

Starting your own e-commerce retail store – transparency is key

A few years ago, South Africans were sceptical about shopping online but, with improved security systems, better access to technology, a wider range of choice and a growing middle-class, opinions have changed and now is the time to consider starting one's own e-commerce site.



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With so many e-commerce platforms available, starting one's own online store can be quite simple. However, there are rules one must follow if one wants to avoid getting into trouble with customers and potentially the law. The first and probably the most important one is transparency. If one wants customers to trust one's brand, it is essential that one is upfront about the cost, delivery, returns, refunds and payments.

According to World Wide Worx CEO, Arthur Goldstuck, the online retail sector has been growing at a rate of 20% per year since 2000, with e-commerce predicted to represent 1.1% of overall retail in 2017.

While this seems small compared to international markets, it still indicates that the online sector is booming. Big chain stores such as Woolworths and Pick n Pay are operating online but more niche and independent retailers, in all sectors, are choosing to launch themselves online rather than off.

Online sporting goods moving rapidly

Recently launched South African sporting gear and apparel brand, Commander HQ's founder Carey Mol says that since opening its e-commerce doors in 2016, traffic to their members-only store is steadily climbing.

“We charge a monthly membership fee of R50 for which members have access to all the products in our store (latest ranges as well as end of ranges) at discounted prices of between 40% and 70%. These discounts apply daily and all year round, as long as you are a member. The beauty of our model is that we offer our clients the chance to opt out of the automatically renewed membership at any time. We are also upfront about this, as we do not want to trap our customers into a long-term commitment. South Africans are cautious when shopping online and shy away from complicated terms and conditions when transacting.”

Goldstuck says, “Buying club models, such as Commander HQ where members pay a fee to have access to special deals, have been around for a long time. It has however been adapted to suit e-commerce by various players with varying degrees of success over the years.”

While some stores allow one to browse without any sign up to a newsletter, others require an email address. Alternatively, one will be asked to subscribe to their product or service for a set period, or become a member, by paying a monthly member fee to access the store’s discounted products or services.

Membership model has appeal

A big trend for 2017 is the member-only or subscription-based model. The monthly membership fee is automatically renewed making it an excellent way for retailers to predict future income. However, the terms and conditions of the renewable fee must be clearly communicated to avoid any confusion.

For e-commerce store owners, using this model offers far more predictability in terms of income and future revenues. Carey continues, “This is a great way for us and our customers to benefit. We charge R50 per month, which equates to two cups of coffee and results in, for example, R1,326 discount off our Columbia Bugaboo Interchange Jacket valued at R3550. The cost of the membership is covered by the discount received ... We in turn are able to offer competitive prices because of our own reduced overhead costs.

“Members-only and subscription based models help to smooth out demand so you manage your operations more effectively. Knowing how many members you have means you can adjust stock levels and you do not risk having a pile of unsold inventory. The benefits of tracking customer engagements translate into better customer communication and an overall improved customer experience, two key elements for a successful member-based model.”

Shoppers benefit from transparency

There is a benefit too for the shopper. As the cost of living soars, consumers have less disposable income to spend on luxury items like sporting gear and apparel, amongst other things. As a member, it allows them to spread the costs rather than making a single big-ticket purchase. However, when times are tough, they should be able to cancel their membership at any time. Sadly, this is not always the case with many member or subscription based e-commerce stores having weak or misleading disclosures.

Mol says, “In order to gain our customers trust and loyalty we realise just how important transparency is. We have seen how other stores offer their members just five days of the month to cancel their member fee. What is worse is how to opt out of the membership is not very clearly communicated.”

Customers need to be aware of the small print. A number of big e-commerce stores in the US, such as [JustFab](#), [Blue Apron](#), [Adore Me](#), and Kate Hudson’s athletic wear shop [Fabletics](#) have, in the last two years, faced big lawsuits because of not openly disclosing how members can stop their automatic payment renewal.

Besides transparency being a key factor in not only the success of your e-commerce store but also how you go about building trust and customer loyalty, according to Goldstuck one should pay close attention to the quality of service one offers, the cost of one's products or services and the ranges available as well as the overall customer experience. These are what essentially will carry one's e-commerce store into the future and attract new and return customers.

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