
E-commerce for Beginners

KangaWeb Technologies Pty Ltd



<http://www.kangaweb.com>
Frustration-Free Web Hosting

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1 What is e-commerce?

In a nutshell, e-commerce is simply selling products or services over the internet via your website. If you want to know more about the pros and cons of e-commerce, whether e-commerce is suitable for your business, and what you need to get your e-commerce site up and running successfully, then read on! This report will explain all this in terms you can understand without needing a degree in I.T.

During the past decade, information technology overall has dramatically changed the way businesses operate, and e-commerce similarly has revolutionized trading practices. In 2001 the Gross National Product (GNP) of the US consisted of 0.713% online business to consumer sales, with Europe and Australia following closely behind. The figures for online business to business transactions are even more impressive, accounting for 3% of GNP in the US for 2001, again with parts of Europe, Asia and Australia all breaking the 1% barrier.

These figures indicate increasing confidence in the security of online transactions, and a realization of the benefits of business to business online trading including a reduction in the cost of production and supply. However, the value of online transactions, while being a good indicator of e-commerce trends, fails to take into account the extra offline sales a business might receive due to the interest generated by their website. E-commerce is not just about making the transaction online. It incorporates all aspects of the traditional sale: providing information about the products or services; selling the products or providing the service; and then providing post-sale support to customers. Without these extra features on your website, you will have a hard time convincing anyone to buy anything.

2 Is e-commerce right for your business?

So why should your business jump on the e-commerce bandwagon? For all this extra work there needs to be some pretty convincing benefits to the whole deal. And, you guessed it, there are!

2.1 Advantages

- E-commerce will allow you to be open for business 24 hours a day 7 days a week;
- You will no longer be confined to your local area. Instead your products and services will be available to people worldwide;
- If you choose to set up your business purely online, the cost reductions resulting from not having to maintain a physical shop-front are enormous;
- Trading online also provides your business with a competitive advantage. Large chain stores have well known names and are easy to spot in a shopping mall, with most of your potential customers making a bee-line for them. With the help of a good search engine listing, your website can out-rank even the most well known traders in your field. On the Internet David can beat Goliath!
- As well as increasing overall sales, e-commerce can also help to improve your bottom line. Reductions in paper, postage and telephone costs through communicating with suppliers and customers via email, as well as reduced labor costs with the elimination of mundane tasks such as stuffing envelopes all contribute to diminishing administration costs for your business.

2.2 Disadvantages and what you can do about them

While the advantages of e-commerce over a traditional shop-front are many, we would be silly to pretend there were no disadvantages, but that is not to say they cannot be overcome. The main downside is usually identified as the inability to inspect products before purchasing online. We all like to know what we are getting before we hand over our money, especially to a virtually anonymous trader, and without physically inspecting the product a great deal of trust is needed.

You can reduce your online anonymity by:

- Giving a human face to your web site. Provide a history of your business, your qualifications or previous experience, and maintain a friendly, open passage of communication with visitors to the site via an email address or telephone number;
- Giving as much detail about the products or services you are trying to sell (including photos). This will increase the customer's willingness to buy;
- Ensuring that what the customer sees is what they get. If the product the consumer receives does not closely resemble the one that they saw on your website you may well find yourself with returned items, and less trust in your business. To minimize misleading photographs on your website, take a look at the way the photos appear online and compare them against the actual product. Color in particular is susceptible to distortions, and you can use a photo editing program to adjust the color and brightness levels to closely resemble the actual product.

Always look at it from the customer's point of view, and think about what you would need in order to trust an online merchant.

2.3 Before you jump in...

Now we know you might be eager to get started, but first we must point out that not all products are suitable for selling online. A bit of common sense should prevail here. If you are in the business of selling individual ice-creams it is unlikely that someone wanting a refreshing ice-cream on a hot day will log on to the internet and order one for delivery in a few days time. That is obviously an extreme example, but using the same logic as to why that would not work, you should be able to determine whether your business venture is suited to an online environment. On the other hand, if you sell ice-creams in bulk to supermarkets then e-commerce is a great way to cut down the costs of processing orders.

You need to think logically about who will be buying your products. Once again, look from the customer's perspective. Would you search the internet for a dog? A book? A laptop? Or a loaf of bread? Make it worthwhile for consumers to buy from you. If they can buy the same book at the local book shop for the same price and not have to wait a week, where do you think they will put their money? Products that are unique to your business, like handmade jewellery, can always benefit from a bit of online exposure. Even if you only sell them at weekend markets, happy customers who can visit your site may spread the word to their friends, and visit your website to purchase more items. Make a list of all the pros and cons of purchasing your products or services online, and weigh them up to make your final decision.

3 Increase offline sales

With many people still wary about making purchases online, you may wonder what use a website may be to your business if people are apprehensive about handing over money? As mentioned before, a website is a great way to reach customers and to inform them of your products and services without them having to leave the comfort of their homes. Even if they do not have the confidence to make an online purchase initially, the information they find on your website may entice them into your store, and a successful first purchase will encourage them to come back for more via the web site.

4 What will you need?

So you have made the decision to have a go at this e-commerce stuff. What now? First of all you will need some basic tools:

- Pages for your website (usually provided by your web designer, or you can build them yourself using KangaWeb's Site-O-Matic);
- A place to put your website (provided by a web hosting company such as KangaWeb);
- A domain name (provided by a domain name registrar).

The remainder of this article assumes that you already have a website. If you do not yet have a website, take a look at our article "How To Get Your Own Website" first to find out how easy it is to set up a simple website. You can find this article at: <http://www.kangaweb.com/freereports>.

If you have decided to use your website only as a source of information, like a brochure, you need not do anything else. Just sit back and wait for the phone to start ringing and the customers to start storming through your door. However if you would like to be able to reap the benefits of e-commerce by completing transactions online, you will need to e-commerce enable your website. This is not as scary as it sounds. You simply need to provide a way for customers to view and order your products or services online, as well as a secure way for customers to transfer their payment to you.

4.1 Viewing and ordering products

How are people going to view and order your products? If you are only selling a few different products or services, it can be as easy as providing an email address. The customer can provide you with a few details and the product name or reference number. If, however, you are selling a wide range of products this may not be the most convenient way of doing things. In this case you may need a shopping cart system. This system allows people to browse your products much like they would in a supermarket, "picking up" items as they go and adding them to their basket. At the end the total price is calculated and the order is placed. While this may sound complicated, there are a wide range of ready-made shopping carts readily available on the internet. For example, with KangaWeb's i~sell Shopping Cart you simply need to fill in a few forms to alter your shopping cart's appearance, tax, shipping and payment options.



StickBoy says...

All of KangaWeb's hosting plans come with a FREE i~sell online shopping cart system. i~sell is a complete, powerful, yet easy-to-use online shopping cart system. With i~sell you can setup your online eCommerce presence with ease. We have made the whole system extremely easy to use, and in most cases all you will need to do is fill out some forms in our Control Panel to customize your system to suit your needs. For more information and a demonstration of the cart visit <http://www.kangaweb.com/ecommerce.html>

4.2 Payment Transfer

It is essential that you provide a secure method of payment otherwise many people will simply walk away. There are likely to be plenty of other places your customers can get your products from without having to risk their credit card details. For this reason it is best to receive online payments through one of two methods:

- You can do it yourself with a secure SSL connection; or
- You can use a third-party payment processing service.

Secure SSL server

Many web hosting accounts come with access to a secure (SSL) server. You can place your payment form on a secure server so that when your customer enters credit card details into your payment form, the credit card details are encrypted before being transmitted over the World Wide Web. When the credit card details arrive at your website, they should be encrypted immediately using server-side encryption software such as Gnu Privacy Guard (GPG) or Pretty Good Privacy (PGP). The card details should remain encrypted until you download them to your home or office computer.

Once you have downloaded and decrypted the card details, you can process the transaction manually offline using your regular credit card merchant account (the same way as you would do for mail/telephone orders). You may like to check with your bank to see if they have any restrictions on internet transactions. This method is not as complicated as it sounds. See the box below to find out how easy it can be.



StickBoy says...

KangaWeb's i~sell Shopping Cart allows you to receive payments from your customers very easily using SSL and GPG encryption. That is, you can receive payments in the manner described above, basically at the click of a button. No technical skills are required to set it up. With i~sell's Auto SSL/GPG option your customers' credit card details are kept safe on the way to the server (with SSL encryption) and also while at the server (with GPG encryption). You can view order details easily and securely via our Control Panel. See <http://www.kangaweb.com/ecommerce.html> for more details.

Third-Party Payment Processors

If you expect to receive a large number of payments, using a secure SSL server could prove to be time consuming. In this case you should consider using a third-party payment processing service. Well known payment processors include PayPal and WorldPay. These allow the customer to enter their details with the third-party payment processor who then processes the transaction and makes the transfer into your account. Third-party payment processors have extra advantages over the SSL method in that:

- shoppers tend to trust them;
- they provide all the back-end processing and security, allowing you to process a high volume of transactions efficiently;
- they often provide fraud detection tools to minimise losses from transactions with stolen credit cards.

Be aware that third-party payment processors will charge separate fees for their services. Make sure you take these costs into account when deciding which payment method to choose.



StickBoy says...

All of KangaWeb's hosting plans come with a FREE i~sell online shopping cart system. It is easy to use and has inbuilt support for most leading payment gateways including PayPal, Authorize.net, WorldPay, Direct One, Planet Payment, 2Checkout.com, Linkpoint, iTransact, IONGate, IntelliPay, SecureTrading and PayByCheck. Check out <http://www.kangaweb.com/ecommerce.html> for more information and a demonstration of the system.

5 Costs

All the extra features needed to support online transactions can start to seem a bit costly, so it is important to look at all the costs involved in online trading before you dive head first into it. The basic monthly ongoing costs will include Internet Service Provider, Web Hosting (from US\$9.95 with KangaWeb), Domain Name registration (US\$19 per year with KangaWeb) and possibly third-party payment processor fees.



StickBoy says...

Check out KangaWeb's special offers including FREE domain name registration and half price trial month offers at <http://www.kangaweb.com/specials.html>

6 Promotion

Once you have got your web site up and running the next thing you need to do is make sure people visit it! The Internet is a global phenomenon, so think globally when devising marketing strategies. Definitely remember to put your web address on every piece of material associated with your business. Put it on business cards, letterheads, telephone directory listings and advertisements. You've got it, why not flaunt it? And while we are on the subject of telephone directory listings, you would not set up a business and forget to list it in your local phone book would you? Well the same goes for web sites. If people do not know your name how are they going to find you? You need to make sure you are listed with all the main search engines such as Google, Altavista and Yahoo.



StickBoy says...

KangaWeb's hosting packages include a FREE Submission Service - our customers can submit their sites to the top search engines and to thousands of free-for-all link pages whenever they like for free. As well as this, KangaWeb provides you with handy tips for promoting your web site. Visit <http://www.kangaweb.com> to find out more!

While it is a good idea to make sure you spread your name as far and wide as possible, do not waste too much time trying to submit your site to thousands of obscure search engines. Chances are the time you spend doing it will outweigh the benefits gained. Focus your energy on the most popular and relevant search engines. Web pages such as www.searchenginewatch.com and www.indeedhits.com can help you optimise your search engine submissions, ensuring you get the best return on your investment.

7 Final Thought

One final tip for maximizing the success of your online store. Keep your website up-to-date. A site with accurate information such as correct prices and stock availability will look much more reliable than one with out-of-date information, and will add to the chances of the customer trusting you with their money.

Remember, e-commerce has a lot to offer your business, but it may take time to establish an online reputation. Give your web presence time to grow and see where it can take you... you may be pleasantly surprised.



StickBoy says...

KangaWeb's i~sell shopping cart includes many great features to make your e-commerce experience easier!

- * Shopping cart
- * Catalog manager
- * Easy-to-use setup and management tools
- * In-built payment gateways
- * Customer database
- * Shopping cart statistics
- * Button wizard
- * Auto-email facilities
- * No technical skills required!

Check out: <http://www.kangaweb.com/ecommerce.html> to find out more and take a FREE test drive!