A SPONSORED SPECIAL REPORT ON THE TECHNOLOGIES AND SERVICES THAT HELP E-RETAILING BUSINESSES GROW.
As advances in e-commerce technology make applications smarter, faster and more reliable, retailers can keep pace with consumers’ ever-changing expectations by continually assessing their technology investments. Those that do will succeed. Those that don’t will be left behind.

Technology is the lifeblood of e-commerce retailers, which is why online merchants constantly bolster their capital investment in web fulfillment, digital marketing, performance monitoring and back-office systems that can scale on demand to stay on e-commerce innovation’s leading edge.

As of July 2013, 56% of e-businesses were projected to increase their spending on e-commerce technology in the next 12 months, according to Forrester Research Inc. And 62% of the companies that planned to boost their spending said their top priorities included integrating their offline and online channels, 52% planned to improve their e-commerce platforms, multichannel integration and web content management tools, 50% expected to spend more on customer relationship management tools and 48% said they will devote dollars to their mobile commerce platforms.

Investing in the right technology comes down to retailers doing their research to find the best fits for their business goals. Whether that goal is increasing conversions, boosting loyalty or creating more efficient warehouses, the more than 10,000 e-commerce executives attending this month’s Internet Retailer Conference & Exhibition will have the opportunity to learn about the latest technologies that can improve their businesses.

Below is a sampling of the technologies that will be discussed and on display from the more than 600 IRCE exhibitors.

Product advocates
With online consumers increasingly turning to their peers for advice about products, the time has come for retailers to leverage their enthusiastic and knowledgeable customers into a network of advocates. Advocates can take many forms, such as bloggers and product reviewers, and be found in many places across the web, such as social networks. But organizing these outspoken supporters and turning them into effective evangelists who are also available to chat with customers isn’t easy. Recruiting them typically requires more time and resources than many retailers can spare.

With this challenge in mind, Morgan Lynch began to ponder ways to bring the power of advocates into live chat. In 2009, the Needle Inc. co-founder was shopping online for a triathlon wetsuit. He spent hours on search engines, reading through forums and scouring product reviews to find the best choice, but he says he really just wanted to talk to someone credible to help him decide which one to buy. Unfortunately, no web site offered the ability to talk or chat with actual triathletes.

Frustrated with his lack of expert options, he and his co-founders built Needle to improve the online shopping chat experience.

The Needle platform aims to connect people looking for shopping help with product and brand advocates who can give them the expertise, touch and guidance that they need. “Consumers put a lot of stock in conversing with people who have used a product they want to purchase,” says Scott Pulsipher, president and chief operating officer for Needle, which provides a platform to connect shoppers with product advocates. “This is because they can ask questions of advocates that don’t get answered in product reviews, getting a firsthand opinion about the pros and cons of the product in real time.”

In helping retailers build a network of advocates, Needle places them in three categories: enthusiasts, loyalists and masters. Enthusiasts are consumers that have hands-on experience in various categories and can explain why they bought a specific product.
Loyalists are a brand’s biggest devotees; these are the evangelists, on a mission to spread the word.

Masters are the knowledgeable tradespeople. They possess a depth of expertise and experience that others seek out to solve problems.

“Since the level of information advocates can provide varies, retailers need to keep in mind what type of advocates they want in their network and make the knowledge level of the advocate clear to the consumer before they make contact,” Pulipher says.

With the Internet and social networks providing an excellent forum for consumers to freely express their opinions, retailers have no shortage of places where they can recruit advocates. Recruits are induced to join with rewards and special offers from the retailer in exchange for sharing their knowledge.

Key to building an advocate network is to screen each advocate to verify his level of knowledge to see if he fits the advocacy program’s goals, as well as to gauge his willingness to clearly and quickly articulate his insights to web site visitors.

The latter is key because the greater the depth of information an advocate freely provides, the more trust consumers place in his opinions, Pulipher says.

Given that consumers place a high value on advocates’ opinions, Pulipher says retailers that build advocate networks can help instill confidence in consumers that they are making the right purchase.

Needle will be exhibiting at booth #651 at IRCE.

Guided navigation
Online shoppers expect to be able to find the products they want quickly and easily. If a shopper has to sift through product listing results or repeatedly navigate site departments, odds are, she’ll leave the site.

Guided navigation can provide retailers with a powerful product filter option that allows consumers to customize their own navigation path to the desired product, rather than guessing which keywords or department will get them to the product they want. Guided navigation, also known as faceted navigation, lets a consumer narrow product results by any number of product attributes.

That’s a huge plus for retailers with a vast selection of products with complex features, such as consumer electronics, because the less relevant site search results are, the more likely consumers are to leave the retailer’s site.

“Guided navigation plays a key role in getting shoppers to the products that match their specifications, or the information they want, quickly and easily, which helps smooth the path to conversion,” says Tim Ahlenius, a senior digital strategist for web site design firm Americaneagle.com. “Guided navigation can boost conversion rates up in some cases more than 20%.”

Here’s how guided navigation works: After a shopper enters a broad search term, such as men’s athletic shoes, in the site search engine, or clicks on a product category at the top of the page, a navigation bar full of product attributes, such as brand, color or price, appears on the product page to narrow his search results.

Using guided navigation the shopper can quickly select such criteria as “cross trainers,” “black,” “size 10,” and “$65 to $75.” The guided navigation engine then refreshes the product listing page to display the shoes that fit those specifications, regardless of brand. Should the shopper choose to further narrow his search by selecting another attribute, such as a specific brand, he can do so. Ahlenius recommends that retailers make it easy for shoppers to add and subtract individual product attributes so they can quickly modify their search without having to start over.

Retailers can also link guided navigation to their inventory management systems to tell shoppers whether a product with their desired specifications is in stock.

Ahlenius says one often overlooked benefit of guided navigation is that a retailer can gather data about a shopper to personalize her experience as she moves through the site. “If a returning shopper has repeatedly expressed a preference for a specific brand or color, a retailer can show her banner ads for products that fit those criteria the next time the merchant recognizes that she returned to its site,” he says. “Products featuring those attributes can also be pushed to the top of product pages and promoted through e-mail. Data from guided navigation can enhance a retailer’s marketing capabilities.”

Having many attributes to choose from can slow consumers’ ability to find the right product, which is why Ahlenius, as a retail web design consultant, recommends retailers offer no more than five attribute categories for most product categories. “Obscure attributes don’t
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narrow the search and most consumers won’t scroll too far beyond the first few attributes,” he says. “Keep the process streamlined.”

Still, there are exceptions for certain types of products. “Televisions have a lot of complex features that go beyond the basic criteria of size, price, brand and color,” Ahlenius says. “But the goal is to focus on the key attributes that will get the customer to the item he wants without overloading him with choices.”

Analyzing site search queries can help retailers identify the most relevant product attributes for guided navigation, he says.

Before adding new attributes retailers should test them to determine their impact on shopper behavior and conversions. “Testing is how retailers discover what attributes work and which don’t,” he says.

For consumers, the biggest benefit of guided navigation is that they can quickly find the item they want. “The goal of guided navigation is to create the fastest possible path to the specific product the customer wants so she can put it in her cart and move on to the next product or checkout,” Ahlenius says.

Affinity marketing

Retailers have successfully used affinity marketing for decades to target consumers with a shared interest with exclusive deals and discounts. By specifically tailoring offers to an affinity group such as students, military members or professional groups like contractors, retailers can develop an emotional connection with the target group—and that can ultimately benefit a retailer’s bottom line.

Despite the success of affinity programs in the bricks-and-mortar world, retailers have struggled to bring affinity programs to their digital properties because it can be difficult and costly to manually verify that a particular customer is actually eligible for the offer extended to that group. Whereas retailers can check a military or student photo ID in-store to verify a consumer’s eligibility, e-retailers have no way to view and validate a photo ID online. Because many retailers are unwilling to offer special discounts without a way to verify eligibility, affinity loyalty programs are much less widespread online.

Enter ID.me, a solution that provides affinity groups with a secure digital ID card that consumers can use to sign into participating retail sites to verify they are a member of a given affinity group in real-time.

“Most retailers already have special programs for students, military personnel, teachers, corporate employees and professionals, but, until now, retailers had no way to verify online shoppers are members of those groups,” says Blake Hall, CEO of ID.me.

Currently, ID.me provides online retailers a real-time service to verify military personnel, students, teachers, police, firefighters and corporate employees. ID.me also tracks status changes, such as when military personnel move from active duty to veteran status or when students become alumni, so retailers can scope the program appropriately and reach out to those customers at key transitional moments.

A consumer who enrolls in ID.me on the ID.me web site validates his identity by providing such information as his name, date of birth, a unique identifier that varies by group and his group affiliation. ID.me verifies the consumer’s identity in real-time against the relevant authoritative database. If the match is positive, the consumer may use his ID.me login across ID.me’s network of more than 100 retailers, including Overstock.com, Sears, Under Armour, Sam’s Club, Jockey, Tough Mudder, Carhartt and WWE.

Eligible consumers may find more special offers for their affinity through ID.me’s online coupon site, which provides retailers with a venue to promote their affinity group deals to drive targeted traffic to their sites.

Besides pitching promotional offers that encourage affinity group members to make purchases, retailers can also use the program to learn more about their customers. “By empowering consumers to make a decision about how their personal data is shared, the retailer is able to build a transparent, trusted relationship with that customer and to learn more about the specific context of their customer base,” Hall says.

Internet Retailer previously reported that Under Armour increased its affiliate revenue by more than 30% year over year while using ID.me, and more than 70% of the customers were new to the e-retailer. Similarly, Overstock.com says customers verified through ID.me’s
program have been twice as profitable as the typical Overstock customer. As a result, Overstock expanded the number of targeted affinity groups verified through ID.me from one to five.

ID.me also has destination web site properties and channel partners that can promote retailer offers to targeted groups. For example, ID.me’s destination web site is projected to attract 10 million unique visitors in 2014. The company can also reach up to 5 million active duty personnel and veterans through e-mail campaigns and more than 3 million on Facebook and Twitter.

Hall says that military personnel, their families and veterans represent a huge potential customer base for retailers. As of 2012, there were 21.6 million veterans and 2.7 million soldiers registered as active duty, reservists or National Guardsmen. Additionally, undergraduate and graduate students represent 21.4 million consumers. Combined the two populations represent roughly 43 million consumers.

“Marketing is where business meets people,” Hall says. By recognizing the most emotionally important aspects of your customer’s identity—their affinities—retailers are able to build enduring and valuable relationships with their most important customer segments.”

ID.me will be exhibiting at booth #353 at IRCE.

A robust market for global expansion
For growth-oriented e-retailers, global expansion is at the top of the to-do list. And Germany offers e-retailers looking to expand globally an enticing potential customer base.

German online sales are exploding. With e-commerce sales in Germany projected to hit 100 billion euros ($137 billion at current exchange rates) in 2020, what e-retailer would not want to take a spin on Germany’s e-commerce autobahn?

Germany Trade & Invest is the first port of call for businesses looking to invest in the country. Nadine Späth, the agency’s consumer goods and e-commerce expert, is well placed to provide insights into the market.

“Almost 100% of 15- to 29-year-olds in Germany are online and are the most active Internet consumers. People aged 55 and older are becoming an increasingly important target group as they are staying active for longer and have the highest purchasing power,” Späth says.

According to Germany Trade & Invest, almost every German Internet user makes purchases online with the majority doing so regularly. Germans spend most on clothes, shoes, health care and cosmetics and they also often buy electronics and computers, as well as books, music, movies and video games online.

It’s all about “research online purchase offline,” or ROPO; about one-third of Germany’s online shoppers research a product online before purchasing it offline in a store. E-retailers with a multichannel strategy that includes bricks-and-mortar stores will be in a position to capture sales from these shoppers, although a quarter of online shoppers use their mobile devices to make purchases while in a store.

In fact, more than half of German tablet and smartphone owners have used their mobile devices to shop online, generating turnover of 9.3 billion euros (an increase of 10% compared to 2013), according to Bitkom, The Federal Association for Information Technology, Telecommunications and New Media. With around 30 million smartphones being purchased in Germany this year, this figure is only going to rise, Späth says.

Delivery time is a key factor for e-commerce success. Germany took the top spot in the World Bank’s 2014 Logistics Performance Index of 160 countries. 500 million potential customers are reachable within three hours by plane or 24 hours by truck. Germany’s central location among the eurozone countries makes it an appealing spot for e-retailers to locate warehouses for cross-continental shipping.

However, identifying suitable locations for a warehouse abroad can be a daunting proposition. “Germany Trade & Invest exists to support international e-businesses find their way in Germany. As a government-backed agency, we are well-networked and provide e-retailers with the information they need to set up and do business successfully in Germany’s rapidly growing e-commerce market,” Späth says, adding that language is not the barrier many might think to doing business in the country.

Germany Trade & Invest also provides e-retailers with legal information on setting up a company, national and international tax information, information on government incentives for setting up new businesses as well as
market and industry reports and notices of seminars and conferences on conducting e-commerce in Germany.

“Our services are entirely free of charge. Several hundred companies set up their business in Germany in the last years through Germany Trade & Invest,” Späth says. **Germany Trade & Invest will be exhibiting at booth #223 at IRCE.**

**Warehouse management and fulfillment**

No matter how satisfying a retailer makes online shopping, a mistake or delay filling an order can mar a consumer’s shopping experience because that’s often the first thing he will remember about his last shopping experience with the merchant. Operating a well-oiled warehouse requires investing in technology that allows retailers to flawlessly package and ship orders regardless of the sales channel through which they were received, while holding down operating costs.

The starting point for the modern warehouse is a warehouse management system that integrates scanning technology so retailers know when incoming inventory has moved off the loading dock and onto warehouse shelves. Scanning technology allows for real-time stock availability information and alerts procurement managers when an item is running low and needs to be reordered from suppliers.

“E-commerce retailers need to invest in technology that drives growth, supports multiple sales channels and creates operating efficiencies that keep costs down,” says Perry Belcastro, vice president of fulfillment services for Saddle Creek Logistics Services, a provider of warehousing, transportation, packaging and fulfillment services. “The more accurate and efficient retailers are at managing their warehouses, the more their businesses will benefit.”

Scanning technology confirms the correct items have been selected by reading the bar code or radio-frequency identification (RFID) tag on each item, then matching the product identifier to the name of the item listed on the purchase order. As each item is scanned to fill an order, the warehouse management system keeps track of available inventory. That information is relayed to each sales channel so shoppers can see whether an item is in stock, as well as to the warehouse procurement management to notify him when stock needs to be replenished.

Information can also be programmed into the bar code on a purchase order that, when scanned, tells a packer what carrier and delivery method should be used, such as overnight delivery. “There is a lot of information that can be captured and disseminated through an integrated warehouse management system,” Belcastro says.

In addition to more accurate fulfillment, warehouse management systems can identify sales frequency. Warehouse managers can use the data to position top sellers to the forefront of the warehouse and low frequency items to the rear to create more efficient picking paths. “Performance data is critical to warehouse efficiency,” Belcastro says.

While integrated warehouse management systems help retailers achieve greater operating efficiencies, not every retailer has the resources or order volume to build and operate a warehouse. In these instances, partnering with a third-party logistics provider makes sense, Belcastro says.

An advantage of outsourcing fulfillment is that retailers can leverage a warehouse network to fill orders from the facility closest to the customer, which can reduce shipping costs. Regional warehouses also make it possible for retailers to fill an order for an out-of-stock item in one warehouse from another to avoid back orders.

Retailers can tap into a variety of fulfillment services through outsourcing partners, such as returns processing and labor pools that grow and shrink based on need.

Saddle Creek operates a nationwide network of facilities that provide fulfillment, warehousing, transportation and packaging services to retailers. Saddle Creek’s fulfillment services include the configuration of distribution and contact centers, returns processing, order management systems and systems integration.

One advantage of partnering with an outsourcing company, Belcastro says, is that the vendor continually invests in the latest technologies to bring operating efficiency to the warehouse and train its staff how to use that technology, freeing retailers to focus on selling.

“Warehouse management and fulfillment technologies are fluid and dynamic, so retailers need to determine whether that is their core competency,” he adds. “The better retailers are at managing fulfillment, whether
in-house or through an outsourcing partner, the better they will be at satisfying their customers.”

Saddle Creek will be exhibiting at booth #446 at IRCE.

Omnichannel retailing
Consumers today aren’t content to confine their shopping to one channel. It’s not uncommon for a consumer to research a product online on a retailer’s site, compare prices through a marketplace on her smartphone, then make the purchase at one of the retailer’s stores. The next time the consumer wants to make a purchase, he may reverse the process or mix it up entirely.

This increasingly popular cross-channel shopping pattern puts pressure on retailers to tear down the walls that separate their various sales channels, because regardless of what channel consumers shop, they expect to see the same inventory, the same level of customer care and the same shopping experience. Retailers are confronting this cross-channel behavior with so-called omnichannel capabilities whereby retailers are able to serve the same information and services to consumers no matter where they are or how they shop.

“Omnichannel retailing represents a growing universe of complexity for retailers,” says David Potts, CEO of SalesWarp, a provider of omnichannel management systems. “Our platform acts as a hub so retailers can connect and manage all sales channels simultaneously while separating sales by channel to track performance.”

SalesWarp’s platform consolidates customer, order and product information across all channels. Sporting goods retailer S&S Sports, for example, was able to consolidate its fulfillment and inventory tracking across its direct-to-consumer and B2B channels after implementing the SalesWarp platform. Previously, the retailer—which sells via its 40 retail stores, an e-commerce site, on Amazon and eBay’s online marketplaces and its B2B wholesale operation—used seven applications to manage orders, inventory and customer data across channels.

As part of its implementation, SalesWarp developed a 3-D matrix that allows S&S to organize and track the size and color of every shoe it sells through a single dashboard. Previously, the retailer manually organized product data for each sales channel. “Manual processes hinder a retailer’s ability to grow, lead to operating inefficiencies and increase labor costs,” Potts says.

In the warehouse, SalesWarp implemented a bar code scanning system to improve the accuracy of S&S’s inventory counts and spare staff from having to manually type every SKU into its inventory management system. As each SKU coming into the warehouse is scanned, the system automatically updates available inventory.

“Most retailers struggle with real-time inventory counts, which can be a killer when they are selling in marketplaces, because some marketplaces will shut down stores that oversell,” Potts says.

SalesWarp offers enterprise and cloud, or web, versions of its software system and currently integrates with Volusion, Magento, Demandware and osCommerce platforms, as well as Amazon, eBay, Sears, Rakuten and Newegg’s online marketplaces.

One of the most time-consuming tasks multichannel retailers face is publishing product information to every channel. SalesWarp’s Product Management application imports product files from the warehouse, supplier or drop shipper to create a central product catalog that ensures consumers see the same products and product description across each sales channel.

Data formatting errors and misspelled words are corrected as the data are imported and blank data fields flagged. Retailers can group products using unique attributes or by assigning them to product categories. As changes are made to product descriptions or new products added, those updates are reflected across every sales channel.

Consolidating data from all sales channels across a single platform makes it possible for any department within the retailer’s business to access data in real time. Agents in the customer service center, for example, can access the status of an order and initiate a return, regardless of the channel through which the sale took place. They can also access a customer’s shopping history to identify cross-sell and upsell opportunities.

Marketers can view customer behavior patterns across sales channels to create personalized marketing campaigns. One retailer working with SalesWarp had
focus on creating better digital experiences for their customers,” he says.

As part of its service offering, Rackspace Digital provides retailers with best practices, architecture guidance and support for web content management systems, e-commerce solutions, critical applications and mobile solutions, while offering advice based on years of working with demanding workloads for top digital agencies.

Support for web content management systems (WCMS) includes application and infrastructure hosting expertise for WCMS platforms, including Sitecore and Adobe Experience Manager. E-commerce services include building secure, scalable web stores using Magento, OracleATG and Hybris platforms.

“We have expertise from hosting and supporting retailers running a wide variety of platforms, relationships with digital agencies and high-end software applications that we fall back on to build a retailer’s digital infrastructure, monitor and troubleshoot it once it launches,” Metcalf says. “We are digital polygamists that understand what is required to create an outstanding customer experience.”

At its core, Rackspace ensures that when traffic spikes, its platform scales as needed so a retailer’s web site performs as consumers expect. That’s critical when retailers are staging marketing events that drive consumers in droves to their site. This past February, Rackspace had eight clients, including jeweler and e-retailer Alex & Ani, run TV ads during the Super Bowl that included taglines instructing viewers to visit their sites.

“In each case, site traffic went through the roof after the commercial aired, but we had the plans and processes in place to maintain a great customer experience,” Metcalf says. “When retailers run those kinds of web events, they want peace of mind that their brand won’t be compromised by infrastructure problems.”

As retailers gear up to continue investing in e-commerce, mobile and WCMS technology, while shifting more of the daily management responsibility of those systems to the marketing team, the need for a partner that can provide technical expertise in those areas is greater than ever, Metcalf says.

“Many hosting companies don’t specialize around specific workloads or applications, leaving them with general solutions,” he says. “The depth of our experience with these types of workloads and our fanatical support position us to become the choice for hosting applications that build a brand’s digital presence.”

Rackspace will be exhibiting at booth #437 at IRCE.
Performance monitoring

It’s no secret page download speed impacts a shopper’s behavior. When a site is running at optimal performance, a shopper puts more items in his cart and converts at a higher rate, according to e-commerce experts. When a web store’s performance is sluggish, bounce rates are high and conversion rates low.

Simply tweaking an e-commerce site to squeeze out every millisecond of speed is not enough to ensure the alignment of performance metrics with a retailer’s business goals. There is a direct connection between the two, says Tom Lounibos, CEO of Soasta Inc., a provider of web and mobile testing and monitoring solutions, which is why retailers need to be able to see, in real-time, how page load times impact customer behavior.

Real user monitoring (RUM) measures the actions of real users instead of simulations of users traveling through a web site. With RUM retailers can see the relationship between site speed and the behaviors of site visitors, such as whether they are willing to wait on pages long enough to view products, complete purchases, or even stay on the site at all. Using these insights, retailers can make key business decisions such as how increased speed can increase average ticket size or lower cart abandonment.

"Not being able to draw a correlation between site speed and its impact on customer behavior creates a blind spot in performance monitoring,” Lounibos says. "Real user monitoring tells retailers what actions visitors are taking in response to page download speeds in real-time so they adjust site performance dynamically to achieve their business goals."

For example, when a retailer with an average page load time of 3.2 seconds sees that when pages load in 2.5 seconds the conversion rate doubles in comparison to pages that load at 3.2 seconds, it can set a goal of 2.5 seconds for all page loads with the expectation that its average conversion rate will double, Lounibos says.

Soasta’s mPulse real user monitoring solution tracks and aggregates performance metrics such as bandwidth and page load times in addition to customer engagement metrics, such as bounce rates. Metrics for mobile users include user location, device type and carrier speed. The system transmits performance and customer behavior data to retailers within seconds after the user logs on and can be run through Soasta’s scalable analytics engine to find correlations between performance and customer behavior data.

“Getting performance data in seconds, as opposed to minutes or hours, is a huge advantage because it means retailers can identify performance problems and take action to correct them sooner to prevent loss of sales, especially when traffic spikes during a promotion,” Lounibos says.

A retailer can use aggregated performance and customer behavior data to identify the target page load time that will meet its specific business goals. A retailer looking to reduce bounce rates can create a chart that cross references the bounce rate axis with the load time axis to identify the page load time that produces in the lowest bounce rate.

Retailers can also filter data by country, region or city to determine how consumers in different locations respond to site performance. “An acceptable page load time in France may not be acceptable to consumers in Canada,” Lounibos says. "With mPulse retailers can pinpoint areas where site performance needs to be improved.”

One area where retailers are struggling to understand how site performance impacts customer behavior is with users of tablet computers. “Mobile-specific web sites are not optimized for tablet screens and desktop sites tend to run slower on tablets,” Lounibos adds. "M Pulse lets retailers see what tablet users actually experience on either type of site to create a better experience for them that correlates with their business goals.”

Identifying key business goals before making any improvements to site performance is essential to correlating the impact of performance to business goals. "The assumption has always been that increasing performance speed will increase conversions, but that approach does not capture the impact of performance on customer behavior," Lounibos says. "Connecting customer behavior to performance enables retailers to align their site performance and business goals.”

Soasta will be exhibiting at booth #1769 at IRCE.
Germany offers great potential for e-retailers looking to expand sales beyond their home markets. However, retailers would be wise to do their homework before selling in the country as German online shopping habits are distinctly different from those in much of the rest of the world,” says Nadine Späth, consumer goods and e-commerce expert at Germany Trade & Invest, a government-backed agency that promotes Germany as a business and technology location and helps international companies establish a physical presence in the country.

Germany boasts the most Internet users in Europe with 54 million of its residents online regularly. Online sales in the country totaled 39 billion euros ($54 billion) in 2013 and are set to top 100 billion euros ($137 billion) in 2020. Companies looking to take advantage of this vast potential should note that German shoppers are often regarded as being risk averse.

For example, German consumers often prefer to be invoiced for online purchases rather than pay up front. Traditionally, German catalog companies have sent customers an invoice with their orders to be paid via bank transfer—a practice that carried over into online shopping. Germans often tend to avoid using credit cards or incurring debt. “In fact, the German word for debt—schuld—also means guilt,” Späth adds.

Not having to pay up front means that the return rate is higher in Germany than elsewhere. In an attempt to combat this, ever more e-retailers across Germany are adding tools to help shoppers understand products better before they buy. U.K. apparel retailer Asos Plc, which has recently set up sales and logistics operations in Germany, displays the measurements of the models that showcase its wares in videos to help shoppers envision how products will look on them.

A major development is the introduction of the new European Consumer Rights Directive on June 13, which will enable retailers in Germany to charge for return shipping. “However, a recent survey found that nearly 60% of German online retailers won’t charge for returns despite the change. So even though the law is on their side, online retailers might not impose it,” Späth says. Furthermore, German consumers are increasingly adopting alternatives to paying by credit card, such as PayPal, SOFORT, ClickandBuy and giropay.

Despite these differences, Germany is an attractive investment location thanks to a highly developed logistics infrastructure that makes it easier for companies to offer extra benefits such as same-day delivery, high productivity rates, internationally competitive tax conditions, steady wage levels and a highly educated workforce. At the same time, Germany offers open and transparent markets with no distinction made by German law between German and foreign nationals regarding investments, incentives or the establishment of companies.

So it is clear that Germany offers huge potential for online retailers and service providers. However, a little preparation before entering the market goes a long way to understanding and appealing to German shoppers. “We are here to help companies understand the German marketplace and find their way in Germany entirely free of charge,” Späth says.