

Software

Strategy & Technology
For Software Executives

BUSINESS

a webcom publication

www.SoftwareBusinessOnline.com

November/December 2003



Once recruited by the San Francisco Giants,
Jack Blaaser is CEO and President of Concord

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E-COMMERCE RISK AND REWARD

by Jason Foodman

For a software business, the purchasing process is a time of great peril ... and opportunity. Only a small percentage of users who evaluate a software product will ever purchase that product, which means this contact point is of critical importance from a present and future revenue standpoint. For those who are considering a purchase or have decided to buy, the actual purchase process presents a number of key opportunities to the software vendor, but not without risk. In this article, we will examine and discuss several strategies you should consider, as well as a number of common mistakes.

You've probably heard--and it's true--that there can be significant "drop off" during the purchase process. If your e-commerce solution enables you to study this or provides statistics, I encourage you to examine your specific pages to see where people are leaving. Understanding where drop-off occurs is a valuable clue you can use to improve your specific process (by testing out new looks, prices, content, offers, and more).

Common Mistakes

Form Has Broken Graphics or Poorly Written Text: Seems pretty obvious, but you'd be surprised how often I've seen either a broken graphic link or very poorly written text on order forms. When someone has their credit card in their hand, you need to instill confidence, not concern. Make sure your forms are up to date and well written. The customer is there because he desires to purchase your product, don't give him or a reason to change his mind over something so easily remedied.

Form Is Confusing or Long: One advantage of using an established e-commerce service is that the order forms are generally preset layouts that presumably work well. If you have choices among services, experiment and study the results.

Form Is Slow or Unavailable: Probably goes without saying, but you'll want to have a solution in place that is reliable and fast. Slipping in either area will surely produce disastrous results.

Maximize Revenues

Rather than focus on the negatives, let's turn our attention to what you can do to maximize your conversion and revenues. There are a number of good strategies that have been proven to not only increase your conversion rates, but also provide more revenue from your existing sales and customers, both at order time and 'down stream'. And, of course, there are some things that anyone selling software online should make sure of. All order forms should be concise, match your site's look and feel, and have a privacy statement. If nothing else, you want to be sure to present your (potential) customer with a clear and efficient process for purchasing your product.

Assuming your process is well thought out, robust and clearly laid out, here are four things you can do to enhance your customers' experience, build the customer relationship and maximize revenues:

Multiple Units/Volume Pricing: Make sure to give your buyers a chance to purchase multiple copies. Consider giving discounts based on volume (a tiered approach). Even if your product is strictly consumer, why limit those who may want or need more than a single copy?

Up-sell (Opportunities Not Obstacles): This is the big one. If your order forms sell a single product and nothing else, you're missing out. Think about what other products (whether they be your own or someone else's) a customer would potentially want-- and offer them those prod-

ucts during their order process. One two three additional products is probably optimal. The person sitting there with his credit card out is a buyer and, if he is committed to making the purchase, will quite possibly take advantage of a special offer on a related product. I'm sure you've seen these offers when you've purchased online, such as "Customers who purchased XXXX also purchased YYYYYY". Whether you have a single order page or shopping cart solution, take advantage of one or more up-sells as part of your order process. And the up-sell can happen post-order as well. Most purchasers expect a confirmation e-mail from the vendor. This is a good place to let your customer know about additional products or add-ons for the product he bought, and you can give him a special incentive as a customer to order the up-sell, as well as a purchase link in the e-mail.

Physical Delivery: One form of up-sell that works well is to offer your buyer physical delivery of his purchased product. Some percentage of purchasers prefer physical delivery instead of or in addition to an electronic purchase, and thanks to companies like SwiftCD.com (with which I am affiliated), you can offer on-demand custom CD manufacturing and delivery easily as part of your e-commerce process. Buyers are willing to pay for a CD to be delivered, why not give them the option? They may have multiple computers to install on, or may just want a backup copy for disaster recovery. Whatever the reason, it's clear that offering the option works and gives you yet another way to make a few extra dollars on a purchase. It also gives you an interesting new opportunity to capture extra revenue. I always recommend putting all of your demo or evaluation versions on every CD. We've done informal studies that have clearly shown quite a bit of downstream purchasing which results from purchasers receiving CDs which contain not only what they ordered, but with all the products that you have for sale. Your CD provider should offer integration with your e-commerce partner, or if not an XML or ASCII interface you can use to send orders directly. And on-demand CDs means no sign-up fees, no setup fees, and no minimum quantities. So you've got nothing to lose by ensuring this option is part of every purchase.

Mailing List: If you don't have a mailing list, start one. Getting in touch and staying in touch with your customers via an opt-in mailing list is one of the best relationship and downstream sales tools you have. Make sure to give each purchaser the option of joining your announcement list, ensure them of their privacy, and send a periodic newsletter or update to that list. Newsletters can include special offers or sales, product announcements, updates, contests, coupons, partner offers, etc. They can provide a significant revenue stream and valuable tool and should not be overlooked. Just be sure to keep your newsletters periodic (you don't want to overwork the list, this will lead to irritation and customer drop-off) and informative (it is fine to try and sell via your e-mails, but customers appreciate getting other information as well, such as product update news, etc.). Incidentally, you should also have a mailing list signup on your site for visitors and downloader's, your goal is to build the list as large as possible and communicate carefully and often to your customers. Another important item--be sure to include an opt-out option with every e-mail, and strictly honor all opt-out requests.

Finally, consider having a survey for some percentage of visitors to complete your order process.

Jason Foodman is co-founder and Chief Executive Officer of DigitalSwift Corporation, parent company of SwiftCD.com and SwiftManuals.com. Contact him at jfoodman@SwiftCD.com