

E-Commerce



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Getting Started Guide

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Introduction

For small businesses, the best way to grow is to reach new customers. As such, the Internet presents you with a tremendous opportunity. Not only can it extend your sales reach to a world of new customers in a way that was once unimaginable, it can also be considered a great equalizer because it levels the playing field against larger competitors.

Unfortunately, many small business owners are hesitant to start selling on the Internet due to concerns about costs and technology. If you're facing these concerns, there's good news! The costs of starting a Web site are much less than you might think. Affordable technology solutions and experts are readily available to help you get online and increase your sales quickly.

Isn't it time you took your business online?

Is Your Product a Good Fit for E-Commerce?

There are countless success stories that prove small business profits can skyrocket online. But first, you must determine whether selling products on the Internet is right for your business. To answer this question, consider your product line. Some products are easier to sell via a Web site than others. Here are a few guidelines for success:

1. Is your product easy to understand for your online customers? Remember, shoppers will not be able to touch or try on your product. To purchase, they need to be sure they know what they are getting. Providing detailed product descriptions and photographs can increase your sales significantly.
2. Can you sell the product at an acceptable profit margin once you factor in the time and expense of packaging and delivery? If you sell low-ticket items, you may need to sell in bulk to increase profits. If you sell perishable items, you will need fast delivery and adequate packaging.
3. Do you sell a service or digital (not physical) product that can be delivered efficiently online or via e-mail? Many providers of services or information have made seamless transitions to the Internet, for example, converting magazines to digital editions.
4. Does your product appeal to customers outside your geographic area, or will selling online enhance your service to your existing customers? For example, if you're selling tickets to a local sporting event, someone several thousands of miles away probably isn't going to be interested. But, that doesn't mean your neighbors won't appreciate the added convenience.

Once you determine that you can sell your products online, we hope you'll follow the steps in this guide to get started. As an Internet payments service provider with over 195,000 merchants just like you, Authorize.Net knows e-commerce. We also certify and maintain relationships with business partners who can help you get up and running. For a referral, please visit our Certified Partner Directories accessible at <http://www.authorize.net/solutions/merchantsolutions/onlinemerchantaccount/>.

1 Register Your Domain

The first step you should take toward establishing your business online is to obtain a Web site address, also called a domain name or URL. If your obvious choice is not available, you may need to be creative in coming up with an alternative domain name. Be careful, however, to avoid confusion with similarly named companies.

Domain names comprise your unique name and a top-level domain (TLD), which are the three letters that follow the final period in any URL. The most common TLDs for domestic businesses are .com, .net, and .biz, while non-profit organizations typically use .org. In order to further protect the exclusivity of your Web site address, you may want to consider registering your unique name for each TLD.

Domain registration sites allow you to register your domain from one year to 10 years. While there are literally hundreds of domain registrars, some of the most popular include:

- + 1&1 (<http://www.1and1.com>)
- + ENOM (<http://www.enom.com>)
- + Go Daddy (<http://www.godaddy.com>)
- + Network Solutions (<http://www.networksolutions.com>)

In addition, many of Authorize.Net's certified hosting partners (<http://www.authorize.net/chd/>) can register a domain for you. Prices vary, so do your research. More information on hosting services is coming up in section three, "Host Your Site."

2 Build Your Site



Building your site can be the most difficult task associated with getting your business online. Fortunately, however, you have several options.

Do It Yourself

Merchants with Web expertise and the necessary resources to design and develop a Web site can create their own e-commerce site from scratch using a variety of Web site development tools. While this is the most labor-intensive method, it also provides the most flexibility. Numerous software programs provide flexible and intuitive Web site templates. Recognized leaders include:

- + Adobe Dreamweaver CS4 (<http://www.adobe.com/products/dreamweaver/>)
- + Microsoft Expression (<http://www.microsoft.com/expression>)
- + Namo WebEditor 2006 suite (<http://www.namo.com/products/webeditor.php>)

Each of these programs may present certain advantages and disadvantages, depending on your business needs and level of Web development expertise. Numerous feature comparisons and reviews are available online to help you figure out which solution works best for you.

Purchase a Web Store Builder

Web store builders allow you to quickly create your own e-commerce Web site by customizing existing templates through an easy-to-use software or Web interface. Some Web store builder software includes a suite of solutions that may provide you with everything you need to get started as well as useful store management tools, including Web hosting, a shopping cart (automated checkout pages), credit card processing, inventory control, customer relationship management (CRM), site visitor analysis, e-mail management, and more.

Web store builders typically charge a monthly fee, and possibly additional fees, for their range of services. Pricing can vary greatly. There are several Authorize.Net-certified, third-party solutions that enable you to build online stores and begin submitting transactions right away. You can find a package that will meet the needs of your business in our Certified Shopping Cart Directory <http://www.authorize.net/cscdir/>. Look for a shopping cart description that includes a Web store builder.

Hire a Web Designer/Developer

If you prefer to rely on the expertise and convenience of a Web developer to create your online store, or to connect your Web site to accept payments, we highly recommend you choose an Authorize.Net Certified Developer. Certified Developers have met our rigorous standards, including providing development and integration samples. The Certified Developer Directory is located at <http://www.authorize.net/cdd/>.

3 Host Your Site



A Web hosting company enables you to make your Web site accessible via the Internet by providing space on a server as well as providing Internet connectivity, e-mail management, and other services related to running your business.

There are several factors to consider when searching for a Web hosting provider. For the average small business owner, the most important capabilities a hosting service can provide are reliability and flexibility at a manageable cost. You want your Web site to be available on the Internet at all times, so your host must be reliable. When you want to make changes to your site, your host must be flexible. Additionally, your host should provide multiple ways to reach customer service during reasonable hours. Most hosting providers offer numerous service plans depending on the size of your site and the amount of traffic your site is likely to receive. Look for a plan that allows you to start small and grow as your business grows.

Expect to spend as little as \$10-\$30 a month on Web hosting or as much as several hundred dollars, depending on the size of your Web site, traffic you receive, and the service options you select. Additional options which you might consider include:

- + Extra e-mail addresses
- + Site statistics for tracking visits to your site
- + Extra storage, preferably 50MB to 200MB
- + Shopping cart capabilities
- + Toll-free customer support

There are plenty of free Web hosting services, but beware, these sites typically deliver advertising, including banners and pop-ups, on your site over which you have no control.

The Authorize.Net Certified Hosting Program, available at www.authorize.net/chd, is designed to help you quickly find a reputable, high quality Web hosting company. To become a Certified Hosting Solution, companies must support Authorize.Net's preferred integration methods and meet other important criteria.

4 Accept Online Payments



Now that your site is ready to go, you'll need to give online shoppers the ability to purchase your products or services. To get this next step underway, you'll need both a merchant account and a payment gateway account.

Merchant Account

A merchant bank is a financial institution that provides business level accounts to merchants for collecting payments from consumer bank or credit card accounts. If you're already selling products from a retail location, you probably have a Card Present (CP) merchant account. However, to sell from your Web site, you'll also need a Card Not Present (CNP) merchant account. A CNP account is used by merchants that receive payments via the Internet or in situations when a payment is not physically presented to the merchant by the consumer at the time of the transaction (e.g. telephone orders).

In the payments industry, Independent Sales Organizations (ISOs), Merchant Services Providers (MSPs), and Value-Add Resellers (VARs) are most often the organizations that provide merchant accounts. The Authorize.Net Reseller Directory located at <http://www.authorize.net/resellerdirectory> lists numerous such companies. You can also contact your current banking partner to find out if they provide CNP merchant accounts.

Payment Gateway Account

Payment gateways like Authorize.Net provide the necessary infrastructure that enables merchants to accept credit card and electronic check payments from Web sites, mail order/telephone order (MOTO) call centers and even retail and mobile locations. In other words, an online payment gateway virtually replaces the traditional credit card swipe machine you find in the physical retail world. It captures your customers' payment data and securely communicates with the appropriate financial institution to process and deposit proceeds into your merchant account. The Authorize.Net Payment Gateway also provides tools and solutions that help you manually submit transactions, protect your business and your customers from fraud, secure online access to transaction records so you can track sales; and best of all customer support is free.

In addition to its core payment gateway service, Authorize.Net provides merchants with value-adding products. Our eCheck.Net[®] product allows you to accept and process electronic check payments directly from your Web site. Automated Recurring Billing[™] automatically handles recurring billings, or "subscriptions," to save you time. And to prevent online fraud, our Advanced Fraud Detection Suite[™] allows you to filter and

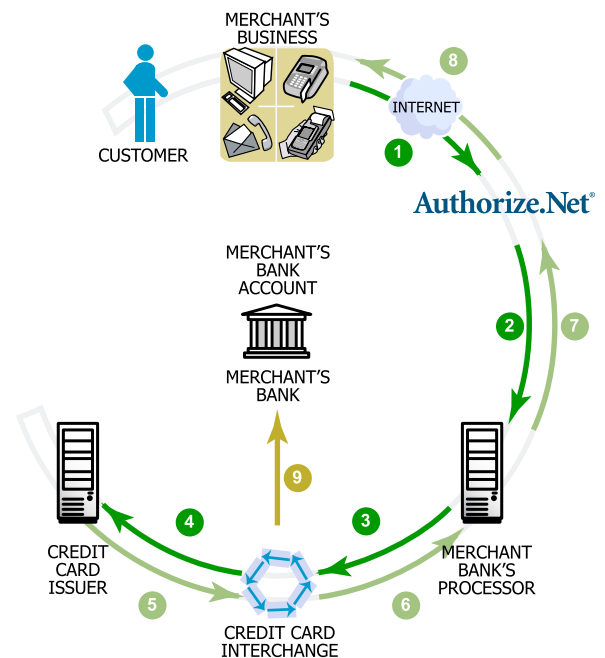
manually review suspicious transactions before shipping product and risking chargeback fees. Information on each of these products is available on the Authorize.Net Web site at <http://www.authorize.net/solutions/merchantsolutions/onlinemerchantaccount/> or you can call us at 866-437-0476.

To accept transactions online, you or your Web developer will need to connect your Web site to the payment gateway. For more information, please see our *Connection Methods Guide* available at <http://www.authorize.net/ds/connectionmethods.pdf>.

Credit Card Payment Flow

The electronic payment process may be difficult to understand at first. The diagram below illustrates the flow of payment information and funds from a merchant's Web site to their bank account.

- Step 1:** A customer submits a credit card or electronic check transaction to the Authorize.Net Payment Gateway via a secure connection from your Web site.
- Step 2:** Authorize.Net receives the secure transaction information and passes it via a secure connection to your bank's processor (a financial partner that provides credit card processing on behalf of the credit card associations, for example, Visa or MasterCard).
- Step 3:** Your bank's processor submits the transaction to the Credit Card Interchange (a network of financial entities that communicate to manage the processing, clearing, and settlement of credit card transactions).
- Step 4:** The Credit Card Interchange routes the transaction to your customer's Credit Card Issuer.
- Step 5:** The Credit Card Issuer approves or declines the transaction based on the customer's available funds and passes the transaction results, and if approved, the appropriate funds, back through the Credit Card Interchange.
- Step 6:** The Credit Card Interchange relays the transaction results to your bank's processor.
- Step 7:** Your bank's processor relays the transaction results to Authorize.Net.
- Step 8:** Authorize.Net stores the transaction results and sends them to you and/or your customer. This communication process averages three seconds or less!
- Step 9:** The Credit Card Interchange passes the appropriate funds for the transaction to your bank, which then deposits funds into your merchant bank account.



5 Promote Your Business



Once you've built your Web site, hosted it, and are accepting payments, it's time to promote your site and drive customers to your store. Since it is impossible to include all the ways to market a Web site effectively and successfully, here are a few cost-effective, online tactics.

Search Engine Optimization

Search Engine Optimization (SEO) is a term used to describe the marketing technique of fine-tuning a Web site to improve its placement in the search results for Internet search engines such as Google and Yahoo. Getting your Web site at the top of search engine results greatly improves your chances of a shopper visiting your site. There are two factors that determine unpaid search engine results.

- + Traditionally, SEO refers to modifying the content and structure of a Web site's text and page layout to improve the relevancy of your Web pages' content to searched keywords. This is a free technique you can perform on your Web site. Once your pages are optimized, you submit your site for inclusion in search engine results.
- + "Link building" is a more complex SEO technique that attempts to increase ranking in search engine results by increasing the number of links to your Web site across the Internet, thus increasing the importance of your Web site as perceived by search engines. Many search engines view links to a Web site as "votes" for the importance of that Web site, and they display more important sites higher in their results. For this reason, it is essential to establish relevant, quality inbound links to your Web site from other Web sites. Link building can be free or paid, depending on the Internet directory or Web site that provides the link.

Pay Per Click Advertising

Pay per click (PPC) advertising refers to advertising on Internet search engines. You pay a PPC service to have your ad appear when a chosen keyword or phrase is searched. Typically you are charged a fixed amount each time a shopper clicks your ad. The price of a PPC ad is usually determined by the competitiveness of the keywords you choose and importance of the search engine on which it appears. The ads normally appear under a heading such as "Sponsored Links." Authorize.Net has partnered with several PPC providers to help you promote your Web site. Please see our list below.

In addition to the tips above, we recommend that you check out the Authorize.Net Merchant Toolbox at <http://www.authorize.net/toolbox>, which is dedicated to highlighting affordable third-party solutions that can assist you in running and marketing your business. Marketing solutions included in the Merchant Toolbox include:

Website Pros

Website Pros knows how important your Web site investment is – that’s why they’ve created a comprehensive small business Internet marketing program to help you get ahead of the competition. The Website Pros search engine and Internet directory listing service, Visibility Online™, can help you take advantage of cutting-edge promotional services without having to do the leg work. Website Pros finds the right mix of services to help you attract the right online customers. Additional information can be found at <http://www.authorize.net/websitepros>.

Email Marketing

MailChimp

Looking for an easy way to stay in touch with your customers and generate repeat business? MailChimp, the award-winning service used by thousands of companies from all over the world, makes it quick and easy to send HTML e-mail newsletters, holiday promotions, and special announcements to your customers. Additional information can be found at <http://www.authorize.net/mailchimp>.

“Offline” Marketing

For offline marketing, make sure you include your Web address in all of your printed material: advertisements, business cards, stationery, yellow pages ad, and anywhere else your business is mentioned. If you have your customers’ e-mail addresses, send them an announcement when your Web site goes live so they know they can now shop at your online store.

6 Manage Your Business



To help your online business grow, you need to effectively manage transaction security, financial accounting, and product shipping, while proactively guarding your business against online fraud. The Merchant Toolbox features our own products and third party solutions that can provide you with important and effective business services.

Security Services

Advanced Fraud Detection Suite™ (AFDS)

Authorize.Net's Advanced Fraud Detection Suite allows you to identify, manage and prevent suspicious and potentially costly fraudulent transactions using customizable, rules-based filters and tools. Additional information on AFDS can be found at <http://www.authorize.net/afds>.

Comodo SSL Certificates

Connecting your Web site to the Authorize.Net Payment Gateway requires technology called a Secure Sockets Layer (SSL) certificate. Comodo is a leading provider of SSL certificates and offers them to Authorize.Net merchants at a significant discount. Additional information can be found at <http://www.authorize.net/comodo>.

Accounting

Atandra

Atandra offers their Credit Card Charger solution for merchants that use QuickBooks®. Credit Card Charger is a simple PC-based service that allows you to process credit card and electronic checks transactions from within QuickBooks. More information can be found at <http://www.authorize.net/atandra>.

FreshBooks

FreshBooks is a fast and simple invoicing and time tracking service that helps you manage your business by tracking time, invoicing clients, generating reports and accepting payments through your Authorize.Net account. Additional information can be found at <http://www.authorize.net/freshbooks>.

KeepMore.net

KeepMore.net is an online accounting solution designed to help small- and medium-sized business owners efficiently manage funds, record transactions, and keep track of deductions. Authorize.Net merchants qualify for a significantly discounted subscription rate. Additional information can be found at <http://www.authorize.net/keepmore>.

Business Productivity

Automated Recurring Billing™ (ARB)

If your business rebills your customers on a regular (or even semi-regular) basis, Authorize.Net's ARB can save you time and increase your productivity by allowing you to set up subscriptions according to the billing interval and duration you set. Additional information can be found at <http://www.authorize.net/arb>.

Conclusion

Today, more people shop online than ever before. More importantly, more businesses are successfully selling online. Authorize.Net's community of over 250,000 mostly small-to-medium sized merchants is a testament to e-commerce's health and its effectiveness as a business tool.

Isn't it time for you to take your business online?

By putting together this *E-commerce Getting Started Guide*, we hope we've eliminated some of the uncertainty that can naturally surface when a business is presented with a new opportunity. Of course, the information in this guide is simply the tip of the iceberg. As you move forward with your online store, you'll continue to have questions and topics that you want to learn more about. Fortunately, just as the Internet provides unlimited opportunities for selling products, it also provides unlimited opportunities to learn. We're particularly partial to Wikipedia, the free community encyclopedia (<http://www.wikipedia.com>); however, you may well find your own favorite information site. Regardless, we wish you the best of luck as you kick off this exciting new endeavor.

And remember, we're always available to help. You can reach us anytime through our Web site at <http://www.authorize.net>.

About Authorize.Net[®]

Authorize.Net, a CyberSource solution (Nasdaq: CYBS), provides secure, reliable, payment gateway solutions that enable merchants to authorize, settle and manage electronic transactions anytime, anywhere, via Web sites, retail, mail order/telephone

order (MOTO) call centers and on wireless devices. Authorize.Net is sold through an extensive network of reseller partners and financial institutions that offer its industry leading payment services to their merchant customers.

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