E-Commerce

What is E-Commerce?

E-Commerce, or Electronic Commerce, is a general term for any type of business, or commercial transaction that involves the transfer of information across the Internet. Examples: Amazon.com, eBay or iTunes.com

Online business is not so different from any other sort of start-up venture; the same principles apply. Think about what makes an "offline" business successful, and then analyze your Web business in the same way. To get you started, the following is some of the essential steps you'll need to take:

Step 1: Determine your Business Model

Just as in an offline business, you will have to figure out how to make money. It will help if you create a business plan and consider what other successful online businesses are doing. Some options include:

- extend your existing "brick-and-mortar" business online
- sell products
- sell services
- sell information
- sell advertising
- become a reseller

Consider your competitive advantage.

Step 2: Find a Good Name and Register Your Domain Name

Offline, a good name is usually short, easy to remember, and reflects your business in some way. It's the same in the online world. Your domain name is how you'll be known on the Web. Customers will have to remember it, spell it correctly, and type it into their Web browsers. Good domain names are memorable, short and easy to spell, and usually reflect your business purpose. (There are a lot of exceptions to the latter rule: think eBay and Yahoo!).

Step 3: Build an Effective Store

Think of an effective offline store: it is attractive, projects the right image, and is easy for customers to find what they want. Make sure your online store has the same qualities. It should be easy to navigate, with a good search function. The design should reflect the image you're trying to project: professional, hip, up-scale, etc.

Make Your Customers Happy: Successful shops have great customer service. An online store can keep its customers happy by offering lots of online information, answering inquiries promptly, shipping quickly, and providing for easy returns.

Step 4: Rent from a Reliable Landlord
You wouldn't want your offline store to lose sales because it was frequently closed for repairs, would you? Choosing the right Web host for your site is like renting from a reputable landlord. A good Web host offers uptime guarantees (always open), can handle a lot of traffic (customers), responds to your questions quickly, and offers

Step 5: Get Paid
Just like a real store has "back-end" systems in place, an online store needs mechanisms to accept credit cards and process orders. To automate even more, you can also integrate your online store with accounting, inventory, and fulfillment systems. Examples: Visa, Amex, PayPal

Step 6: Spread the Word
A store on Main Street is guaranteed at least a little foot traffic. An online venture might get a few walk-ins as well. But to guarantee traffic, you have to do some marketing. Online, you can spread the word in a variety of ways:

• Submit to Search engines
• Pay for Search-Engine placement
• Exchange links with other sites
• Advertise
• Use e-mail (don't SPAM!)
• Develop a PR strategy
• Use promotions

Step 7: Refine and Improve
Good offline stores are constantly evaluating their performance and trying new approaches. They rearrange merchandise, design new window displays, calculate profit per square foot, and count foot traffic. Make sure you do the same for your online venture. Use statistics programs to find out where your customers come from and what they do on your site. If you advertise, make sure you test ads and measure their effectiveness.

Useful Websites

VeriSign
Operates the systems that manage .com and .net, handling 14-billion Web and email look-ups every day.
http://www.verisign.com

Yahoo Small Business
Offers services related to starting and managing e-Commerce, such as web hosting service, registers the domain name, etc.
http://smallbusiness.yahoo.com

Trade Commission
Works to ensure that the nation's markets are vigorous, efficient and free of restrictions that harm consumers.
http://www.ftc.gov/bcp/