



Some e-Commerce Truths – It’s Not As Easy As You Think

By Matthew A Perosi



If you attempt to set up an e-commerce jewelry website without a dedicated monthly advertising and operations budget you will set yourself up for disappointment. Not failure, but very slow progress and low sales.

That’s blunt, but e-commerce does need to be treated like a separate business entity with its own expenses and even employees, or at least an employee that spends a lot of time in front of the computer managing it.

The big players in our industry have established a strong foothold in e-commerce and they have deep pockets of advertising dollars to beat out all the local retail jewelers.

Owning a jewelry e-commerce site requires you to navigate your way through the variables of setup, monthly maintenance, and monthly marketing. Some of these variables include bank fees for online credit card processing, security, and making sure your website software keeps current.

I mention the software because in January this year, in order to defend against security issues, many hosting companies phased out older versions of the programming language PHP. This caused adverse effects on websites running WordPress and other software that hadn’t been upgraded since 2009. When you run an e-commerce site, you need to keep abreast of available software upgrades because one small newly discovered bug could mean the difference between your site having Fort Knox security or gaping holes that let all the animals out of the zoo.

Marketing will make or break your e-commerce website. In 2011 Google reported that AdWords marketing could increase

a website’s traffic by nearly 890%. That percentage sounds really good, until you find out that, as a jewelry store, you would need to spend at least \$2,000 per month to achieve it.

Google has made it very easy for anyone to set up an AdWords account, pay money, and attempt that 890% traffic increase. Except a typical boost from 144 to 1282 daily visitors doesn’t mean you will have sales.

You really need an AdWords expert that will create ads and fine tune your website for conversions, which of course means a larger monthly budget. If you think you could freely advertise on social networks then you need to think again. Social is a big part of your branding, but don’t expect to make money from thousands of Likes on Facebook, or Followers on Twitter, or Circles friends on Google. On the other hand Pinterest has promise as a social network to lead people to your e-commerce site.

Many experts claim you can become profitable from social media buzz. My own research just doesn’t add up to these claims. I simply do not see huge number of visitors referred from Facebook, Twitter, or Google that actually turn into online sales.

I’ve slapped you with blunt security and advertising information and didn’t mention management payroll costs. When you hire a web programmer they will not tell you these things. Jewelry e-commerce is a very tough business model for a brick and mortar store to attempt because it is a parallel business that needs just as much management, marketing, and all around TLC as your brick and mortar business.

If you are committed, then do it... but please do it with the assumption that you may not break even the first year. There’s a steep learning curve you need to get through and I’m only scratching the surface with the issues you will face.



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