

# E-COMMERCELAND

**You don't have to be Amazon's Jeff Bezos to sell online.** More and more, consumers are demanding the ability to buy goods and services online. In February 2014, U.S. e-commerce sales were up 10% year over year. That compares to 1.5% growth in retail overall.

The digital marketplace is a big opportunity for small businesses, but developing an e-commerce website has the potential to be a major investment. Is it worth it?

**Play to find out.**



## INSIGHT CARD

With expert insights from Chris Diede of Rube Ventures, Austin, Texas, and Michael Murphy of Erion Media Inc., Rochester, N.Y.

**START**

Have you seen products similar to what you want to sell online?

Yes: Advance 7 No: Advance 1

Does your product cost more than \$1,000?

Yes: Advance 1 No: Advance 2

An e-commerce site might not be for you. Shipping expensive products increases insurance costs, and fragile items can get damaged during delivery. Online orders can pile up quickly, so if you can't mass-produce, then you'll have a hard time keeping up with demand. Some products require face-to-face contact with customers. People buying luxury items, for example, need reassurance that a large-ticket item is worth their purchase.

**Return to start.**

Is your product fragile?

Yes: Move Back 3 No: Advance 2

Does your product's large size make it expensive to keep a large quantity in stock?

Yes: Move Back 2 No: Advance 1

Do consumers customize a number of features of your product?

Yes: Move Back 1 No: Advance 1

It seems like you have a product you can sell online. But do you have the research to back that up?

Yes: Advance 3 No: Advance 2

Before moving on, the more research you have to support your investment, the better. Tools such as Google Trends allow small business owners to see if other consumers are performing searches for their product online. Limited marketing campaigns through Google AdWords or limited social ad campaigns can also help you gauge interest in what you have to offer without fully committing to e-commerce.

**Conduct research, and return to start.**

Have you also tried a limited social media ad campaign?

Yes: Advance 2 No: Move Back 1

Do you have the back-of-house infrastructure to ship your products and process returns?

Yes: Advance 2 No: Move Back 1

Fulfilling customers' orders means you must meet more demand. Sizes of stockrooms or warehouse space will increase. You'll also need to allocate a budget for higher shipping costs to cover size, weight, distance traveled and priority of handling—all can take away from your bottom line if not planned for.

**Return to start.**

Research shows there's an online market. Now think logistics. Selling online requires bulk inventory. Do you have a stockroom?

Yes: Advance 2 No: Advance 1

Do you want to retain control of your e-commerce site's design and functionality?

Yes: Advance 2 No: Advance 3

Does your staff include a website developer who can design and maintain a professional e-commerce site and an expert on cybersecurity who can protect customers' personal information during online credit card transactions?

Yes: Advance 2 No: Advance 1

## Congratulations!

Setting up e-commerce functionality through a third-party site, such as Shopify or PayPal, would work well for your small business. You'll provide your customers with your goods and service, and the third-party host will handle security, design and other logistics. These providers, which typically charge a monthly fee as low as \$8/month, also take small percents of each transaction. Third parties also work well for small business owners who want to test the waters with limited inventory offerings, as there are typically less investment costs than a full-fledged, in-house e-commerce operation.

## Congratulations!

You've done the research, and you have the market, infrastructure and resources to make an e-commerce site work for your small business. You're ready to capitalize on the fast-growing online market. How you move on now depends on your budget. Template-based e-commerce sites can cost \$50-\$250/month, but a customized solution can cost more than half a million per year.