

KODE 254's

# Online Business

The ultimate orientation  
Guide #01

2010

## Introduction to Online Business

**Online Business** is any form of entrepreneurial interaction conducted via the internet. It may take the form of business correspondence, product and service advertisement, money transfer and any other such interactions.

The internet forms a basis for interaction between sellers and buyers, just like a shop provides a hub for buying and selling. It however has the advantage of closing distances and forming a virtual business village.

### **Forms of Online Business**

Unknown to many, there are billions of cash exchanging hands in the internet everyday. Business is the number one reason for the explosive growth of the internet today. The said business takes, but is not limited to, the following;

- Foreign Exchange (Forex)
- Product/service advertisement.
- Sales
- Enquiries, searches, surveys
- Money transfers
- Gambling and games

The following can be summarized into one word, **COMMERCE**, and owing to where it takes place; it is referred to as **e-commerce**. The following media are necessary for e-commerce to take place;

- a) **Websites:** this refers to the component of the internet that allows a user to interact with other users on different computers on remote locations. Websites are not solely meant for business, but rather, more often, for information exchange. It is however worth noting that the most commonly known website domain (dot com - .com) is a short form of commerce.

So, although not all websites are meant for business, most of them are directly or indirectly business oriented. After all, it costs money to design, launch and run a website.

You will thus realize that most websites run advertisements alongside their main content, just to keep them running, even if just to supplement on the running cost. Another thing is that most websites that seem to be offering non-profit services, e.g. free music downloads are usually not “free” websites! These goodies come alongside numerous advertisements and other forms of business matters like surveys. The free services are sometimes just meant to entice the users into developing a loyalty into the website, and to attract traffic (read people) into buying services they offer. For example, while you may get a 30day trial of certain software, the free license is later withheld and you are then compelled to purchase a license.

- b) **E-money / Merchant accounts:** Being the medium of exchange, money must be transferred from the buyer to the seller for any form of business transaction to be completed. The same is true for e-commerce and money is transferred in the following manners.
- **Using VISA** – this is a worldwide accepted card for money transfer and the buyer transfers money directly to the seller by authorizing the visa agents, through their VISA provider, to debit their accounts of some amount of money and credit the same to the seller.
  - **Wire transfer e.g Western Union.** Whereby the buyer deposits money with a service provider, for the same to be sent to the seller.
  - **Cheque.** Just like normal, cheques can drawn by the buyer in favour to the seller and the same mailed to the seller. This is obviously not a very preferred not only because of the slow speed of delivery, but also owing to the issues of forgery and cross-acceptability between banks.

- **Merchant Accounts.** This is an indirect form of money transfer whereby a middleman, just like with the banks, takes the money from the buyer and remits the same to the seller. Both the buyer and the seller have got to have accounts with the said merchants. These are considered much safer, acceptable and flexible as both the buyer and the seller have to honour their responsibilities before the transaction is completed. A good example is where money for a product is sent to the seller and then the seller fails to ship the product. Examples of these accounts include
  - **Money bookers**
  - **E-gold**
  - **Trial pay**
  - **Paypal**
  - **Alertpay**
  - **Payoneer e.t.c**

All these charge a small fee for the transaction, but offer much better security. The accounts are usually debited using VISA. These accounts are usually linked to ones email account and any transaction must be authorized personally by the account holder.

- **Accreditation.** This is an indirect but very important aspect in e-commerce. It is more concerned with the security and credibility aspect of internet business as earlier mentioned. It is worth noting that there are as many fraudsters on line as there are genuine business persons. Some people have had their VISA cards drained while others have enjoyed free products and services by defaulting to transfer money to the sellers after the products were shipped.

There are a number of organizations concerned with such accreditation and whose approval should be sought, especially where large sums of money are involved or where sensitive information is about to be exchanged.

- **Communication.** Information exchange is obviously very vital in any kind of business scenario. As earlier indicated, the website is one very vital source and medium for information exchange.

Others include the following:

- **E-mail.** The e-mail has been generally accepted as a reliable form of internet communication. Email accounts are offered by different providers like yahoo, Google or even website hosts who give customized email accounts. Where emails are used for business, they should be securely guarded against unauthorized intrusion as sensitive information may land in the wrong hands. In this way, the password used for such emails should be “strong” and very distinct, hard for anyone to guess. Those who use shared computers should instruct the computer to “never remember” the password on these computers, whether in a cyber café or in the office. The business email should also be kept off social communication.

Another aspect is whereby unintended emails referred to as “spam” are sent to ones e-mailbox, choking it with junk, useless emails. These are usually “invited” unknowingly while one gives their email address to some website before getting some petty service...some very useless! The good news is that for all spam mail, there is the option to unsubscribe, usually at the end of the mail.

In the same vein, service providers, especially yahoo, can store important emails into the spam folder, meaning that you can never see them in your inbox. It is however to make an occasional visit to the spam folder just in case. Should there be an important email there, one should “whitelist” it by selecting on it and clicking on the “not spam” button. It is then moved to the inbox and all subsequent emails go there.

- **IM (Instant Messaging)** - This is similar to email, only that it is a fast way of communication as the recipient is alerted the moment a message is sent, just like in mobile phone SMS. Most email providers have this feature attached to an email address.
- **Telephone** – This is undoubtedly a medium that is gaining fast recognition in the world of communication. Many internet business operators insist on having your mobile number for communication, especially so in the initial stages of operation. This also duals as a means of ensuring that they are dealing with human and not machine.
- **Connectivity** – Internet business is transacted via the internet (the world wide web) and as so, one will obviously need access to the internet, usually through one of the following ways;
  - **Modems**
  - **Cyber cafes**
  - **Satellite connections**
  - **Fiber optic connections**
  - **Mobile phone internet e.t.c**

### How to make money online

AS a beginner, there are various methods that one can make money online. Examples are given below, but one thing to always remember is that there is no “**free**” money online.

- **Forex Trading.**
- **Data entry**
- **Product survey/research/testing**
- **Paid-to (click, join, read e.t.c)**
- **Affiliate marketing**
- **Gambling**
- **Direct sales**
- **Freelancing**

### Online tricks

The following tips are important before and during the course of internet business.

- Take your time to understand the gains versus the risks involved. The benefits envisaged must always override the costs and losses involved.
- It’s a jungle out there! Watch out for fraudulent tendencies. Avoid staking your livelihood.
- Like all other businesses, efforts (both mental and physical) are directly proportional to the gains.
- Research is key.
- Quitting is allowed! Know when to walk away, know when to run!
- Do not mix up your regular with the online. Split personality is a rule here! Have different accounts (bank, email etc)
- Start small! There are very many freebies out there, earn little but learn a lot. These keep growing in the inverse proportionality until you are a big fish.
- Facebook is a goldmine! Your “**friends**” should be your “**clients**”!

**Watch out for our Guide 002, else you miss out big time on...**

- **Where** is the goldmine
- **How much** will I make
- **What** will it cost me
- **When** will I get paid

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