

"How exactly does Ecommerce work"?

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"How exactly does Ecommerce work"?

By Lisa Schmeckpeper

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This has to be the most-frequently asked question I receive from newbie clients. They know people are buying online and they know they have to accept credit cards if they want to stand a chance in all the net-based competition, but beyond that realization, most are clueless as to how it all works.

I can't blame them, really. It's a confusing online world out there and a lot of people who are trying to tell them how it works are really just trying to sell them their own solution. It's kinda hard to trust the validity of what they say when profit is a huge motivating force behind their persuasive suggestions.

And to be sure, there is profit in this Ecommerce game! Money is to be made at many steps along the Ecommerce path. With that in mind, let's take a walk along the path to Ecommerce, and take a look at the signs—or components—that are necessary to take part in the Ecommerce excitement and potential profits.

#### 1. The Merchant Account:

This really is your first step towards Ecommerce, unless you have chosen to go through a payment facility and are willing to give up a rather large portion of your sales in fees. The up-front costs of a merchant account can be hefty for a small business, but the long-term savings can be

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substantial.

This is especially true if you are selling big ticket items. For instance, on the sale of a \$300 product/service through a payment facility you could pay between \$20–\$45 dollars or more in fees. With your own merchant account it will probably cost you about \$9. With the typical fees and equipment for a merchant account startup costing about \$1,500, you can recoup that cost rather quickly.

A merchant account comes with a merchant identification number. That is about all it gets you. In order to process

transactions you need either a terminal (the little box that you swipe your credit card through at retail outlets) or software that runs on your PC and will dial up the merchant via your modem, and then process the transaction and deposit the money into your bank account.

### 2. The Shopping Cart:

If you are selling just one or two items on your site you won't have much need for a shopping cart. A site with a variety of products should use the shopping cart system because it's the easiest way for your customers to shop. The easier it is to shop, the more they will spend, which is exactly the psychology supermarkets use, and exactly how shoppers are similar whether in a supermarket or scanning through your website. And the nice thing about electronic shopping carts is that the wheels never go square, and you don't have to send a clerk out after the store closes to round up all the carts that have been left scattered around the neighborhood. So shopping carts are good. But how will they work with your merchant account and the all-important ordering process?

If the orders placed on your site are to be processed with the customer's credit card as a sale through your PC or swipe terminal, then there doesn't have to be any compatibility between your cart and your merchant account. The two will work completely independently, each doing their part of the job.

If, on the other hand, you would like all of your incoming orders to be automatically processed for you as the customer

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hits the submit button, you will need what is called "real time processing."

3. Real-Time Processing – Almost every website company I talk to would like to have their orders processed for them (the vision of the owner of a website company turning on the PC and then stretching out in a hammock, watching the orders get processed on the screen, comes to mind). However, most web company people, upon learning the cost involved, take my advice to wait until they have a steady flow of orders coming in before they use real-time processing. If you're on a tight budget the extra fees involved in real-time processing might be better used to aggressively advertise and drive customer traffic to your site. Processing a few orders per day doesn't take very long and until you find it to be more time-consuming to process the orders yourself than you like, you are probably better off processing such

orders manually.

If you are starting with a healthy budget and an aggressive promotion plan you will probably be better off implementing real-time processing right from the start. Changing order-processing methods can sometimes result in system hiccups and you don't want anything to slow down your momentum once you've started. You'll also save money, not having to set up your ordering system twice.

4. Web Hosting – The web host who is hosting your site can sometimes make a difference in how compatible your entire site and ordering system are with each other. I say "sometimes" because for those of us not using real-time processing, it doesn't matter who your host is or where your merchant account is located. They are independent of each other. Orders arrive and you process them. No interaction between the two is needed.

Problems can arise when you bring a shopping cart AND real-time processing into the picture. A shopping cart alone won't cause problems but the cart you choose to use must be compatible with your web host. Some carts are designed to run on certain types of servers, so when choosing one be cautious to make absolutely sure you can use it with your current host. Otherwise you had better be prepared to find a new one.

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If you want a shopping cart AND real-time processing the three (cart, processing, and host) must work together well. Your shopping cart must be compatible with your host and the cart must be compatible with your payment processor. With all the different shopping carts, hosts and payment facilities out there, putting together the right team can be a real challenge. This is especially true for the newbie who doesn't understand how it all works and how it all has to work together, or understands imperfectly but thinks he or she has it all under control when the decisions are finally made.

### One Stop Shops –

The easiest way to find a compatible solution is to choose a provider who offers all you need under one roof. This is what I have done by partnering with Virtualis Systems. I am able to offer a great hosting solution along with a compatible shopping cart that works with almost any real time processor. I have even taken this a step further by partnering with a rock-solid merchant account provider,

E-Commerce Exchange. Now I don't want to force MY "solution of choice" on you in this article so I have set up an autoresponder with details on the Ecommerce solution I recommend to all my clients. Please email our autoresponder at [ecommerce@lrsmarketing.com](mailto:ecommerce@lrsmarketing.com) for details.

### Your Website Designer:

Asking your website designer to recommend a compatible solution is also a good idea. Most likely, he or she has successfully set up shopping carts and payment systems that have worked together for other clients and with that experience can confidently recommend one that will be right for your specific needs. There is also the added benefit that your designer is comfortable and familiar with the cart and payment processing configuration. This will result in less time spent setting up your site, thus saving you money in design costs.

### Who to Choose?

Choosing the right person for this task is perhaps the most important decision you can make (in Ecommerce, that is).

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Choosing a dentist, a pet, and which TV show to watch also rank high in importance). Nobody is an expert in all areas of Ecommerce because there are so many variables, depending on which configurations of hosts, carts, and merchants you choose. Find someone with whom you can talk to and who will listen to YOUR needs with understanding. A web designer who has created sites selling one product through mail order is NOT the best person to go to for Ecommerce advice. Just like a web designer trying to create a site that will sell and not just look good, with no marketing experience, a designer who doesn't know Ecommerce is going to be hard-pressed to juggle all the components that must fit together seamlessly and attractively to construct a truly effective Ecommerce site.

### The Most Common Mistakes?

I've had clients come to me who have been provided a shopping cart by their web host but who then have purchased another cart, not realizing they already have one. They've set themselves up with real time processing and then purchased a terminal even though they will never swipe one card. They've had SSL enabled on their web host server even though it's provided at their payment gateway. I have been on the sympathetic end of many, many more sad tales from earnest folks who have told me their own personal accounts

of throwing hard-earned money away on these kinds of mistakes.

Why? Cutting through all the technical jargon, it's all because they simply didn't understand how each component can, should, and must work in conjunction with one another.

Ecommerce can appear simple (well, almost) once you understand how all the components work together. A merchant account allows you to accept credit cards, your web host shows your website to the world, your shopping cart helps your customers order easily and real-time processing processes the orders in real-time and approved transactions are credited to your merchant account. All are independent components but they all function together to make Ecommerce work. Find a designer or webmaster who can bring all these elements together on your site & watch Ecommerce work for you.

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Lisa Schmeckpeper of LRS Marketing and published in their free newsletter, Website Success Monthly. To receive a free copy of this informative e-zine just send email to [subscribe@websitesuccessmonthly.com](mailto:subscribe@websitesuccessmonthly.com) or visit their website at [www.lrsmarketing.com](http://www.lrsmarketing.com). Copyright © 2000 [LRS Marketing].

### **Profiting From The Ecommerce Website: Tips For The Beginner**

**By Robert Michael**

The ecommerce website has taken the internet by storm. Consumers are buying billions of dollars in merchandise yearly, often even profiting more than offline stores. The internet has become one of the most prominent marketing opportunities ever, and the ecommerce website is a viable way to cash in on the craze. It is possible to profit from the ecommerce sensation. Your first step? Producing an ecommerce site that will always keep customers coming back for more.

Every website has a homepage. On your front page, it is a necessity to have an introduction that confirms the benefits of your ecommerce business and the top quality of all of the products you are selling. Visitors should be at ease shopping with you. Declare the goal of your website and state your business beliefs. You must convey that you have great respect for all those shopping at your ecommerce store, and let all potential customers know that every transaction is secure.

All customers love a good sale. It's a fact. Create a specific portion of your ecommerce site completely for sales and discounts. You may even need to design a different webpage if you have a large number of special offers and popular items, and then a separate page on your site itemizing all of your discounted goods. It is also a wise idea to have gift certificates available for purchase at specific times of the year.

Online shoppers want to visit a website with bold, readable fonts and a crisp design. Graphics should also load quickly; visitors don't want to wait around. An excellent ecommerce site always has clear navigation with large search boxes, and easily scannable categories. You must have a page somewhere on your site that addresses shipping and return policies. Always have a link that guides visitors to your privacy policy. This statement assures customers that you will never sell a third party the information that they have given to you. It is advisable to disclose this policy on the homepage of your ecommerce website.

Customers want their checkout experience to be three things when leaving an online store: fast, easy, and secure. It is essential that your shopping cart is only one click away from the final checkout. This process needs to be completed in the least amount of steps conceivable. A quality ecommerce website should offer a wide variation of payment options. Paypal and other electronic funds, credit and debit cards, online checks and money orders are just a few examples of sources that should be provided. Is your ecommerce shop furnished with a secure server? Let the shopper know. This will make them feel comfortable doing business with you, and most likely, they will keep returning to buy more.

Building and profiting from an ecommerce website is not the impossible dream. With knowledge and time, you can cash in on the newest internet sensation.

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Robert Michael is a writer for Fyi

which is an excellent place to find ecommerce

links, resources and articles. For more information go to:



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