

principles of Entrepreneurship

>>>> 10. Selling Online

Many entrepreneurs sell goods or services on the Internet. Why? The Internet provides access to a large and growing market. Approximately 627 million people were shopping online worldwide in 2005, according to ACNielsen, a global information-marketing company.

By selling on the Internet, a neighborhood shop or home-based firm can reach a national or even international group of potential customers. When entrepreneurs sell online, they are on a more level playing field with larger competitors.

There are costs to Internet selling, certainly. But the price of creating and managing a Web site has dropped, and the number of Web site design and management companies has grown. In fact, some entrepreneurs find it less costly to run an Internet store than to hire a large sales force and maintain one or more bricks and mortar — or actual — stores.

Some businesses — books, airline travel, and the stock market, for example — have been transformed by their success in online sales. Others, such as amusement parks, bowling alleys, or utility companies, may not at first seem well suited to the Internet. But a Web site also can be used for selling tickets, offering discounts, or letting customers make payments over the Internet.

To start an online business, an entrepreneur must:

- Register a domain name — an Internet name and address.
- Purchase a server or contract with an Internet service provider to host the Web site. Buy Internet software to create a Web site or hire an expert to do so. Design an attractive and easy-to-navigate online store.
- Create an online catalog. Provide clearly written information, without technical language or jargon. Use lots of photos to encourage potential customers to buy. Include clear instructions to order by phone or online.

- Establish a payment method. Some companies bill a customer before or after shipping merchandise. This may cause payment delays, however. Another option is to have customers use credit or debit cards online. A business can get a bank-authorized transaction-processing account (merchant account) for handling the revenue (and fees) from credit card transactions from a bank or other institution that processes credit cards online. Alternately, it is possible to hire an on-line payment service, such as WorldPay (www.worldpay.com), to handle these transactions.
- Make the Web site secure, especially to protect customers' financial information. Hiring a technology expert is time and money well spent as compared to the potential risk of security violations.
- Establish a policy for shipping. Options include letting the business absorb the cost (no charge), including costs in the listed prices, or explicitly listing shipping charges. Customers should never be surprised at the end of a transaction with shipping costs. Customers may cancel the sale.
- Offer customers an e-mail address or phone number for complaints, suggestions, or compliments, and respond to them. This can boost customer loyalty.

After creating an online store, there is still much to do. An entrepreneur needs to attract potential customers. There are many ways to advertise a Web site. One is to print a Web address on business receipts, letterhead, newsletters, and other materials. Another is to contact search engines like Google and Yahoo, and to use key subject words in the Web site design so that search-engine users are directed to the entrepreneur's Web site. For example, a restaurant specializing in food from Afghanistan might include the key words and phrases "Afghan cuisine," "traditional recipes," "contemporary cooking," "bulani," "hummus," "korma," "kabobs," "kofta," "lamb," "ashwak," "steamed dumplings," and others like these.

Web site promotion is crucial. Getting noticed is the first step to making online sales.