



## Building Your Online Store

Building Your Online Store	1	Legal Notice and Disclaimer	7
Web Site Design	5	Summary	7
Web Site Development Agreements	6		

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## Building Your Online Store

Unlike a traditional business built out of bricks and mortar, an online store is built from digital networks and software. Although constructed differently, both stores require a location, a connection to their community and upkeep. The Internet Service Provider (ISP) acts as the connection, while the hosting company, domain name and website provide the location. Maintenance can often be outsourced to either the ISP, hosting company, or web designer.

There are 4 essential elements to opening up a store online:

1. A domain name (i.e., your Internet address)
2. An Internet Service Provider (ISP) to access the Internet
3. A hosting company to manage your store
4. A web site on which to sell your product

### Domain Name

The domain name is the part of your web site address that appears after “www.” Unlike street addresses, you can choose a domain name, if it is not already in use. The address reflects your business, so it is preferable to use the name of your business.

In addition to choosing your address, you can choose whether to register a “.com” or a “.ca” address. A “.ca” address identifies your site as being a Canadian merchant. To check the availability of a “.ca” name, check with [www.cira.ca](http://www.cira.ca). For the availability of a “dot-com” address, check with [www.networksolutions.com](http://www.networksolutions.com), [www.register.com](http://www.register.com), or [www.easydns.com](http://www.easydns.com). If the domain name you want is available, you can register it immediately (currently \$35 US/yr for .com, and approximately \$35 CDN for .ca).<sup>1</sup> It is recommended that you also register alternate spellings of your domain name to ensure minimal confusion.

For example, Sparky’s Plugs could register [www.sparkysplugs.com](http://www.sparkysplugs.com), [www.sparkys-plugs.com](http://www.sparkys-plugs.com) or [www.sparkyplugs.com](http://www.sparkyplugs.com).

The fact that you are approved for a .ca or .com domain name does not mean you have an automatic right to that trade-mark. By registering the domain name with the federal trade-marks office, you can obtain the exclusive right to use the trade-mark. The least expensive approach is to conduct a trade-mark search in the country where you intend to do your primary business.<sup>ii</sup>

It is important to know where your website will be hosted when you register your web address. Hosting services often give you a choice of whether you want your name only ([www.widgets.com](http://www.widgets.com)) or whether you want to piggyback on the hosting service's address ([www.joeshost.com/user/~widgets](http://www.joeshost.com/user/~widgets)). The shorter address is more professional looking and easier for customers to find. The differences surrounding hosting companies are addressed later.

### Internet Service Provider (ISP)

If you are considering selling online, you probably already have access to a computer with an Internet connection. Examples of service providers are phone companies, cable companies and small companies. Larger ISPs provide value-added services such as hosting and designing your store and registering a domain name for you. If your ISP does not offer these services, you can find independent hosts and designers.

#### An ISP agreement should include:

- Periodic fees for connection (monthly or hourly)
- Provisions for upgrading the connection to higher speeds
- Provisions to use e-mail and forwarding/redirecting of e-mail when leaving the provider
- Guaranteed levels of service<sup>iii</sup>

### Hosting Company

Hosting companies provide the dedicated high-speed communications line, support staff, software and expensive equipment. By outsourcing the technical operations of your e-business site, companies can jump online more quickly and at less expense.

**When Choosing a Web Hosting Service:**

1. Identify your needs. How much are you willing to pay? Are upgrades available in case the site requires changes?
2. Make a list of wants. Most web hosting services include:
  - Domain name registration
  - 100 MB of web space plus storage space
  - E-mail accounts, forwarding and autoresponders
  - Online documentation and account access
  - Updated statistics on your site
  - Registration with search engines
  - Shopping cart catalog sales capabilities
  - Database support
  - Secure transaction processing (SSL)
  - 24/7 technical support
3. Do research. Ask around. Visit some other online stores.
4. After your site is located on a server, it never hurts to keep an eye on it. You may become aware of a problem before it causes damage.

Benefits of web hosting services include reduced costs, increased functionality and technical support.

Larger hosting companies can build a custom-designed store for you or provide you with a template package that you simply fill out and your store is automatically created. Hosting companies differ in the types of services they provide and the types of equipment and programs they use. When choosing a hosting company, you may compare the amount of hard disk space and bandwidth offered by the various hosts.

**Bandwidth, Traffic and Hits**

Hard disk space refers to the capacity set aside by the hosting company on its hard disk for a business's exclusive use. This space stores your pages and content—including text, graphics, movies, sound—and other tools, such as databases. The terms "bandwidth" and "traffic" refer to the amount of usage per month. Selecting a hosting company that offers unlimited traffic means predictable monthly bills.

However, hosting companies that offer unlimited traffic often attract businesses that have high traffic resulting in network congestion. Like highways, network congestion slows down access to your business.

Generally, hosting companies that monitor and charge for usage provide excellent service, because they know how much traffic each customer attracts. Be wary of hosting companies that charge by the “hit” or offer “unlimited hits.” Hits do not measure anything unless they refer to bandwidth, traffic, transfer, or usage. Currently, the monthly cost of web hosting services ranges from \$25 to several thousand dollars, depending on the services being offered. Again, it is important to shop around, compare prices, and find a product that fits your current and future needs.

#### **Custom-Built vs. Templates**

As mentioned earlier, hosting services can custom-build your web site or provide an online, browser-based template service.

Some examples of custom-built hosting services include:

- TELUS: [www.telus.com](http://www.telus.com)
- Canadashop.com: [www.canadashop.com](http://www.canadashop.com)
- Shaw: [www.shaw.ca](http://www.shaw.ca)

Some examples of template hosting services include:

- Royal Bank and Industry Canada: [www.communitystorefronts.com](http://www.communitystorefronts.com)
- CIBC & IBM:  
[www.cibc.com/english/business\\_services/small\\_business/index.html](http://www.cibc.com/english/business_services/small_business/index.html)
- Scotiabank & Microsoft: [www.scotiawebstore.com](http://www.scotiawebstore.com)

Template services provide a relatively inexpensive solution for small businesses that want a good-looking online store but do not need full control over every aspect of the site’s merchandising and technical capabilities. Templates are most appropriate for small-scale, online stores that do not feature an extensive number of products for sale.

Advantages of template services:

- Easy to use
- All tasks handled from within your web browser

- Your store can be updated from an Internet connection
- No need to install any software on your computer
- Fast set-up
- No technical knowledge required
- No need to find a web hosting company (the store is hosted on the service's own web site)<sup>iv</sup>

Disadvantages of template services:

- Limited flexibility in store design and layout
- Your store looks similar to other stores created with the same product
- Slower than offline software because your web browser is used to create, modify, and maintain your store
- Costs increase as additional catalogue items are added<sup>v</sup>

### Control

It was previously mentioned that your host's level of control has an impact on domain names ([www.widgets.com](http://www.widgets.com) vs. [www.joeshost.com/user/~widgets](http://www.joeshost.com/user/~widgets)). The service provider that offers the [www.joeshost.com/user/~widgets](http://www.joeshost.com/user/~widgets) address is called virtual web hosting and is typically the least expensive. This is the easiest kind of service to use because the only thing you have to do is post your pages; the hosting company is responsible for administration and maintenance of the server. The downside is that the service is much less flexible, influencing the kinds of tools you can use, the services you can offer, and your Internet address. Virtual server hosting (virtual domain hosting) is the next step in cost and flexibility.

## Web Site Design

E-business web sites come in a variety of forms. From basic brochures to transaction processing, businesses can choose which form best suits their needs. Web sites can be designed by template services, storefront software or custom-built by designers.

Templates, most commonly used in bank-sponsored virtual malls, are the easiest to use but offer the least amount of choice. Storefront software is a tool that you or a web developer can use to create your store. Storefront software offers more power, flexibility, and control than templates. On the other hand, it is also slightly more

complicated as it requires a certain level of technical knowledge. An example of storefront software is Multiactive Software's ecBuilder at [www.ecbuilder.com](http://www.ecbuilder.com).

Providing much more flexibility and control than either templates or storefront software, custom-built stores require a lot of consideration. Before visiting a web designer, thought should be given to how your web site will appear to customers. By looking at other web sites and sketching what you like, you are better able to answer the designer's questions. During the creation of the online store, you may want to get input from your top customers. If this is a new business venture, talk to some target customers to find out what they think.

## Navigation Issues

There are some important organizational elements to consider whether you're creating your own web site or having it custom built:

1. Where are you?—If you arrange information thoughtfully, users will be able to jump back and forth easily.
2. Keep your customers—Often designers make it too easy for people to leave a site. Poor customer loyalty due to cumbersome navigation results in less sales.
3. Complexity vs. ease of use—The more complex your web site, the more time it will take to load onto your customer's browser. Not all of your customers will have the latest and greatest technology.

Many web designers follow the "3-Click Rule." If customers cannot find what they want within three clicks, they will go elsewhere.

## Web Site Development

When looking at having another person develop your web site, a web site development agreement can be used to protect your business by maintaining ownership, ensuring confidentiality of the content, and limiting costs.

Web site development agreements should include:

- A description of the services and product to be provided
- A calculation of the price for the work, fixed or hourly rates
- Ownership of the content being developed and originality of content (copyright)

- A requirement that a copy of the web site is made for back-up purposes
- A completion date including a complete test of the web site
- A maintenance clause <sup>vi</sup>

## Legal Notice and Disclaimer

When designing your web site, an online business should include a legal notice and disclaimer page as these terms and conditions will protect your company from the various conflicts that can arise in sales transactions. As the Internet spans the globe, our products have the ability to be sold in many jurisdictions. By having a clause stating the laws of Alberta and Canada apply, any dispute that arises should be limited to your home country laws. As there are new legal developments everyday in regards to e-commerce, it is best to seek professional advice regarding your web site and the products and services you are providing.

Terms and conditions should include:

- Ownership of copyright and grant of limited licence to use your information
- No part of the site constitutes an offer to buy or sell products
- All products comply with local law and are not for sale in areas where it is unlawful
- Links to other sites are not endorsements of those sites
- Information provided on the site is reliable when posted but there is no guarantee of the quality, accuracy, completeness or timeliness of the information
- The user agrees that use of site shall not violate any applicable law
- The laws governing Alberta and Canada apply <sup>vii</sup>

## Summary

It is important to give the same level of consideration to the development of your electronic store that you would to your physical store. In the construction phase, the key components are domain names, Internet Service Providers, and hosting companies.



Choosing who will provide these services to you will be important in establishing your web presence. By carefully determining your needs, you will be able to compare vendors' services better.

## Endnotes

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<sup>i</sup> D.L. Andrews, "The Cost of Change," Alberta Venture, April 2000, p. 46.

<sup>ii</sup> D. Gray, "Decision Board," Profit, May 2000, p. 67.

<sup>iii</sup> A.M. Gahtan et al, *Internet Law*, (Carsell: Scarborough, 1998), p.86.

<sup>iv</sup> J. Carroll & R. Broadhead, *Selling Online*, (Macmillan Canada: Toronto, 1999) p.28.

<sup>v</sup> J. Carroll & R. Broadhead, *Selling Online*, (Macmillan Canada: Toronto, 1999) p.28.

<sup>vi</sup> A.M. Gahtan et al, *Internet Law*, (Carswell: Scarborough, 1998), p.77.

<sup>vii</sup> A.M. Gahtan et al, *Internet Law*, (Carswell: Scarborough, 1998), p.17.