

# HOW TO APPROACH ONLINE RETAIL IN 3 STEPS: A GUIDE FOR SMEs



**NFU Mutual**

INSURANCE | PENSIONS | INVESTMENTS

# CONTENTS

Foreword	.....
1 Ways to sell online	.....
2 Improving your online service	.....
3 Creating an experience	.....

# EXCITING TIMES FOR SMALL RETAILERS



Frank Woods  
Sector Specialist in Retail, NFU Mutual

---

“ E-commerce continues to grow and feature more heavily in our everyday lives. In 2016, £133 billion was spent online with UK retailers – equating to year-on-year growth of 16%.

NFU Mutual research says that online retail solves frustrations for shoppers of all ages at key times of the year, such as Christmas, including overcrowded shops (44%) and parking costs (31%). So for small to medium-enterprises (SMEs), there’s never been a better time to consider selling online.

Dedicated hosts, such as Shopify and WooCommerce, have made it easier to get started online for the less tech-savvy. There are a range of user-friendly services available that could have you set up and trading in a matter of hours.

However, it can be scary for businesses. Despite advancements in capability, the idea of building and operating a website that processes payments can still seem expensive and complex.

Knowing the best way to go for your business can be tricky, and you may decide going online isn’t right for your business at the moment.

If that’s the case, it isn’t the end of the world. Property consultancy Colliers says that a growing number of online retailers are opening physical stores to attract customers and by 2021, they expect the rate of growth in online sales to actually slow down.

And while research from the UK Cards Association shows that British shoppers spend more online per household than consumers in any other country, online still only accounts for 17% of the UK’s retail sales.

While making your brand visible in this medium is becoming much more worthwhile, developing the skills needed to engage with any customer is just as important – whether you’re selling online or in-store.

There’s no single approach, but the aim of this guide is to highlight the ways you can discover the versatility of the web for your business before deciding what’s right for you – with a view to eventually reaching your target audience and, ultimately, expanding in the long term. ”

# 1

## WAYS TO SELL ONLINE

The possibilities are endless, but where do you begin?

.....



**FACT:** 87% of UK consumers bought at least one item online in the 12 months to March 2017.

**TIP:** Look out for: 'mobile responsive' website designs – this means they will automatically adapt their layout to suit the type of device they are being viewed on.

Putting together an e-commerce website has become steadily easier – with most people able to source everything they need in the one place.

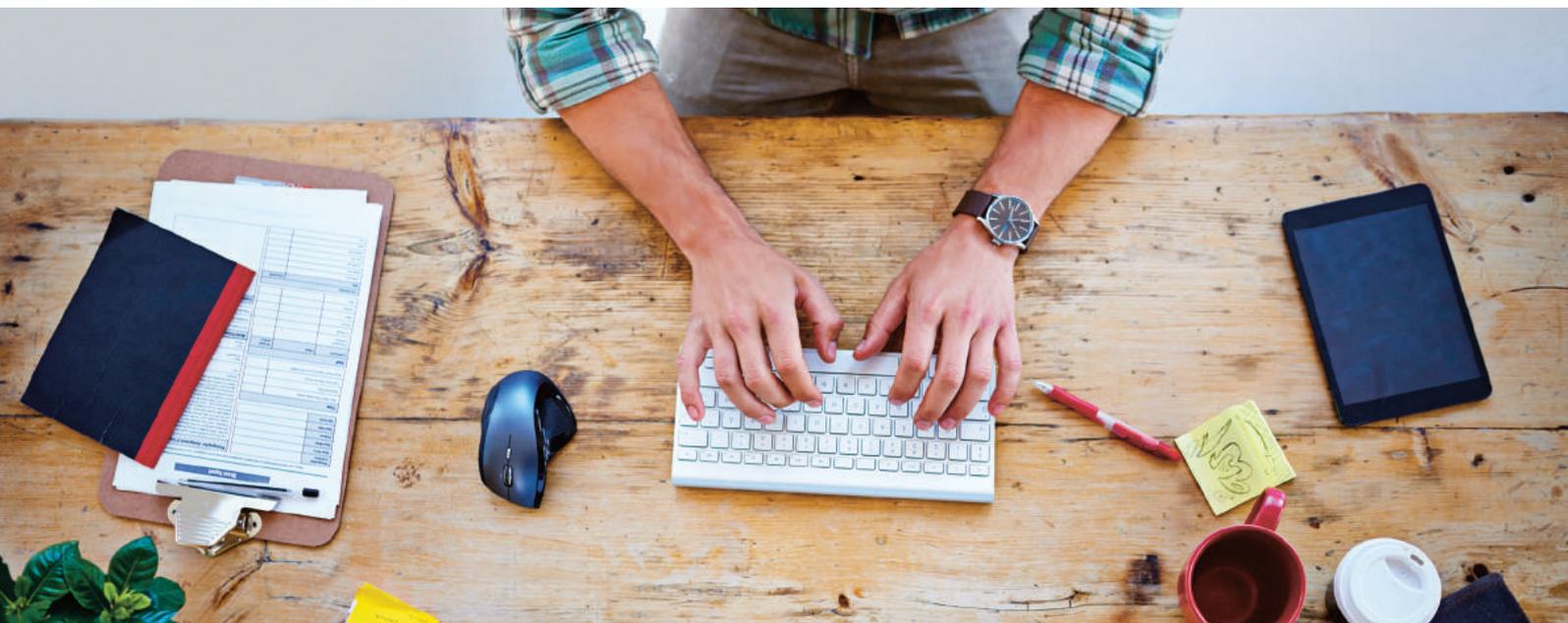
Despite this, it's vital to remember that selling online isn't for everyone. Before you jump in, think about whether it's right for you at the moment.

There are many new things to consider, such as delivering orders. You will need to have the capability to deal with the logistics – from dispatch services to the cost of postage and couriers.

You could start by getting set up on social media, begin to post and assess the landscape, and try to gauge if selling online is the right 'next step' for your business. You may want to directly ask existing or prospective customers to gain their insight. And if it is the right step, you then need to consider how far you're prepared to go.

There are a number of considerations before jumping into e-commerce:

- If you're on social media, are you happy with how your business or sector is received, and do you think there is demand for what you have to sell? How strong is the competition?
- If there was a spike in orders, would you be able to fulfil them from processing through to delivery?
- Are you ready for the added risks, such as having to make safe and secure transactions online?
- Know your legal requirements. For example, a seller must clearly state certain information before confirming a purchase, including how goods will be provided and who pays return costs. Also ensure you know your obligations in terms of storing and using personal customer data.





**FACT:** A domain name will typically cost £3-£10 per year (Source: startups.co.uk).

**TIP:** If you hire a freelancer to build your website, their costs and style can vary greatly depending on experience, so ask to see work examples to make sure they're the right fit.

## WHERE DO I START?

If you have decided you are ready to start selling online, it's time to plan how.

Gone are the days when this meant grappling reams of foreign-looking code; tackling complicated third-party software integration issues – or employing a costly developer to take care of everything. Instead, with a mere few clicks of your mouse, you can build an attractive, professional store that can be accessed from any device.

We will now explore two approaches to selling online, as well as some of the advantages and disadvantages for each:

1. Selling on your own built website.
2. Selling online via a third party website, or 'seller account'.

These approaches don't have to be run in isolation. You may want to consider trying both models – particularly in the early stages of selling online.

## 1. SELL ON YOUR OWN WEBSITE

Any website's journey begins with registering a domain name, which is akin to a website address (or URL). While they tend to be cheap, domains must be remembered by potential customers, so must be chosen carefully.

Once your domain is in place, you need to find a way to host your website (in other words, to store the files behind it). There are two ways: hosted, where you use someone else's webspace; or self-hosted, where you create your own.

### HOSTED

Here, you pay a chosen host a regular fee to store and maintain your files. These sites can often offer hundreds of designs and apps, for example rewards programmes or product reviews, as part of their packages.

#### Advantages

- Peace of mind that the monthly 'rent' you pay is your only cost.
- Easy to set up and very flexible, usually with a wide range of add-ons.
- Your host manages all security and compliance matters, such as protecting your data.
- Subscribers get to use a host's Secure Socket Layer (SSL) certificate which ensures transactions remain safe and private.
- Dedicated support 24/7.

#### Disadvantages

- Your design/functionality is limited to templates provided by your host.
- You may have to pay more for a hosted package.
- However unlikely it may be, if your host disappears, your website will too.



## SELF-HOSTED

For businesses looking for more control, self-hosted basically means you don't have to pay for someone else's server space, but you do have to arrange your own web hosting.

### Advantages

- You have freedom to design and structure your website as you want.
- Can be useful if your ideas don't fit into the templates of a hosted site.
- You're not tied to any specific third-party products or associated costs.

### Disadvantages

- It's less of a one-stop shop, which is more complicated for beginners.
- Website build is likely to take longer.
- Future development costs to keep up with evolving technology.
- Maintenance, compliance and security issues, such as your SSL certificate, will be your responsibility.
- If anything goes wrong, you have to fix it, or hire costly professionals.

## 2. USING A SELLER ACCOUNT

This is offered by sites such as Amazon, Notonthehighstreet.com, eBay and Etsy.

Sites like these give you access to a controlled marketplace where you can sell your products without building your own website – ideal if you're not ready to invest the time and money into doing this just yet.

### Advantages

- Allows you to sell with little effort.
- All the technology is taken care of.
- You have the security of your host's protected payment processes.
- Your products will reach a large and established audience from the get-go.

### Disadvantages

- It can be tough to make your brand stand out from the crowd.
- There's no opportunity to build your brand (instead, you're helping your host build theirs).
- You need to pay your host a percentage of transactions or a monthly subscription as standard.

### Case study: The Dog Treat Company

Three years after setting up a basic website for their business, The Dog Treat Company (thedogtreatcompany.co.uk), Joe and Sarah Halliwell now produce 15,000 units a week via their dedicated bakery. Here, Joe shares his tips for going online.

"For us, selling via the web was always vital, but we didn't overthink it. Instead, we started out with a really basic website – with the aim of establishing a presence, giving our brand some credibility and seeing what our customers wanted.

"We use Shopify and are now on

the third version of our website and planning the next. For us, it's been an organic and increasingly sophisticated process that has evolved as we learn the tech and get to understand our customers more.

"Thanks to our name being so self-explanatory, we've always been right up in the Google search rankings – which has saved us a lot of money on marketing. However, we've come to appreciate the value of analytics – in terms of being able to understand when and why people leave the website. My best advice is simply to love your brand and believe in it. We're mad, crazy dog owners and I think our website reflects that."



# 2

## IMPROVING YOUR ONLINE SERVICE

### A host of ways to improve your performance online

---

For SMEs who may lack the resources of large competitors, technology is a true leveller. They can gain key insight into their established and potential buyers with minimal effort or expense.

In the digital age, achieving sales is not just about driving traffic to your website or premises, but also building a lasting relationship between customers and your brand. In online retail, anyone can achieve this by directly (and publicly) engaging with customers, for example answering feedback.

While retailers are among the most digitally active UK SME sectors, the Federation of Small Businesses says SMEs remain largely ill-equipped to deal with 21st-century consumer habits. In a recent report, they said:

- Only 50% of SMEs are on the first page of search results featuring their brand name.
- 87% never respond to online customer feedback.
- 89% don't engage on social media.

Here, we take a look at some simple ways you can buck the trend and make technology work for you.

#### ONLINE REVIEWS

---

NFU Mutual research shows that these are key for many consumers, including 32% of 18-24 year olds and 21% of 45-54

year olds. Positive reviews will give online browsers confidence to buy from you, but the obvious risk is opening yourself up to potentially negative, public reviews.

#### ABANDONED CHECKOUT RECOVERY

---

This software sends an email prompt or special offer to customers with pending shopping baskets, which is useful if a shopper has forgotten to complete a sale or just needs a nudge.

#### ANALYTICS

---

By tracking people at various points of their buying journey online, you can use customer behaviour to make adjustments to your website, for example making images bigger or moving buttons around.

Apps such as Exit Bee can be great for highlighting where your website can





**TIP:** If you want to gather email addresses via notifications or receipts, it is vital that you familiarise yourself with legal restrictions around using customer data so that you use them correctly.

improve. It's useful if you're looking to either make improvements or work out exactly who you should target with which products.

### BLOGS

Often bundled in with web hosting, blogs enable you to showcase your expertise in your chosen field and initiate conversations.

This is great for instilling confidence in established or potential customers. For example, a greetings card maker might blog about 'five new trends in cards this year'.

### EMAIL NOTIFICATIONS

A key digital marketing tool, email apps such as Mail Chimp enable you to create your own personalised marketing campaigns and send out bulk mailings to your customer base.

When used in combination with purchase data, they can help steer customers towards future purchases.

### EMAIL RECEIPTS

Offered by 35% of 4,000 retailers surveyed by Epsilon research, email receipts enable you to gain an insight into buying patterns and respond with tailored offers. This can be an easy way to build up a mailing list for free.

### MERGING BASKET SOFTWARE

This allows you to combine basket contents from one account – useful for shoppers using different devices.

It's good for customers who like to add to their shop at various points of the day – for example starting their weekly shop on a tablet, then adding to it on their phone later in the day.

### CREATING AND EDITING IMAGES

Apps such as Canva allow you to create your own catalogues, graphics and edit your pictures to look great when you're posting on your website or social media pages, even if you aren't a photo editing expert or you're short on budget.

### SEARCH ENGINE OPTIMISATION (SEO)

This means including certain terms that people commonly search for (keywords) on your website pages and satisfying other criteria so they rank better on search engines, such as Google.

Software such as WordStream will ensure you are maximising the relevant keywords for your business – great if you're new to SEO or short on time, although be careful not to overdo it.

### How to post like a pro – the dos and don'ts of social media

1. Be open – and never delete negative comments.
2. Be contactable – make it easy for people to approach you and respond asap.
3. Encourage feedback – celebrate the positive and promise to improve.
4. Manage complaints quickly – this will help retain customers and gain you respect.
5. Maintain a presence – schedule posts regularly to ensure your feed remains current.
6. Engage in a conversation – don't simply tell people what you're doing.
7. Stick to the 1-in-7 rule – make sure you keep overtly sales-based posts to a minimum.
8. Hone your voice – post in a style that feels natural and adopt this for all your communications.
9. Build a community – aim to attract like-minded customers to reinforce your local ties.
10. Give people reasons to follow you with invitations to special events/regular discounts.

# 3

## CREATING AN EXPERIENCE

### Five easy ways you can use the web to attract people in-store

---

With much of our lives conducted online, it's easy to imagine high street visits becoming a thing of the past, but that couldn't be further from the truth.

Consumers are keen to go online, but as the statistics show, the vast majority still choose to buy in person. Why? Research from NFU Mutual shows that 24% worry their deliveries won't arrive on time, while 19% are sceptical about the security of payments. But 27% say they plan to both browse and buy online for Christmas 2017.

Rather than compete with technology, smart retailers are now exploring ways to utilise it to complement their offline offering and create an experience. Here are five great examples:

#### 1 – BECOME A COLLECTION POINT

---

One of the best new ways to drive footfall to your bricks-and-mortar store is to become a distributor for larger brands, such as Amazon, where parcels are delivered to your store and people can come in to collect them:

- Decorate your store to make it look welcoming and interesting, encouraging people to stay and browse before or after collection.
- Treat collections as an opportunity rather than a nuisance – and initiate a conversation, however brief, with potential customers when they visit.

- Place offers around collection points to attract notice.
- If someone is making a return at your collection point, be able to assist them, for example knowing enough to answer questions or check that their returns form is accurate. It's a chance to provide great service and convert a potential customer.

#### 2 – SIGNPOST YOUR SHOP

---

Supporting local business is one of the key reasons why people choose to shop in physical stores – so interact with customers online and let them know you what your in-store business is about:

- Ensure your shop is clearly marked on your website, including basic information such as maps and opening times.
- If you're a collection point, flag it!
- Use social media to promote in-store products or offers and to chat with potential customers.





### Case study: Phabulous Pheasant (Phabulouspheasant.com)

Ali McManus's handmade gifts business, Phabulous Pheasant, has shown how memorable experiences can boost your business both offline and online. For Ali, craft workshops are a key part of raising awareness. Having demonstrated her craft to her local community in Scotland, Ali works with other SMEs across the Midlothian region to stage larger events.

"The aim is to showcase what you do and help people learn a new skill," she says, "and we always make sure that people have a really fun day and come away with something they created themselves. However, for me, it's been an excellent way to make new contacts for Phabulous Pheasant. I've not only enjoyed additional sales at these events, but also later through my website – either from the crafters themselves or via word of mouth."

- Making your location clear is a factor in getting local search engine traffic.

### 3 – INCLUDE MORE TECHNOLOGY

Bring online capabilities into your store:

- Allow payments via tablet to help cut down on waiting times.
- Make online catalogues available in-store so people can access more information, or refer to things they saw online but can't find in-store.
- Enhance your promotions by displaying tablets in-store, running demos or providing more details.
- Encourage customers to 'check in' on social media when they visit or to recommend the store to friends online, and maybe offer rewards for doing so.

### 4 – CREATE MEMORABLE VISITS

Build on the nostalgia of the in-store, local shopping experience and let your online audience know your strengths whenever they visit you in person.

- Work to ensure people are on-hand to help customers find products and

listen to their feedback.

- You can then promote your impeccable in-store service online, and it's more likely that customers will share their good experiences online too, to other potential customers.

### 5 – TAILOR YOUR PROMOTIONS

Give people a reason to visit your shop:

- Build up an online database of existing and potential customers.
- Make some promotions exclusive to local customers.
- Offer people in-store experiences, such as demonstrations or workshops or any other 'retailment' they can hear about – but can't get – when online.

Online retail offers many options to retailers. The challenge is to take your time and plan how any new initiatives would add value to your offering.

Should you be interested in entering the world of online sales, utilising the information in this guide will help you figure out if it's the right step (or not) for you. If it is, then it can help you get started.

# ABOUT NFU MUTUAL

Insurance that's all about your business

Whatever the profile of your business, from small independents to large national businesses, NFU Mutual Insurance is all about you.

.....

As a mutual organisation, our customers are our members, so we're proud to offer a range of products designed to meet their needs - from high street shops to garden centres and department stores. We're recognised for our financial strength so our customers can trust us to deliver on our promises.

No matter what size your business is, there is a lot to think about when you take your business online. You may be at risk of interruption through any number of issues - cyber attacks, damage to your property, or the loss of a key person through illness, but you're not alone. NFU Mutual can help you plan for the unexpected and get back on your feet should things go wrong.

Our network of specialist local Agents work extensively with the retail

industry. Not only do they understand your industry, but they're also on your doorstep to provide a local personal service. They'll meet you face to face to build a personal relationship and understand your needs. Only then will they recommend either commercial insurance packages or advise you on tailored cover. Agents are also supported by a team of experts - underwriters, surveyors, loss adjusters, even buildings valuation experts - all accessed through one single point of contact.

To keep businesses running smoothly they can recommend a wide choice of NFU Mutual products and services.

## YOU NEED TO KNOW

.....

NFU Mutual Financial Advisers advise on NFU Mutual products and services and selected products from specialist providers. We'll explain the advice services on offer and the charges. Financial Advice is provided by NFU Mutual Select Investments Ltd.

**Business Insurance** - We offer our commercial insurance products or can advise you on tailored cover to match your specific business needs. But whatever insurance you take we always guarantee a no quibble claims service.

**Risk Management Services** - Our health and safety consultants from NFU Mutual Risk Management Services Ltd are committed to providing the highest level of guidance and advice on health and safety within your business.

**Financial Protection** - We can offer access to a range of products from protection for loss of key person and director's liability to investments and employee benefits such as pensions.

# THE NEXT STEP

The right insurance starts with the right conversation. So contact your local Agent today by visiting [www.nfumutual.co.uk/branches](http://www.nfumutual.co.uk/branches)

For more information and advice on a range of services for retail businesses, visit [www.nfumutual.co.uk/business](http://www.nfumutual.co.uk/business) or speak to our Sector Specialist in Retail, Frank Woods:

 [www.linkedin.com/in/frankgwoods](http://www.linkedin.com/in/frankgwoods)

 [www.twitter.com/NFUM\\_FWoods](http://www.twitter.com/NFUM_FWoods)

Email: [Frank\\_Woods@nfumutual.co.uk](mailto:Frank_Woods@nfumutual.co.uk)

Phone: 01789 444 246

If you'd like this document in large print, braille or audio, just contact us.



**NFU Mutual**

The National Farmers Union Mutual Insurance Society Limited (No.11982). Registered in England. Registered Office: Tiddington Road, Stratford upon Avon, Warwickshire CV37 7BJ. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

ORG-REP-1017