



Online stores are always open, they don't need staff, and they can attract shoppers from the other side of town – or the planet.



This guide is brought to you by Xero, because we share a passion for helping small businesses everywhere thrive.

Online stores are great friends to small businesses. They're an excellent way to get started in retail without investing in bricks and mortar or staff. If you already have a physical store, an online presence can extend your reach beyond your local neighbourhood, whilst giving existing customers a more convenient way to shop.

If you've thought about creating your first online store and given up because it was too hard, take another look. Handling online payments isn't the chore it used to be. Secure, off-the-shelf services have greatly simplified what used to be a troublesome technical task. And they sync beautifully with [online accounting](#) to make bookkeeping painless.

What should an online store have?

At its most basic, your first online store needs to:

- showcase your products – including pictures, descriptions and prices
- include a shopping cart where customers can build their order
- process payments via PayPal or credit card
- protect important financial data, such as credit card numbers
- give shipping options

Three ways to start one

In the early days of ecommerce, you had to build your own shop from scratch. Most of the components were custom made, which meant you spent a lot on design and development. The backend tools that managed the exchange of money were also expensive and needed technical expertise to set up.

Now you have options, some of which give you point-and-click setup. You can:

- sell through a third-party platform
- host a store through an ecommerce provider
- host your own online shop

As with all choices, there are pros and cons. Let's take a deeper look.

1. Selling through a third-party platform

If you choose to sell on a third-party site, all you need to do is set up a seller account. You won't need to pay for web hosting or set up your own payment gateway. You'll just need to cover the service fees – which are typically deducted from your sales.

With most platforms, you ship the goods direct to the customer. Amazon allows you to do this, too, but they also have a service where you send the goods to their warehouse and Amazon fulfills the order.

Nearly half of the products that Amazon ships aren't actually sold by Amazon. They're sold by retailers like you who use their platform. Once you set up your account with a site like Amazon or eBay, you're ready to start selling. It doesn't matter if your monthly revenues are \$100 or \$100,000, they'll handle payment and shipping for you. Just be aware that there may be a slight delay between when you finish creating your listing and when it goes live. Some platforms need to approve your shop before it's opened up for customers to find you.

Setting up your first online store using a third-party platform is easy, but there's very little room for branding. In some cases, you can't really customise how the shop looks, aside from the product images. However, some platforms allow you to choose from different templates and change colours so take a look around. Before deciding on a platform, make sure you know what the design limits are and that you're ok with them.

2. Hosting your store through an ecommerce provider

Dedicated ecommerce platforms give you a good balance of simplicity and flexibility. You'll have more say in how the store looks and feels, and you'll control how goods are sold and shipped. You can set up your own shop using sites like:

- [Shopify](#)
- [Etsy](#)
- [BigCommerce](#)

When you choose one of these platforms, you get access to a range of templates and themes that you can use to build your storefront. Then you drop the storefront into your existing website so it's a seamless experience for your visitors. As a bonus, with some platforms like Etsy, your product also appears on their site.

You'll pay a monthly subscription fee for services like these, but that covers hosting, payment processing with your designated merchant providers, and security.

3. Hosting your own online shop

If you want to build the store exactly how you like it, without being limited by templates, you can use a content management system like WordPress. It will take much more time but you'll be able to choose the layout, the design, and the entire experience. You can teach yourself how to do it or hire designers and developers to do it for you.

If you go down this route you'll also need to choose a:

- hosting provider, such as BlueHost and WP Engine (which are both popular for WordPress sites)
- a virtual shopping cart, such as WooCommerce or Magento
- a merchant provider to process payments, such as PayPal, Stripe or Authorize.net
- spam-protection from someone like Akismet
- SSL certificates and secure backup solutions for site safety and consumer protection

What you need to get your first online store running

Once you've chosen one of these services, you're almost in business. There are three steps left to take.

Providing business details

You won't be able to get money from your sales until you've given your merchant provider or third-party platform provider:

- your business ID
- your business banking details
- the appropriate sales tax rate, if applicable

Get a merchant provider

You'll also have to get set up with the merchant provider of your choice, such as [Paypal](#) or [Stripe](#) (for processing credit card payments).

The biggest hurdle is verifying test deposit transactions for banking and merchant processing. Once this is taken care of, you'll be all ready to go.

Choose an email management solution

You should also decide on an email management solution to build and track your customer list. This is useful for email marketing campaigns, informing customers of sales and special deals, and asking for feedback on your store. You can use a solution such as:

- [MailChimp](#)
- [AWeber](#)
- [Infusionsoft](#)

Find platforms that play well together

Not all ecommerce platforms integrate with all web tools and services. Some platforms require you to use certain merchant providers or email systems, for example.

You can find which tools your store integrates with by searching under the API or integrations option on your store's website. The solution with the most flexibility is typically the best choice for the long-term.

Setting up payment and shipping policies

Third-party platforms like eBay and Amazon have policies in place to ensure that customers receive their goods quickly and easily. When you're selling and shipping your own product using an ecommerce platform like Shopify or BigCommerce, or a self-hosted Wordpress store, you'll need to figure this out on your own.

Payment

The most common options for payment are via credit card or Paypal. They've become much easier to set up. If you use an ecommerce platform, they'll guide you through the process. You have other options, too, such as:

- wire transfers
- cheques
- finance or flexible payment (flex pay) for pricier products

Shipping

It costs money to ship your product. The faster you send it, the more it will cost. Yet shoppers prefer vendors who offer fast delivery and free shipping. There's a lot to consider here. Whatever you decide, be very clear about delivery costs and timelines in your shop.

Read more about shipping in Xero's guide: [Use online shipping to build customer loyalty](#)

How and when do I get the money?

If this is your first online store – and you've got money tied up in inventory – you probably want to know how quickly you'll get money from sale. It generally takes from two to five business days for money from a sale to hit your account. The exact length of time may depend on the merchant provider and the history of your account.

For this reason, it's important to keep your merchant provider happy. Keep your information updated and respond quickly to questions. If you don't, they may put security holds or even suspensions on your account.

Discovering the power of online business

You can reach a massive audience with an online shop. Because there's no bricks-and-mortar, and often no employees either, it can also be a low-cost way to start a business. Plus your transactions are just about always digital, which makes it easy to do your accounting, track cash flow, and maintain inventory. You can plug your store straight into [accounting software](#) to automate everything – from receiving orders all the way through to tax payments.

Setting up a shop and taking payment over the internet used to be complex. But with more and more online stores opening all the time, the industry is now well served by proven, affordable and easy-to-use technologies. It's a great time to set up your first online store.