



NetQuality

value and style in web design

Starting Your
Successful Ecommerce Website

Introduction

Ecommerce sites are now becoming a popular way for businesses to start selling or to supplement their sales made in a more traditional way. At the start of the Internet they were only in the reach of large companies but thankfully, nowadays they are well within the reach of individuals. Thus, many thousands of cottage industries are setting up every day all over the world.

I decided to write this document because the same issues and questions come up each time I receive an enquiry from a customer. More importantly, there are some salient points that many people neglect to think of when they are planning their new venture.

Therefore, the purpose of this document is to summarise the most important things you must think of when setting up your own ecommerce site.

This document is suitable for anyone thinking of starting to sell online no-matter who their Web Designer is. But hey, I am not going to waste the opportunity to promote my excellent services. So I hope you can forgive the shameless promotion throughout!

Check List

So let us start with a check list of the main areas you must think about. Each of these items is discussed in greater detail later on in the document.

1. Delivering the goods (who and at what it costs)
2. Returns and refunds (have you thought about the potential costs?)
3. Chargebacks (credit card companies can take money back from you even when fraud is committed)
4. Details, descriptions and images of your products (if you have a large number of products, have you thought about the amount of work involved?)
5. Accepting card payments (who to use and what it costs)
6. Choosing a web designer
7. Budgeting the overall costs
8. Marketing your site

Delivering the Goods

Before you start thinking about all the technical details of setting up an Internet site, you must first of all think about the costs of getting the items to the customer:

1. How much will it cost to package the goods?
2. Who will you use to deliver the goods?
3. How much will it cost to deliver the goods?

Small items are not generally an issue unless they are fragile in some way and are most commonly sent using the Post Office. If your items are larger then it may be more economical to choose a courier. Try and find some people who use or have used the courier firm. An unreliable courier company could cause you great inconvenience and expense.

The reason I put this item at the top of the list is that some people decide not to go ahead once they realise what is involved in delivering their goods to a customer. If this applies to you, it is better to find out now than after you have put more time and expense into your project.

If it does seem realistic, then ensure that your pricing takes this into account, especially if you intend to offer free delivery.

Returns & Refunds

It is inevitable, no matter how good your products and customer service are, some customers will return goods for a refund. The strategy to handling this as well as you can is to ensure you have a clear and fair returns and refunds policy clearly set out on your website.

Have a look at other websites in the same industry as you and see what terms they use. You can then pick the most appropriate terms to suit you and your business.

Once you have established your policies, you must factor the costs of damages and lost goods into your prices. Alternatively, use a carrier who will insure the goods for you. If it makes sense, use a delivery service that requires the customer's signature to confirm receipt of the goods. If you do not do this, accept the fact that some of your deliveries will go “missing” or become “damaged” and the onus is on you to prove that the goods were delivered safely.

Chargebacks

This really follows on from the previous section on returns and refunds.

If you have not been in the mail-order business before, you might not know about this process the card issuers use. If a customer complains direct to their credit card company that they have not received the goods or the goods have become damaged, then in 90% of cases, the credit card company will take back the money from you.

It may be that you are legally entitled to the money and can prove it. However, you will have to leap through some legal hoops to prove this.

Therefore, I have so far thought of three things you MUST factor into your prices:

- The cost of delivery and packaging
- The cost of refunds and returns
- The cost of chargebacks

If you fail to take these costs into account when setting your prices, you run the risk of your business making a loss.

Product Details

Creating an ecommerce website will involve a lot of work for your web designer. Potentially it could involve a lot of work for you too.

You pay your web designer for their expertise in creating the technical capabilities for your site. It makes sound commercial sense for you to arrange the collation of product descriptions and images yourself.

Any reasonable ecommerce website will include a control panel to allow you to add or amend any products on the site's database. However, if you have hundreds or even thousands of products this could mean many days or weeks of work for you.

If you opt for a Net Quality website, we can also provide an initial upload based on your own database of products. For example, if you have all the details listed on a spreadsheet, we can take that data and upload it into the ecommerce database. Furthermore, if you have a folder of images whose names match a cell on the spreadsheet, we can upload all the photos too.

Whichever way you start off your ecommerce site, understanding how much work is required in preparing all your product details is essential. Especially if you are planning to sell a catalogue of hundreds or even thousands of items.

Accepting Payments on the Internet

You've chosen your web designer, your site is designed and you have now uploaded your products. Your site looks great and you are ready to sell. Now you have to deal with how your customers pay for their products.

There are five main methods that I recommend. Other options exist but these will cover the needs of 99% of businesses wishing to sell online.

Payment Processors

This is the best method for accepting card payments. The costs are high if your turnover is low, but it is the method with the fewest potential problem areas.

The most used processors are Sage Pay and RBS Worldpay. Net Quality recommend Sage Pay as their service is excellent, their costs represent good value for money and they are very secure.

In the case of Sage Pay you should expect to pay at least £20 per month. In addition you should also expect to pay from £15 to £40 per month to your bank for an Internet Merchant account.

In the case of RBS World Pay it is £15 per month including an Internet Merchant Account but the percentage charged is higher than your own bank would charge you. This is better for businesses with a lower turnover.

Manual Card Processing

This is the cheapest method and also the easiest to implement. However, there are some downsides. When your customer makes a purchase, they enter all their card details which are stored on a web server. You then sign into that server, retrieve the details manually and enter them into your existing card merchant terminal as “card-holder not present”.

The advantage of this is that you have no need to set up any special arrangements with your bank. One obvious drawback is that it is a time-consuming process. Another

less obvious drawback is that there is no fraud protection. The least obvious drawback is that the banks simply do not like it. If you have any problems with a customer complaining to their bank, you might find that your bank insist you stop using this method.

Personally I would not recommend this method.

Nochex

There is a small fee to set up your account with them but once this is done you have a payment processor and Internet merchant account for no monthly fee. The percentage charges are quite high so are not justified for higher turnovers, but this is a great way to get started.

PayPal

This is another cheap and easy method to accept payments on the Internet. There are no set-up costs and no monthly fee. However, neither are there any fraud checks (PayPal are extremely unhelpful in this regard). Also, the commission they charge is extremely high.

However, PayPal are perhaps a good company to use when your turnover is low. If you use Sage Pay for example you are likely to be paying £40 to £50 a month before you have even made one sale.

There is one other drawback with PayPal. Although they can be used like a normal check-out, they do tend to encourage the shopper to open up a PayPal account. In fact, they do this to such an extent that it is not immediately obvious that you can just make a straightforward credit card payment. So this might put off some of your customers.

Google Checkout

Google's fees are very reasonable and they are a widely trusted brand. However, this method of accepting payments does demand a user account with Google so it is very unlikely to be your sole method of collecting payments on the Internet.

Choosing a Web Designer

I could be obvious here and tell you that [Net Quality Web Design](#) is the only web designer for ecommerce! However, the purpose of this document is to be useful to everyone and not just potential customers for us.

Portfolio

Most web designers include a portfolio of their work that links to the sites they have created. This gives you the opportunity to see what they have done both in terms of design and in terms of the ease-of-use. If you cannot see examples of real life work they have done, then avoid them at all costs.

Price

If it's too good to be true, then it probably is. There are web designers who offer ecommerce sites for just a few hundred pounds. With all the work required to create such a website, it is inevitable that some part of it will be lacking, no matter how good it is.

If you are dealing with a self-employed designer working from home (like me), you should expect top pay anywhere between £1,000 and £3,000 for a quality site suitable for up to 1,000 or maybe 2,000 products.

If they are a larger agency that employs staff and has premises to maintain, the likely cost is somewhere from £2,000 to £10,000 for the same service.

NB – These figures are just a guide-line. If you like the work in the designer's portfolio and you can afford the price, then you have made a good choice. If the designer's prices are well under or well over these ranges, then you must ask yourself why this is the case before going ahead.

Recommendation

Try networking events and join business forums for similar businesses in your area and seek out their recommendations, especially if their site has been

particularly successful.

Budgetting the overall costs

It is important that you take the big step of starting your ecommerce business with your eyes wide open, especially when it comes to costs. So here is a reminder of all the costs you are likely to encounter in addition to your normal business running costs such as premises and stock purchases etc.

1. The actual cost of developing the website. Make sure you check with the web designer that the initial upload of products is included.
2. The cost of hosting the website and emails.
3. The cost of using a payment processor and/or an Internet merchant account (the latter only required if using SagePay).
4. The costs of returns and refunds. Try and estimate what percentage of sales will be lost, damaged or simply returned. This is likely to be higher if you do not ask for a signature.
5. The costs of charge-backs. These are used for customer disputes and can be kept to a minimum if you have the right policies in place for refunds and returns.
6. Marketing your website, covered in the next section.

Marketing Your Ecommerce Website

So now you have found your web designer, spent your money and you have a wonderful brand new ecommerce website. It is no good to you if nobody sees the website. No matter how well the website is optimised for the search engines, you are not likely to receive custom from this route for at least six months to a year.

There are four main ways in which you can market your online shop:

1. Traditional Advertising

For some businesses this can be useful. If there is a publication that is particularly relevant to your line of business then it could be worthwhile publishing an advert in there.

2. Your existing business stationery

Most ecommerce websites are borne out of existing retail or wholesale businesses. If this is the case then make sure your website is shown at your premises and on business cards and letterheads as a way of promoting the website to your existing customers.

3. Affiliate marketing

This is tricky to get started but can pay dividends in the long term. Essentially, other website owners promote your website for you and receive a commission on sales. It is not common to all types of business but for some, this can be a very effective method.

4. Online advertising

Websites that are relevant to your business might offer banner advertising or something similar. If they are a popular website and you feel their users would be interested in your products then this can be very effective.

5. Google AdWords

Although this comes under the heading of online advertising, it is worth mentioning it on its own. Our happiest ecommerce customers spend thousands each month on Google AdWords. It is effective at bringing you custom almost immediately.

Be careful though, it is also the quickest way to empty your bank account if you are not careful so please follow these simple rules:

1. Set a daily limit. If you make a mistake, at least your bank account will remain in tact.
2. Change the bids and adverts regularly to find out which ones work best.
3. Use verbose search terms. These bring fewer visitors but the likelihood of those visitors being potential customers is much higher.

Summary

Creating an ecommerce website is a very exciting time for any business. We hope that this document has been useful to you. Net Quality Web Design has a lot of experience in this field and will be pleased to offer you a quotation for your website should you be considering going ahead.

We would welcome any comments you have on this document as it is something we would like to update and improve as time progresses.

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