

An Ecommerce Guide from Creative Glow

Welcome!

This seems to come up in a lot of different places from different people so i thought I'd try and write an encompassing overview of the different options and routes out there, or at least the main ones. There is a lot of discuss here. I will cover:

- You need ballpark figures
- Some definitions
- Different options on how to take payment (All in one, Full blown, and the inbetweens)
- Different shopping carts to choose from
- Conclusion

This article is not that long (even though it may appear so) and I fell it is very informative about your different possibilities. The conclusion at the end I would read even if you don't read the rest!

Benchmarks

Now there are quite a lot of different possibilities to start trading on the Internet and many of these decisions are based upon a few criteria you need to decide ball park figures for before you start your search:

- How many transactions you will make in a time period (normally a month)
- The average order value (e.g. the basket size)
- And therefore the total cash you see yourself processing

The reason that these are important is that many payment providers base their fees on these values and so having some kind of estimation will allow you to compare the packages more effectively. Once you have decided these there are three basic routes you can take to Internet trading. The first thing to keep in mind is that there is no right or wrong route - no route will fail completely compared to another one - but it is best to get the one which fits your business correctly.

Definitions

Before I go into the different routes I think it will be useful to define a few terms. Don't worry about them for now as they will all be used in context below and so will make much more sense:

- Internet Merchant Account (IMA): This is effectively a bank account that allows you to receive payments over the Internet directly into your account. These are normally purchased from your bank and vary in cost but normally are around £200. This does involve speaking to your bank, filling in forms, checks etc etc. This DOES not have to be from your current bank, so shop around.
- Payment Gateway: A company that actually takes the payment over the Internet. They provide the payment processing systems to talk to the credit card companies and such like.
- SSL Certificate: This is a certificate that you can purchase for your website that means you get that padlock in the bottom right of your screen (or wherever it may appear on different browsers). These can cost from around £150 a year and is dependant on your hosting company and current set up.

Payment options

1. **Use an all-in-one solution.** These are the solutions that can provide you with everything that you need in one place - the shopping cart, the payment system, the lot. The most well known of these solutions is Paypal. With this solution, there is no need to get an IMA off your bank, no need to engage a separate payment provider and no need to purchase an SSL certificate. This is why they are very popular with small business as there is almost 0 set up cost (just your time and any time you/your developer needs to integrate it into the site). Paypal makes it's money from the fees it charges on transactions. The costs as of time of writing are available at:

https://www.paypal.com/uk/cgi-bin/webscr?cmd=_display-receiving-fees-outside

As you can see these are based on the total transaction value per month. So what are the pros and cons of this approach?

Pros:

- You don't need an IMA, Separate payment gateway or SSL Certificate
- It's easy to use and to set up (with some basic web knowledge/developer)
- With no monthly fees you don't need to worry about dry periods of little or no purchases as you only pay when people buy.
- Paypal is a well recognised name by a lot of people and so trust is already there. Although it also has to be said that because they are so big they are the subject of regular fraud attacks (email fraud mainly) but deal with it reasonably well.
- From the above it can be seen this can be perfect for micro to small businesses with basic needs.

Cons:

- If you are dealing with high value transactions or transactions on a very regular basis, Paypal's fee structure will work against you and be less profitable.
- Paypal can be perceived as a 'cheap' solution by people as it is so easy and cost effective to set up people may not take you as seriously as you need them to to trade with you: this depends largely on what products you are selling and your perception in the market place. E.g. you wouldn't sell Aston Martins through Paypal.
- Their shopping carts and shopping tools are not very flexible and so they may not be right for your business needs. Although Paypal can get more advanced with the aid of a good developer if you still don't want to go the IMA routes (But this will incur further costs of the developer of course).
- Paypal isn't always the quickest. It sometimes can add extra steps to a transaction and always has the first screen as the one here

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Payment For: Submission to Directories
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Packages: 1

Currency: U.S. Dollars [?](#)

Amount: \$534.00 USD

Shipping & Handling: \$0.00 USD

Total Amount: \$534.00 USD

If you do not currently have a PayPal account [Click Here](#)

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Obviously every extra step added is another chance to lose your customer. This step is added by Paypal to encourage people to sign up for their account before they purchase. There are ways around this, but that is more advanced use of Paypal.

Conclusion for Paypal:

Paypal is very effective for small enterprises you want as small as possible start up costs and a pay as you go attitude to Ecommerce. It is simple and fast to set up and you need no extra bits and pieces apart from the possibility of employing a developer to intergate the Paypal system with your website.

2. **Use all separate parts.** The complete opposite to the Paypal solution is to go all out for a full blown Ecommerce solution that is fully flexible and in your control. This involves purchasing the IMA, getting in touch with a payment provider and buying an SSL certificate for your site. There are many providers around but I have had good dealings with [Protx](#) and also heard that [Sec-Pay](#) are good. This allows you to have a completely bespoke shopping cart solution that has integrated payment pages. At no point will the customer be sent to anyone else to pay and no payment provider logos will appear unless you want them to back up the credibility of your system. You take all their details on your site (hence the need for the SSL certificate)

Pros

- Full flexibility to do whatever you like in your entire payment system.
- No possible confusion for the customer between your site and the payment site (although this is less important these days)
- Normally no Pay per transaction fees: a flat monthly fee is the normal way of dealing with these payment providers, or a flat fee per transaction, just not a percentage.

Cons

- Expensive and time consuming to set up due to dealing with the Bank, Payment providers and also your Hosting company.
- You will need a good web developer to integrate it all together.

Conclusion for full blown Ecommerce:

This should only really be considered if you are going to be taking a high volume of transactions at a reasonable order value per transaction. Due to the set up costs and ongoing costs you need to have a minimum number of orders to be processing to make sure you break even. There is also a high development cost associated with these sites.

3. **The In between options**

So after all that, there are some inbetween options available to people that do not want the full flexibility and cost associated with option 2, but would like to adopt a more professional and powerful approach than option 1. There are two main ways to have this half way house:

- Many payment providers also allow you to use their secure servers to process transactions. This means that you will still need an IMA to receive the payments but will not need the SSL certificate on your site as they will do the secure part for you. You can also normally make the payment pages on their server look like yours pages, and so the customer is more often than not none the wiser.
- You could use [Worldpay](#) they are well known and trusted and have been around a long time. This solution is where they give you an IMA and payment provider service all in one via their service WorldDirect. This takes out the pain of getting an IMA from a bank, and you also won't need the SSL certificate for your site as they will handle the secure part for you. They do this on a quote by quote basis and this available via filling in this [request form](#).

So what are the pros and cons of these Inbetween approaches?

Pros

- They take out the hassle of at least some of the full blown ecommerce route by providing some of the services from the same place.
- This normally means you need to spend a little less money.

Cons

- You don't have the full flexibility of the full blown option.
- You also don't have the full simplicity of the all in one option.
- You still need a shopping cart.

Conclusion on In Betweens:

The inbetween options can be very useful to many businesses as they can get away from the Paypal approach which can have a bad perception with some customers and also lacks some flexibility. It also allows them to not quite go as far as the Full blown approach as in many cases this is unnecessary considering the volume and value of transactions

4. **Conclusion of Payment options** It's all about what's right for your business and that's why you needed those benchmarks at the start - look at the cost to benefit analysis of each payment option and which will give you the best return considering not just the number of orders and their value, but also try and put a value on the intangible aspects:

- The perception of Paypal vs Worldpay vs Your own Payment pages for instance
- Do you want to have people logging in to buy and save their details? (Need to go full blown for that one really)
- What kind of service/product are you offering? Premium? Stack them high, sell them cheap?

Now, a very brief looks at shopping carts...

Shopping Carts

With shopping carts there are four main routes you can follow to decide what to have on your website. This decision is highly linked to what you decided above as your route.

1. Carts provided by your all-in-one provider. [Paypal can provide a basic shopping cart](#) system for you for instance.
2. Use one of the many cart solutions out there that require no technical expertise to implement and then can be hooked up to your chosen payment provider. An example of one of these is [EKMPowershop](#) is an example of one of these. These do tend to lack some flexibility that you may need but are cost effective at around £20 a month + your payment provider fees.
3. Use one of the many Open source products available. These generally will need to be hosted on your website and will need a web developer to set them up for you but can be quite cost effective when implemented correctly. One of the best examples of these is [ZenCart](#).
4. Get a web developer to build a bespoke cart for your business. This is a more expensive option than the others normally but will give you complete control over how the process functions, what details you take and what happens afterwards as well as much more.

Conclusion

It can be a minefield choosing a Payment provider and a shopping cart solution. The aim of this article was to try and show you that there are several options out there and to consider them all carefully before choosing the one you want. Very often this kind of ill informed choice can lead to money lost at something that is either ineffective or overkill for what you needed.

Many web developers may suggest that you need a full bespoke solutions because it can do this, that and the other; but what you need to consider is whether you need it to do these things and whether the associated cost outweighs the benefits. **It's all about what's right for your business.**

In today's society it needn't cost the earth to get a shopping system up and running on the web - but you have to be realistic about what you will get. As with all things in life, you generally get what you pay for. As a closing note, I would like to mention that there are far too many cowboy web developers out there in the same way there are many cowboy builders: they kind that you may not realise until it's too late. Get recommendations, look at people's testimonials and just do a little homework.

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<http://www.creativeglow.com>