

# Selling Online (E-Commerce)

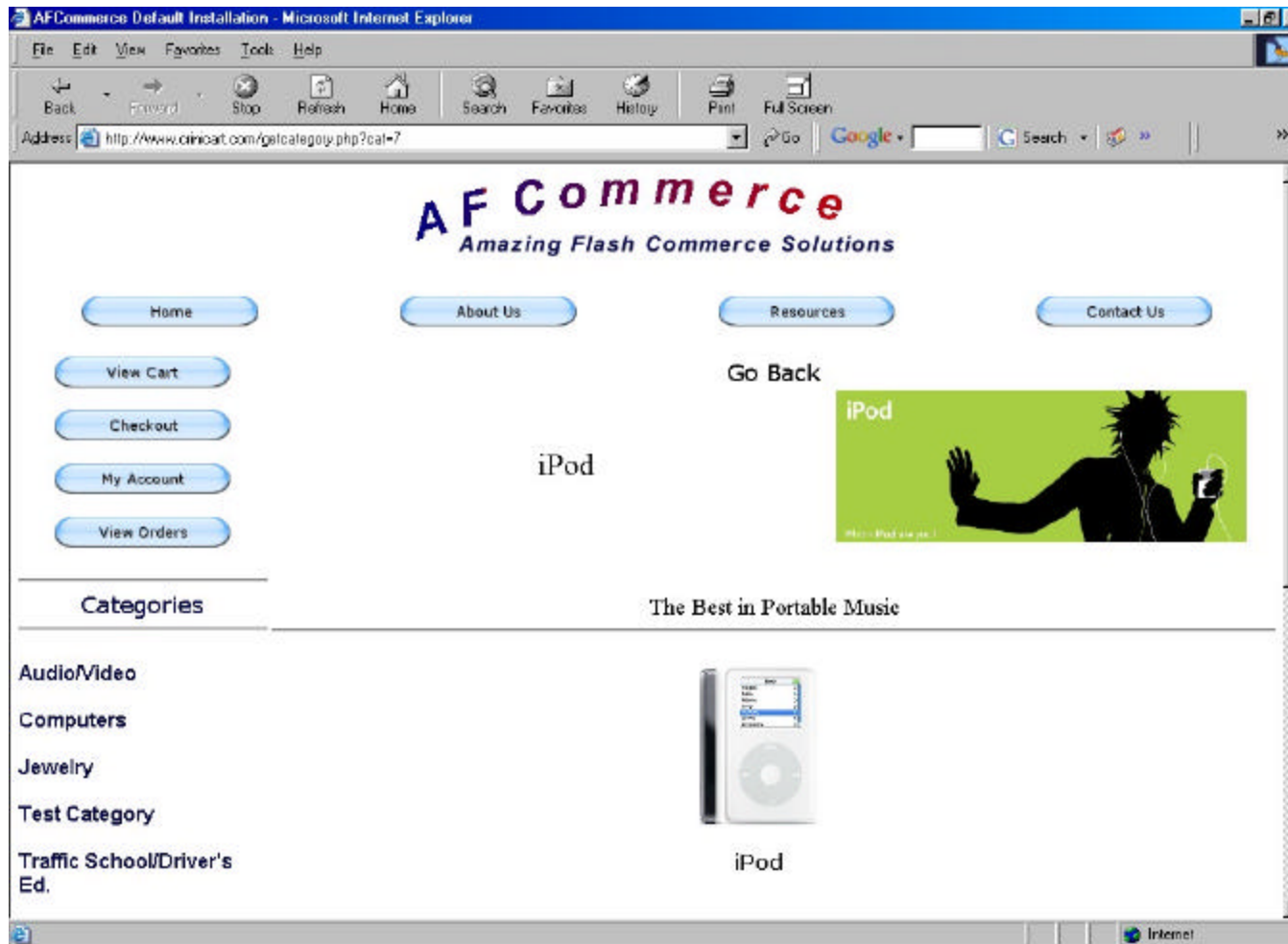
Joseph McMurry

MCM Web Solutions

<http://www.mcmwebsite.com>

(919) 467-1081

# An Example



<http://criticart.com>

# The Benefits: Part 1

- A website allows your business to market and sell online, which can help you:
  - expand your market
    - Sell to the world, not just locally
  - find new channels for marketing
    - Online marketing allows you to reach customers who do not use or have tired of other media
    - Target your marketing specifically to your ideal customer
  - *increase sales*

# The Benefits: Part 2

- E-Commerce allows you to take credit card orders *without manual processing* and only a relatively small upfront cost

# The Pieces: Part 1

- Website
  - Hosting (where the website is “located”, who “runs” the website)
  - Domain name (e.g. [www.mybusiness.com](http://www.mybusiness.com))
  - Security Certificate/Encryption – needed to take credit cards (or take credit cards offsite)

# The Pieces: Part 2

- Credit Card Orders
  - Gateway – takes credit card info from your site
  - Merchant Account – a bank account

# Issues

- Cost
- Legal Compliance
- Fraud
- Theft of Intellectual Property

# Issues Part 1a: Cost

- Website
  - Hosting for e-commerce: starts at \$7.95/month (lunarpages.com)
  - Domain Names: \$9.20/yr. (godaddy.com, included with lunarpages)
  - Web Design/Development: starts at \$200 for e-commerce

# Issues Part 1b: Cost

- Security Certificate

	Advantages	Disadvantages
Shared	No or low cost	Possible customer confusion, security
Your Own	No customer confusion	Highest cost, security
Offsite (the best way to go)	Lower risk of security problems	Moderate cost

# Issues Part 1c: Cost

	<b>% of transaction</b>	<b>Per transaction fee</b>	<b>Monthly Fee/Setup fees</b>	<b>Convenience to customers</b>	<b>Better choice if</b>
<i>Standard Gateway w/ Merchant Account</i>	2.25-2.5%	Varies, usually less than Paypal	Merchant acct. : about \$20/month (waived if enough transaction fees), plus setup Gateway: \$20-30/mo., plus setup	More convenient, usually better integrated w/ website	Moderate or high transaction volume
<i>Paypal</i>	2.9%	\$0.30	None, Easy to setup	Less convenient	Very low volume

# Issues Part 1d: Cost

- Remember selling online can *increase* your sales!

# Issues Part 2: Legal Compliance

- Privacy
  - California Law requires a Privacy Policy (see article)
- Sales Tax
  - Required for in-state transactions usually only on products (includes any state where you have a “physical presence”)
- Other Laws/Regulations/etc.
  - Terms of Use
  - Disclaimer (of Liability)
  - Vary by Jurisdiction (e.g. promotional contests could be considered gambling)
  - Enforceable Online Contracts – vary by jurisdiction also

# Issues Part 3a: Fraud

- Credit Card Fraud
  - The merchant is legally liable for fraudulent orders placed on their site
  - Fraud is about 1% of all Internet orders, that means the other 99% are legitimate

# Issues Part 3b: Fraud

- Prevention
  - What you can do
    - Don't ship to PO Boxes
    - Match billing and shipping addresses
    - Don't take orders from outside of the developed world (stick to N. America and W. Europe)
  - Services
    - Address Verification (AVS)
    - see <http://www.Verisign.com> anti-fraud services
  - Also article (by Mark Ishman <http://www.ishmanlaw.com>) at <http://www.cybercrimefighter.net>

# Issues Part 4: Theft of Intellectual Property

- Give notice of copyrights, trademarks, etc. on your website
- Registering them also helps in the event of legal battles such as domain name “squatting” (e.g. someone else registers a domain name with your company’s name)

# Other Options for Selling Online

- Yahoo Storefronts
  - Downside: commissions (1.5%), monthly fees
- Amazon
  - Downsides: commissions (6% or higher), only products (no services)
  - Upside: exposure (also for eBay)
- eBay
  - Downside: Only products (no services), transaction/listing fees

# Suggested Packages

- MCM Web Solutions recommends Lunarpages.com for E-Commerce Hosting

	<b>Hosting</b>	<b>Gateway/ Paypal</b>
<i>High volume</i>	Dedicated	Verisign PayFlow <b>Pro</b>
<i>Moderate volume</i>	Voyager Plan	Verisign PayFlow <b>Link</b>
<i>Low Volume (new business)</i>	Shuttle Plan	Verisign PayFlow <b>Link</b>
<i>Very Low Volume</i>	Shuttle Plan	Paypal

# Questions?

- Any questions or comments?
- Feel free to contact me for further information and your free initial consultation.

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