more? Contact us today to talk to an industry expert about your ecommerce needs.

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