Online Business…a good sales strategy?

As I mentor small business entrepreneurs, I encourage spending time to develop a good sales strategy? One question that comes up quite often is how about selling online. Is this a good sales strategy for my business? There is no single answer to that question, because every business situation is different. A good sales strategy takes into account your business objectives, your product or service, your target audience and their geographical locations.

Setting up your business on the internet can be a lucrative way to attract customers, expand your market and increase sales. For the most part, the steps to starting an online business are the same as starting any business. However, doing business online comes with additional legal and financial considerations, particularly in the areas of privacy, security, copyright and taxation.

Rules and regulations for conducting e-commerce apply mainly to online retailers and other businesses that perform consumer transactions by collecting customer data. However, even if you do not sell anything online, laws covering digital rights and online advertising may still apply to you.

The Federal Trade Commission (FTC) is the primary federal agency regulating e-commerce activities, including use of commercial emails, online advertising and consumer privacy. FTC's Online Advertising and Marketing provides an overview of e-commerce rules and regulations. There are several that merit your attention.

**Protecting Your Customers' Privacy:** Learn the necessary steps you should take to protect your customers from identity theft and other misuses of their personal information. Any business that collects personal or financial data either through online sales, credit reports or applications should understand these rules and regulations.

**Collecting Sales Tax Over the Internet:** If you run a business with a physical storefront, collecting sales tax is pretty straightforward. That is, you charge your customers the sales tax required by the jurisdiction where your business is located. For example, if you operate a retail store in Southeast Minnesota, you collect both state and local sales taxes from customers buying merchandise at your store.

But suppose you start selling your products online. Does that mean you charge them the same sales taxes that you do to those coming into your store? It depends. If your business has a physical presence, such as a store, office or warehouse, you must collect applicable state and local sales tax from your customers. If you do not have a presence in a particular state, you are not required to collect sales taxes. In legal terms, this physical presence is known as a "nexus." Each state defines nexus
differently, but all agree that if you have a store or office of some sort, a nexus exists. Also, many state legislatures are redefining this as they try to get as much revenue as possible. So, be sure to contact the state's revenue agency to find out the current situation.

**Digital Rights/Copyright:** Personal data is not the only thing protected on the Internet. Digital works, including text, movies, music and art are copyrighted and protected via the Digital Millenium Copyright Act (DMCA). The DMCA offers a number of protections for information published to the Internet, as well as other forms of electronic information.

Setting up your business on the internet can be a great sales strategy but keep in mind the unique considerations. To learn more about sales strategies for your business, contact America’s free and confidential source of small business mentoring and coaching, SCORE, on our website: [www.score-SEMinnesota.org](http://www.score-SEMinnesota.org).

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