

Report on building an e-commerce website

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Introduction

The fact that you are reading this report suggests that you are interested in setting up an e-commerce site i.e. selling products or services over the internet. I have attempted to provide a brief outline and some background information to help those new to the idea.

Standard e-commerce software

Many companies provide "off the shelf" products and services for developing and running an online shop. The company that I use myself and have experience of is 123-reg (www.123-reg.co.uk) though many others exist. These companies offer standard packages at a reasonable cost that allow a developer to create a basic, attractive shop quickly and then allow that shop to be managed.

Key features:

- Manual entry of product information or upload from spreadsheet
- Pricing and discount options
- Stock control
- Links to payment systems

Basic services start at £9 a month with a more complete service for £19 a month. For details as to what is included in the different levels of service visit:

<http://www.123-reg.co.uk/ecommerce>

My recommendation would be that you should consider the £19 a month option (called the Pro service) as this offers integration with credit card systems as well as Paypal which, though effective, is not universally adopted by consumers.

Operating an e-commerce site

In my experience running any business is time consuming and painful and e-commerce is no exception. Setting up the site with products and links to payment systems is relatively straight forward once the product information is available in a digital form. The success of the business comes from the owners knowledge of products and customers rather than any trick of the internet. The right products, priced competitively and targeted at the right people will always succeed. Like a high street business the main task is to attract customers to your site rather than any other and then get them to buy.



Attracting visitors

Creating an attractive looking site will not automatically bring it to the attention of potential customers. Having no physical presence means that there will be no "passing" trade so people need to be told that you exist. There are three ways that you can tell people about your online business; search engines, online advertising and offline (traditional) advertising.

Getting sales

Promote products that people want to buy, at a price that is competitive in the online market place for the level of quality offered, presented in a clear attractive way. Common sense really.

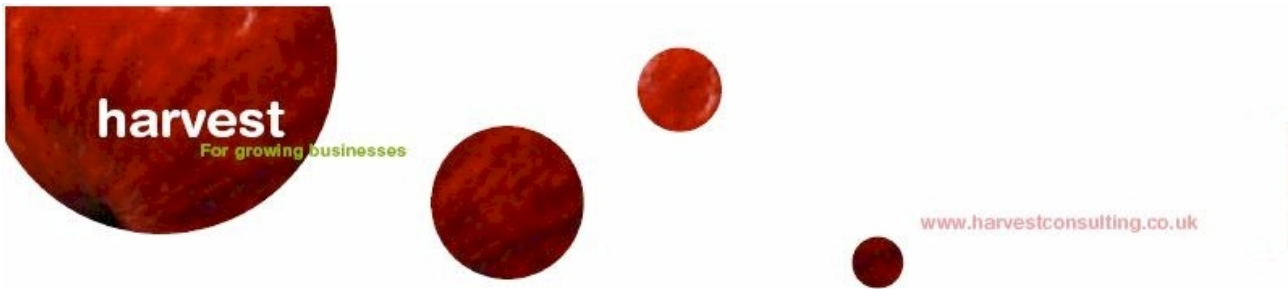
Fulfilment

E-commerce systems include order processing and stock control as part of the product but you still need to do the work. Online customers are used to Tesco, Amazon, Next and other large online stores that allow you to buy one day and receive delivery the next. Unfortunately consumers do not differentiate between Amazon and you and therefore service levels for online stores need to be high. This means that manpower is required to monitor orders and customer enquiries. Customers may well want to phone to speak to someone about the products or delivery and many people won't buy unless they see a phone number, even if they don't actually use it.

The benefit

Having painted something of a negative picture there are many advantages of an online store to a physical one. Once the site has been built and presented to the search engines they will add it to their list of entries and can present it to potential visitors on an ongoing basis for free. The key to making the search engines present your site is to research your competition and find niches that other online stores leave available. The different marketing channels can be monitored precisely and analysed as to what works and what doesn't.

Customers are available from whatever geographical area you choose to select. Whilst consumers may not wish to drive more than twenty minutes to a garden centre they probably don't care where on online business is located and therefore are more likely to purchase from a distance, greatly increasing potential market size.



Consultancy / support fees

Based on a basic site with less than 100 products, for which digital information is available, I believe that a typical project will take the following amounts of time for each stage:

	Hours
Review of requirements	20
Site development	40
Training and support	10
Initial website promotion	10

These estimates are crude, based on experience, but would indicate that you should set aside a budget of approximately £4,000, based on an hourly rate of £50, for the support services. As the project progresses I present invoices weekly and ask for payment with seven days. A status report is provided with the invoice to show how the project is progressing against budgeted costs.

In addition to the development cost will be approximately £230 per year for the e-commerce service and any costs associated with an agreement with a credit card company for taking online payments.

How to proceed

Firstly you need to decide if the cost for the project is justified in terms of possible income and profitability. It is worth having an idea at the start of the project of what you hope to achieve so that in six months you can measure if the project has been successful.

Assuming that you wish to proceed then we need to decide whether to do everything at once or to move in stages and whether you wish to engage me for a fixed price or at an hourly rate.

I can assure you that I would be delighted to take on your project with a view to helping you make the most of your computing technology to bring a range of benefits to your business.