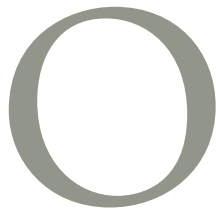# Counter

Affordable electronic commerce solutions are allowing even the smallest business to **SET UP AN ONLINE STORE**. Terence Green sets out the options available.

ONLY A YEAR AGO IT WOULD HAVE COST THE AVERAGE SMALL BUSINESS THOUSANDS OF POUNDS in software and programming services to set up an online storefront, but an influx of inexpensive solutions over the past six months has made it possible to take your products or services online for as little as £15 a month. The internet not only enables businesses to offer customers an additional level of service, but also opens up a sales channel through which they can reach new customers. Small businesses in the UK can use the internet to offer speciality products, from foodstuffs to clothing, to a worldwide audience of expatriates and Anglophiles. The internet also serves as a platform for entirely new ventures; the best-known example is Amazon books, which was created purely as an internet sales outlet.

Whether you're considering taking a business online or starting an internet business, you now have the advantage that a low-entry cost means that you can spend more money on advertising and promoting the service. Simply putting up a well-designed store with attractive products isn't necessarily going to do the trick if people don't know about it. Amazon managed to garner a mountain of press coverage by being the first in its field, but for a long time it also had to spend more on promoting the service than it did on running it. Obviously, you need to advertise your presence in the places where your customers congregate — and that's not only on the internet. While it's important to have your store indexed in as many internet search engines as possible, you should not neglect the traditional promotional methods. If you already run a mail order operation and advertise in periodicals, be sure to list your internet address (URL) along with your telephone number and address.

Mail order operations are ideal candidates for taking online because you already have a database of products in a paper catalogue which can easily be presented as web pages as well. At its most basic, a web store is simply a web-based (HTML) catalogue with an associated ordering system. Another important benefit of already having a mail order system is that you have the experience of fulfilling orders. Calculating sales taxes and shipping charges and delivery for an international audience takes quite a bit of organisation, as does the handling of returns and multiple currencies and the thorny question of customer support.

A low-entry cost means that you can spend more money on advertising

Remember that handling customer service calls from a worldwide audience implies a 24-hour service. If you haven't previously sold though mail order, it's probably advisable to begin by restricting your service to the UK.

ADVERTISING, PRODUCT PROMOTION and order fulfillment are fairly similar business issues for any sales operation, whether on the internet or not. But a difference arises when it comes to the catalogue of products — an internet catalogue can be much more dynamic than a paper equivalent. This is one area where it is important to choose your electronic commerce software carefully.
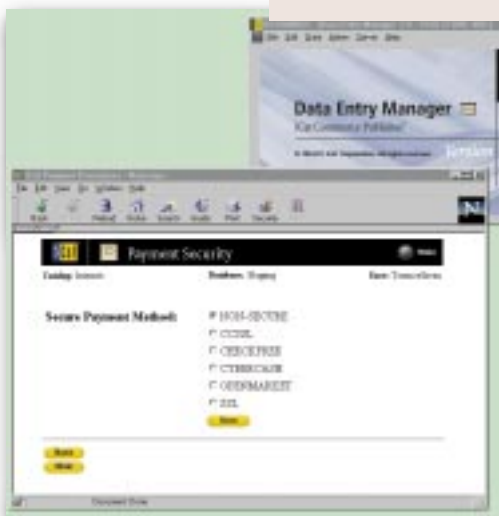
Some of the less expensive products are quite basic and may not appeal to you if your aim is to make your online store a unique experience. On the other hand, an all-singing, all-dancing store that can only be experienced by a minority of web browsers will drastically reduce your potential customer base. An online store needs to load pages quickly to draw customers in, and it needs to have a smooth buying process too. Asking people to register their details before they browse the store, for example, is a sure way to turn away custom.

There are basically two ways of arranging payment online. One is to stick to the mail order pattern and allow people to order online but ask them to confirm their payment details by fax,

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phone or post. Many internet stores offer this option because it is familiar, and most people have no problem with giving their credit card details over the phone or via fax. But the system creates potential problems in matching up orders and payments and it may not be a satisfactory way of dealing with international orders. A much better system is to take payment online so that customers can make their purchase in one convenient process. To take payment online you need a payment processor and a merchant agreement that enables you to accept credit card payments. There are several payment processors and finding one is not difficult. If you already have a regular merchant agreement, for mail order sales perhaps, then it should be easy to extend that to deal with online payments. If, however, you are starting from scratch, you will have to provide a great deal of information about your business plan.

Once you have obtained your merchant status and an agreement with a payment processor, taking online payments is easy. When a customer decides to buy from your online store, a secure link is set up between the customer and your payment processing service. The customer's credit card details are passed across to the payment processor over this link and verified. If the payment is authorised, it is debited from the customer and transferred into your account. The payment processor advises the customer and the merchant that payment has been accepted. Simultaneously, the details of the order are passed to you and you can go ahead and process it, knowing that payment has been received. This process varies in operation according to the level of service you provide. With entry-level software,

you have to be sure that your stock level is sufficient to meet demand; whereas with more sophisticated packages, you can integrate your back-office systems with your online store so that customers can check stock levels online before ordering. You will also need more advanced software to implement backorder and part payment systems.

Current payment systems are based on credit cards, and cash payment schemes are still being thrashed out. Barclays and BT both have cash payment schemes which are in their early stages, so it's only a matter of time before they become more widely available. The advantage of electronic cash is that a formal agreement is not needed to process it.

If you have a large selection of products and a sales process that is already computerised, you'll want to integrate an internet operation into your order processing system. An example might be a business selling artists' supplies. The stock list will be large with a few main categories (pens, inks, papers), several sub-categories (types of paper, pen) and many different attributes in each sub-category (colour, size). For such a project, you would be well advised to approach a professional internet commerce service provider.

▲ **WEB-COMMERCE FROM CABLE & WIRELESS IS A SECURE PAYMENT SERVICE FOR ONLINE TRANSACTIONS**
▼ **THE MORE EXPENSIVE E-COMMERCE PACKAGES SUPPORT SEVERAL SECURE PAYMENT PROCESSING OPTIONS**

▲ **MICROSOFT COMMERCE SERVER HAS ALL THE BELLS AND WHISTLES AND ADVERT SERVERS YOU COULD POSSIBLY WANT**

Electronic commerce service providers usually work with a range of software products to meet the varying needs of their customers. The essential quality is that they have the ability to build a complete service, from creating, hosting and maintaining the site to order and payment processing. It need not be horrendously expensive, either. You can be up and running for a few thousand pounds, which is probably less than you will need to spend on advertising. At the other end of the scale are online stores with a handful of products or perhaps even a single product, for example a specialist newsletter or a range

of half a dozen topical T-shirt designs.

A number of inexpensive entry-level products and subscription-based services would meet these needs. IBM Home Page Creator <www.ibm.com/hpc/uk> provides site hosting on a secure server and a shopping basket for taking orders through a web catalogue which you create online using a Java-based application. No knowledge of HTML is required, nor any investment in software. Order processing with tax and shipping calculation is included and online payment processing is an optional extra. The service is based on five service levels. The basic service costs £15 to set up, plus £15 per month, for which you can sell up to 12 items online. The higher levels offer access to online payment processing and room for more catalogue items — up to 500 for the £120 per month Platinum service.

HPC is the first of an impending multitude of subscription services. You can sign up online for a free 30-day trial and if you don't get on with it, simply cancel before the end of the trial period at no cost. The service includes arranging and registering an internet domain name, which costs £45 for two years. Further developments along these lines are imminent from other commerce software vendors such as iCAT <www.icat.com> and Intershop <www.intershop.com>.

Actinic Catalog is produced in the UK <www.actinic.co.uk> and costs only £350 for the software, which runs on Windows 95 and Windows NT. It produces simple commerce-enabled catalogues for which you need a hosted web server. It does not need to be a secure server as Actinic Catalog includes its own secure ordering process which allows you to collect payment details online. But you have to process payments manually as online processing is not included.

Even cheaper is Shop@ssistant from The Floyd Consultancy <www.floyd.co.uk> at a rock-bottom £199. The product is basically a set of shopping-basket scripts written in JavaScript which you attach to your web site. You will have to do a fair amount of manual editing and become familiar with JavaScript and HTML to get the best out of it. There is also a version which has been tailored to work with the WorldPay system to provide online payment processing.

The only fly in the ointment is that customers have to use a browser such as Netscape Navigator version 3 or Microsoft Internet Explorer version 3.

There are several packaged mid-range products costing £2000 to £3000 which create catalogues from databases and have all the hooks required to link them into existing order and payment processing systems. They use open database standards, usually ODBC, enabling a merchant who already has a stock database to feed information directly into the online catalogue. iCAT Electronic Commerce Suite, Intershop 3.0, and Cat@log from The Vision Factory <www.thevisionfactory.com> fall into this category. The key feature of these products is that web stores can be created largely by pointing and clicking and filling in some detail descriptions. Although Microsoft Commerce Server and IBM net.Commerce software are in the same price range and have similar features, they are more orientated to programmed solutions than to point-and-click site creation. Specialist commerce services are available from a variety of sources. Many ISPs offer store services, as do telcos such as BT. Web-Commerce is a new service from Cable & Wireless offering secure, scaleable services for small to medium sized businesses on a subscription basis. Merchants pay a setup fee of £1000, an

◀ **NETBANX IS A UK-BASED SECURE PAYMENT PROCESSING SERVICE FOR ONLINE SALES**

▲ **WORLDPAY SECURE ONLINE PAYMENT PROCESSING FOR INTERNET SALES**
▼ **OPEN MARKET IS GIVING SHOPSITE EXPRESS FREE TO FRONTPAGE USERS**

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annual fee of £1000 and a service charge of five percent of the transaction cost. The charges include fees for payment and order processing but not web hosting. Cable & Wireless can provide that too but the secure payment service can be used with any hosted site. You need a merchant agreement for online payments; Cable & Wireless will help to arrange that with Barclays Merchant Services. ShopSite from Open Market is an interesting product, designed to be hosted

One way to avoid being lost in cyberspace is to join an online mall, but perhaps not immediately — they have not been amazingly successful so far. The best hosts for malls are large online service providers such as AOL, the emerging Internet "portals'" such as Netscape Netcenter and Microsoft Network, and national telecoms carriers such as BT. None have malls that are affordable for small business users, but it can only be a matter of time before they do.

Many commerce software providers are producing mall software aimed at the small business user. Recently, Actinic introduced SuperMall, aimed at special-interest groups and demonstrated at <www.i-mall.co.uk>. SuperMall hosts pay £2500 to service up to five shops and £349 per additional shop.

by commerce service providers in conjunction with a payment processing service provided by Open Market. The software is new to the UK and at the time of writing there's only one UK reseller, Venus at <www.venus.co.uk>. Merchants sign up for commerce service and then use a web browser to create their store online. It's very easy to use. You create your web store using any HTML editor and then use ShopSite to add the "buy" buttons which trigger the ordering process. An entry-level version, ShopSite Express, which is limited to 25 items and lacks the online payment processing option, is being given away free to Microsoft FrontPage users at <frontpage.shopsite.com>.

PCW CONTACTS

IBM Home Page Creator
IBM, www.ibm.com/hpc/uk
Actinic Catalog
Actinic Software, www.actinic.co.uk
Shop@ssistant
The Floyd Consultancy, www.floyd.co.uk
iCAT Electronic Commerce Suite
iCAT, www.icat.co.uk
Intershop 3.0
Intershop, www.intershop.com
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