



E-COMMERCE: HOW TRADING ONLINE CAN WORK FOR YOU



A GUIDE TO IMPLEMENTING ONLINE TRADING IN YOUR BUSINESS

helping you succeed in online business

dti

Department of Trade and Industry



This booklet was commissioned as a part of UK online for business (formerly the Information Society Initiative) – a partnership between industry and government to help British business thrive in the information-based economy.

UK online for business offers support to encourage business use of information and communication technologies, funding a nationwide network of UK online for business advisers to help the business users and programmes for innovative applications, creative ideas and key technologies.

Find out how your business can benefit by:

- ◆ Calling the UK online for business infoline on 0845 715 2000
- ◆ E-mailing info@ukonlineforbusiness.gov.uk
- ◆ Visiting the web site at www.ukonlineforbusiness.gov.uk

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INTRODUCTION

The 'e' in electronics as a prefix has become a powerful and instantly recognisable symbol.

Whether it's e-mail, e-commerce, e-business or even e-Europe, the impact is everywhere.

This electronic revolution in the way we live and work is both a cause of and a response to a series of converging – and unstoppable – trends.

TRENDS

developing technology, which gets faster, lighter and more powerful

social change, including rising customer expectations and the emergence of a computer-literate, 24-hour society

business change, encompassing a more competitive climate; a greater need 'to know now'; the proliferation of desktop computing; and the opening of whole new areas of opportunity

This electronic revolution is already radically changing business irrevocably. Experts are consistently warning that any company which thinks it can wait until new concepts or applications are more developed runs a grave risk of being left far behind.

It is quite likely that organisations that fail to keep up with the opportunities of new technology, will almost certainly see their market position surpassed by faster-moving competitors.

Indeed, the very future of the 'e' prefix is under threat as these new ways of doing business simply become standard operating procedure.

WHY THIS GUIDE?

This guide has been produced to give you practical advice on how to get started in e-commerce. It is not intended to be a comprehensive reference manual, nor to delve too deeply into the technicalities of the subject. Rather, it is designed to give enough basic information for any small to medium sized enterprise to assess and begin to exploit the opportunities open to them through e-commerce.

Technologies and costs change rapidly. Bear in mind that the prices quoted in this booklet are only indicative at the time it was published (March 2000) and that it pays to shop around.

For an introduction to all the main information and communication technologies and how they can be used to boost sales, improve purchasing, smooth production and generally help your business to become more profitable, consult the full series of UK online for business guides. Impartial help and advice is also available from your local UK online for business adviser – visit the web site at www.ukonlineforbusiness.gov.uk or call the UK online for business infoline on 0845 715 2000.



FIRST PRINCIPLES

WHAT IS E-COMMERCE?

E-commerce can be defined in many ways, but the gist of the term is the exchange of information across electronic networks.

In its broader sense it can encompass e-mail and fax. However, narrow, 'transactional' definitions focus on online trading – the buying and selling of goods and services over electronic networks, whether between businesses or between businesses and consumers.

E-commerce is also used to describe how electronic networks are being harnessed to make efficiencies in the way information is processed within or between businesses. This is sometimes known as 'e-business'. Broader process e-commerce issues will be covered in future UK online for business guides.

This guide focuses on the narrower transactional definition of e-commerce, or e-trading, especially on how firms can use the Internet to help market and sell their goods and services.

IT'S HAPPENING NOW...

E-commerce is growing at tremendous rates – with much more forecast.

Andersen Consulting calculates that in the past five years the Internet has grown from three million users, mainly based in the United States, to more than 100 million, now worldwide. Online trading is currently valued at about £6.5bn – projected to grow to £250-300bn within just four years.

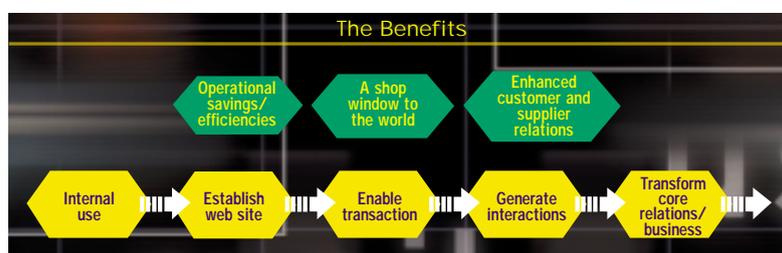
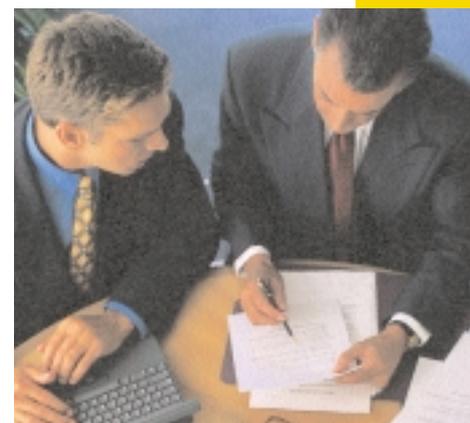
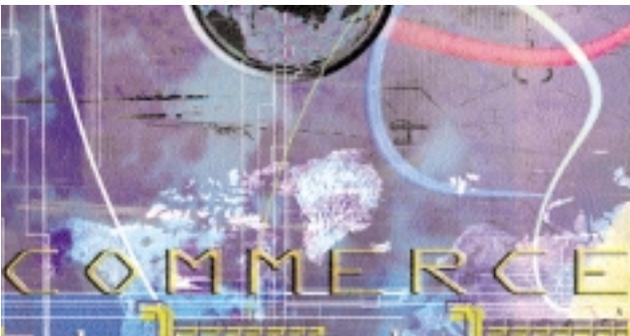
In Europe alone, Forrester Research predicts that online business and consumer trade will grow at triple-digit rates over this same period. By 2002, European e-commerce revenues are expected to be about half the US total, according to the Wall Street Journal; by 2003 the EU's online population will match the States.

WHY IS EVERYONE TALKING ABOUT E-COMMERCE?

In a recent survey of executives throughout Europe, most told Andersen Consulting that they expect e-commerce to bring far-reaching change to the ways they currently do business. A study from KPMG goes even further, suggesting that e-commerce is set to revolutionise supply chains as high-tech 'pioneers' begin to prove that the Internet is more cost-effective than traditional channels for making purchases.

Some of these pioneers are big, well-known companies – Dell Computers and Amazon.com, for example. But many other, and far smaller, companies are finding considerable success in online trading. The case studies included in this booklet are all small and medium sized enterprises – and all are winners of 1999 ISI/Interforum e-commerce awards.

The Government has set out its vision for the future in e-commerce@its.best.uk (see www.cabinet-office.gov.uk/innovation/), providing a detailed programme of action designed to achieve the goal of developing the UK as the best place in the world for e-commerce by 2002.



WHY CONSIDER GETTING INVOLVED?

As the experience of e-commerce pioneers demonstrates, there are good reasons for doing business electronically. Trading on the Internet promises greater market penetration, increased responsiveness to customers, more flexibility and lower costs.

Another benefit, building on e-trading, is the opportunity to forge closer relationships with trading partners, both customers and suppliers. Electronic links can add substantial value to these relationships, facilitating easy, fast, effective communication. That, in turn, opens the way to continued development of the relationship, as well as innovation both in products or services and in delivery, along with enhanced operational efficiency. All of this should be felt on the bottom line.

In other words, e-commerce, pursued with the same good practice commitment as any business strategy, offers important opportunities to cut costs and increase income.

E-COMMERCE: THE POTENTIAL BENEFITS

- ◆ access to new markets
- ◆ cost savings on marketing and promotion
- ◆ improved customer service
- ◆ longer lasting, more profitable customer relationships
- ◆ longer lasting, more profitable supplier relationships

Together these benefits act as a powerful catalyst on any business, helping it reach its full potential. To see the business benefits which small firms – such as Sykes Cottages (which saved by cutting back on costly brochures), or Card Corporation (who gave customers the chance to design their own business cards online) – have gained from e-commerce, visit www.ukonlineforbusiness.gov.uk/business/bencaseframe.htm

GETTING STARTED

The opportunities of e-commerce are very real, but no company should go into it expecting overnight success.

AS WITH ANY NEW BUSINESS VENTURE, E-COMMERCE REQUIRES:

- ◆ a carefully planned strategic framework
- ◆ clear objectives
- ◆ thorough preparation coupled with adequate resources, and
- ◆ a realistic allocation of time to show returns.

The decision to move into e-commerce is a strategic one. You need to be satisfied that it falls into line with overall business objectives, that it will work as an integrated part of your business plan and that you have the resources to meet any new demand you generate.

Research is essential. You need to understand how the Internet works and how you can work with it; how your customers use it – or why they don't; and what the options are for setting up and running your own e-commerce operation. It may involve re-engineering your business processes.

One good approach to deciding the right way forward for your business is to become an e-commerce customer. Electronic procurement is a route being examined, and increasingly taken up, by many companies seeking to increase efficiency and cut costs. You can buy almost anything on the web, including office supplies, furniture and fittings, as well as a vast array of more consumer-oriented goods and services.

DEVOTE SOME TIME TO INVESTIGATING THIS NEW MARKETPLACE:

- ◆ learn your way around the web
- ◆ see what competing companies are doing
- ◆ find some good sites and note the features that make them good
- ◆ buy some products to experience the process
- ◆ think about how you could use the same approach but perhaps make it better

One thing you will learn through growing familiarity with the Internet is that simply putting a brochure online does little to promote your company. In fact, it can be counter-productive. If a site does not provide potential customers with what they want, whether it is supply of products or services, access to knowledgeable people or simply up-to-date information, they will go away frustrated. And if that happens, they are unlikely to come back.

E-commerce implies a commitment to securing your Internet connection, maintaining your site, and keeping it 'alive', in order to give customers what they want time and again. It also implies commitment to the complementary functions of promoting the site, maintaining regular customer contact, managing the record-keeping processes and fulfilling the orders efficiently.

Getting up to speed on all this and beginning to implement new systems can seem a daunting prospect. Remember that your local UK online for business adviser can guide and support you through every stage of the process.

GETTING CONNECTED

WHAT YOU NEED



CONNECTING TO THE INTERNET IS A SIMPLE PROCESS. THE BASIC REQUIREMENTS ARE:

- ◆ a computer
- ◆ a telephone line, and
- ◆ a modem

YOU WILL ALSO NEED:

- ◆ Internet browser software – which may well have come pre-loaded on your computer when you bought it. Alternatively, an Internet Service Provider (ISP) will provide the software.

THE FINAL PIECE IN THIS CHAIN IS:

- ◆ the link into the Internet itself. For small companies this is best done through an ISP.

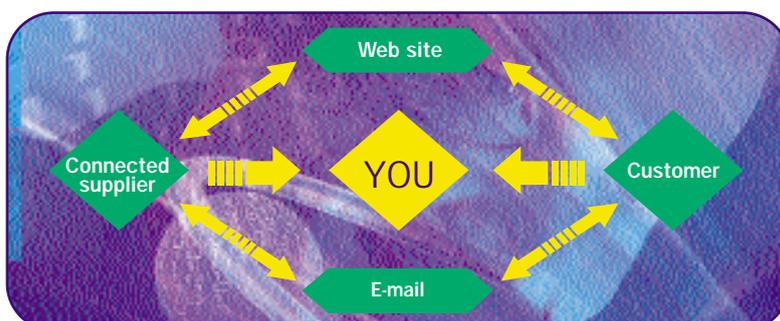
You may also need an ISDN line (or increasingly ADSL, for fast digital information at high bandwidths) from your telecoms provider and a router, acting as a gateway to the Internet, if you're expecting traffic to be high. But many small businesses will not need ISDN or ADSL unless they have a network of computers with several different people all needing to access the Internet at exactly the same time.

ISPs provide 24-hour access through a dedicated dial-in number, most charging a fee that also covers a variety of complementary services. Some ISPs offer free access – though bear in mind that you still pay for the cost of the telephone call, sometimes at premium rates. It is worth shopping around before you select a service provider.

Other publications in the UK online for business series, especially *How e-mail and fax can work for you* and *How the Internet can work for you*, explain some of these fundamental elements in more detail.

Instead of having your own 'free-standing' web site, you can establish your presence on an 'e-mall'. This is a collective site that offers links to a range of companies, usually related by product type or location. The e-mall provider will charge a fee for these links or take a percentage of each transaction. A good example to visit is www.edirectory.co.uk

Your web site, should you decide to go down this route, will need regular maintenance, typically in the form of keeping product or service listings, descriptions and prices up-to-date. Maintenance can be handled in-house, if you have the skills and equipment, or can be purchased from your ISP or a specialist e-commerce support company.



WHAT DOES IT COST TO GET STARTED?

Costs will be both direct – fees, for example – and indirect – especially your own time. Factors that shape the budget include the nature of your business, how you position your company, what it is you want to achieve on the Internet, how quickly and so on.

There are commercial e-commerce software systems available from under £200 that can provide an adequate starting point. Alternatively, a simple site can be created in the free space provided when you sign up for an e-mail account, or a more elaborate site can be hosted – for a fee based on size and complexity – by your ISP.

To establish and run a dedicated web site, a typical budget (in so far as there is a typical budget) might be:



◆ graphic design visuals	£1,000
◆ page production	£80 per page
◆ form for viewer response	£100
◆ set up and testing	£100
◆ page storage (space on server)	£150 pa
◆ site maintenance	£50 per hour
Possible total set-up budget for a 10 page site	£2,000

You will almost certainly want a domain name for your site too – mybusiness.co.uk – and again it is impossible to put a price on this. Many domain names are available free from an ISP, while others are famously being offered for millions of pounds. Sub-domains are available too, particularly as part of a package from a free ISP, but be wary. You will have no control over what's hosted on the rest of the domain.

It is not possible to give definitive costs for e-commerce activities, since this depends entirely on site scale and complexity. The best approach is to define clearly what you want to achieve, collect plenty of information and advice (including from your local UK online for business adviser) and talk to several potential service providers to see what they can offer you.

Costs vary enormously, so shop around. Remember, that in addition to the costs for setting up and maintaining your web site, you will also need to budget for advertising and promoting your web site (see chapter 6).



CHOOSING YOUR SERVICE PROVIDER

Many ISPs offer packages specifically for businesses wanting to get involved in e-commerce. It's a good idea to shop around, compare rates and services and then decide which company to choose as a host for your web site and service provider.

Keep an eye on the Internet press – magazines such as .NET and INTERNET.WORKS regularly rate ISPs for efficiency. An ISP that advertises itself as a 'backbone provider' is referring to a direct connection to the backbone of the Internet, which should mean it has faster access than those which use other ISPs as their provider.

QUESTIONS TO ASK:

Does the ISP cater for different sized businesses – and can it accommodate upgrading?

Some small businesses may cope perfectly well with only a modem – whereas others may require a network dial-up connection (allowing a number of users to be logged onto the Internet at one time) or a leased line (unlimited dial-up). Should your business grow in size and your needs change, your ISP should be able to adapt your account.

What add-ons for business does the ISP package include?

As well as the standard e-mail, web browsing and web site hosting facilities, the ISP should allow businesses to register a unique domain name – not including the ISP's own name – via which e-mail can be sent and received. The ISP will also provide a certain amount of commercial web space – how many megabytes are available, and what is the limit on the number of products and pages?

Are the ISPs' systems sufficient to deal with high volumes of online traffic? Is there 24-hour technical support?

A trial may be the only way to determine the time it takes to upload material onto your web site, how long it takes e-mails to reach you, and whether there is someone on hand to answer your call when you need it.

What level of security is provided?

Some ISPs have security controls with their services. Similarly, some of the network suppliers offering Value Added Networks (VANs) – those typically used for EDI or financial information – offer strong security. But some suppliers do not offer security controls at all. Ask suppliers what security protection they offer.

BUILDING THE SITE

DIY VS WEB DEVELOPER

Once you are committed to an e-commerce strategy, you will want to give it the best chance of success.

Starting out in a basic way with a 'shop window' and e-mail facilities can certainly be done on a DIY basis, with the support of your ISP. More sophisticated e-commerce functions probably means bringing in experts. A sensible starting point is your local UK online for business adviser who can give you help in understanding the options and choosing the right one for your business.

Companies can build their own sites. Software packages to help are readily available, as is a broad range of advice from suppliers, magazines, guidebooks and security experts. But it helps to have some knowledge and plenty of time.

Putting the job in the hands of experts means either building your own in-house team or commissioning a web developer.

WHAT ARE THE ADVANTAGES OF AN IN-HOUSE TEAM?

- ◆ they will be focused on one task – your e-commerce site
- ◆ they will be immersed in the business and working for its benefit full-time
- ◆ if the team already exists, it should be cheaper

...AND DISADVANTAGES?

- ◆ your investment will be very high and it may be some time before it produces a return
- ◆ there may not be sufficient work to keep the team busy full-time, or a career path to keep staff longer term

WHAT ARE THE ADVANTAGES OF A WEB DEVELOPER?

- ◆ you get access to a team of skilled people with a wide range of up-to-date experience
- ◆ they will work to an agreed budget and timetable

...AND DISADVANTAGES?

- ◆ they may take time to develop an understanding of your business
- ◆ your work may vie with other clients' projects for priority

On balance, a web developer, selected as you would any professional adviser, is the best choice in most circumstances. There is a lot of discussion around copyright issues at present, but if you are concerned then make the position clear in any contract of work drawn up between you.

CASE STUDY

OFFERING CUSTOMERS WHAT THEY WANT (www.cardcorp.co.uk)



In the printing industry, short, low volume runs are often just as costly as much bigger jobs because of the paperwork, proofing and time involved for both customer and supplier. Card Corporation set out to develop a different, more customer-friendly approach. Through its fully interactive web site, customers can design and order their own business cards and stationery online, with experts available to give advice if necessary. The company then prints the job and despatches it straightaway, or transfers it to a local associate for delivery.

THINKING ABOUT ONLINE CUSTOMERS

Having become an online shopper yourself, talk to your customers about their experiences and attitudes towards the Net.

The goal is to create a secure e-commerce site that meets customers' expectations and satisfies their needs, encouraging them to come back again and again. With the right site design and content, you can develop this trust and build on it to establish long-lasting business.

But like any inadequately thought through or poorly designed marketing material, an unsatisfying or frustrating web site will drive people away.

The UK online for business booklet *How the Internet can work for you* includes a helpful section on web site design.

At every stage, your site should encourage visitors to make the decision to buy. You can help by ensuring that they have all the information they are likely to need and that the process is straightforward and easily understood. Good design can help 'close the deal', making it easy for the customer to buy at any point.

Building in a mechanism for obtaining feedback from visitors is also worthwhile. Establishing a good dialogue through site feedback will be helpful in getting the design right. Reinforcing this, perhaps with a periodic e-mail newsletter or update, will contribute to customer loyalty.

SUCCESSFUL SITES ARE:

- ◆ friendly and easy to understand
- ◆ logical in their organisation and structure
- ◆ on-target and up-to-date in their information content
- ◆ competitive in what they offer (whether measured in prices or content)
- ◆ responsive to requests for information or service
- ◆ easy to buy from
- ◆ secure
- ◆ require as few 'clicks' as possible to anywhere they need to go

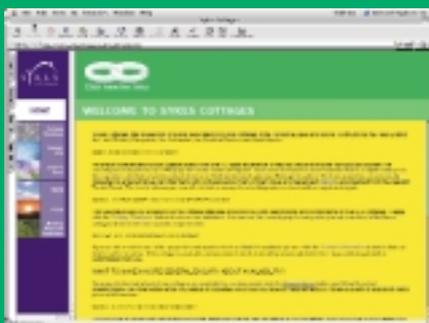
SPECIAL CONSIDERATIONS

Internet users are not required to be patient whilst online: the best sites are accessible quickly, make useful information available immediately and can be 'navigated' without confusion. How long a web page takes to open is a function of how much information and the size and number of graphic images packed into it. Simple pages are quickest – and can still be informative and convincing.

On a similar theme, people generally don't read text on a screen the way they read text on a page. They scan very rapidly for significant information. Therefore, long pieces of text should be broken up with sub-headings, bullet points and links to other useful material. And as in all good marketing material, the message should be clear and compelling, not lost in corporate verbosity.

CASE STUDY

NEW MARKETING TECHNIQUES COMPLEMENT TRADITIONAL CHANNELS



The potential demand for holiday cottages extends well beyond the UK, and this specialist agency moved quickly when it saw an opportunity to get a jump on its competitors. To supplement the traditional marketing techniques of advertising and brochure mailings, Sykes Cottages developed an easy-to-use web site and started promoting this through its established channels. All e-mails receive a prompt response, and the conversion from Internet enquiry to booking now runs at about twice the rate of that achieved through advertising. (www.sykescottages.co.uk)

DESIGN AND OPERATIONAL CONSIDERATIONS

THERE ARE A NUMBER OF PRINCIPLES THAT CONTRIBUTE TO SUCCESSFUL E-COMMERCE OPERATIONS:

- ◆ Build trust. People are more likely to do business on a site that inspires confidence. Explain your commitment to security and the controls you have implemented to protect your systems and information, your guarantees of product quality, procedures for delivery and policies on returns.
- ◆ Show visitors that they have come to the right place by making it very clear what your business does and how it can help them. This means understanding what your customers want, of course, but perhaps also knowing what they can't get on a competitor's site.
- ◆ Make sure your site is fast to load and easy to navigate. Never leave visitors wondering what they are supposed to do next.
- ◆ Confirm all orders promptly by e-mail. This gives the customer extra confidence in your efficiency.
- ◆ Offer a choice of ways to pay. Many customers will be comfortable using credit cards, but some may prefer to send a cheque.
- ◆ Stay in touch by offering after-sales service and support. Consider producing a periodic e-mail newsletter or update on new products and services.
- ◆ Always provide physical contact details. A mailing address together with telephone and fax numbers provide extra ways for customers to be in touch.

DIFFERENT LEVELS OF INVOLVEMENT

An e-commerce initiative can be launched in several ways, presenting the opportunity to start with limited investment and expand as your success and confidence grow.

LEVEL 1 – MESSAGING

Exchange messages and data files quickly and reliably with your customers, partners and suppliers. All ISPs offer basic e-mail facilities.

LEVEL 2 – PUBLISHING

It is easy to make your marketing material available on the Internet. Most ISPs offer free space on their servers, and this can be used to create a company web site which functions as a shop window to your business.

LEVEL 3 – INTERACTING

Using your site to provide an 'electronic catalogue' offers more than just a 'shop-window' to existing and potential customers. You can enable them to browse through product images, descriptions and specifications, offer after-sales support and progress with goods on order.

Queries and requests can be handled via e-mail. At this point, you may require more than the standard web space offered by your ISP, but they will normally be happy to provide it for an additional charge.

Moving on a stage in sophistication, you can provide a 'shopping cart' function that will allow customers to compile and submit an order by e-mail. Receipt of the order and delivery arrangements can be confirmed by e-mail, with the order itself – along with payment – being fulfilled through established offline procedures.

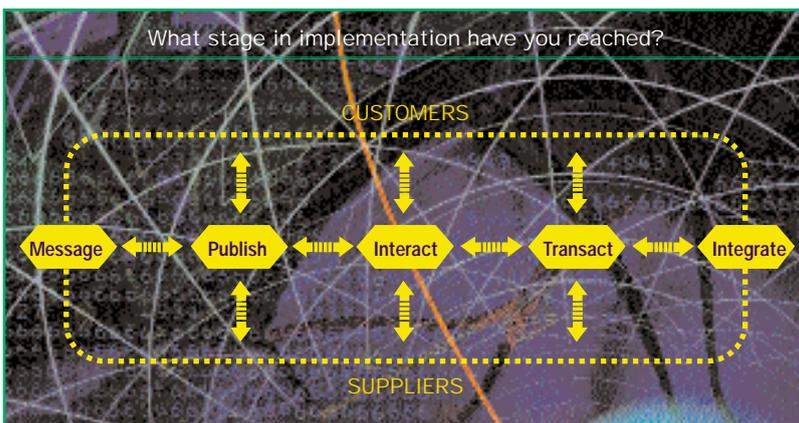
LEVEL 4 – TRANSACTING

A transactional web site covers the whole process, from product or service selection through ordering and confirmation of delivery arrangements to online payment. You might even work via an 'extranet' with outsourced or allied companies.

If goods can be dispatched by post or electronically (eg, software), then the ability to handle transactions online may boost the value of your web site and your company's total sales revenue. A transactional web site is a simple but effective way of entering foreign markets. Many credit card companies and ISPs will handle credit and debit card payments online; costs vary according to your company's financial track record.

LEVEL 5 – INTEGRATING

Ultimately, you can integrate IT into all of your business activities. Such an approach can have a significant impact on the efficiency of your business and its ability to compete with competitors. For example, it is possible to automate your supply chains so that your business is tightly integrated with those of your customers and suppliers, with supplies being automatically replenished when they run low.



BACK OFFICE IMPLICATIONS

Whether your customers are local or overseas, remember that a large part of your commercial success depends on efficient back-office systems.

It is not enough to create an eye-catching web site that pulls in order after order – you must have the resources and systems in place to process those orders, manage the accounts, deliver the goods or services, and – ideally – follow up from time to time with news or advice that encourages customers to remain loyal. Remarkably, as many as two in every three online purchases are never completed because of poor service.

ONLINE CATALOGUE

This forms a large part of your selling campaign, just as it does in the offline world. Give all the information about your products or services that you know customers will need in order to make a decision. Drawings or photographs are essential in most cases.

The opportunity to ask questions or obtain additional information, via a simple click to e-mail button, should also be included.

SHOPPING CART SOFTWARE

This is a common feature of e-commerce sites, and you will be familiar with it through your own experience as a customer.

Its obvious purpose is to allow customers to select items, keeping a running total of the cost, calculate delivery charges and any taxes, and amend their order as they move through your site. Its less obvious purpose – though equally important – is to make buying as quick and simple as possible.

CREDIT CARD FACILITIES

As most buying over the Internet is done by credit card, you will need to enter into a merchant agreement with a bank or credit card company to be able to accept payment in this way.

The authorisation process protects the credit card holder and credit card company, but it does not guarantee payment for the merchant.

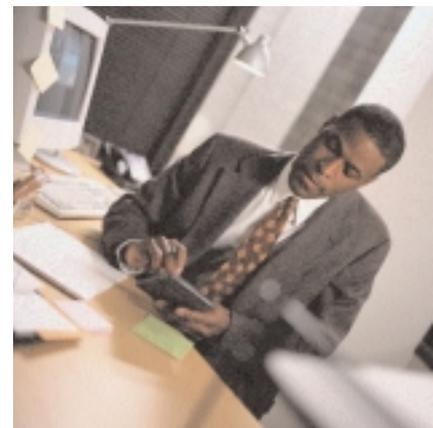
Should your application for merchant status be refused by a bank (as sometimes happens when a business does not have a proven financial track record), try approaching one of the larger ISPs or get advice from your local UK online for business adviser.

Most small businesses will find that their ISP will set it all up for them. In which case it will be the ISP that will have the merchant agreement, and therefore carry the risk, rather than the SME.

www.merchantworkz.com lists merchant account providers, with their fees. It also has a useful glossary of common terms.

ORDER FULFILMENT PROCEDURES

You must have mechanisms in place for the delivery of your products or services to the buyer. Most customers will want to know how and when to expect delivery. It may seem obvious; but a lot of companies found they could not cope with late demand for Christmas presents in 1999, for example – some big-name retailers among them. Disappointed customers rarely return. The point here is that e-commerce is not just a simple bolt-on to your existing systems, but has practical implications for the way your business is organised.



CUSTOMER SERVICING

The 'softer' side of your business needs to be emphasised, too. Customer care principles should be conveyed in what you say about how you operate and in the assurances you give about product quality. Building in a mechanism for feedback, or for queries as noted above, can go some way towards building customer loyalty. If you can also offer an order-tracking service to customers, they feel more secure and you save yourself the time involved in taking anxious customer calls.

If your web site generates a lot of enquiries, you have to be able to field them – which may mean taking people on to answer calls and e-mail. Alternatively, anticipate queries by putting the answers on your web site.



LEGAL ISSUES

The laws governing trade differ, of course, from country to country. In addition, the legal framework for e-commerce is still evolving. Many national governments and broader bodies, including the EC, OECD and the UN, are still developing policies to support, manage and control electronic trading.

The Electronic Communications Act 2000 and Explanatory Notes can be viewed at www.uk-legislation.hmso.gov.uk/Acts.htm

The Act contributes to making the UK the best and safest place to do electronic commerce.

A guide is available on www.dti.gov.uk/cii

The European Union is also legislating on e-commerce, and member states are implementing a Directive which ensures the validity of electronic signatures. See www.dti.gov.uk/cii for more information.

Hard on the heels of this comes the E-Commerce Directive, which should be implemented across the EU by the end of 2001. This will clarify, among other issues, advertising rules and the liability of intermediary service providers.

Other Directives in development include Copyright and the Information Society (online copyright); E-Money (electronic money through smartcards etc); and Distance Selling of Consumer Financial Services.

Further information on the E-Commerce Directive can be obtained from www.dti.gov.uk/cii/ecomdirective/index.htm.

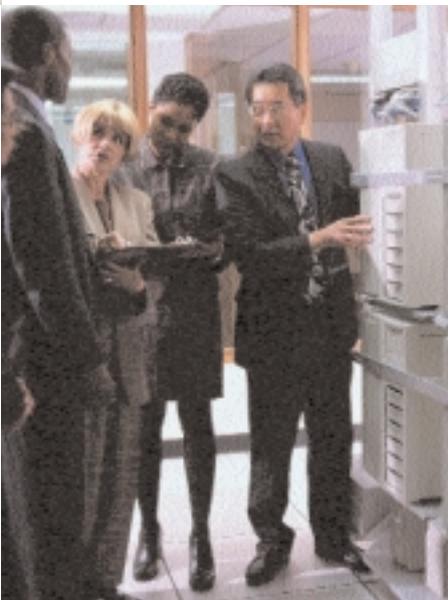
INTERNATIONAL IMPLICATIONS

The Internet has no boundaries. It is highly likely that at some point your web site will attract visitors in other countries, and you need to be prepared for handling this.

If your business already exports, the systems and knowledge of procedures will be in place. If not, you can get help and advice from your local UK online for business adviser.

Your site should make your policies on international trade very clear. If you expect to do a lot of overseas business, a multi-lingual, multi-currency site may be worth the extra investment. This need not be too difficult if the pages are planned so that text can be cut and pasted without affecting pictures or other content.

Some search engines, AltaVista for example (babelfish.altavista.digital.com), provide free translation services which may be adequate for straightforward communications. If, however, you deal in complex or highly specialised products or services, using a specialist translator may be a better approach.





PREPARING FOR INTERNATIONAL BUSINESS

- ◆ **Make your terms clear**
Explain upfront your pricing, payment, duty, delivery options and returns policies.
- ◆ **Make it easy to work out the price**
Provide a currency converter. Two examples are www.xe.net/currency and www.oanda.com
- ◆ **Give metric and imperial measurements**
- ◆ **Delivery**
Investigate delivery options and explain them, together with costs and timing.
- ◆ **Returns policy**
Explaining this may save time and money.
- ◆ **Forms**
Forms recording postal addresses should take into account conventions in other countries.
- ◆ **Contact and response – Give international telephone numbers and time zones so customers know when to phone if they need to.**
Make sure you can respond to foreign e-mails (some search engines will handle translation for you).

DEALING WITH OVERSEAS CUSTOMERS

The same good-practice principles as with any new customer apply. For commercial customers, take up trade and bank references. Credit ratings are available from sources such as Dun & Bradstreet and Infocheck – but remember that such information is historic, and may not reflect the current status of a company. Some sort of credit insurance might be an effective solution.

If you operate in a retail environment, customers may appreciate being able to pay in the local currency. Commercial organisations may be comfortable doing business in foreign currencies. Remember that any trade with a customer abroad is liable to exchange risk – if you invoice in sterling, you're simply passing this risk on to your buyer, making your total sales package less attractive.

Remember too that while money is travelling from your customer's account to your own, it is effectively lost to both parties. As part of your settlement strategy, make it easy for your overseas customers to pay you by putting your transfer instructions on every invoice. Request an Urgent Transfer and quote the name and branch of your bank, its sort code, your company name and account number. This should cut transfer delays to a minimum.

The Department of Trade and Industry's 'cyber park' for exporters – www.tradeuk.com – provides advice and contacts for a wide range of international business issues.

TRUST

The Consumers' Association, through its Which Online web site (www.which.net), runs the Web Trader Scheme. Registered e-commerce companies abide by a code of practice that provides their customers with assurances on standards of service.

From the Spring of 2000, companies that meet certain standards will be able to display a hallmark that indicates customers can feel confident about trading online with them. Trust UK (www.trustuk.org.uk) will be a new body to accredit e-commerce codes of practice. Consumers can shop with confidence where traders show the TrustUK hallmark on their web sites.

TrustUK is being developed jointly by the Alliance for Electronic Business and the Consumers' Association, in consultation with Government and the Office of Fair Trading (www.of.gov.uk).

Of course, trust cuts both ways. If you are operating in business-to-business markets, you will want to establish confidence in new customers and in their local business conditions before committing to any transaction. This is especially true in international trading.

In any case, it is important that your payment terms are structured to protect your business. The options available range from cash in advance, which is certainly the most secure method of settlement, to open account terms, which are the least secure from a merchant's perspective.

Some companies are not able to pay until they receive a quotation. Since this is essentially an invoice without payment, it is a good idea to ensure that your system can produce these automatically, just as it does order confirmation and final invoice.

Remember to display your business terms and conditions on your web site for viewing before customers commit to a purchase. This makes clear the principles under which you will accept a transaction. Make it a condition of the order that the customer accepts those principles.





SERVICES TO CUSTOMERS

Many web sites offer the possibility for regular customers to create their own accounts. The customer simply puts in all the details, including credit card number if he wants to store it online for his next purchase, and he then doesn't have to enter these every time he shops online.

In order to protect these details, a password is usually created. This will be requested when the customer enters the site, telling the system that he has the authority to proceed. The customer should ask the web site owner what security protection he provides.

SECURITY

As the Internet is a public network with no central control, many people are still uneasy about the concept of e-commerce. Concerns typically arise in two areas.

First, buyers and sellers are involved in a transaction that can feel one-sided because there is no one else present as the commitment is made. This unease is minimised where sites provide thorough information about products or services, the supplier and the terms of business. Prompt acknowledgement of queries or orders will also help reassure customers that they are dealing with an efficient, professional organisation.

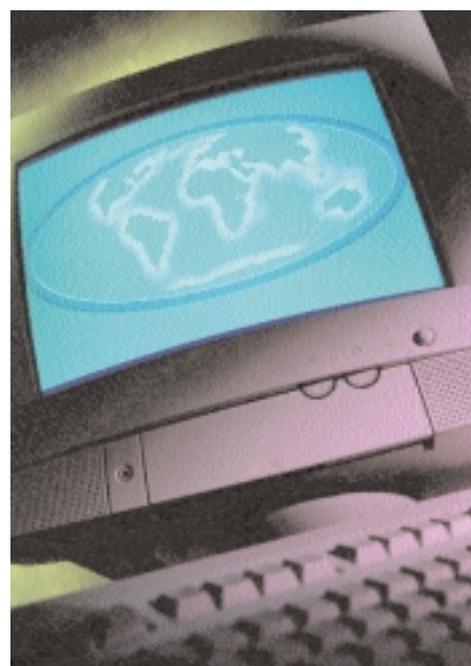
The second common concern is with giving out account details over the Internet. However, the growing scale of e-commerce and the rapidly increasing number of companies doing business over the Internet, including banks, suggest that the risks can be significantly minimised.

It is vital to understand that, if your business is using the Internet, you are responsible for the security of your business' network, systems and information. You must be aware of the security risks associated with trading online; assess the risks your company may face; develop an information security policy for your business; and see that the security controls relevant to your business are implemented from the outset.

Your staff too must know about the security policy you are implementing. You will need to monitor the effectiveness of your security controls, and review them if necessary.

Today everyone from supermarkets to banks is offering Internet access services. There is a greater choice of service providers than ever before, but this means that businesses must select carefully. When choosing a service provider, find out if they provide security advice.

For further guidance on risk assessment and how to develop or implement good security practice, see the DTI web site at www.dti.gov.uk or contact the UK online for business infoline on 0845 715 2000 and ask for free copies of the publications *Internet Security and the Internet – URN 99/713*; and *Information Security Assurance Guidelines for the Commercial Sector – URN 99/697*.



PROMOTING THE SITE

A STRATEGY FOR WEB SITE PROMOTION

When considering the resources you need to commit to developing an e-commerce strategy, you will need to budget for promoting and maintaining your web site, as well as for the initial set-up cost. Your web site and what it has to offer needs to be promoted actively and regularly. This will involve a mix of online and offline steps.

- ◆ ensure your site is easily found through search engines
- ◆ register your site
- ◆ build links
- ◆ join alliances
- ◆ put your URL (web address) in print



ONLINE PROMOTION

Many potential customers, and possibly quite a few existing ones, will find your site through a search engine. These are systems that trawl the web looking for specified keywords. To ensure that your site is identified, you need to 'optimise' it for these search engines by embedding appropriate keywords in your pages. The most important place to put these keywords is in the page titles. Your ISP or web developer can help with this.

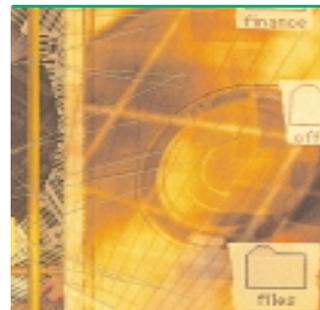
Web site designers have a number of tricks to maximise your company's exposure when the search engine brings up a list of companies containing the keywords. The less technical of these tricks include deliberately misspelling your company name, and using different combinations of upper and lower case, to reflect how people may actually key words in.

You can also register your site with various search engines. The process is simple and free. Most major search engine systems include an 'add URL' function. There are also registration service providers who will handle the process for you, generally for a fee.

Links are an excellent way to promote your site. In simplistic terms, the Internet is one enormous network linking innumerable smaller networks. Hyperlinks are the active addresses that instruct an Internet browser to move from one site to another.

You can increase the number of visitors to your site by forming hyperlink 'alliances' with other related sites. These may be businesses in complementary areas, customers, suppliers or 'supersite' directories relevant to your products and services. In addition, www.Webring.com provides a navigating tool – free to both web site operators and visitors – that links 'rings' of sites based on common interests.

Some search engines take into account the number of links found on a site when they are rating its relevance to a particular request, so links offer a second benefit to e-commerce operators.



CASE STUDY

BUILDING NEW BUSINESS ON A GLOBAL STAGE (www.plade.com)

A small designer and manufacturer of specialist plastic equipment, Plade, was dependent on repeat business, almost entirely within Scotland. Yet the company knew there was a large market for its services all over the world. Its first task was to redesign an existing web site to give it greater 'visibility' to potential customers. This was followed up with a promotional e-mail campaign to both agents and overseas prospects. The result was a 400% growth in export business – and a commitment to continued site development.

CASE STUDY

A NEW LOGO MAKES THE WEB SITE UNMISSABLE (www.greymatter.co.uk)

Grey Matter is an independent software service supplier. The company turned to e-commerce as a means of providing greater value to customers through better communication and enhanced services. Its products are listed on its web site, where they can also be ordered. A regular electronic newsletter keeps customers advised of new developments. And just so that no one forgets its location, the address of the site has been adopted as the company logo.



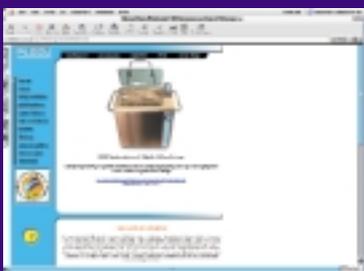
OFFLINE PROMOTION

Equally important are offline marketing and promotional activities. You should not miss any opportunity to call attention to your web site. Techniques include:

- ◆ incorporate your URL into your letterheads and business cards, as well as brochures and advertising materials.
- ◆ make sure your staff are familiar with the web address and what it has to offer so they can mention it to customers.
- ◆ use direct mail to promote it, especially when it is new or when some significant change occurs, say, the addition of a new product.
- ◆ look for opportunities for coverage in your trade, local or national press; a special product offering or an innovation in service delivery for e-commerce customers might do the trick.

WEB SITES TO HELP YOU WITH YOUR WEB SITE

- ◆ www.searchenginewatch.com includes extensive information about search engines, how they work and how to improve your use of them.
- ◆ www.webposition.com enables you to test how search engines perform in finding your site.
- ◆ www.linkpopularity.com enables you to test how many sites are linked to yours – or to your competitor's.



MEASURING AND BUILDING ON SUCCESS

MEASURING RESULTS

As in any business activity, it is important to have a means of judging whether the time and money invested in the e-commerce venture is producing a sufficient return.

A commonly quoted figure is the number of 'hits' a web site receives. But this provides no basis for measuring success of the site – a hit is simply a request for a file from the server and tells you nothing about actual visitor numbers or interests. A single web page, for example, may be made up of five files, so you are actually getting five hits from one visitor at one page.

A more sophisticated approach is needed.

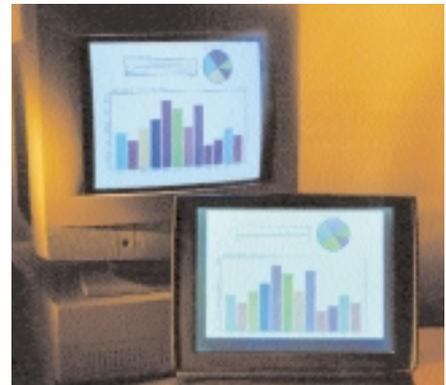
TESTING AGAINST OBJECTIVES

One key measurement is whether the objectives set at the outset of your e-commerce initiative have been met. If they have, it may be time to plan the next stage of development, defining new objectives accordingly.

If they have not, it is definitely time to investigate the reasons and put remedial actions in hand.

FEEDBACK

Comments received from customers, suppliers and even friends will be very useful in keeping your e-commerce campaign on target. Constructive criticism should be encouraged and taken seriously. When comments are received from customers, in particular, they should be acknowledged promptly.



TRAFFIC ANALYSIS

Your Internet service provider will automatically log all visitors to your site and all requests for files. The ISP will be able to analyse the activity, normally for free, to give you an indication of conversion rates – how many visitors turn into buyers? – and at what points visitors leave the site. In addition, www.thecounter.com offers a free tracking service that you can add to your site to record and analyse visitor behaviour.

BUILDING ON SUCCESS

One of the most useful aspects of e-commerce trading is the opportunity to accumulate information about site visitors and their interests. But ensure you don't break the 1998 Data Protection legislation, which comes into effect in March 2000, in the process. Call the Data Protection information line on 01625 545745 or visit www.dataprotection.gov.uk if you have any queries about the new law.

This will bring a better understanding of customers individually and the market as a whole. It also establishes a basis for continued product and service development, as well as positive management of customer relationships into the future.

In the introduction we said this guide would concentrate on how firms can use the Internet to help market and sell their goods and services – a narrow, transactional definition of e-commerce.

For more information about the wider potential of e-commerce to process information, especially as a management tool for customer relationships and to provide supply chain visibility, look out for future UK online for business guides.



THE JARGON EXPLAINED

THERE IS A WEB SITE 'JARGON-BUSTER' AT WWW.WHATIS.COM. BUT COMMON TERMS INCLUDE:

ADSL

ADSL (Asymmetric Digital Subscriber Line) is a technology for transmitting digital information at high bandwidths on existing phone lines to homes and businesses. Unlike regular dialup phone service, ADSL provides continuously available, "always on" connection. ADSL is asymmetric in that it uses most of the channel to transmit downstream to the user and only a small part to receive information from the user.

BROWSER

The software that allows you to find, view and manage information on the World Wide Web

DOMAIN NAME

The unique name for a web site, typically ending in .com or .co.uk

EDI (ELECTRONIC DATA INTERCHANGE)

EDI is the exchange of business documents like orders and invoices between computers run by trading partners. It's fast, saves on paperwork, gives you greater control over the way you operate, and develops closer trading partnerships increasing customer satisfaction

HTML

Hyper Text Mark-up Language, the computer language used in web pages

HYPERLINK

Highlighted words or images on a web page that allow you to jump to another page



INTERNET/NET

The world wide collection of interconnected computer networks

ISP

Internet Service Provider, a company that provides access to the Internet, typically also providing e-mail facilities and in some cases subscriber-only information content

OFFLINE

Processes, which may be computerised, but not running on the Internet

ONLINE

Processes running on the computer system, and specifically, on the Internet

SSL

Secure Sockets Layer – the industry-standard basis for establishing security of information on web sites

SEARCH ENGINES

A facility that enables you to find what you are looking for on the web by using key words to search for it

SURFING

The process of moving around the web

URL

Universal Resource Locator, a web address

WORLD WIDE WEB /WEB

The area of the Internet you can access with a browser

WEB SITE

A collection of pages on the World Wide Web under a common domain name



WHERE TO GET FURTHER

E-COMMERCE ADVICE ONLINE

A new resource is available on the web specifically to give businesses practical advice on how to get started in e-commerce or e-business. The address is www.businessadviceonline.org/e-commerceebusiness. The site is designed to help smaller businesses get their hands on useful, usable information and realistic ideas that can be put into action.



SEARCH ENGINES

THE POPULAR WORLDWIDE SEARCH ENGINES ARE:

- ◆ www.altavista.com
- ◆ www.infoseek.go.com
- ◆ www.excite.com
- ◆ www.lycos.com
- ◆ www.northernlight.com
- ◆ www.webcrawler.com
- ◆ www.yahoo.com
- ◆ www.hotbot.lycos.com

POPULAR UK SEARCH ENGINES INCLUDE:

- ◆ www.freepages.co.uk
- ◆ www.ukdirectory.co.uk
- ◆ www.ukindex.co.uk
- ◆ www.searchuk.co.uk
- ◆ www.yahoo.co.uk
- ◆ www.yell.co.uk

There are thousands of ISPs to choose from. Try: www.ISPcheck.com; thelist.Internet.com; and www.isps.com.

TECHNOLOGY ADVICE

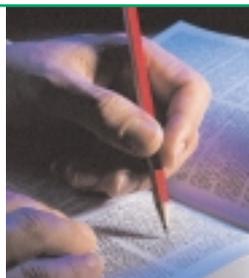
UK ONLINE FOR BUSINESS ADVISERS

A network of UK online for business advisers are available throughout the United Kingdom, in partnership with Business Links in England and the equivalent in Scotland, Northern Ireland and Wales.

UK online for business advisers can help you successfully exploit information and communication technology. They provide impartial help and advice tailored to your individual business needs. You can try out technologies like the Internet, and find out how to work electronically with your customers and suppliers.

The kind of services your UK online for business adviser can offer includes:

- ◆ impartial, expert advice
- ◆ consultancy and IT audits
- ◆ signposting training
- ◆ hands-on access to equipment
- ◆ neutral forums for talking with other business people
- ◆ Internet and World Wide Web services



Ring the UK online for business infoline on 0845 715 2000 to find out how you can contact your local UK online for business adviser.

WEB SITE

Visit the web site at www.ukonlineforbusiness.gov.uk for up-to-date information and advice on getting more business benefits from technology.

Whether you are a new web user or a more seasoned surfer, moving around our web site is easy – you'll find something of interest with every visit you make.

INFORMATION AND ADVICE

PUBLICATIONS

The UK online for business produces a wide range of practical, jargon free booklets and CD-ROMs to help UK business online.

DOING BUSINESS ONLINE

Practical advice on spotting the uses and benefits of information and communication technology in your business – from marketing to sales to training.

HOW TECHNOLOGY CAN WORK FOR YOU

Our technology guides provide step-by-step, straight forward advice on how to develop and implement technology in your business. They're easy to understand and contain information on products, costs and checklists.



- ◆ How the Internet can work for you
- ◆ How e-mail can work for you
- ◆ How video and data conferencing can work for you
- ◆ How mobile communications can work for you
- ◆ How networking can work for you
- ◆ How EDI can work for you
- ◆ How data storage can work for you
- ◆ E-commerce: how trading online can work for you

DOING BUSINESS ELECTRONICALLY CD-ROM

This CD-ROM will start you thinking about how technology could support your business – whether you are just starting to use technology or have been using it for some time.

With case studies, explanations of the technology and online help, it's a comprehensive UK online for business resource that will help turn your thoughts into actions.

SHARING MULTIMEDIA SUCCESS

Read about award winning, small to medium sized companies who've become more profitable and competitive by utilising technology. They'll demonstrate how multimedia solutions can give real commercial benefits.

GENERAL BUSINESS ADVICE

ENGLAND

- ◆ Call the National Business Link line on 0845 756 7765
- ◆ Visit the web site at www.businesslink.co.uk

NORTHERN IRELAND

- ◆ Call the Superhighways Helpline on 0800 515 319
- ◆ E-mail superhighway.irtu@nics.gov.uk
- ◆ Visit the web site at www.nics.gov.uk/irtu

SCOTLAND

- ◆ Call the Scottish Business Shop Network on freephone 0800 787 878
- ◆ Visit the web site at www.business-shops.co.uk

WALES

- ◆ Call Business Connect on 0845 796 9798
- ◆ Visit the web site at www.cbc.org.uk

ALL UK ONLINE FOR BUSINESS BOOKLETS AND CD-ROMS CAN BE OBTAINED BY:

- ◆ Calling the UK online for business infoline on 0845 715 2000
- ◆ E-mailing info@ukonlineforbusiness.gov.uk
- ◆ Visiting the web site at www.ukonlineforbusiness.gov.uk



Find out today how your business can benefit from trading online by:

- ◆ Calling the UK online for business infoline on 0845 715 2000
- ◆ E-mailing info@ukonlineforbusiness.gov.uk
- ◆ Visiting the web site at www.ukonlineforbusiness.gov.uk



helping you succeed in online business

WHAT IS UK ONLINE?

UK online is a partnership between Government, Industry, the voluntary sector, and consumer groups to make the UK one of the world's leading knowledge economies.

UK online for business will build on the existing Information Society Initiative (ISI). It will offer expert, impartial, jargon-free help and support to businesses that need and want it. (Department for Trade and Industry)

UK online centres - run by the Department for Education and Employment - will provide people with access to new technologies, and help to develop skills to use the internet.

UK online public libraries will offer people access to the Internet and learning opportunities. The Department for Culture, Media and Sport will have all of the UK's public libraries online by the end of 2002.

www.ukonline.gov.uk will provide a single online point of entry to government information and services. It will offer people and businesses a service from government that better matches the way they live and work and will be available 24 hours a day, seven days a week, 365 days a year.

ACKNOWLEDGEMENT

The contents of this booklet are based in part on the text of a booklet produced by Wired Sussex on e-commerce, called *E-Commerce Know How - A Guide to Planning and Developing your Business on the web*.

Wired Sussex is a subsidiary of Sussex Enterprise and offers a range of services (eg, research, seminars and training) to assist small and medium sized enterprises in the Sussex area to understand and exploit the potential of online business. Find out more about Wired Sussex by:

- ◆ calling 01273 666830
- ◆ faxing 01273 666832
- ◆ e-mailing info@wiredsussex.com
- ◆ visiting the web site at www.wiredsussex.com



