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Accepting Online Payments – Cost vs. Convenience

By John Tedeschi

If you rely on online marketing to promote and market your business, you know that you must accept credit card payments online to be successful. Immediacy and convenience are the hallmarks of online transactions. When you're making a decision about which online payment solution to use, you will ask yourself the following question.

"Should I pay a bit extra for a professional solution or should I pinch pennies and hope that a free solution will do?"

This is a fair and legitimate question for all online businesses especially those that are new and financially constrained. We all want to save money.

The question can be restated and better answered as "Is it worth it to pay more to have branded payment pages, customized thank you notes and receipts, a level of automation in post–sales processing, and ease in reporting"?

The answer, I believe, is yes it is definitely worth the extra expense because of the time and effort that you will save by not having to perform the non–revenue generating tasks that managing and dealing with a merchant account or a generic payment processor entails.

How much time does it take to answer calls from clients that are unsure what to do when they get to your `free' generic payment page, or track down payments from clients that didn't pay because they couldn't understand the generic payment page instructions (enter your account name etc.)?

How much time does it take to manually cut and paste email addresses or send thank you notes and receipts to clients? How much time does it take to change pricing or the language on your `do it yourself' payment page?

The non–revenue generating tasks required to manage a business are necessary but should not become the main activities of the business. If you are a service professional, i.e., a coach or consultant, your time should be spent in line with the 80–20 rule. That is; 80% of your time should be

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spent on revenue generating activities and 20% on other activities such as the administration of the business.

Think about it in terms of how much your time is worth. For every hour that you spend dealing with non-revenue generating activities, multiply it by the value of an hour of your time. The answer to this math problem is how much money you are losing by performing these tasks yourself. If the number of hours you spend on administrative tasks exceeds 20% of your work week you are cheating yourself out of revenue. And, aside from the lost revenue potential, you will soon find that administrative busy work is a drain on your motivation, energy and ultimately the success of your business.

If paying an extra \$10 a month for a professional, managed online payment processing solution helps you to;

- * reduce the time you'll spend searching for client payment information,

- * automate post sales follow up and receipt delivery to clients,
- * quickly get new payment pages up and receiving payments,
- * reduce calls from clients making payments,
- * look more professional and trustworthy,
- * not have to pay a web developer for a secure site and
- * save money by not paying gateway fees, statement fees and other variable merchant account fees

then using a premium online payment processor isn't just worth the extra 33 cents a day, it's a necessary cost of doing business right.

Can an online payment processor actually save you time instead of creating extra tasks? Go to

<http://acceptiva.com/news.html>

to learn more.

Accepting Payments Online: An ECommerce Web Site Overview

By Bobette Kyle

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There are a seemingly infinite number of choices and configurations to accepting payments online. Choices range from almost total "do it yourself" programming to turnkey packages.

You can accept online payments from an ECommerce Web site in two general ways:

- 1) Through your own online merchant account and/or
- 2) Through a third party online payment processor.

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Accepting Payments Online through your own Internet Merchant Account

Accepting payments online via a merchant account puts you in control and limits your reliability on outside payment acceptance services. This approach can also seem like a jigsaw puzzle. Besides an Internet merchant account, you will need shopping cart software, a store or site host, a processor, and a secure payment gateway.

You may fit these pieces together in several different ways. On one end of the spectrum, you can choose the provider for each piece individually. On the other end, you may choose a turnkey solution, where a single provider has completed the puzzle for you.

There is no single best solution. Your choice will depend on your particular needs and experience. Among other considerations, you should factor in your own comfort with the technologies, customer convenience, providers' service levels, available technical support, reliability, costs, and time commitment involved.

Fees

There are a myriad of potential costs and fees involved in accepting payments online, making it difficult to compare different options.

Potentially, you could be charged fees by each provider involved in helping you accept payments online – application fees, set-up fees, yearly memberships, monthly statement charges, monthly minimums, gateway access fees, statement fees, fixed transaction fees, variable transaction discount rates (processing fee for each transaction), and cancellation penalties are all common.

Often, it is easy to misinterpret the fees you will owe. Rarely are all costs revealed in one place. If you are reading about a merchant account, for example, the quoted costs may not include gateway access, hosting, and/or shopping cart. Because you may be comparing "apples to oranges", options that at first appear low-cost can – upon implementation – turn out to be pricey. Similarly, expensive-sounding solutions may actually be reasonably priced.

Accepting Payments Online through a Third Party Online Payment Processor

If you are not ready to set up your own online merchant account and/or you want to offer additional online payment options, you can turn to a variety of third party online payment processors.

Third party online payment processors provide a way to accept payments online without the extra cost and obligation of a merchant account. To compensate, transaction fees and/or discount rates are significantly higher than for merchant accounts.

Each program is a little different and no single third party payment processor is right for all situations. Clickbank, for example, helps you sell digital products online. At last check, CCNow processes payment for tangible items only.

Deciding What's Best for You

Whether you accept payments online through an Internet merchant account, through a third party payment processor, or both, read all agreements carefully before committing. Do not hesitate to ask the providers questions if information is unclear or incomplete.

There is more information about accepting payments online – including explanations of merchant account fees, finding the right ecommerce providers, and third party payment processor overview – on the ecommerce information site Take-Payments-Online.com, <http://www.Take-Payments-Online.com> .

Put together the "puzzle pieces" for accepting payments online and your ecommerce Web sales will flourish!

Bobette Kyle is publisher of the ecommerce information site <http://www.Take-Payments-Online.com> . She is also proprietor of The WebSiteMarketingPlan.com Network, subject-specific Web sites designed to help you find the right information for writing and implementing your marketing plan. Visit here: <http://www.WebSiteMarketingPlan.com> Copyright 2004 Bobette Kyle. All rights reserved.



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