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## Reports

### **New Study Sparks Debate on Startup Costs**

***Gartner Group report enumerates obstacles facing new merchants***

By [Michele Marrinan](#), ShopGuideNews Contributing Editor

E-commerce sites are inexpensive and easy to launch, right? Well, that depends on who you talk to. If you rely on the estimates of analysts at [Gartner Group](http://www.gartner.com) (<http://www.gartner.com>), you're in for a shock. The Stamford, CT, technology research firm puts a \$1 million price tag on such sites—a cost they say will grow by at least 25 percent over the next two years.

"Despite constant vendor claims to the contrary, initiating a corporate e-commerce Web site is an expensive proposition," write analysts in Gartner's recent study of 20 e-commerce sites. They cite such expenses as labor (79 percent), hardware (11 percent) and software (10 percent).

At least one Web designer agrees. "By the time you start adding it all up, it's not hard to spend \$1 million," says Dan Turkette, CEO of [TEK Interactive Group Inc.](#), a Web design firm in Fort Wayne, IN. The "it" ranges from personnel and consulting services to advertising and integration with existing systems.

But prospective Web entrepreneurs need not give up their dreams, according to Mitchell Levy, president of ECNow.com and publisher of ECMgt.com. "E-commerce can range from \$10 million to \$12 million, all the way down to \$100 a month," said Levy in an exclusive ShopGuideNews interview. "The real question is what's the goal of your site? There are things you can do without spending a lot of money."

Levy points to sites like [Askthebuilder.com](#), [Tradeshop.com](#) and [Lihottubs.com](#), which have managed to produce successful sites on small budgets. Some canned solutions are also inexpensive. Yahoo Store lets you set up a basic e-commerce site in about 10 minutes, at a cost of just \$100 per month. One of Levy's clients went that route and brought in \$250,000 in revenues the first year.

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