Overall the web is sloppy, but an online store can’t afford to be.” -Paul Graham, YC

When a consumer wants something, their first port of call is the internet. E-commerce has grown at an incredible rate since its birth, and so has the competition to make the best use of it.

To understand the challenges faced by e-commerce companies today, let us first delve into how they operate.

Customers no longer need to take a trip to brick and mortar stores to make their purchases. The rise of digitalization has transformed the way companies operate. E-commerce companies still deal in goods and services, but now this takes place across multiple touchpoints within an online environment.

Although this has made shopping a lot easier, it has also brought with it some unique challenges.

According to [Statista](https://www.statista.com/%22%20%5Ct%20%22_blank), in 2015, retail e-commerce sales amounted to $342.96 billion. By 2019 they are projected to surpass $600 billion. In the US alone, e-commerce retail will generate $100 billion by 2019. With these kinds of figures, the power and potential of e-commerce are clear.

This does not mean all e-commerce companies are making money consistently though. There are challenges standing in the way of companies, big and small alike. Developing an e-commerce business is hard. You have to take great care over everything, from website maintenance through to customer service.

So what are the challenges e-commerce companies face?

1) An absence of online identity verification

When a visitor goes to an [e-commerce website](https://www.bigcommerce.com/blog/ecommerce-platforms/) and signs up, the portal is unaware of the customer, bar the information they entered. Whether the customer information is genuine or not remains questionable. Cash-On-Delivery (COD) purchases using an invalid or fake phone numbers or addresses can lead to huge revenue losses.

So how can this be solved?

By taking the proper steps to verify the customer’s information.

First of all, look out for signs of suspicious activity. This could take the form of particularly high value or large orders, Identify fake phone numbers and email addresses, check whether zip codes match with the state/city. Send a verification link when a customer signs up, via text message or email, to validate the customer is genuine. With COD purchases, an automated call could even dial out to the customer, asking them to validate the delivery address.

2) Delivering an omnichannel customer experience

In today's world, customers can reach out through any number of touch-points. They may visit your website, contact your agent, leave a message on your social media page, shop from your store or contact you through a live chat or a messaging platform.

According to [ecomdash](https://www.ecomdash.com/advantages-omnichannel-selling/%22%20%5Ct%20%22_blank), “Any business that isn’t moving toward an [omnichannel retailing strategy](https://www.ecomdash.com/omnichannel-retailing-strategy/%22%20%5Ct%20%22_blank) will likely be left behind by its online savvy competitors.”

So how can this be addressed?

Make sure to equip your [team with the right technology](https://acquire.io/blog/investing-in-support-technology/). -

Up to date, visual engagement tools enable your organization to serve customers across all touchpoints, channels, and journeys.

Identify the key channels.

Find out which channels are most important to your customers. Customer support staff should contact customers via their preferred channels, phone, email, live chat, video call, online help centers or in-app messaging. Integrate and optimize those channels, adding personalized messages and offering one-to-one interaction with live chat or video calling.

Maintain the context.

-Direct the conversations based on a user’s previous response. Keep a track of customer conversations using parameters like [user profile](https://acquire.io/profile-management/). This way, you can always respond contextually, irrespective of the channels they used.

3) Competitor Analysis

[“You can’t look at the competition and say you’re going to do it better. You have to look at the competition and say you’re going to do it differently.” – Steve Jobs](https://twitter.com/intent/tweet?text=%E2%80%9CYou%20can%E2%80%99t%20look%20at%20the%20competition%20and%20say%20you%E2%80%99re%20going%20to%20do%20it%20better.%20You%20have%20to%20look%20at%20the%20competition%20and%20say%20you%E2%80%99re%20going%20to%20do%20it%20differently.%E2%80%9D%20%E2%80%93%20Steve%20Jobs%20%40acquire_io%20undefined)

In a competitive environment, others will offer the same products and services as you. Unless you have a strategy to differentiates yourself, it is difficult to survive.

So how can this be mitigated against?

Conduct thorough research into competitors.

Place emphasis on developing a strategy enabling you to shine brighter than your competitors. Use social media platforms and blogs for promoting products. Invest in promotional offers to help create more web presence and therefore more customers.

“Businesses with customer loyalty programs, on average, are 88% more profitable than those who do not.”

Carry out research, find which products are more in demand. Remove outdated items. Customer services that go above and beyond provide a route to staying ahead of your competitors.

4) Stuck in at the old-school way of approach to selling

The reason many e-commerce companies find online selling so difficult is that they are, ironically, stuck in the past. Most of them lack the necessary insight into customer behavior and buying patterns, data which can help them thrive in the current e-commerce environment.

So how can this data be leveraged?

Offer products in prominent marketplaces like Amazon, eBay, etc.

These e-commerce sites already have an existing network of buyers so pitching and branding your product becomes relatively easy.

Segment visitors. -

Visitor segmentation allows e-commerce companies to identify and communicate with visitors based on their customer journey, past conversations, geographical location, browsing behavior, referral page, and much more.

In turn, e-commerce companies can anticipate customer needs, offering them a personalized service, such as  ( free delivery or promo codes ), creating a more efficient stream of conversions.

5) Shopping cart abandonment

Shopping cart abandonment is a huge issue. Even e-commerce giants are not immune to this problem.

For instance, when brick and mortar heavyweight Nordstrom started an e-commerce portal, they witnessed big losses from abandoned carts. The tedious and bug-filled checkout process was causing customers to flee in their droves.

Nordstrom had to come up with a new checkout design, turning it into a two-step process.

So how can this be addressed?

Consider redesigning your shopping cart, making sure there are no bugs or an unnecessarily long and frustrating form filling process.

[live chat solutions reduce shopping cart abandonment instances](https://acquire.io/live-chat/). Combining this with features such as visitor segmentation, it is possible to proactively reach out to customers during key stages of their journey, providing the opportunity to engage with customers who would otherwise drop out without purchasing. Visual tools can help address customer queries during the checkout process.

6) Maintaining customer loyalty

Even with the best-designed website out there, without customer trust and loyalty, the business is bound to struggle.

Creating new customers and then maintaining them requires a massive effort. One of the reasons e-commerce companies in particular face a challenge in building customer trust and loyalty is the seller and buyer don’t know each other. Nor can they see each other. Thus, the customer is robbed of the senses they would normally rely on in face to face transactions. This can only be made up for through time and effort. Across multiple transactions, eventually, the company can build this trust and loyalty.

So how can this be harnessed?

[“Customer service is what you and your organization provide. Customer loyalty is the result of the service.” – Shep Hyken](https://twitter.com/intent/tweet?text=%E2%80%9CCustomer%20service%20is%20what%20you%20and%20your%20organization%20provide.%20Customer%20loyalty%20is%20the%20result%20of%20the%20service.%E2%80%9D%20%E2%80%93%20Shep%20Hyken%20%40acquire_io%20undefined)

You must make sure the customer is satisfied with the whole process, from ordering online to shipping. Plenty of online retailers may be selling the same product, so you must identify competitive advantage and nurture your customer service accordingly.

Increase trust with visitors by:

Displaying your address, phone number, pictures of staff, customer testimonials, and credibility badges on your website.

 Add a live chat option to the website.

Create blogs, they help build trust. Make customer service a priority over profit. Remember, it’s easier to maintain an existing customer than to find a new one.

Create loyalty programs. The points can’t be transferred to other companies, so the customer will have to purchase from you.

7) The headache of product return and refund

A survey by[comScore](https://www.comscore.com/Insights/Press-Releases/2012/6/Improving-Product-Returns-Presents-Biggest-Opportunity-for-Retailers) and [UPS](https://www.ups.com/media/en/ca/UPS_Pulse_of_the_Online_Shopper.pdf), showed 63% of American consumers check the return policy before making a purchase and 48% would shop more with retailers offering hassle-free returns. e-consumers are clearly conscious of return and refund policies.

When a product is returned, whether due to a dissatisfied customer or damaged product, the business suffers a heavy loss in shipment and reputation. Logistic and shipping costs have always been problematic to e-commerce sellers delivering their product for free.

How can this be taken into account?

Return and refund are also part of great customer service, .

It would be a big mistake to forget that. The best thing you can do is build a strong returns policy. Consider the following when designing it:

Be transparent. Never hide your policy.

Use plain English, understandable to everyone. Not all your customers will be clued up with the terminology.

Try avoiding phrases like, “you must” ‘’and “you are required”, which may seem harsh and put off potential customers.

Outline what they can expect from you. Provide different options for payments and shipping.

Educate staff about your return policy, so they can assist customers effectively.

Be prepared to face the cost of your mistakes. If the product is shipped wrong, take extra effort to keep the customer happy.

8) The struggle of competing on price and shipping

Online merchants frequently compete on price. Plenty of sellers list the same products on their sites, but the prices may be different. They are vying to increase their market share by selling the product.

Price competition particularly affects small e-commerce businesses, as mid-sized and large competitors can often offer products for less. Combine this with free shipping, and smaller companies simply can’t afford to compete on price.

Online sellers like Amazon and Walmart generally have shipping amenities distributed across the country. Their warehouses allow orders to be shipped from the closest facility. Approximately 60% of orders come from the same area as the customer. As they are shipped from nearby warehouses, the cost of distribution decreases and the order arrives in a day or two.

Ultimately every online shopper expects free and fast shipping. And all that at a low price.

how can this be combatted?

To survive in a competitive market, e-commerce companies need to distribute their inventory to fulfillment warehouses, become extremely resourceful shippers, or find some unique products to minimize this problem. Ultimately every online shopper expects free and fast shipping at the lowest price.

9) Competing against retailers and manufacturers

Many online stores bulk buy products wholesale from manufacturers or distributors, selling them with retail online. This is the basic business model for online stores.

Unfortunately, due in part to e-commerce's low barrier to entry, product manufacturers and retailers start selling directly to consumers.

The same company that sells your products may also be your competitor. For example, ABC Garments sells to not just your online marketplace, but also directly to consumers on its website. Even some of the manufacturers create distributors, making the scenario worse.

So how can this be solved?

Stopping manufacturers selling products directly to customers may not be possible, but there are a few tactics to minimize the problem.

Give priority to manufacturers less likely to sell directly to customers.

Offer the product at a lower price or with additional benefits to increase sales.

Restrict the manufacturer from selling the product directly to customers by setting this out in the contract. It will be not possible for every manufacturer, but you can work with smaller manufacturers.

10) A problem of data security

Security issues can lead to nightmare scenarios. Fraudsters post spam and attack the web host server, infecting the websites with viruses. They can potentially gain access to confidential data about your customer’s phone numbers, card details, etc.

11. Keeping Customer Loyalty

As other ecommerce websites step up their game over the Christmas season, this is also a time where they are competing for your most loyal of customers. Your existing database of customers is a leverage tool for our business to provide exclusive offers, gift ideas, convenient shipping or other things that will remind them why they choose to shop with your business.

By being proactive and creative with your communication and offers, even months in advance, will mean your clients have less reason to shop around and potentially leave you for a competitor.

12. Stock Control and Inventory

With all this promotion and emphasis on shifting stock before the New Year, along with the added strain on back office resources, retailers can often lose focus of stock control and inventory. This can mean that retailers sell out of most popular items in the weeks leading up to Christmas.

Although this is a classic supply chain issue, your ecommerce website has measures in place to help you manage your stock levels before you sell out. Pull a report on your best selling items in the last few months to ensure you’ve ordered the appropriate stock levels in time for Christmas.

Also when you do sell out, make it easy for customers to know when it may be back in stock, by either communicating a date, or allowing them to leave their email address to be notified when the item becomes available.

So how can this situation be avoided?

Manage your own servers.

Do not use common FTP to transfer files, as they are “Overall the web is sloppy, but an online store can’t afford to be.” -Paul Graham, YC

If the consumer wants anything, they will first start searching on the internet when a consumer wants something, their first port of call is the internet. Although eCommerce E-commerce transactions have increased grown at a crazy pace at an incredible rate since its birth, the competition to place your product on the top and to make a steady sale has also increased and so has the competition to make the best use of it.

The last word:

Surviving in the E-commerce competition, which is no less than is war. Surviving it requires outstanding strategies. If you don't want to struggle, then give extra place efforts on you into every aspect of the business. You must be prepared for challenges and strive for growth at every stage of your business., and ultimately, this will provide you with the best possible chance it will have a better chance to bloom flourish.

If any developer copies files in an open Wi-Fi network, passwords and other confidential data can be stolen. By constantly updating the shopping cart, you can minimize the risk of stolen data. Most content management systems store their data in the database. Developers should take backups at regular intervals retrieving the data if stolen.