

ComeUpSmiling Ecommerce Guide

The following costs are a guide only and where appropriate are based on the published online prices as at 1st January 2010.

a) Potential Costs

When selling products online, it's important to appreciate what the set-up and maintenance costs are likely to be. Firstly, a domain needs to be registered (**£5 to £20**). Next is hosting of the site, and for your average ecommerce store of several hundred products, this will be around **£100 a year**.

The price of the web design is far more difficult to predict; considerations include the design style and complexity of the products that you want to sell, plus options such as customer accounts and gift certificates. Some design companies choose to charge a monthly fee (typically **£100+ a month**) which **includes** the hosting and site design cost. Hosting companies themselves may offer a cheaper alternative, generally based around a fixed choice of template designs and integrated payment options e.g. www.123-reg.co.uk/ecommerce/

A customised site with every aspect designed from scratch just for you is only worthwhile – and affordable – for the largest of companies. To achieve a customised design, which has your own unique look, combined with a wide range of standard options, then the popular choice is a stand-alone ecommerce or shopping cart package such as Actinic, JShop Server, RomanCart, osCommerce, Yahoo's Sitebuilder, or PayPal. Each of these is basically a means of simplifying the creation and maintenance of a shopping site, allowing the client maximum control whilst the web designer focuses on the overall design and - if required - the initial setting-up

Actinic Catalogue is just one of several packages offered by Actinic, and is **£399 + VAT** (with an extra **£295 + VAT** for one year's support). **JShop Server** is **£200 + VAT** including 90 days free support (with an extra **£50 + VAT** if installation required); a range of JShop support packages are available after the first 90 days, from **£50 + VAT** for one year. **RomanCart** also offers a range of packages, the first of which is free; all other RomanCart packages involve a yearly fee, starting at **£59.99 + VAT**. **osCommerce** and **Sitebuilder** are both free, as is **PayPal's** own shopping cart; the latter works with either a basic 'Add to Button' link, or via variables whose values are picked up from a shop's online database.

The web designer would then add on design and set-up costs which will vary depending upon aspects such as number of products to be sold, complexity of design etc. For a typical shopping site using a reasonably sophisticated ecommerce package, expect to pay anything from an **additional few hundred pounds to several thousand pounds** - but remember this web design component is just a one-off payment.

A stand-alone ecommerce package removes the need for an extra monthly charge, and some packages are offered free; generally the more expensive the package, the more sophisticated its options. For example, some packages restrict the design style of the site, while others expect the buyer to have an understanding of coding languages, and/or the initial set-up may be rather complex - again this where the web designer earns their fee.

You might think that's about it, but **photographs will form an integral part** of the shopping site; they need to be of appropriate quality, quantity and size. The web designer will integrate them into the design of the site and may offer alternative generic royalty-free photographs obtained from a stock photo site – whilst these will not be unique to your site, they are often of excellent quality and relatively inexpensive.

And what about the main or top banner of the website - is this created from your logo (if you have one), or is it simply your company name, or a mix of product images? The banner design could well form part of the web designer's brief, but a logo is usually left to a graphic designer, and then there's still the product and section photographs to be arranged. Depending upon which option you choose, such aspects might cost from **almost nothing to several hundred pounds**.

b) Credit Card Payments

At this stage you also need to think about how you are going to accept payment for your products. An **Internet Merchant Account** is a special bank account through which Internet credit card payments are made. A **Payment Gateway** (or Payment Service Provider) is a means whereby credit card information can be transferred and verified via a high-security interface and suitable data encryption.

When the customer clicks to confirm the purchase, they are (temporarily) transferred away from the seller's website to the secure interface/payment gateway; here the credit card information is securely processed (and duly authorised/declined), with the funds eventually being added to your Internet merchant account. This means that you are not processing the customer's credit card details directly on your site, which many site owners (and possibly customers?) prefer. There are lots of Payment Gateways, including WorldPay, PayPal, Sage Pay, Barclays ePDQ etc., and to use such a facility, you are likely to be charged a set-up fee, plus additional fees for receiving or transferring money.

WorldPay – part of the Royal Bank of Scotland Group - charges both a set-up and an annual fee, plus a service charge per transaction; **Protix's** small business service currently charges a fixed fee per month for processing upto one thousand transactions per quarter. Depending on your monthly sales, **PayPal's** Business Account charges a fixed percentage plus a small fee per transaction. In general, depending upon your sales, expect to pay **a few hundred pounds** per year for such a facility.

If that wasn't complicated enough, then the various ecommerce software packages only support certain specific Payment Gateways. Details are at <http://www.actinic.co.uk/services/online-payment.htm> for Actinic, <http://www.ishop.co.uk/features#payment> for JShop, and http://romancart.com/locale/payment_gatewaysuk.htm for RomanCart.

An alternative option is to process credit cards directly yourself. Using a **Secure Server**, the customer sends their details directly to you, and you process them as you would a phone sale. Security is the key aspect here, with data encrypted as it flows from the customer and eventually back to you. First the web browser makes sure that a **Valid Site Certificate** exists, which in turn has been issued by a trusted organisation e.g. **GeoTrust, Thawte or VeriSign**. To set this up is a reasonably complex process, and of course the certifying agency makes a charge for a certificate - typically **£100 to £300 per year, or even more** for Extended Validation certificates. The web hosting company might also charge a small set-up fee. It's a little tricky to get the web designer to do all of this for you as it's a contract between you and the certifying agency, who may well want to do a business check on your company before they issue the site certificate.

A further complication with online payments is **PCI compliance**, which is a standard developed by the major credit card companies. One way to achieve this is to use a PCI compliant payment gateway. However, if you accept credit card payments directly, you need to be PCI compliant and your bank is very likely to ask you to confirm this. There are four merchant levels with differing requirements, Level 4 being any ecommerce merchant with less than 20,000 transactions per year; for these the requirement is an annual Self Assessment Questionnaire, together with a quarterly security scan.

For ecommerce stores preferring the cheaper option of a shared server, then the simplest choice is to pick a PCI compliant payment gateway, as at present there does seem some debate as to whether hosting companies will be prepared to offer PCI compliance (i.e. satisfy the requirements of the security scan) for sites not on dedicated servers.

Both Mastercard and Visa conveniently provide lists of Compliant Service Providers, see http://www.mastercard.com/us/sdp/serviceproviders/compliant_serviceprovider.html and <http://usa.visa.com/download/merchants/cisp-list-of-pcidss-compliant-service-providers.pdf>

If you do still opt to process credit cards directly, then at the time of writing (January 2010), there does seem some confusion for Level 4 merchants over the security scan aspect. Is it mandatory; if so, by when? For example, see Mastercard UK http://www.mastercard.com/uk/merchant/en/security/what_can_do/SDP/merchant/levels.html specifically Level 4, and compare with Barclaycard <http://www.barclaycard.co.uk/business/accepting-payments/pci-dss/> - note that Mastercard states that the security scan is **recommended annually** whilst with Barclaycard it's **required... quarterly**.

Mastercard US http://www.mastercard.com/us/sdp/merchants/merchant_levels.html seems to match Barclaycard, but then adds the following note 'Level 4 Merchants should consult their acquirer to determine if compliance validation is also required'. To avoid complications, a quarterly scan using an Approved Scanning Vendor (ASV) would seem to be the safest option; expect to pay roughly **£150 a year** to the ASV.

c) Credit Card Payments

In total for a customised site based around a stand-alone package and selling, say, **100 to 1000 products**, it would be wise to budget an initial **£2500 to £3500** for all associated website costs, depending to some extent upon whether or not you are going to accept credit card payments directly, with another **£500 to £1000 per year** after this – but obviously it depends on your sales figures and related bank charges.

At the other extreme, for a customised site selling just **ten products** via links to individual product pages, and using PayPal, then the website costs might vary between about **£200 and £500**. For such sites, the majority of the cost would be for the customised design, and the template option would easily help to halve the total charge. Ongoing charges would primarily depend upon sales figures and related bank charges, with website costs being minimal.

However many products you choose to sell, there are a wealth of additional aspects to consider, such as are you going to advertise online? What about search engine optimisation? What are the legal requirements for an ecommerce site? Who will change all the price details when it comes to the January sales? Who will backup all the content and data?

It's important not to rush into selling online and to make sure you are fully aware of all the potential costs; once you've finally got your site up-and-running, then advertising costs could easily make a big dent in your remaining budget.

d) JShop Server

JShop Server (the professional shopping package used by *ComeUpSmiling* for its larger ecommerce sites) provides an ever-expanding variety of interactive and dynamic aspects, such as customer accounts, wishlists, bestsellers, advanced pricing, stock control, gift certificates, newsletters, multiple currency and language support, shipping and tax zones, customer reviews, affiliates scheme, detailed log summary and report data, automatic sending of emails etc. **If you are struggling with JShop Server and need help and advice on any aspect, then please contact us.**

All data is updated via a password-protected management interface, and the JShop package can easily be integrated with a wide variety of merchant accounts, such as WorldPay, Protix, Nochex etc. In addition, the web page style, structure and content can be adjusted to suit each client's specific needs. JShop is appropriate for any size of store, whether or not prices and/or details are likely to change; clients can easily update images, items, and other data themselves via

the management interface.

One consequence of the JShop option is that the organisation and administration of the site is very much in the hands of the client. This is generally felt to be a significant advantage, and it also reduces the admin and set-up costs. However, the initial set-up will require (unless it forms part of the original web design quote) significant input from the client, involving the preparation of detailed product descriptions, section headings, product images and thumbnails etc. Such details can easily be added directly via the management interface, or more efficiently via a spreadsheet. If hundreds of products are involved, the client will need to set aside time to do this essential admin task.

To view the management interface for yourself, please log on to the JShop demonstration site <https://www.jshopecommerce.com/v2demo/admin/> both the Username and Password are 'demo'. Although the interface can look a little daunting to begin with, it provides a wealth of detail and options that you can choose to use or not. Various actual JShop Server stores can be viewed via <http://www.jshop.co.uk/examples>

<http://www.comeupsmiling.com/webdesign>