Key Considerations

Before Embarking on an eCommerce Project

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Overview

The eCommerce industry has grown by leaps and bounds over the past decade. More and more businesses are taking the plunge and setting up online stores. The main goal in setting up online stores is to increase sales while reducing costs.

An online store can dramatically widen the reach of your products. There are no international boundaries for web-based sales. Online stores can improve cash flow. Studies have shown that business owners who conduct their business online receive payments faster, thereby improving cash flow. Without the need to have a physical presence across the globe, even the smallest online retailer stands to benefit considering the benefits.

However, when businesses move online, they find themselves competing with larger and more established players. Although challenging, with proper planning and preparation, it doesn't have to be a grueling process. This white paper explains the important choices you need to make while setting out to build your online business.

Planning Ahead

A well-thought-out plan needs to take into account every aspect of the proposed online business. A competitive analysis can answer many questions and help formulate strategies that give you an edge. Explore your competitors' product selection, pricing structure, and promotional offers before targeting your audience.

Rules and Regulations
Spend time understanding the laws and regulations of your country/state governing online commerce. Many governments give tax breaks or have a different tax structure for online commerce. If you are going be involved in cross-border trade, you need to carefully study the tax implications.

Choosing an eCommerce Software Package
Next, you need to decide on whether to build or buy software to power your store. Are your requirements met by a canned software package? Should you build from scratch for maximum control? Customize freely available open source software? Or rent software as a service? The selection of eCommerce package depends on your requirements and budget.

Payment Options
You need to decide on how you are going to accept payments. There are a number of options available that include credit and debit cards, direct debit, e-check, PayPal, wire transfer, cash-on-delivery, and more. Each of these payment methods comes at a cost. What works best for one merchant may not be suitable for another.

Warehouse and Shipping Options
If you are selling physical goods, plan the location of your warehouse(s) carefully. Decide if drop-shipping would work for your business. Decide shipment options that you can offer customers.

Shipment Tracking and Customer Support
Plan on keeping the customer engaged throughout the buying process. Alert the customer when the product is dispatched or in transit. Customer support can be delivered through various channels – telephone, emails, mobile messaging and chat. Draft a return policy and plan how you are going to manage returns.

Website Design
The graphic design and content on your eCommerce site should appeal to the customer. The website should be designed for easy navigation. Include photographs of products you are going to sell. Online customers expect to see what a product looks like through pictures at different angles. You will have to allocate the budget to engage a good graphic designer, copywriter, and user experience consultant.

Marketing

You will have to plan on marketing your online store. How do you bring in more visitors, make them buy your product or service, and keep them coming again for more? Search Engine Marketing (SEM), link-building, social outreach, and e-mail marketing are popular choices for driving traffic to your site.

Security

When you own an eCommerce store, you take on the responsibility of securing customer information such as credit card data. This data needs to be protected from unauthorized access. The credit card industry has come up with a set of guidelines to handle and protect customer data. For instance, the credit card details from customers' browser to your server must be encrypted. This requires the use of a secure protocol (HTTPS) between the customers' computer and your server. To achieve this, you need to invest in a digital certificate. You will also need to encrypt the credit card details if you plan to store them on your server.

Domain Name Registration

Just like a brick-and-mortar store needs a name and location, your online business store needs to register and claim a domain name. You can register a domain name for an annual fee through a domain name registrar. Your online store will need to be hosted on a server; you need to identify a reliable hosting service provider for this.

Choosing Your eCommerce Software

Spending time to choose the right eCommerce software for your needs will save you from trouble later. When you are setting up an online store, you need to decide the software you will use to run the store. There are typically three types of solutions – hosted, off-the-shelf, and custom-built.

A hosted eCommerce solution is the easiest way to set up your eCommerce store. You can sign up with your eCommerce service provider and they will host your store on their servers. If you do not want to take the trouble of building your own store, you can use a hosted (Software as a Service— SaaS) solution. The SaaS provider will host and run your eCommerce store for a monthly fee.

Recommended Hosted Solutions

Shopify is a hosted and paid eCommerce solution. As a merchant, all you have to do is to add products and customize the look of your store.

foxycart!

Foxycart is another hosted eCommerce solution, which integrates well with your existing website. You can customize its look and feel. You need to pay a monthly fee for the solution they offer.

Advantages

- Easy to set up
- No maintenance required
- Many hosted solutions provide additional services such as 24/7 support, SSL certificates, and analytics
- Online store is fully hosted – you don't have to lease a server

Disadvantages

- Recurring monthly fee to keep your store running
- Import and export of your product and sales data are not easy with proprietary solution
- Customizing is expensive

Licensed or Open Source eCommerce Software

Licensed eCommerce software is off-the-shelf software you can download and install on your web server. You can purchase eCommerce software and install it on your server, rather than hosting your store with a third party.

Advantages

- Provides a professional look and can be integrated with other areas of your website
- Fixed cost means one-off fee to buy the license
- Many popular eCommerce packages are open source and completely free to use
- More flexible as the eCommerce software is written in PHP, Java or ASP
- More control over eCommerce data for import or export

Disadvantages

- Security risk with different versions; needs software upgrade on monthly or weekly basis
- Technical know-how required for installation and maintenance

This option is best if you need more control and customization. When it comes to choosing an eCommerce software for your online store, there are numerous options available. Let's have a look at some of the popular licensed eCommerce software packages.

Recommended Licensed, Open Source, and Free eCommerce Software

Magento is an open source and free eCommerce software. Magento is released under GPL (GNU General Public License). You can download it for free and modify the code as per the licensing terms. Magento offers merchants complete flexibility and control over the presentation, content, and functionality of their online channel. Unless there are other parameters to consider, QBurst strongly recommends Magento as it is flexible, powerful, and customizable.

osCommerce is another open source and free eCommerce software released under GPL. osCommerce has a large number of community members and a large installed base. osCommerce is one of the earliest PHP-based open source shopping cart software distributions. osCommerce includes a catalog frontend and an administrative tool backend that can be easily installed and configured through a web-based installation procedure.

Zen Cart is also licensed under GPL and is free. Zen Cart is an offshoot of osCommerce and provides a template engine for creating custom themes for your online shop. Zen Cart is PHP based and uses MySQL database and HTML components. The key features included in Zen Cart are multi-language support, multiple customer modes, unlimited category depth, multiple sales and accounts, multiple display modes, multiple ad banner controller, multiple shipping options, multiple payment options, newsletter manager, discount coupons, gift certificates, featured products, quantity discounts, and more.

PrestaShop is an open source and free solution. PrestaShop is lightweight and fast. It is simple, easy to use and provides good backend designs for your online store. PrestaShop is a modular and customizable solution realized in PHP and MySQL. PrestaShop offers a wide range of features for catalog, customers, orders, payments, shipping, statistics, translation, localization, SEO, security, administration, and modular front office.

Custom-Built Solution

Another option is that you can write your eCommerce software from scratch in robust programing languages. It provides more flexibility than the licensed eCommerce solutions.

Advantages

- Full control over look and feel as well as behavior
- Easier integration with your ERP or line of business systems

Disadvantages

- Costs more
- More maintenance required
- More effort required for payment provider integration

Choosing Your Payment Gateway

A payment gateway acts as an intermediary between the merchant's portal and the acquiring bank. It transfers transaction details from the merchant to the credit card processor, which in turn contacts the card issuing bank for authorization. If you don't use a payment gateway, you will need to collect customer credit card information and process the payment yourself. To allow secure payments and to avoid credit card fraud, using a payment gateway is recommended.

The Steps Involved in Online Credit Card Payment Are as Follows:

- Customer inputs the credit card information
- Credit card details are transmitted to your web server over a secure protocol (HTTPS)
- The above information is forwarded to the payment gateway again over a secure protocol
- The payment gateway forwards this information to the payment processor of the acquiring bank
- The payment processor contacts the cardholder association (Visa/MasterCard), which routes the transaction to the card issuing bank
- The issuing bank sends back its response (success or failed) to the payment processor, who in turn forwards it to the gateway
- The gateway forwards the response to your web server, based on which you can indicate the status to your customer
- You then need to submit the approved transactions in a batch to your bank for settlement

Payment Gateway System
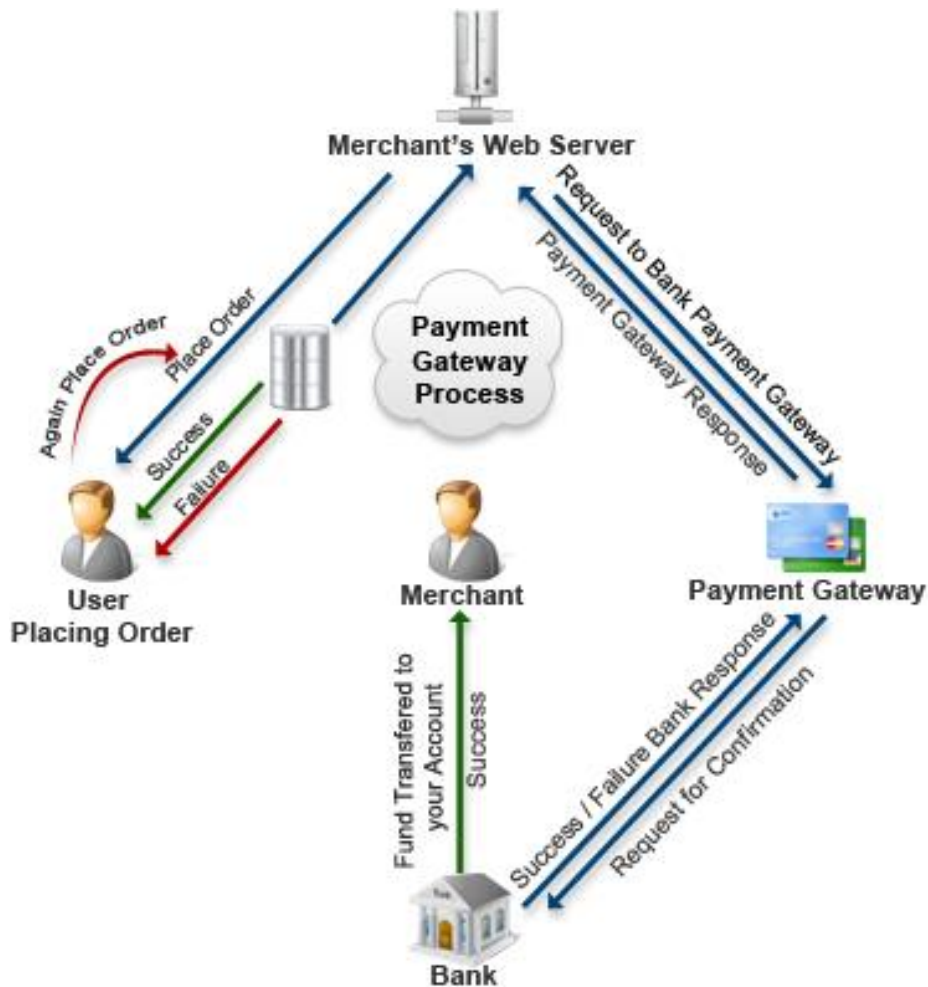
Selecting a Payment Gateway Service

Gateway Compatibility

If you have already purchased shopping-cart software, ensure that it is compatible with your payment gateway. A payment gateway may offer good deals but review the range of shopping cart and online storefronts it supports.

AVS Protection

Your payment gateway should ensure AVS protection. The Address Verification System (AVS) verifies the card holder's billing address with the card issuer. AVS reduces the occurrence of accepting fraudulent transactions. The fee charged by your merchant bank may be reduced by the usage of AVS.

Seamless and Non-Seamless Payment Gateway

You need to have a merchant account for seamless payment gateway. The transaction is seamless and takes place in real time. Your credit card company will credit the money (after deducting their fee) to the merchant account periodically.

You don't need to have a merchant account for non-seamless payment gateway. A non-seamless payment gateway such as PayPal will redirect the purchasing customer to the PayPal website to process its payment and redirect the customer to the online shop once the processing is done. The most popular payment gateways that don't need a merchant account are Google Checkout, PayPal Express Checkout, and Amazon Simple Pay.

Setting up a PayPal Account

PayPal is a non-seamless method for accepting payments that enables you to collect payments from customers in multiple currencies. Using PayPal as the gateway for your website requires you to create a PayPal Business Account. There is no charge to set up this account. Customers can purchase goods from your website using money held in their PayPal account. When the user is ready to pay, they are redirected to the PayPal website. PayPal processes the payment securely and the result of the payment is returned. The customer is then redirected to your website. Your website can then automatically process the order, invoice, and notify the customer via email.

Getting a Digital Certificate

In the age of phishing attacks, you need to prove to users that you are who you say you are. A Digital Certificate, issued by a trusted Certificate Authority (CA), can be compared to a driver's license issued by a federal agency. Research suggests that sites that display a recognizable seal of trust from a trusted authority, such as VeriSign, relays confidence to users. In addition, the certificate key is used to encode information sent from the user's computer to your server. Encoding prevents hackers from seeing customer data such as credit card number and personal information. Users will see a padlock sign on the browser when encrypted data is being transmitted from the browser.

Getting a Digital Certificate

- **Generating Certificate Signing Request (CSR) and Private Key**
  Your private key and public key can be generated with CSR generators. CSR generator products are available online.

- **Sending the CSR to a CA**
  The public key is used to request for the certificate from the CA. When you enter the CSR, you can use your public key file. At the end of the process, an email containing the certificate from the CA will be sent to you.

- **Installing Merged Certificate into Server**
  Retrieve the contents of your email and merge the contents of your signed certificate with your private key file. Then install the certificate onto your web server.

eCommerce Solutions at QBurst

QBurst has been building ecommerce websites since 2004. Our clients like Pixtorie, Mela Artisans, Lola, Striiv, and PrivateFly have experienced great success and won several accolades. Our approach has always been to help clients make the right choices throughout the development process and create quality websites.
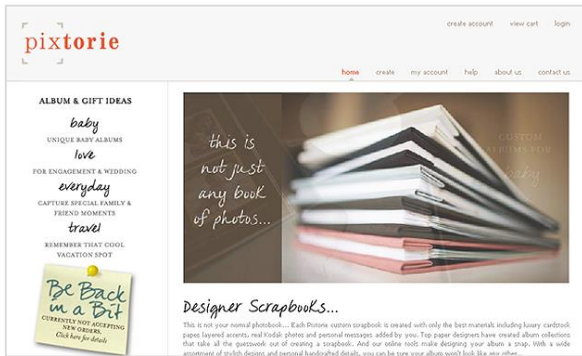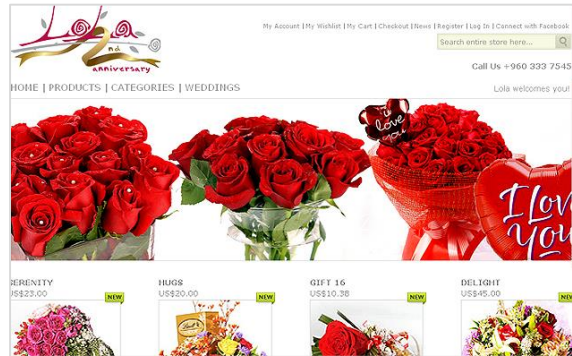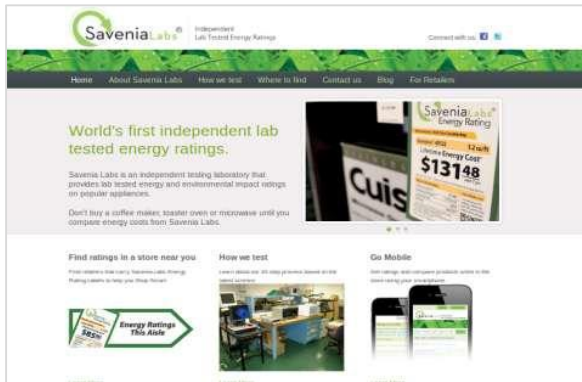
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