

e-commerce jargon buster

Anonymous checkout

A checkout process in which a user may complete a transaction without creating an account with the online merchant.

E.g. "I prefer to use anonymous checkout when I'm making online purchases, so that the website doesn't store all my shipping and billing information."

Average order value (AOV)

The average amount spent for each customer order. Often used as a performance metric.

E.g. "As a business owner, looking at the average order value is a great metric to gauge annual revenue growth."

Category

In the context of e-commerce, products are often grouped into a hierarchy of categories and subcategories.

E.g. "Our bespoke furniture e-commerce store is organized using categories like bedroom, living room, and home office. Subcategories include type of wood finish."

Checkout

The process through which website visitors provide the information required to complete an e-commerce transaction. Steps may vary, but typically include payment and billing information, shipping information, order verification and order confirmation.

E.g. "Best practices in e-commerce require having a user-friendly and smooth checkout process."

Conversion

The digital action a business wants visitors to perform. In the context of e-commerce, this often signifies a sale.

E.g. "E-commerce and digital marketing all work together to increase conversions, which drives business revenue."

Conversion rate

The ratio of conversions to visits, often used to measure digital performance.

E.g. “Conversion rates can be improved by using advertising campaigns to bring visitors to the online store.”

Coupon code or Discount code

A special code a person may enter during a checkout process that applies a discount. Online merchants can offer coupon codes to persuade consumers to complete a purchase on their website.

E.g. “Businesses that offer coupon codes can often increase purchases by shoppers looking for a great deal.”

Drop-ship

A method of fulfilling orders where an online merchant does not physically store inventory and ship from its location, but instead has the ordered items shipped from a different source or location.

E.g. “The online furniture store doesn’t house its inventory, but has custom pieces drop-shipped directly from the craftsmen’s wood shops.”

E-commerce

Commercial trade of products and services over electronic or digital means, like the Internet.

E.g. “Businesses who engage in e-commerce in addition to any brick and mortar stores can greatly increase overall sales.”

E-commerce platform

A software program or application that gives businesses the ability to sell online. E-commerce platforms vary in specific features, but generally include product information displayed to website visitors, customer account management, shopping cart and checkout processes, product search capabilities and order management, among other features.

E.g. “An e-commerce platform can provide an online business with all the functionalities needed to showcase products, manage customer accounts, and facilitate checkouts.”

Fulfillment

Process of completing an online transaction and delivery of purchased products or services to the customer.

E.g. “Every online merchant has to consider the most cost-effective method for fulfillment, or properly completing customer orders.”

Inventory

A complete list and value of an online merchant’s current stock of products for sale.

E.g. “Product pages that are well organized and well designed are a dynamic way to showcase a merchant’s inventory.”

Merchandising

In the context of e-commerce, merchandising refers to the placement and display of products for sale to entice a customer to make a purchase. Some examples of product merchandising include “featured item” lists, specific product promotions, and recommendations of top sellers or related products.

E.g. “An online storefront has the same kinds of opportunities as an offline retail store to merchandise products by displaying them prominently on the homepage.”

Merchant account

An account an online merchant holds with an institution such as a bank or payment gateway provider, which is defined by a contractual agreement that allows the online merchant to accept credit cards, bank cards, or other common forms of payment on an e-commerce website.

E.g. “E-commerce businesses need merchant accounts with their payment processing providers in order to accept online payments and manage financial transactions.”

Order confirmation

A final step of a checkout process where a customer is informed that their order has been placed successfully, typically delivered on screen during the checkout process as well as delivered by email to the customer.

E.g. “Once a shopper has completed a purchase, they will receive an order confirmation in the form of both a landing page and an email.”

Payment gateway

A service provider that authorises payments made online using methods such as credit cards and bank cards. Payment gateways enable merchants to take online payments for their products and services.

E.g. “Payment gateways allow customers to make purchases with bank or credit cards with a simple push of a button.”

Privacy policy

A statement that explains what customer information an online merchant will collect and how the merchant might use that information.

E.g. “Our company’s privacy policy reassures customers that we only collect minimal information and we never sell email addresses to third parties.”

Product feed

A file in a specific format that contains a current list of product inventory and product details. This file can be made available to other services as a means of promoting the products contained in the feed.

E.g. “We uploaded our company’s product feed into a search engine’s merchant database so our products would show up when they match a search.”

Product recommendation engine

Software that makes specific suggestions of products based on available information.

E.g. “The product recommendation engine on our bespoke furniture site suggests matching chairs for every table and desk.”

Registration

In an e-commerce context, registration refers to the ability to create an account with the online merchant that contains personal information such as name, billing and shipping address, and payment details. A registered customer can sign into an e-commerce website with his or her username and password to speed up the checkout process.

E.g. “When a customer registers on our site, we can store their billing and shipping information to make their next shopping session easier and quicker.”

Return policy

A statement that explains when, how and under what conditions a customer may return products purchased from the merchant.

E.g. “Our return policy, linked at the bottom of our website, states that bespoke furniture cannot be refunded unless faulty.”

SSL certificate

An SSL certificate is required in order to use SSL (Secure Sockets Layer) technology that encrypts sensitive information being collected by an e-commerce website, such as personal information or credit card numbers. Merchants can purchase and digitally sign an SSL certificate through a Certificate Authority. Once the SSL certificate is configured on a website, web browsers will let consumers know the merchant uses a trusted and secure connection.

E.g. “The padlock icon in our web address assures customers that our site has an SSL certificate to encrypt and protect their personal information.”

Shipping

The physical sending of purchased products to the consumer, often requiring additional fees charged to the consumer by the online merchant. Shipping may also refer to those additional fees.

E.g. "During the checkout process, shipping is calculated based on the total weight of the furniture being purchased."

Shopping cart

The functionality of an e-commerce store that allows visitors to add and edit multiple product selections to a single order during a shopping session.

E.g. "Having a shopping cart on your e-commerce site is an essential function to allow users to browse and buy multiple items."

SKU

A Stock Keeping Unit (SKU) is a unique identifier given to individual, distinct products used to track inventory and differentiate between items for sale.

E.g. "Using SKUs has helped our business keep track of what stock we have in what location, so we can optimise inventory management."

Tax

In the context of e-commerce, this refers to the total taxes that must be collected per local laws and policies as part of an online order.

E.g. "Countries on both sides of the Atlantic continue to discuss the best policies for taxing online sales."