

## E-commerce and museums

**Selling products through the internet is now big business. Could it be a way for your museum to make money? If you are considering developing a website to trade products and services, this guide introduces you to some key issues.**

### E-commerce – is it for you?

Internet trading is a growing multimillion-dollar business. It offers a global market for niche products of the kind that many museums sell. With a customer base as large as the internet, the ability to be 'open' round the clock, and the reduced costs associated with trading online, e-commerce is definitely an approach worth considering for museums.

But there are potential pitfalls in this competitive and complex field. If you're thinking of developing an online retail outlet, you need to consider whether e-commerce will suit your museum, what is involved in constructing the website, and how to market and maintain the site.

### Products and services suitable for e-commerce

- Sale of physical products such as books, replicas, prints and reproductions, gifts, stationery, accessories, CD-ROMs, other publications.
- Sale of downloadable digital products, such as music (MP3 files), graphics, movies.
- Sale of services, such as conference facilities, tours, shows, events.
- 'Friends' of the museum – membership applications and subscriptions.
- Booking travelling exhibitions.
- Online donations.
- Business sponsorship of online exhibitions or the entire website.
- Providing access to collections, and either taking one-off payments for informational items and images or selling licences for repeat access.

More exposure of products and services online can lead to an increase in business – more enquiries, sales, and requests for consultancy.

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# Evaluating

## the **feasibility** of e-commerce



**To help decide if e-commerce will suit your museum, consider the following issues.**

### **Target audience**

Look carefully at your target audience, including existing customers and those you hope to attract, both locally and further afield. Consider their demographic characteristics and interests – are they likely to make use of your e-commerce facility? How can you best design your site to attract and retain these customers?

### **Existing shop and product range**

How do you currently sell your products and services? Online shops do better if they have successful ‘bricks and mortar’ shops. E-commerce is much more likely to provide a return on investment when the products and services sell well already.

Focus on products that are unique and of high perceived value. Cheap, mass-produced items that are widely available and not related to the museum are unlikely to sell well over the internet.

### **Competition or collaboration**

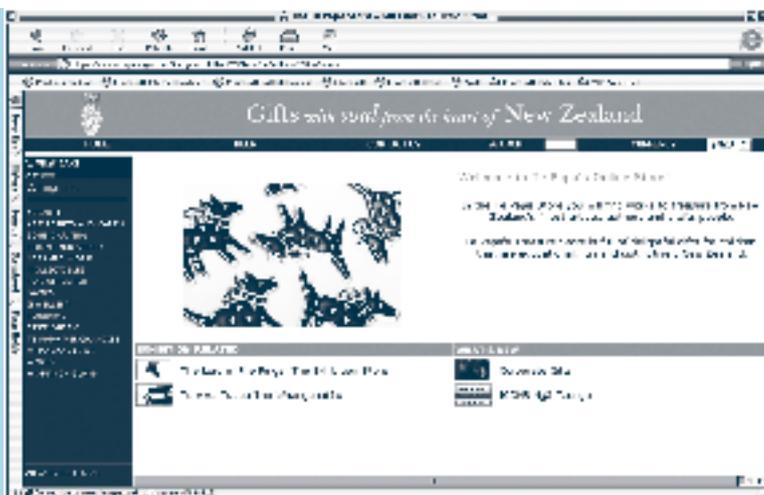
What products and services are your competitors offering? Museums compete with businesses such as gift, art, toy, and book shops for retail sales. Know what your competition is up to and consider how you can offer something different.

Alternatively, are there opportunities for collaboration? Museums and related organisations can successfully work together for mutual advantage on a regional and smaller scale. See, for example, the approach taken at [www.northland-museums.co.nz](http://www.northland-museums.co.nz).

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**Tip: Remember not all products lend themselves to e-commerce. Some products are unsuitable because of high shipping costs, product liability issues, or the need for personal sales service.**

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## Funds for development

What funds are available for setting up, marketing, and maintaining a website? Website costs can vary greatly, depending on size, complexity, and the functions performed.

### Do-it-yourself

If your museum has the skills in-house, you can set up a website for a reasonably low cost, although this may mean a compromise in quality and effectiveness. See page 8 for the skills you will need to develop an e-commerce site.

### Hire an expert

Web developers generally charge about \$2,000 to \$4,000 for a simple five-to-ten page HTML website, also called a 'brochure-ware' site. Adding a simple online shop will cost a further \$3,000 to \$7,000. Any extra complexity, such as the inclusion of online collections (databases), secure password-protected areas, or multimedia (eg, video or animation) can also increase the cost significantly.

## Technical requirements

Don't be put off by what you may see as technical requirements, such as computer hardware, fast internet access, and advanced computer skills.

Most websites are hosted by hosting providers, who for \$15 to \$50 per month will ensure that the website is reliable and secure. Strictly speaking, to have a website you don't even need a computer or internet access. But if you expect to receive orders, you will need email at the very least and, in most cases, internet access to retrieve or process credit card details.

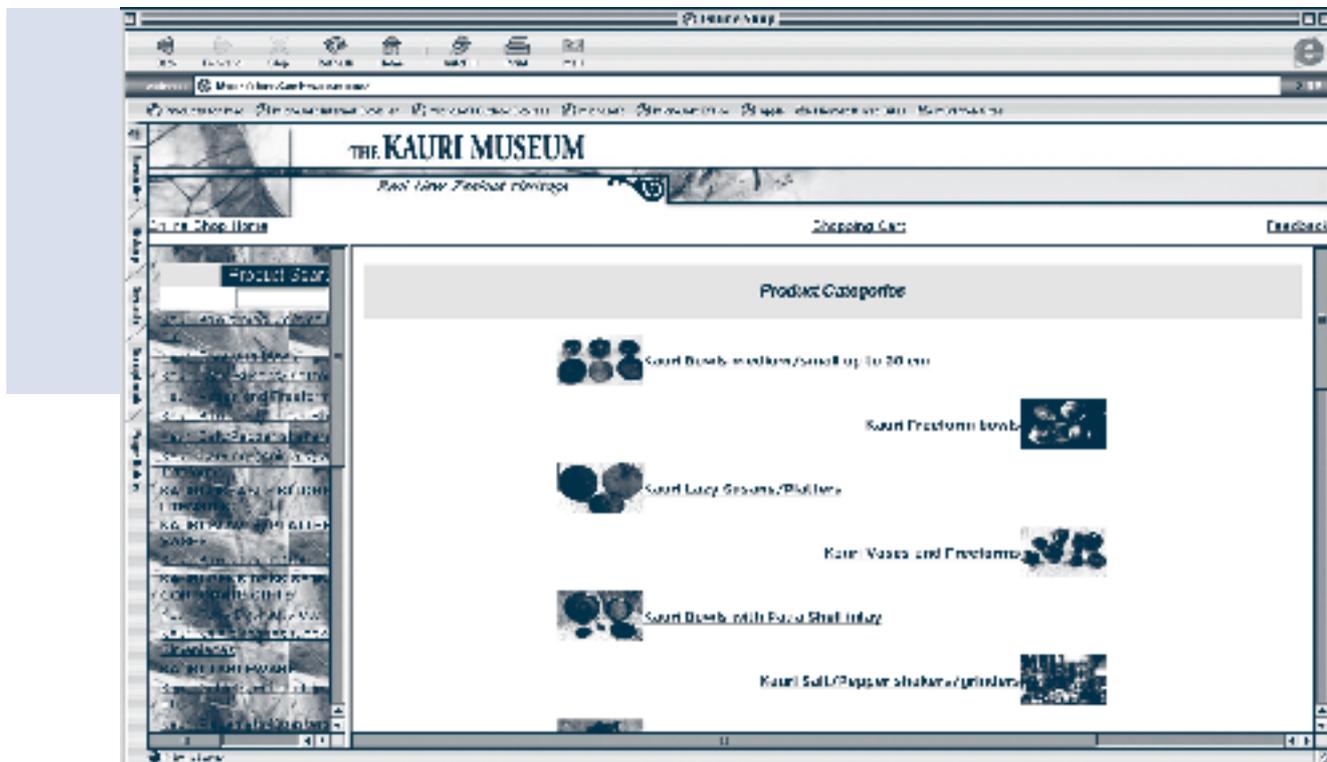
If you decide to maintain the website and product catalogue yourself, you will certainly need internet access. This can be simple dial-up access, and it doesn't need to be fast.

It is possible to have an e-commerce website without having specialised web skills.

You can:

- use a content management system which allows you to easily update the site with minimal computer skills
- outsource site maintenance
- train a staff member to use a web-page editor such as Microsoft FrontPage.

# Constructing the website



Once you have decided on feasibility, you will need to make a number of decisions about constructing the website, including:

- how sophisticated it should be
- whether to custom-build the site or use an e-commerce product
- how and where to register the domain name
- where to host the site
- how to resolve security and privacy issues
- how much work should be done in-house and how much outsourced.

## Level of sophistication

Choose the type of e-commerce website which suits your museum's particular needs.

### Option 1 – Online catalogue

An online catalogue of products is the simplest way to offer products to customers. They simply phone, fax, or email the museum to complete the transaction.

Advantages	Disadvantages
Simple to implement.	Customers may be put off by having to phone, fax, or email.
Low cost.	Customers may email their credit card details, which is not a secure method.

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**Option 2 –Secure online ordering**

This is an intermediate solution. It assumes your institution already has the ability to take credit card payments, and works in the following way:

- product and order information is stored in a database (this allows you to retrieve and manage data easily)
- a simple web-based interface allows staff to update product details and view orders
- when customers enter their credit card details, these are encrypted and stored on a secure server maintained by the hosting provider
- staff retrieve the details and complete the transaction manually
- both staff and the customer receive email notification of the order.

This is still the most common method for taking credit card payments online. It can be a very cost-effective way of doing e-commerce for small to medium-sized institutions.

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**Option 3 – Real-time online purchasing**

This is the same as option 2, except credit card details are verified in real-time, so the transaction is completed with the bank while the customer is still online. As with option 2, it assumes your institution already has the ability to take credit card payments.

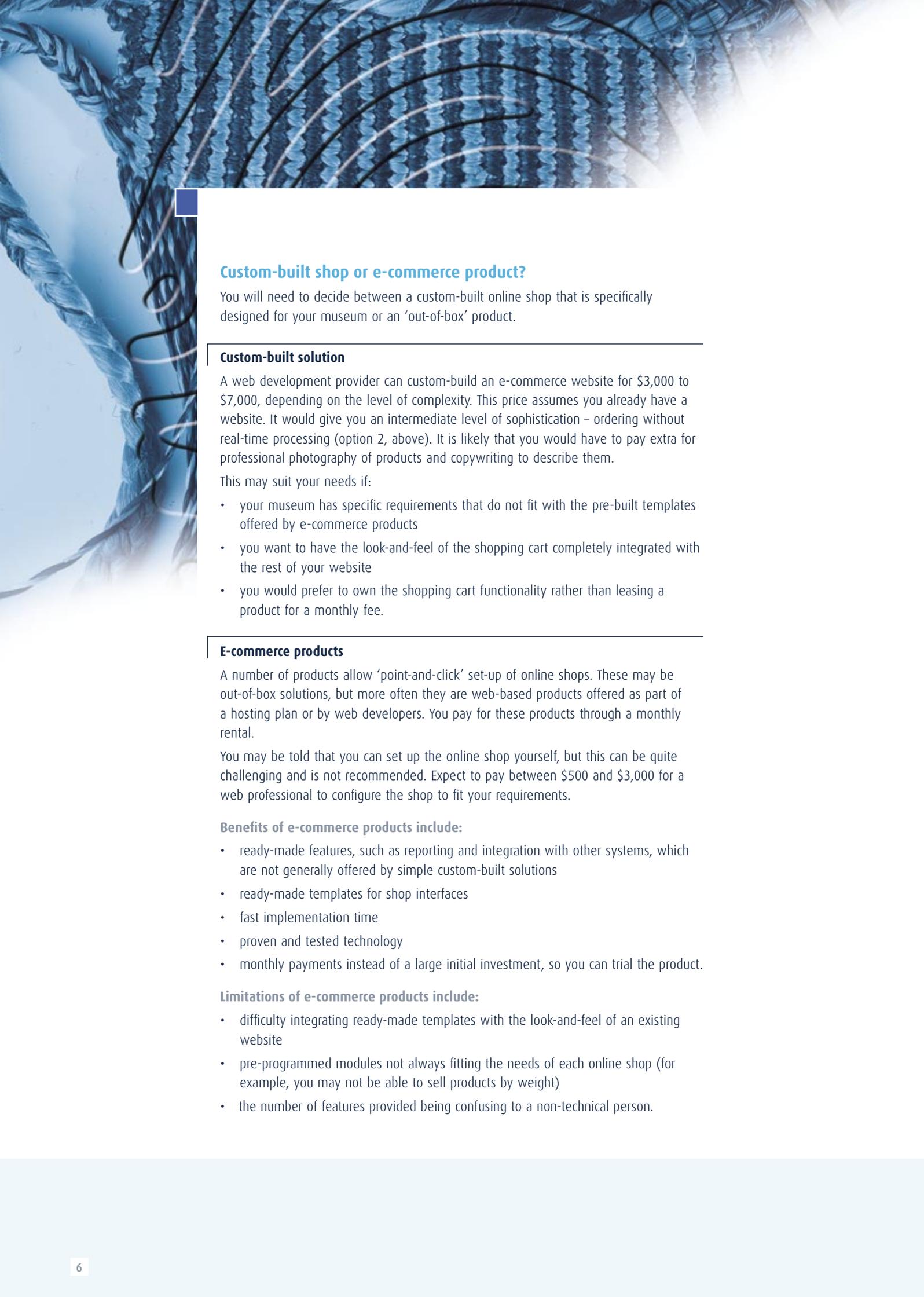
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**Tip:** Don't develop a site that is too complex to be implemented. You can use a phased approach – add the bells and whistles later.

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Advantages	Disadvantages
No manual processing required by museum.	Relatively expensive, both for set-up costs and transaction fees.
Transaction completed faster, so the customer receives goods more quickly.	Classified as a 'card not present' transaction, so payment may be challenged by the cardholder for a period of up to ninety days. This means the money is not really available for that time.
Instant and automatic verification of credit card validity and current availability of funds means less room for error.	





## Custom-built shop or e-commerce product?

You will need to decide between a custom-built online shop that is specifically designed for your museum or an 'out-of-box' product.

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### Custom-built solution

A web development provider can custom-build an e-commerce website for \$3,000 to \$7,000, depending on the level of complexity. This price assumes you already have a website. It would give you an intermediate level of sophistication – ordering without real-time processing (option 2, above). It is likely that you would have to pay extra for professional photography of products and copywriting to describe them.

This may suit your needs if:

- your museum has specific requirements that do not fit with the pre-built templates offered by e-commerce products
- you want to have the look-and-feel of the shopping cart completely integrated with the rest of your website
- you would prefer to own the shopping cart functionality rather than leasing a product for a monthly fee.

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### E-commerce products

A number of products allow 'point-and-click' set-up of online shops. These may be out-of-box solutions, but more often they are web-based products offered as part of a hosting plan or by web developers. You pay for these products through a monthly rental.

You may be told that you can set up the online shop yourself, but this can be quite challenging and is not recommended. Expect to pay between \$500 and \$3,000 for a web professional to configure the shop to fit your requirements.

#### Benefits of e-commerce products include:

- ready-made features, such as reporting and integration with other systems, which are not generally offered by simple custom-built solutions
- ready-made templates for shop interfaces
- fast implementation time
- proven and tested technology
- monthly payments instead of a large initial investment, so you can trial the product.

#### Limitations of e-commerce products include:

- difficulty integrating ready-made templates with the look-and-feel of an existing website
- pre-programmed modules not always fitting the needs of each online shop (for example, you may not be able to sell products by weight)
- the number of features provided being confusing to a non-technical person.

## Domain name registration

If you don't already have a domain name – eg, [www.timarumuseum.co.nz](http://www.timarumuseum.co.nz) – you will need to register one. If a web development company is developing your site, they can arrange this for you.

Domain names are administered by Domainz, the New Zealand Internet Registry. To check whether your preferred domain name is available, check the Domainz website at [www.domainz.net.nz](http://www.domainz.net.nz). The domain name can then be registered via an accredited .nz provider. These providers are listed on the Domainz website.

The cost of maintaining your .nz domain name is around \$45 per year. Most .nz providers will also register .com domain names, or these can be registered through [www.register.com](http://www.register.com), the American equivalent of Domainz.

Accredited .nz providers are generally also website hosting providers, so it makes sense to register a domain name and set up hosting with the same provider.

If you want to register a domain name but you're not ready to select a hosting provider, some .nz providers allow domain name requestors to 'park' a domain name in the meantime – for example, [www.freeparking.co.nz](http://www.freeparking.co.nz).

## Hardware and hosting

Your website will need to be hosted on a server on the internet. Servers are managed by hosting providers, who supply packages to website owners. Nearly all museums choose to outsource hosting – the best choice technologically and commercially – so you probably won't require any extra hardware.

Hosting packages can vary greatly. A simple hosting package usually starts at around \$15 per month, and provides enough features for most museums who require a database-driven e-commerce site.

There are many hosting providers to choose from. Often web developers will have preferred supplier arrangements with hosting providers or provide hosting themselves. Make sure you select a reputable hosting provider, especially for e-commerce, where reliability and security are paramount and should not be compromised.

If you already have a website and want to add an online shop, make sure your current hosting plan supports databases to store the products and orders. You may need to upgrade your plan to achieve this.

## Portals

A portal is a website that serves as an entry point to a number of sites, often centred around a particular industry. It usually offers comprehensive information about the portal topic, and allows you to access a huge collection of information using a single search function.

Internationally there are a number of museum portals, some better than others. A good example is [www.24hourmuseum.org.uk](http://www.24hourmuseum.org.uk), the main museum portal in the UK. (See also 'Further reading' on page 12.) Most museum portals do not currently offer e-commerce capability – but this may happen once there is the demand.

In the meantime, museums and other institutions can choose to use non-museum portals for 'ready-made' e-commerce capability. One example is Yahoo!Store, the online store facility provided by the Yahoo portal. This costs much the same as the other products, but has the added advantage that a large amount of traffic passes through the Yahoo portal. A disadvantage is that the shop address has to be within the Yahoo domain name – for example: [http://store.yahoo.com/museum\\_xyz/index.html](http://store.yahoo.com/museum_xyz/index.html).

# Website

## development – DIY or outsourced?

**If you are developing an e-commerce site, you need to consider how much of the work to do in-house and how much to outsource.**

### Do-it-yourself

The skills you will need to develop an e-commerce site in-house include:

**Project management** – given the complexity of website development, project management skills are essential.

**Business analysis** – determining target audiences, goals and objectives, the value proposition, business rules, and general requirements.

**Graphic design** – developing the look-and-feel in line with your institution’s brand, and creating product images.

**Content writing** – copywriting for the web.

**HTML** – creating and editing of HTML pages to include the required content. This can be done using web development tools such as MS FrontPage or Macromedia DreamWeaver.

**Programming** – script writing in such languages as ASP, PHP, Java, Javascript, HTML or XML.

**Database design** – skills in designing and creating a database, usually MySQL, SQL Server, or MS Access.

**Marketing and promotion** – essential to ensure target audiences are reached.

Your institution may have some or all of these skills, but make sure those with the skills have time to dedicate to the project. You may decide to work with a web development partner to achieve the best result, or outsource the entire project.

### Hiring an expert

When choosing a web development company, satisfy yourself that they have the experience, technical know-how, and reputation to complete the project successfully. Look at the company’s own website, its online portfolio, and its staff and management.

Make sure the company has a good balance of technical and design skills. Some web companies focus more on technical than design skills, or vice versa.

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Tip: Don’t neglect the design of the ‘front end’ (ie, what the customer sees). Nothing is more detrimental to the success of an e-commerce site than a difficult-to-use, unattractive, or cumbersome customer interface.

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Tip: Include your phone number on your website. For many online stores, the point-of-sale is not actually online. Often a customer will browse online, then place the order over the phone.

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# Security and privacy

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**Tip: Don't underestimate the importance of security. Get advice from the experts on how to make sure your site is fully secure.**

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## Security

E-commerce websites generally use Secure Socket Layer (SSL) to ensure their site is secure and not accessible by hackers.

SSL is a universally accepted protocol designed to provide encrypted communications on the internet. A secure site either has its own SSL certificate, or is hosted by a hosting provider with an SSL certificate. Secure sites are those that start with https://... (as opposed to http://...).

Make sure that any e-commerce activities are conducted in a secure, encrypted environment, using SSL. Ask advice from web developers and hosting providers about your options.

## Privacy

Privacy is likely to be a major concern for visitors to an e-commerce site. Organisations which gather information via the web should show integrity about the way they collect and use it – so all websites should contain a website privacy statement.

# Marketing your e-commerce website

It's important to plan how you will market your website. People often assume that just by getting a site, you will increase your market. This is a fallacy – 'build it and they will come' is definitely not how it works on the web. If you're setting up an e-commerce site, make sure you pay enough attention to marketing.

Via the web

- Email newsletters – sent to subscribers on a regular basis.
- Banner advertising on the web.
- Portals that focus on cultural, recreational, educational or travel listings.
- Search engines – register, so that the museum is easily found.
- Links from related sites.
- Related newsgroups.

Other media

- Press releases to appropriate publications.
- Advertising the website within the museum.
- Advertising the website on all marketing material – letterhead, brochures, tickets, business cards.
- Advertising through other media you already use.



## Image management

You can save money by creating your own images for your website. To do this you will need either a digital camera, or a good camera and a scanner.

You will also need someone trained in optimising photos for the web, using a graphics software package such as Adobe Photoshop. This optimisation process is essential – the better optimised the images, the faster the download times for web pages. Site visitors often lose interest and move on to something else when pages take too long to download.

## To sum up

E-commerce can be an excellent way for museums to sell products and services, and generate revenue.

However, don't assume that setting up an e-commerce site is a quick and easy way to make money.

There are many areas you need to consider when developing and maintaining an online shop.

Working through the issues covered in this guide will help you to plan thoroughly, develop a website that suits your museum, and make the most of the possibilities offered by e-commerce.



## Glossary

**Database** A computer-based grouping of related information, organised so it can be accessed and updated.

**Domain name** The unique name that identifies an internet site and allows other users to access it, eg, [www.timarumuseum.co.nz](http://www.timarumuseum.co.nz).

**E-commerce** The practice of selling products or services over the internet.

**Hosting provider** A company which stores ('hosts') web pages on a computer called a server, and makes these available over the internet.

**HTML** Hypertext mark-up language. The coding language used to create documents that appear on the World Wide Web.

**Internet** A vast collection of computer networks across the globe, which enables users to exchange emails and access websites.

**Portal** A web page that offers access to a number of websites with a common theme (and often allows searching across all these sites).

**Search engine** A website which allows users to search the internet for particular information or keywords.

**Shopping cart** Software which allows products or services to be ordered online, and acts as a virtual shopping cart, keeping track of orders and prices as a customer browses online.

**Web page** A page accessible through the World Wide Web, usually containing text and illustrations, and sometimes sound, animation, and video.

**Website** A linked collection of web pages that includes an introductory home page

## Further reading

Te Papa National Services Te Paerangi (2002). *E-Commerce and Museums in New Zealand*. Wellington, Museum of New Zealand Te Papa Tongarewa.

Te Papa National Services Te Paerangi (2002). *Museums Online: Finding Museums Everywhere*. Wellington, Museum of New Zealand Te Papa Tongarewa.

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