



Lesson 5 – Selling Online

On completion of this lesson you should:

- Understand some options for selling online
- Understand important considerations before selling online
- Understand how to evaluate if selling online is right for you
- Understand the various payment methods and gateways available to sell online
- Be aware of places to conduct further reading/research on the topic of selling online
- Understand important security considerations.

Introduction

There's no denying that people are becoming very comfortable with buying and booking items online. Consider this: have you purchased something online or made a booking online in the past 12 months? What about the past month? Do people you know purchase items or make bookings online?

Chance are, the answer is yes, and if you have a product or service you may be able to sell online, it is certainly something worth considering if you wish to diversify, or increase your revenue streams.

Click on the below link to review this infographic which outlines some interesting Australian ecommerce stats before progressing to the next lesson:

<http://www.powerretail.com.au/research-and-intelligence/infographic-australian-e-commerce/>.

What Is E-Commerce?

E-Commerce or Electronic Commerce is the practice of buying and selling varied goods, services and online bookings on the World Wide Web (Internet).

E-Commerce happens when any commercial transaction is facilitated by the internet or email. Most modern and sophisticated e-commerce systems allow users to pay immediately via credit card for items purchased online in real time, however the ability for people to purchase and have their transaction processed separately offline is also available in some cases.

Websites or email can be used to allow customers or clients to order, purchase or pay for things such as: products and services; information in the form of papers, images, video or audio clips - perhaps held in a database on the site; membership subscriptions; rates, licences and taxes; subscription to specialist services, newsletters etc for which you normally charge; specifically requested research conducted by the organisation's staff; bookings and tickets; venue / facilities booking.

What Are Online Booking Systems?

Most people are well accustomed to using online booking systems for certain products and services such as booking air travel and accommodation, yet there is a massive potential for many service based businesses such as hairdressers, massage therapists, tradies and more to be offering their services via online booking systems too.

An online booking system generally allows you to check availability and book online in real time i.e. secure your reservation. Some booking systems will require you to reserve and pay at the same time. Online booking systems provide great convenience to your customers - just think - how many people do you know that complete most of their personal admin i.e. pay bills, book travel, arrange children's sport and other services late at night or early in the morning outside of business hours? If you were able to take bookings automatically after hours, you may pick up new business, provide great convenience to your existing customers, not to mention the competitive advantage it may give you over competitors who do not offer this option.

Another great benefit of online booking systems is that they can drastically reduce your time spent on emails, telephone, updating inventory systems and general paperwork. It also allows customers to view your 'real time' availability, thus qualifying them instantly.

Watch the 10 minute video below which explains Online Booking Systems in more detail.
<http://youtu.be/yIEzCa3tnZc>

*Note - this video is more angled for businesses in the tourism market, but is still a useful clip!

Is Selling Online Right For Your Business?

Selling online is not necessarily the right choice for every business – it depends on your products, services and how you service your customers. It is important to understand how online selling fits in with your other selling / marketing techniques.

Selling online is particularly suited to businesses operating in a niche market or offering well-defined products and services. It is wise however, that prior to rushing out and installing e-commerce facilities that you conduct a cost versus benefit exercise, specifically for your business.

Benefits of selling online

There are many advantages to selling items online:

- **Make money while you sleep!** - e-Commerce systems are available for people for 24 hours a day, 7 days a week and 365 days a year. They never take a break or close down for the day or take public holidays. You can literally wake up in the morning and have money in your bank. Perfect!
- **Global Access** - e-Commerce systems open you up to a worldwide market. If your goal is to expand your reach and accept money in multiple currencies (and ride the exchange rate waves!) e-commerce can help you do that.
- **Quick Response Time** - Transactions can be handled over the Internet instantaneously, most of the time much faster than offline systems. Messages are delivered to the end of the globe at the snap of finger, saving you on typing out confirmation emails or other communications.
- **Cost Efficiency** – Provided you get a system which is suitable to the volume you are selling and the associated profit margin, and you are regularly doing the anticipated
- **Volume** - e-Commerce is very cost efficient and economical. General costs of running a business otherwise are far higher than businesses operated with the help of technology and e-commerce. Staffing, middlemen, overhead costs, etc can be reduced drastically making business handling and administration much more easier. Most of the transaction procedures can be automated without any human intervention.

Disadvantages of Selling Online

Like everything that is good, selling online too has certain disadvantages. Some of which are:

- **Delivery Time** - physical goods take some time to reach your home when you buy them online, whereas if you go to the local store and buy them you can get them instantly. Delivery times may range anywhere from a day to even a month. Moreover,

perishable goods cannot be considered to be shipped for such long delivery times as they tend to get destroyed during transit.

- **Hesitancy** - some customers and businesses are still hesitant to do transactions online. This is often due to the fact that a person may want to see or feel the service or goods they are paying for which they cannot do on the internet.
- **Online Safety** - is a critical factor that most people consider before even thinking of performing commercial transactions. Customers and businesses should be assured of privacy implications, confidentiality, security and like factors. An amount of trust has to be developed before starting or involving in transactions.

What Could You Sell Online?

Whilst selling physical goods such as clothing or other tangibles is probably the first thing which comes to mind when you think of selling online, there are many items you could potentially sell online apart from physical goods which you need to ship upon order.

These include:

- Membership subscriptions – one off fee, monthly, annual etc
- Donations for your charity or community group – one off, recurring
- Tickets to events/other functions - either online or offline
- Venue or facilities bookings – rent out your space
- Subscriptions to specialist services, newsletters etc for which you normally charge
- Information in the form of papers, images, video or audio clips – perhaps held in a database on your site

Payment Options For Selling Online

It is very important to offer your customers several payment options when selling online, as some people don't have a credit card or don't feel comfortable using it on the internet. Having said this, it will depend on the systems you choose to use to sell online, as some systems will only allow certain options. Generally speaking however payment options that exist include:

1. C.O.D (cash on delivery)

This option costs nothing to set up, you must advise the customer that there will be an extra charge for C.O.D, as Australia Post charges a fee for C.O.D. Australia Post will take delivery of your payment when it is collected, and return any payments to you by money order.

This is not a recommended option, as you risk not recovering the credit extended!

2. Direct Deposit

This is another payment option that is free to set up. Once a customer has made a purchase, you advise them of your bank account details, then once you receive confirmation from your bank that the payment has been made you can ship their goods. Whilst it avoids transactional fees, it slows the e-Commerce process, which may frustrate the customer. It also doesn't position you as a very professional or sophisticated online business.

3. Paypal

Paypal is a very popular online payment option as it is essentially a shopping cart, payment gateway and online bank (which links to your preferred offline bank) all in one. It offers a fast, affordable and convenient online payment service for businesses of all sizes. Paypal has been around since 1998, and given has been working in with eBay since 2002, many people already have an established Paypal account.

In total there are more than 230 million accounts around the world in growing. Over 5 million Australians already use Paypal. Money paid into a Paypal account will sit in this online holding account, with the owner able to draw down funds at any time to their preferred bank account.

It is a fantastic place to start if you'd like to sell online, particularly if you aren't sure how much volume you will sell online and don't want to go to the trouble and expense of full blown online merchant facilities (more below) in the first instance.

Paypal is relatively easy to set up and importantly, is free to set up and use, however a percentage of each successful transaction receipted via it will go to Paypal. As your business, and the number of online transactions you are doing online grows, your Paypal account can be upgraded to add more features (for a monthly cost) or you may see the benefit of upgrading to other online merchant facilities (more below).

Paypals fees vary depending on which payment solution you are using and the volume of transactions you are processing, but [a list of their fees can be reviewed here](#).

Watch the below short video by Paypal to learn more about this service.

<http://youtu.be/I9xTMUP60Xs>

To get started with selling via Paypal go to this link and choose the 'Business Account'. Paypal offers several payment solutions but the most popular are:

- **Paypal Standard** - Paypal Standard is the basic Paypal account and a great entry-level solution if you're just considering online payments. It is easy to set up and does not charge a monthly fee. For larger payments, Paypal Standard's discount rate (see pricing) lowers to give you a bit of a break. One thing to note: as this is Paypal's entry level solution, when your clients click to pay an invoice, they'll be taken from your website out to Paypal's interface. It's not entirely seamless, but it works. If you're only doing a few credit card transactions a month, we recommend this option. Also, if your clients also have Paypal accounts, they can pay via Paypal-to-Paypal transfers, which are virtually free.

- **Paypal Advanced** - This is essentially a higher-level version of Paypal Standard, with a cleaner interface and your own personalised branding. Unlike many other payment gateways, this version of the Paypal gateway does not require a merchant account. This is advantageous if you don't like paperwork and/or your business is fairly new. Getting a merchant account can sometimes take some time and it can prove more difficult if you are just starting out. The downside with this gateway is that you won't be able to set it up for recurring transactions (auto-bills), to automatically charge your customers' credit cards on a regular basis.

- **Paypal Pro** - This is a further step-up. This option is a fully functional payment gateway that you can use to automatically charge your customers' credit cards as well as process one-time fees very seamlessly. Pro requires you to obtain an Internet merchant account, although they will provide some assistance to help you get set up. Pro has proven to be a very flexible solution; giving most small to mid-sized businesses all the features they'll ever need in a payment gateway.

To compare the above options go to: <https://www.Paypal.com/webapps/mpp/compare-business-products>

Paypal's support - Paypal has a full customer support system: FAQ, online knowledge base, live chat, support tickets and also a Australian based toll free phone number, 1800-073-263, that is open 06:00 to 22:00 Monday through Friday AEST/AEDT and 08:00 to 19:00 Saturday through Sunday AEST/AEDT.

4. Online Merchant Account, integrated with your preferred bank

Using an online merchant account through your bank is a full-blown approach to selling online.

Whilst it gives the highest level of customisation and a professional front, it also comes at a price. Essentially it requires 3 steps:

- 1. Payment gateway** - if you want to use an online merchant facility, you will have to set up a payment gateway through a third party provider. This gateway is used to securely process the payments from your website shopping cart then deposit the money into your bank's merchant account. There are many different payment gateways available, so you will need to check with your bank to find out which gateways their system supports. Then you have to integrate the

payment gateway into your website's shopping cart, you need to check carefully which payment gateway can be integrated into your shopping cart, as some payment gateways may not be compatible with the particular shopping cart software that you are using for your e-Commerce website. See the resource 'Ecommerce Payment Gateways' available in the Resources/Document section of the Online Resource Portal which lists some of your options

2. Establishing an online shopping cart - Follow the below link to see a list of possible online shopping carts which integrate with a wide range of website systems. Note that some CMS (as outlined in lesson 4) may have an inbuilt shopping cart. <http://mashable.com/2008/10/08/shopping-cart-solutions/>. One not on this list which is also certainly worth checking out is shopify.com. Shopify is a powerful ecommerce website solution that allows you to sell online by providing everything you need to create an online store.

3. Online merchant facility - you will need to ask your bank about selling online. Note that some banks may try and sell you into their 'all in one' solution but this may not necessarily integrate with your website so be careful in checking compatibility before you commit to anything. All in one-bank solutions tend to leave a lot to be desired in terms of functionality.

IMPORTANT NOTE - As there are several variables involved with the payment gateway to merchant account option, make sure you check the setup fees, ongoing fees and transaction fees carefully as they can add up to a large amount of money that reduces your profit margin.

One of the major drawbacks with this method of accepting payments on your website is that you may have to pay fees per transaction to both your bank and the gateway provider.

The Steps To Setting Up e-Commerce On Your Website

Want to set up e-commerce on your website? Here's the steps you'll need to take!

Step 1: Decide on the shopping cart you will use.

You may well choose it based on its functionality and ability to integrate with your current or proposed platform. In addition to allowing customers to browse and make purchases from your store, a good shopping cart system can include features such as:

- Gift Certificates: Allowing visitors to purchase pre-paid gift certificates from your store.
- Product Search: A search box that allows visitors to quickly find what they are looking for by specifying product type, manufacturer or model number.
- Newsletter Subscription: A feature that allows visitors to sign-up to your website's newsletter.

- Sales Reports: A feature that allows you to analyse the popularity of different products on your site.
- Currency Conversion: The ability to convert product prices into multiple currencies for overseas customers.
- Affiliate Management: Allows you to manage your affiliate program, monitor the performance of affiliates and set commission rates.
- Discounts/Special Offers: Allows you to apply flat-rate or percentage discounts to specific products.
- Up-selling and Cross-selling: A handy feature that suggests the purchase of related and recommended products once a visitor has added an item to their cart. For example, an online tennis store may recommend tennis balls to everyone who adds a tennis racket to their cart.
- Auto-Responders: Confirmation emails which are automatically delivered to customers when they make a purchase.
- Digital Goods Delivery: The ability to sell digital goods (i.e. ebooks, software, etc) online. Here is a link that gives you a list of shopping cart options for selling ebooks: <http://topalternatives.com/shopping-carts-for-selling-ebooks>

Step 2: Integrate/create/customise a good database

The database is used to keep customer data, create customer personalisation, keep product data, hold shopping cart contents, in some cases integrate with your online accounting systems saving you time in re-entering products sold and tracking inventory in two locations i.e.Quickbooks, Saasu, MYOB Online.

Step 3: Have the ability to accept credit cards

You will want the ability to accept credit cards. You can do this by either signing up for a Paypal account (see above) or contacting your bank to acquire a merchant account. A merchant account allows your business to charge sales to credit cards. It is basically a type of agreement between your business and a bank. As with most everything else, banks will vary in features and costs based upon the servicing bank. you can download a list of Australian banks who offer merchant accounts from the Resources page, the file is called “ECommerce – Australian Online Merchant Accounts”.

Step 4: Get a payment gateway

As per above, a payment gateway collects the credit card info and sales info (price, customer info, etc.) and does some sort of basic fraud check, to make sure the credit card isn't stolen, etc. It charges the customer's credit card and deposits the money into your bank account. If you are using Paypal, you don't need a separate payment gateway, as Paypal acts as an online bank and payment gateway in one. If you want the ability to accept credit cards without Paypal, you will need a gateway. A list of payment gateways who offer accounts to transact in Australia can be found in the Resources page, the file is called “Ecommerce Payment Gateways” .

Step 5: Use a secure socket layer or get a security certificate

If you are using Paypal, you don't need a separate security certificate, as Paypal takes care of this. Some shopping carts also offer built in security certificates. A secure socket layer encrypts the data between the customer's computer and your web server. It keeps prying eyes from sneaking a peek at sensitive data, such as credit card info. A list of Security Certificate Providers can be found on the Resources page, the file is called "E-Commerce – Security Certificate Providers".

Step 6: Integrate it with your website

Some systems are very easy to integrate with your website CMS, whilst others are quite complicated. You may need assistance from a professional for this component.

Step 7: Test it

It is important before you tell the world you are open for online sales that you run several test transactions. Check the process you will go through if you are a user and make sure it is easy.

Ensure the site processes the payment securely and deposits the funds into the nominated bank account.

EXERCISE - COMPETITOR RESEARCH

1. Look at which other similar businesses to yours who sell online and what they sell
2. Look at what functionality they have in terms of e-commerce i.e. gift vouchers, Product Search, Currency Conversion: Discounts / Special Offers etc.

Safe e-Commerce

Research shows that privacy and security are two of the biggest concerns for internet users. Regardless of whether these fears are valid or not, as a merchant it's your job to make your visitors feel safe and confident in transacting on your website.

To achieve this ensure your online shop contains:

- **Privacy policy** - This is a disclaimer placed on a website informing users about how the website collects and stores a user's personal information. A typical Privacy Policy contains information regarding the type of data collected and what security measures are in place to secure the data. For example, if you have a secure certificate installed on your website you may state that all information collected is protected by secure encryption.

- **Terms and conditions** - How visitors can use your website: For example, you may state that the user agrees not to copy any materials on the site. If your website is only suitable for adults you may state that users have to be 18 and over to use the site. Purchase policies: You should clearly state any purchase policies, including warranties, shipping, refunds and returns. Anything else of significance including waiver of warranties, limited liability, indemnification, grounds for termination of service, etc.

• **Clear ordering and payment instructions** - Nobody likes unpleasant surprises. So tell them upfront. What payments apply? Is GST ex or inc? How many steps does it take to order the product? What information do you require and what is not required? Do they need to register for an account to purchase via your site? Could this put the person off?

Check out the ordering and payment structure of other businesses to get a feel of what might be appropriate to your business.

• **Refunds** - What is your refunds policy? Under what circumstances will you provide a refund? Will it be a full refund or partial? Check out the refund policy of other businesses to get a feel of what might be appropriate to your business.

• **Delivery and returns information** - Once a transaction is processed, when can the customer expect their goods? Where do you ship to? What are the costs for shipping to different locations throughout Australia and if you are shipping to international destinations, those locations? What is your policy in regards to returns. Will you take goods back if they appear faulty. Do you require people to complete a form to provide information on the issue. Does the client pay for the shipping each way or do you?

Check out the deliver and returns policies of other businesses to get a feel for what might be appropriate for your business.

Preventing Credit Card Fraud

Internet security issues such as credit card fraud and identity theft have received a lot of media attention. While it's true that there is a risk involved in transacting online or selling online, as we've mentioned in previous lessons, would you not drive a car because you might have a car accident? Just as in the number of people driving cars and the number having accidents, the number of people having fraud issues compared to the number of those selling online is comparatively low. Obviously it's in your own interest that the transactions you process are true and accurate.

Here are some basic precautions you can take to minimise the risk to your business:

- Check for suspicious purchasing behaviour. If in doubt, call the customer to verify the order by asking for more information (e.g. fax of driver's license).
- Ask for complete information on your order form including full address and phone number.
- Only ship to physical addresses and not PO boxes.
- Be particularly cautious when dealing with countries that have a high fraud rate (e.g Nigeria, Russia, Romania, Indonesia, Malaysia, Pakistan, etc).
- Be cautious of suspicious orders originating from free web-based email addresses (e.g. hotmail, yahoo, etc). These throwaway email addresses are often used by fraudsters to prevent notifying the real customer of their actions.

From a consumer perspective, credit cards remain the fastest and most convenient way to purchase goods and services online. At the end of the day, the best defence for merchants and consumers is exercising caution and applying basic common sense.

EXERCISE - Look at which other similar businesses sell online and what assurances and terms and conditions they have to assure their customers. Consider Guarantees? Warranties? Delivery policies? Returns policies? Use them to help write your own.

EXERCISE: More Reading on Ecommerce:

- Find out more about getting started in ecommerce: <http://www.digitalbusiness.gov.au/e-commerce/>
- Read the The Australian Guidelines for Electronic Commerce developed by Treasury. Whilst they are quite old now (2006) there is some good content contained within this document: http://archive.treasury.gov.au/documents/1083/PDF/australian_guidelines_for_electronic_commerce.pdf
- The Australian Bankers' Association has more information on banks and credit card processing: <http://www.bankers.asn.au>

Online Booking Systems

Online booking systems have also changed the way we use the internet, and live! Most people are well accustomed to using online booking systems for certain products and services such as booking air travel and accommodation, yet there is a massive potential for many service based businesses such as hairdressers, massage therapists, tradies and more to be offering their services via online booking systems too.

An online booking system provides great convenience to your customers - just think - how many people do you know that complete most of their personal admin i.e. pay bills, book travel, arrange children's sport and other services late at night or early in the morning outside of business hours? If you were able to take bookings automatically after hours, you may pick up new business, provide great convenience to your existing customers, not to mention the competitive advantage it may give you over competitors who do not offer this option.

Another great benefit of online booking systems is that they can drastically reduce your time spent on emails, telephone, updating inventory systems and general paperwork. It also allows customers to view your 'real time' availability, thus qualifying them instantly. They will also self-manage their booking i.e. entering all contact details direct into your system, or a third party system from where you can export the data, saving you time re-entering it all. Upon successfully processing the booking, many systems will automatically send confirmation emails

and series of reminder emails or follow up emails too, saving you time on managing these processes manually.

There are many online booking systems available to Australian businesses. They are generally very simple to use and install and can be much cheaper than custom-built solutions. Here is a list of just a few of them which you may like to check out:

To take bookings for events you are running (whether online or offline, free or paid):

- [eventbrite.com](https://www.eventbrite.com) - we have used Eventbrite for some time and highly recommend it. It is free and easy to use. It does however take a percentage per transaction and can link to your [Paypal](https://www.paypal.com) account.
- [eventarc.com/](https://www.eventarc.com/)
- [ivvy.com/](https://www.ivvy.com/)
- [meetup.com](https://www.meetup.com) - **Meetup** is the world's largest network of self-organized clubs and community groups. They make it easy for anyone to organize their own local group, or find one of the thousands already meeting face-to-face to help its members better pursue hobbies, advance causes, network with peers, get health support, or just arrange a friendly playgroup for their kids.
- [Event Espresso](https://www.eventespresso.com) - Event Espresso is not cheap, but its feature set is top notch, so the price is justified. The basic version costs \$89.95, which contains all of the features that 95% of people will need. From there, you can download free and paid add-ons to the basic system. Some free add-ons are for payment gateways, social media and calendars.

Online booking systems:

- [setster.com](https://www.setster.com) - integrates with [Paypal](https://www.paypal.com), [Freshbooks](https://www.freshbooks.com) and [Quickbooks](https://www.quickbooks.com). Plans start from \$19.95 per month. Easy to use and integrate.
- [clinicconnect.com.au/](https://www.clinicconnect.com.au/) - this solution powered by GoBookings is suitable for medical practices and allied health professionals.
- [clickbook.net](https://www.clickbook.net) - another real-time, web-based booking and scheduling system for small business with the critical features that characterise large scale booking systems, without the prohibitive costs of custom-built solutions.
- [webvantage.com.au](https://www.webvantage.com.au) - this system is sold just like typical software, a fixed licence price, consulting to embed it into your website, and fixed price service and support.

- hitappoint.com - This system requires a one off payment of \$119 to get started. It integrates with several Microsoft products.
- appointment-plus.com/pricing.php - Plans start from \$39.95 per month for up to up to 20 Users (staff/schedules).
- [Online booking for the tourism industry](#) - This PDF download has a range of great online booking systems suitable for the tourism industry. Also see the video below which discusses online booking for the tourism industry.

NOTE - This list is by no means exhaustive. If you currently use another system or would like to share another system with the group, please do so within the Private Facebook group.

Watch this short video - <http://youtu.be/bjBTMWLjwsU>