ALBERTA efuturecentre

Electronic Storefronts

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Electronic Storefronts

Electronic storefronts are web-based services that allow you to create virtual stores, post a catalog of products, calculate shipping fees, and accept online payments with virtually no programming experience. Using only your keyboard and browser, you can point-and-click your way to a slick-looking, revenue-generating website in minutes.

This does not mean putting together simplistic prefab designs and a few megabytes of web storage. There are successful free and subscription services that offer flexible design options along with reporting and marketing tools that enable you to establish repeat customers and generate new ones.

Key Advantages

- **Cost -** A leading technology vendor in Canada stated that a small business can expect to pay approximately $5 million for an e-commerce website. Today, virtually all electronic storefronts can be set up for no more than a few hundred dollars a month; some are even offered for free.

- **Ease of use -** No special hardware, software, or computer training is required. An electronic storefront can be set up using only your browser, mouse, and keyboard.

- **Highly customizable** - These storefronts enable you to select from among dozens of predefined design choices, add content, adjust colors and text, and insert pictures of catalogue items. Pages can be viewed as you create them, and drop-down menus can be easily added so that customers can choose a particular size, color, style, and other pertinent information.

- **Surprisingly robust bundle of e-services** -These include secure on-line transactions, site submission tools, and surveys for attracting business. Most storefronts have inventory manager functions which allow you to keep track of what you have in stock. Some storefronts have invoice export tools which allow you to send customer purchase information directly into other accounting packages.

- **Greater marketing clout and more traffic** - As a member of storefront community, you may participate in seasonal promotions or frequent-buyer

Virtually all electronic storefronts are either free or usually no more than a few hundred dollars a month.

programs, offer customers e-coupons for merchandise, and tap storefront portal traffic.

- **Ideal for retail products, and business-to-consumer transactions.**

Key Disadvantages

- **You or your employees must do the work yourself.**
- **Launching the site is just the start.** The real work is maintaining, updating and marketing the site consistently.
- To accept payments online, you will **still need a credit card processing service,** or your own merchant account. These can be acquired through your own bank, or from a bank designated by the storefront service.
- While you may accept online payments for free, there is an additional cost to process credit card orders in real time (around $100 CAN/month plus 50 cents CAN per transaction).
- **Storefronts can be tricky to navigate,** and awkward to use — especially for web novices.
- **Steep learning curve can be expected.**
- **Your unique online identity may be compromised.** On some storefronts, you are not so much an individual business, as an "affiliate" or "associate," of a particular e-commerce "community."
- **Not designed for wholesale or business-to-business transactions** as such, although can still be designed to work with B2B applications according to your needs.
- **Not designed specifically for service companies' transactions.** Although, again, steps can be taken for compatibility depending on what you require.
- **Most electronic storefronts are based in US.** However, the number in Canada is steadily increasing.
- **Limited usability.** Some US electronic storefronts may have geographic restrictions imposed which can mean limited usability for Canadian vendors.
- **Storefront prices and features change constantly.** For latest and best information, consult each storefront directly.

While you may accept online payments for free, you'll pay extra to process credit card orders in real time.

What Are The Major Categories of Electronic Storefronts?

There are at least five major categories of electronic storefronts:

- Free brochure storefronts.
- Free e-commerce storefronts.
- Subscription e-commerce storefronts.
- E-Auction storefronts.

Free Brochure Storefronts

Provide free promotional or brochure web sites, although no e-commerce functions are provided.

- Freeservers www.freeservers.com

Free e-Commerce Storefronts

No-charge, browser-based e-commerce site creators.

- Bpath www.bpath.com
- Mal's E-Commerce www.ait2000.com
- Xprss www.xprss.com

Electronic Store Front Tips: Free vs. Subscription

Advertising

Free: Some free storefront services make their money by placing ads in your store. Not only can these ads be distracting to your customers, you usually have no control over what products are advertised, so you may end up carrying ads for one of your competitors.

Subscription: Little or no advertising.

Hidden Costs

Free: Most free storefront services only offer a limited number of services free and then charge for what they define as "value added services." Example: online credit card processing. Sometimes they'll insist that you use their merchant account provider whose rates may not be the most competitive. In some cases, your "free" store may end up costing you more than a subscription store.

Subscription: Fees are generally upfront, although some hidden costs.

Terms and Conditions

Free: The Terms of Service for free e-commerce providers tend to be fairly restrictive. For example, they may prohibit you from placing links on your site to any other website. The provider may also have the authority to close your store at any time without giving you any reason, notice or compensation.

Subscription: Less restrictive terms and conditions.

Functionality

Free: While impressive, often lack detailed reporting systems, or customer personalization features.

Subscription: More robust functionality. For example: subscription sites offer the ability to run a storewide sale. Can create a members-only area for top customers. Notify customers automatically when back-ordered items come in. Can save customer order histories, track order shipments online, and create profiles.

Customization

Free: Limited customization features.

Subscription: Higher ease of customization, but not necessarily easier to use than free storefronts.

URL

Free: Name of storefront service usually part of the URL.

Subscription: Unique URL usually available.

Inventory

Free: While rules vary, first 100 products usually free.

Subscription: In general, the bigger your catalogue, the greater the cost.

Business Stage

Free: Ideal for new companies and looking for an easy way to go online without a major financial outlay.

Subscription: Typically used by larger, more established companies that are committed to e-commerce for the long haul, and need more powerful service, support, and promotional tools.

Subscription e-Commerce Storefronts

Monthly fee-based, browser-operated, e-commerce site creators.

- 5click - www.5click.com
- ActiveC - www.activec.com
- Amazon Zshops - www.amazon.com
- CustomCart - www.customcart.com
- DXShop - www.dxshop.com
- ebusiness-apps - www.ebusiness-apps.com
- eParcel Stores - www.canada-shops.com
- HyperMart - www.hypermart.net
- IBM Webhosting - www.ibm.com/services/webhosting
- Scotia WebStore - www.scotiawebstore.com
- Storesense - www.storesense.com
- Yahoo Store - www.store.yahoo.com

E-Auction Storefronts

Create your own free auction site or community where you can sell goods to the highest bidder.

- Bidfind www.bidfind.com
  Price: Free.
- eBay www.ebay.com
  Price: Insertion fee plus up to 5% of final value fee.
- EveryAuction www.everysoft.com/auction
  Price: Free.
- Excite Auctions www.auctions.excite.com
  Price: Up to 5% of final value fee.
- Yahoo Auctions www.auctions.yahoo.com
  Price: Free for now.

Electronic Storefront Tips

Comparison of electronic storefront services:

You may accept credit cards without a merchant account using a credit card processing service. For a percentage of the sale, they will handle all online billing functions from collecting sales taxes to responding to billing inquiries.

Examples:

- CCNow www.ccnow.com
- Clickbank www.clickbank.com
- Digibuy www.digibuy.com

Take adequate measures to prevent fraud. If you ship expensive items, be sure to use a service that provides written proof of delivery such as Priority Courier, Xpresspost or Skypack. There will always be customers who claim their package never arrived.

Look professional. Your job online is to inspire a potential buyer's confidence and convince them that it is safe, easy, and more convenient to buy something on your website. Take the time to correct all the grammar and spelling mistakes, and compare your site with those run by your competitors.

Provide accurate product information. Make sure your customers know what they are buying before they place an order. If you sell books, indicate how many pages they have. If you sell videos, give the running times. In short, don't surprise your customers. The more they know about your products, the less likely they will be disappointed, and the less likely they are to return them.

Answer customer email messages within one working day. If people don't get quick responses they will turn to your online competition — they're only one click away.

Focus on customer service. While the popularity of e-commerce is increasing, many people still have doubts about shopping online. On your site, provide a phone

number for suggestions or complaints, and send an e-mail confirming receipt of an order. By doing all this, you show visitors that their satisfaction is your top priority.

Decide which category of electronic storefront is most appropriate for your business. Is it the free brochure, free e-commerce, subscription e-commerce, e-publishing, or e-auction storefront category? This will focus your thinking and more clearly define how best to take your business online.

Research all the electronic storefronts in a specific category. Whether you're interested in a free brochure or an e-auction storefront, carefully scan all the leading services noted in the handout. Find the specific e-commerce solution that's right for you, and get your business up and running on the web.

Take responsibility. Although the storefronts make it easy to go online, you must still work hard to make your online business a success. Build an attractive site. Advertise and promote your store. Communicate with your customers. Provide great customer service. If you are willing to put in the time, energy, and resources required to make your online store a success, the financial rewards will follow.

Find the specific e-commerce solution that's right for you, and get your business up and running on the web.