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# WHAT WORKS FOR WEBSHOPS

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How webshops are acquiring new  
customers in

2018

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by Paul Isaac

# INTRODUCTION: It's all about targeting

Question: What is Google?

Wrong answer: A search engine

Correct answer: A company that sells advertising

Question: What is Facebook?

Wrong answer: A social network

Correct answer: A company that sells advertising

Here are two of the biggest hi-tech companies in the world and they make most of their money selling advertising. So how exactly did the internet revolution change anything from the days of TV, radio, newspapers and other old media? The answer is that they can target an audience precisely. Very precisely.

An expensive poster placed in a bus shelter to sell vacuum cleaners targets everybody who walks past it, most of whom couldn't care less. But an inexpensive banner about vacuum cleaners placed on a website right in front of someone who just clicked on several articles about vacuum cleaners can convert very nicely.

As I write this, across the water in the USA, the big mobile network owners are busy buying media companies. They smelled the money and they want to build their own highly targeted advertising machines. Imagine someone watching a movie on their mobile phone and the advertiser knows everything the phone company does, like the viewer's income, where they are right now, where they live, what other programs they usually watch etc. etc. An advertiser would pay a lot of money for a slot like that.

You may find it a bit creepy. I do too, but it's the future of advertising.

Because it works. Because you found the people you know are your customers. Because you can sell more product than the advertising costs you.

Not all of that exists in our market yet. It soon will. But you can already find the people who *will* buy from your webshop now, if you pick the right promotion.

# Search Engine Optimization (SEO)

Every webshop should do some SEO and you can easily take care of the basics within your own company.

- You need good, informative text on there anyway, so just make sure it also includes some relevant keywords (without overdoing it or sounding unnatural).
- Make your page titles and product names as thoroughly descriptive as possible, long titles are even a good thing usually.
- Go to Google My Business, claim your listing and fill it out as thoroughly as possible.

If you want to go further then you will need to invest a fair bit of your time in it and/or pay a professional. As in other chapters here, I am going to recommend the professional option because the internet is a competitive fight now that only the best can win.

Before you do that, let's take a moment.

SEO isn't what it once was. In its quest to please its investors, Google has sold off more and more of the search results page to advertisers. Try searching for something to buy and see how much advertising you are shown: at the very top, before the unpaid results. That's why typically less than 30% of the clicks from that page will go to those unpaid results.

# Google AdWords

The good news about Google AdWords is that it's the best targeted advertising you can do. It's really way out in front. You're selling washing machines and someone has effectively just put their hand up and said, "I want to buy a washing machine". It doesn't get better than that.

The bad news - well there had to be bad news - is that these limited advertising spots are auctioned. Google wants to maximise its own revenue and it charges the highest price it can get away with. That's the free market for you. As an advertiser, you only pay when someone clicks your ad, but those click prices can be pretty high.

Still it is my belief that AdWords is the best promotion that most webshops can do. Indeed, it is the machine that powers many existing webshops. If your AdWords is set up properly it can keep delivering you profitable sales year after year.

So what about those high click prices? Well, luckily that auction isn't simply won by the highest bidder. It's won by the smartest advertisers.

DISCLAIMER: I would say that, wouldn't I. At my company, Action Me, AdWords is the main thing we use to get new business for our webshop clients.

One last comment. If governments ever do get serious about your privacy and enact laws to protect it, then all the clever targeting of Facebook, display ads and remarketing ads is suddenly going to stop working. But SEO and AdWords will always know what a person has just searched for and your ad can be right in front of them. So maybe it's a smart move to master them now.

# Facebook

Not so many webshops I know of have built their business around Facebook. However, there are some specific things that do work, in particular

- remarketing
- targeting “1% audiences”, which means showing your ads to people who Facebook says are extremely similar to your remarketing list
- Facebook Dynamic Ads. Think of this as a combination of remarketing with a Facebook version of Google Shopping

Apart from those options, I am not a huge fan of Facebook advertising. That’s a hard view to defend because Facebook advertising is seriously overhyped. And there are obviously successes, and plenty of wonderful anecdotes. So let’s just say, please tread warily if you decide to go this route.

# Display advertising

Display ads are the banner ads you see on websites all across the web. There are a lot of places where you could place an ad for your webshop and the thing to know is: Don't.

At least, not untargeted.

Now, the networks that sell this advertising have continually improved their ability to target different audiences. And, as advertisers we have continually tried to make it work. Still, I would say that if you have a fabulous, unique product with a very good margin then maybe you could try display advertising. Or if you have made a success of all the other options and you have to find new ways to expand then give it a go. Otherwise leave this space for the big brands who have so much money that they don't need to measure results.

For you, as a webshop owner, there is however one serious exception: remarketing.

## Remarketing

Someone has visited your site already and now you show them an ad. That is remarketing and when it is done properly it works. Most effective for webshops is dynamic remarketing where the ads show the products which your website visitor looked at and "forgot" (you hope) to buy. Nothing like a gentle reminder!

## YouTube

While we are here, I'd like to also mention YouTube advertising because there is one thing about it which is rather cool. Not the video format, but the fact that it is cheap! Right now, you can get your own video shown on YouTube for pence. Despite that, its most effective use is for creating awareness of new products that people aren't searching for yet. Properly done, the number of people who do search will increase and when they make those searches on Google, you have your best chance to make the sale.

# The maths of digital advertising and why it matters

They used to say that advertising is an art. Actually, they used to say, “half of my advertising money is wasted, but I don’t know which half”. Both of those statements still have some truth in them, but a lot less than they used to.

In the world of online advertising, mastering the simple maths of it makes the difference between success and failure.

Level 1: Measure what you spend on advertising divided by what you sold from it. This has a name: ROAS (Return On Advertising Spend). For example, you spent €100 dollars on advertising and you sold €400 in product, then you have a ROAS of 4 (or 400% depending on how you want to look at it). Know this number and you can overwhelm the competition without worrying if you are overspending.

As obvious as this sounds, the majority of online advertisers just don’t do it. So if *you* do, you can be one of the leading advertisers in your niche.

Level 2: Work out the Lifetime Value Of A Customer. You can afford to spend more on an ad if you know you will get it back over time, if not from the immediate sale. That means you can advertise in places where other advertisers don’t dare. And the more market share you own, the more favourable this calculation becomes.

Level 3: Same as Levels 1 or even 2, but use the actual profit instead of the sales value. It’s a lot harder to do than level 1 or 2, but done right you can expand in places that others don’t dare.

# Amazon, bol

In 2017, Amazon's sales in the US are estimated to be 44% of the total e-commerce sales. Imagine that. All those websites out there yet just one of them gets nearly half the business! And since what happens in the US happens in the Netherlands soon after, then we had better explore the possibilities of our own bol.com (which tends to follow Amazon in many things) or we could get left behind somewhere.

Amazon and Bol both have marketplaces where you can put your products. Like most things in life, they are not "gratis en voor niks". You pay a commission of somewhere between 6% and 25%, depending on what you are selling. With the right products, you can get customers and sales simply by placing your products on their site. Beyond that, Bol (and Amazon if you are selling in Germany, France, UK etc) also offer different types of advertising to help you stand out.



# You've acquired a new customer. Now what?

Acquiring a customer is where most of your advertising money will go. But keeping a customer and encouraging them to spend more can often be where you make most of the money ...

... because once you've been introduced it doesn't cost so much to:

- persuade them to subscribe to your newsletter
- put a "money off your next purchase" coupon when the order goes out
- remarket on Facebook, Google, websites
- send physical mailings
- send free samples
- etc etc etc

And in all that advertising, you already know that you are approaching *exactly* the type of person who buys your product, because they already have. It's the ultimate in targeting.

## **About the author**

Paul Isaac is the founder of webshop marketing company Action Me. As well as driving sales to other people's webshops since 2009, he's also run his own webshop and tried everything out from the bottom up.

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