

## Chapter 2

# Opening Your Online Business

### *In This Chapter*

- ▶ Finding a unique niche for your business
- ▶ Identifying a need and targeting your customers
- ▶ Turning your website into an indispensable resource
- ▶ Finding more than one way to market your business
- ▶ Generating interest in your business

**T**he concept of starting a business online has been around since the 1990s. These days, opening a storefront or a sales channel on the Internet is not the least bit unusual. As time goes on, you have more and more success stories to emulate and be inspired by. Also, new software and services are continually developed to make creating web pages and transacting business online easier than ever. But after you leap a few not-so-high technological hurdles, the basic steps for starting a successful online business haven't really changed. Those steps are well within the reach of individuals like you and me who have no prior business experience.

Online businesses are affected by economic downturns just as offline operations are. But in good times or bad, you can still thrive. All you need are a good idea, a bit of startup money, some computer equipment, and a little help from your friends.

One of my goals in this book is to be one of those friends — someone who provides you with the right advice and support to get your business online and make it a success. In this chapter, I give you a step-by-step overview of the entire process of starting an online business.

## ***Step 1: Identify a Need***

“The best of anything hasn't been done yet,” says John Moen, the successful founder of the Graphic Maps website ([www.graphicmaps.com](http://www.graphicmaps.com)) I profile in this chapter. “The web isn't over. Someday someone will invent a better

## 32 Part I: Launching Your Online Business

---

Walmart, and there will be a bigger and better store. As the technology changes, someone will create a business online that makes people say, ‘Holy cow, that’s cool.’”

In fact, in the course of writing about online business for ECommerceBytes ([www.ecommercebytes.com](http://www.ecommercebytes.com)), I’ve found out about all kinds of new online services, such as:

- ✓ **RIVworks** ([www.rivworks.com](http://www.rivworks.com)) lets small businesses affordably add video clips to their websites. RIV stands for Rich Interactive Video.
- ✓ **SteelHouse** ([www.steelhouse.com](http://www.steelhouse.com)), a “behavioral advertising” company, gives online businesses the ability to display animated or video ads on their sites.
- ✓ **FBAPower** ([www.fbapower.com](http://www.fbapower.com)) helps those who sell on Amazon.com boost their profit margin by finding products that sell well on the site and then letting Amazon ship them through its Fulfillment By Amazon service.
- ✓ **FeeFighters** ([www.feefighters.com](http://www.feefighters.com)) helps businesspeople shop for the best discount rates from credit companies so they can accept credit card payments from shoppers.
- ✓ **Mobify** ([www.mobify.com](http://www.mobify.com)), helps merchants create mobile versions of their websites so they can pursue “m-commerce.”

In addition to these service providers, I’ve profiled small business websites that sell handmade primitive artwork, elaborate eggshell art, high-quality merchandise from Europe, and lots of other products.



Electronic commerce (*e-commerce*) and the web have been around for nearly 15 years. But new products and ways to sell those products are identified all the time. Think of the things that didn’t exist when the first websites were created: blogs, Twitter, search ads, podcasts, RSS feeds, MP3s, YouTube, DVDs, and eBay. Consider my brother, Mike: For the past couple of years, he has operated an online business — lp2cdsolutions, Inc., which converts scratchy old records to clean and repackaged CDs. Business has remained steady because, like many entrepreneurs, Mike reached a simple conclusion: “If I want this product so much, I bet a lot of other people do, too.” He spent thousands of dollars on computer hardware and software, and he got really good at audio restoration. Now he’s making a modest but steady extra income and putting his technical talents to good use. Will he succeed because he has me to help him? I don’t think success is guaranteed. It depends on you — your energy, dedication, and enthusiasm.

### A hotbed of commerce

Statistically, the Internet continues to be a hotbed of commerce — and shopping online is becoming more accepted among consumers. Here's what the experts are saying:

✔ **Forrester Research** ([www.forrester.com](http://www.forrester.com)) says U.S. online retail sales reached \$155 billion in 2009 and are projected to grow to \$248 billion by 2014. Business-to-consumer (B2C) e-commerce still grows by double-digit rates each year and is projected to climb 10 percent per year through 2014. By contrast, the National Retail Federation forecasts that traditional retail sales will grow more slowly — a 34 percent increase in 2013.

✔ **Statistics Canada** ([www.statcan.ca](http://www.statcan.ca)), the Canadian government's central statistical agency, reports that e-commerce sales in Canada in 2010 amounted to \$15.3 billion, and consumers placed 13.8 million orders online during the year. These sales figures represented a 6.8 percent increase from 2007.

✔ **The U.S. Department of Commerce** ([www.census.gov/retail/mrts/www/data/pdf/ec\\_current.pdf](http://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf)) reports that e-commerce sales in the United States reached \$5.5 billion in the fourth quarter of 2012. This was a 4.4 percent increase from the previous quarter and a continuation of the steady upward trend that e-commerce sales in the United States have posted since 2000.

✔ **eMarketer** ([www.emarketer.com/Webinar/Retail-Ecommerce-ForecastChallenging-Economy-Drives-Online-Shopping/4000055](http://www.emarketer.com/Webinar/Retail-Ecommerce-ForecastChallenging-Economy-Drives-Online-Shopping/4000055)) reports that in the United Kingdom, e-commerce has been relatively immune to the economic slowdown, thanks to the many factors that make e-commerce attractive to shoppers eager to save time and money. These include fuel savings, convenience, and easy and quick ways to comparison-shop. Other countries show a booming online business environment: eMarketer predicts that Asia-Pacific e-commerce sales will surpass those of the United States in 2013, growing more than 30 percent to over \$433 billion.

Your first job, accordingly, is to get in touch with your *market* (the people who'll be buying your stuff or using your services) and determine how you can best meet that market's needs and demands. After all, you can't expect web surfers to patronize your online business unless you identify services or items that they really need. For Ryan Hatfield, who sold general merchandise on eBay from 2002 to 2009, a desire to automatically lower his prices to beat the competition served as the impetus to create his own company selling his product, Price Spectre, online. For more on Ryan, see the "Programmer maps plan for success" sidebar, later in this chapter.

### *Getting to know the marketplace*

The Internet is a worldwide interconnected network of computers to which people can connect either from work or home, and through which people can communicate via e-mail, receive information from the web, and buy and sell items with credit cards or by other methods.

Many people decide to start an online business with little more than a casual knowledge of the Internet. But when you decide to get serious about going online with a commercial endeavor, it pays to get to know the environment in which you plan to be working.

One of your first steps is finding out what it means to do business online and determining the best ways for you to fit into the exploding field of e-commerce. For example, you need to realize that the Internet is a personal place; customers are active, not passive, in the way they absorb information; and the Internet was established within a culture of people sharing information freely and helping one another. For another, you need to know that although the marketplace continues to grow, most of the new growth is expected to come from experienced online shoppers rather than people making their first purchases online. That means you must address the needs of experienced shoppers who are becoming more demanding of web-based merchants.



Some of the best places to find out about the culture of the Internet are blogs, social networking sites such as Facebook, chat rooms, and sites such as Twitter where individuals gather and exchange brief messages online. Visiting discussion forums devoted to topics that interest you can be especially helpful, and you're likely to end up participating. Also visit commerce websites such as eBay and Amazon.com for ideas and approaches you may want to use.

### *“Cee-ing” what’s out there*

The more information you have about the “four Cs” of the online world, the more likely you are to succeed in doing business online:

- ✓ **Competitors:** Familiarize yourself with other online businesses that already do what you want to do. Don't let their presence intimidate you. You're going to find a different and better way to do what they already do.
- ✓ **Customers:** Investigate the various kinds of customers who shop online and who might visit your site.
- ✓ **Culture:** Explore the special language and style that people use when they communicate.
- ✓ **Content:** Although websites have become far more visually interesting over the years, what truly distinguishes them is their content. Useful information attracts repeat visitors, which leads to increased sales.

When you take a look around the Internet, notice the kinds of goods and services that tend to sell in the increasingly crowded, occasionally disorganized, and sometimes complex online world. The products that sell best in cyberspace include these four Cs:

- ✔ **Cheap:** Online items tend to sell at a discount — at least, that’s what shoppers expect.
- ✔ **Customized:** Anything that’s hard to find, personalized, or unique sells well online.
- ✔ **Convenient:** Shoppers look for items that are easier to buy online than at a “real” store, such as a rare book that you can order in minutes from Amazon.com ([www.amazon.com](http://www.amazon.com)) or an electronic greeting card that you can send online in seconds ([www.greeting-cards.com](http://www.greeting-cards.com)).
- ✔ **Compelling:** Consumers go online to quickly read news stories from sources that are available by subscription, such as newspapers and magazines; content that is exciting and eye-catching or that exists online only, such as homemade videos on YouTube ([www.youtube.com](http://www.youtube.com)) or blogs (a term derived from *web logs*).



Visit one of the tried-and-true indexes to the Internet, such as Yahoo! ([www.yahoo.com](http://www.yahoo.com)), or the search services Google ([www.google.com](http://www.google.com)) or Bing ([www.bing.com](http://www.bing.com)). Enter a word or phrase in the site’s home page search box that describes the kinds of goods or services you want to provide online. Press Enter, and you’ll find out how many existing businesses already do what you want to do. Better yet, determine what they *don’t* do and set a goal of meeting that specialized need yourself.

### *Figuring out how to do it better*

After you see what’s already out there, you want to find ways to make your business stand out from the crowd. Direct your energies toward making your site unique and providing products or services that others don’t offer. Offerings that set your online business apart can be as tangible as half-price sales, contests, seasonal sales, or freebies. They can also involve making your business site higher in quality than others. Maybe you can just provide better or more personalized customer service than anyone else.

What if you can’t find other online businesses that do what you want to do? Lucky you! In e-commerce, being first often means getting a head start and being more successful than latecomers, even if they have more resources than you do. (Just ask Jeff Bezos and others who founded the online bookstore Amazon.com.) Don’t be afraid to try something new and outlandish. It just might work!



### Programmer maps plan for success

Ryan Hatfield persisted through tough economic times to reinvent himself and achieve his vision for an online business.

Hatfield was laid off from his job as a software engineer at the start of the economic downturn of 2008. Using his experience selling general merchandise on eBay, he set out to develop an app for eBay sellers called Quantity Manager. For the next year he struggled financially, living on unemployment and trying to find a job while promoting his app.


Hatfield formed a company and won an award for one of his apps, but didn't have the money to travel to a developers' conference to pick it up in person. He continued to struggle during 2009, at one point moving in with his mother. During this period he drew up a series of goals:

1. Break even.
2. Avoid bankruptcy.
3. Keep apartment.
4. Earn a livable wage.
5. Afford the lifestyle I was accustomed to while employed.
6. Reach my old salary.
7. Be able to afford a condo in an upscale high-rise building and never have to work again.

His Quantity Manager app began to generate some income. "In April, one of my Quantity Manager subscribers mentioned an idea that eventually turned into Price Spectre," Hatfield says. "The basic concept was an app that would watch a competitor's listing instead of the seller's listing. When a price was changed, it would change the price of the seller's listing."

He kept working on this new software for eBay and for eBay's related marketplace, half.com, and began to offer it on its own website ([www.pricesspectre.com](http://www.pricesspectre.com)). He won another software award, and this time a family friend enabled him to fly to San Jose, California, to pick it up. This gave him the opportunity to network with other developers. He received new attention for his apps, and eBay began promoting them. In early 2012 Hatfield reached the sixth goal on his list — he was making as much as his old salary, three years and four months after being laid off.

Hatfield now runs [PriceSpectre.com](http://PriceSpectre.com), where he sells and manages his app, enabling sellers to reprice their merchandise automatically so that their price is lower than the competition's. His program is well received by online merchants.



What's the lesson for you? Don't give up. Find your niche and do it well. Fill needs that aren't being addressed. Get to know others in your field, and do everything you can to promote your product.

## ***Step 2: Determine What You Have to Offer***

Business is all about identifying customers' needs and figuring out exactly what goods or services you'll provide to meet those needs. It's the same both online and off. (Often, you perform this step before or at the same time you scope out what the business needs are and figure out how you can position yourself to meet those needs, as I explain in "Step 1: Identify a Need.")

To determine what you have to offer, make a list of all the items you have to put up for sale or all the services you plan to provide to your customers. Next, decide not only what goods or services you can provide online, but also where to obtain them. Will you create sale items yourself? Will you purchase them from another supplier? Jot down your ideas and keep them close at hand while you develop your business plan.



The Internet is a personal, highly interactive medium. Be as specific as possible with what you plan to do online. Don't try to do everything; the medium favors businesses that do one thing well. The more specific your business, the more personal the level of service you can provide to your customers.

## Step 3: Come Up with a Cyberbusiness Plan

The process of setting goals and objectives and then designing strategies for attaining them is essential when starting a new business. What you end up with is a *business plan*. A good business plan applies not only to the startup phase, but also to a business's day-to-day operation. It can also be instrumental in helping a small business obtain a bank loan.

To set specific goals for your new business, ask yourself these questions:

- ✓ Why do I want to start a business?
- ✓ Why do I want to start it online?
- ✓ What would I want to buy online?
- ✓ What would make me buy it?

These questions may seem simple. But many businesspeople never take the time to answer them — to their detriment. And only *you* can answer these questions for yourself. Make sure that you have a clear idea of where you're going so that you can commit to making your venture successful over the long haul. (See Chapter 3 for more on setting goals and envisioning your business.)

To carry your plan into your daily operations, consider these suggestions:

- ✓ Write a brief description of your company and what you hope to accomplish with it.
- ✓ Draw up a marketing strategy. (See Chapter 10 for tips.)
- ✓ Keep track of your finances. (See Chapter 18 for specifics.)



Consider using specialized software to help prepare your business plan. Programs such as Business Plan Pro by Palo Alto Software ([www.paloalto.com](http://www.paloalto.com)) lead you through the process by asking you a series of questions to identify what you want to do. The Standard version of the program retails for \$99.95. You can find an online version for \$19.95 per month.





If you set aside part of your home for business purposes, you may be eligible for tax deductions, depending on how much space you use and whether it is completely dedicated to your business. (You can't work in a corner of the kitchen but then deduct the entire kitchen, for example.) You can depreciate your computers and other business equipment, too. On the other hand, your municipality may require you to obtain a license if you operate a business in a residential area; check with your local authorities to make sure that you're on the up and up. You can find out more about tax and legal issues, including local licensing requirements, in Chapters 17 and 18.



Go to my website ([www.gregholden.com/busplan.doc](http://www.gregholden.com/busplan.doc)) to download information created by business consultant Jeffrey Edelheit about creating a business plan.

## Step 4: Assemble Your Hardware and Software

One of the great advantages of opening a store on the Internet rather than on Main Street is money — or, rather, the lack of it. Rather than rent a space and set up furniture and fixtures, you can buy a domain name, sign up with a hosting service, create some web pages, and get started with an investment of only a few hundred dollars or less.

In addition to your virtual storefront, you have to find a real place to do your business. You don't necessarily have to rent a warehouse or other large space. Many online entrepreneurs use a home office or a corner in a room set up with a computer, books, and other business-related equipment.

### *Finding a host for your website*

Although doing business online means you don't have to rent space in a mall or open a real, physical store, you do have to set up a virtual space for your online business. The most common way to do so is by creating a website and finding a company to host it. In cyberspace, your landlord is a web hosting service. A *web host* is a company that, for a fee, makes your site available 24 hours a day by maintaining it on a special computer — a *web server*.

A web host can be as large and well known as America Online, which gives all its customers a place to create and publish their own web pages. Some web-based resources, such as Microsoft Office Live 365 ([www.microsoft.com/en-us/office365/enterprise-home.aspx](http://www.microsoft.com/en-us/office365/enterprise-home.aspx)) and

Tripod ([www.tripod.lycos.com](http://www.tripod.lycos.com)), act as hosting services and provide easy-to-use website creation tools as well. When my brother decided to create his website, he signed up with a company called Webmasters.com, which charges him \$9.95 per month. Webmasters offers many features, including the form shown in Figure 2-1, which enables you to create a simple web page without typing any HTML.

In addition, the company that gives you access to the Internet — your Internet service provider (ISP) — may also publish your web pages. Make sure your host has a fast connection to the Internet and can handle the large numbers of simultaneous visits, or *hits*, that your website is sure to get eventually. You can find a detailed description of web hosting options in Chapter 4.

The screenshot shows the '4admin Website Builder' interface. At the top, it says 'Account: live.demo' and has 'HELP' and 'LOGOUT' buttons. Below that is a 'File:' menu with 'Home Page' selected, and buttons for 'Create', 'Edit', 'Templates', and 'File Manager'. A paragraph of instructions follows: 'To create your home page, please complete the form below and click on "Publish Page". To create additional pages, select Page 1, 2 or 3 in the "File" menu above, click on "Create", complete the form, and then click on "Publish Page". You can create as many pages as needed by entering a different name for each new file in the "Page to be created" field.'

The form fields are:

- Page to be created:** index.htm (Home Page)
- Page title:** (this appears at the top of the browser) Affordable Vinyl Restoration by lp2cdsolutions
- Meta tags (optional):** (this is used by search engines to index your site)
- Description:** lp2cdsolutions provides affordable restoration o
- Keywords:** click, descratch, decrackle, restore, vinyl, LPs
- Select page background color:** (this sets the color of your entire page) - A color selection bar with several colored circles.
- Would you like to use a background image for your page?** (you can use either a background color or image, not both) Yes  No
- If yes, select image below:** (you can click on each image to preview it in a blank page) - A row of small image thumbnails.

At the bottom, there are navigation buttons: '<< Control Panel', 'Feature: Website Builder', and 'GO >>'.

**Figure 2-1:**  
Take the time to choose an affordable web host that makes it easy for you to create and maintain your site.

## Assembling the equipment you need

Think of all the equipment you *don't* need when you set up shop online. You don't need shelving, a cash register, a parking lot, electricity, a fire protection system, a burglar alarm . . . the list goes on and on. You may need some of those for your home, but you don't need to purchase them especially for your online business.

For doing business online, your most important piece of equipment is your computer, whether it's a laptop, tablet, or desktop machine. Other hardware, such as a scanner, digital camera, and printer, is essential, too. Make

sure that your computer equipment is fast enough and has enough memory because you'll spend a lot of time online: answering e-mail, checking orders, revising your website, and marketing your product. Expect to spend anywhere between \$800 and \$5,000 for equipment if you don't have any to begin with.



Remember that online shoppers expect a higher level of customer service. You don't want substandard equipment to slow down your responses and performance. It pays to shop wisely and get the best setup you can afford up front so that you don't have to purchase upgrades later on. (For more suggestions on buying business hardware and software, see Chapter 3.)

### Keeping track of your inventory

It's easy to overlook stocking inventory and setting up systems for processing orders when you're just starting out. But as Lucky Boyd, an entrepreneur who started MyTexasMusic ([www.mytexasmusic.com](http://www.mytexasmusic.com)) and other websites, pointed out to me, make sure that you have a "big vision" early in the process of creating your site. In his case, it meant having a site that could handle lots of visitors and make purchasing easy. In other cases, it might mean having sufficient inventory to meet demand. Having too many items for sale is preferable to not having enough. "We operated on a low budget in the beginning, and we didn't have the inventory that people wanted," the entrepreneur commented. "People online get impatient if they have to wait for things too long. Make sure you have the goods you advertise. Plan to be successful."

Jinele Boyd, co-founder of MyTexasMusic, adds that they treat every order with urgency and make an effort to ship the same day the order arrives — or no longer than 36 hours after receiving it. "We also hand-write a note inside every box," she says. "We get e-mails and calls all the time from people telling us how amazed they were that a 'real person' handled their order and took the time to hand-address the boxes."

Many online businesses keep track of their inventory (and thus fulfill orders quickly) by using

a database that's connected to their website. When someone orders a product from the website, that order is recorded automatically in the database, which then produces an order for replacement stock. Lucky and his staff originally used a version of Microsoft Excel with database functions to track inventory. They've since moved to a PHP/SQL system according to Boyd. "We still ship the same day, and we never have something for sale on the site that's not in stock. Customers hate to add something to their cart only to find that it's out of stock."

In this kind of arrangement, the database serves as a so-called *back end* or *back office* to the web-based storefront. This is a sophisticated arrangement that's not for beginners. However, if orders and inventory get to be too much for you to handle, consider hiring a web developer to set up such a system for you.

Other "back end" features such as packing and shipping are just as important. Boyd coped with increases in shipping costs by raising shipping costs to his customers by 14 cents on the first item and just 1 cent on all additional items — thus encouraging increased sales. He also found a lighter box that cut shipping charges by 17 cents per order. "It really pays to research the little things," he says. "They add up quickly."

## Choosing business software

For the most part, the programs you need in order to operate an online business are the same as the software you use to surf the Internet. You do, however, need to have a wider variety of tools than you would use for simple information gathering.

Because you'll be in the business of information *providing* now, as well as information gathering, you need programs such as the following:

- ✔ **A web page editor:** These programs, also called *web page creation tools* or *web page authoring tools*, make it easy for you to format text, add images, and design web pages without having to master HTML.
- ✔ **Graphics software:** If you decide to create your business website yourself rather than find someone to do it for you, you need a program that can help you draw or edit images to include on your site.
- ✔ **Storefront software:** You can purchase software (or pay a monthly fee) that leads you through the process of creating a full-fledged online business and getting your pages on the web.
- ✔ **RSS feed software:** RSS (Real Simple Syndication) is a way of formatting web content in the form of an eXtensible Markup Language (XML) file so it can be read quickly and easily by people who subscribe to it. You can find instructions on how to create an RSS feed and a list of feed creation tools at [www.rss-specifications.com/create-rss-feed.htm](http://www.rss-specifications.com/create-rss-feed.htm).
- ✔ **Accounting programs:** You can write your expenses and income on a sheet of paper. But it's far more efficient to use software that acts as a spreadsheet, helps you with billing, and even calculates sales tax.



Some businesspeople (such as Judy Vorfeld, whom I profile in Chapter 5) prefer blog software rather than a full-blown web editor to create their website's content. I also use the blogging program WordPress to create content for my personal website ([www.gregholden.com](http://www.gregholden.com)).

## Step 5: Find People to Help You

Conducting an online business does involve relatively new technologies, but they aren't impossible to figure out. In fact, the technology is becoming more accessible all the time. Many people who start online businesses find out how to create web pages and promote their companies by reading books, attending classes, or networking with friends and colleagues. Of course, just because you *can* do it all doesn't mean that you have to. Often, you're better off hiring help, either to advise you in areas where you aren't as strong or

simply to help you tackle the growing workload — and help your business grow at the same time.

### *Hiring technical experts*

Spending some money upfront to hire professionals who can point you in the right direction can help you maintain an effective web presence for years to come. Many businesspeople who usually work alone (myself included) hire knowledgeable individuals to do design or programming work that they would find impossible to tackle otherwise. You'll find many technical experts eager to help you, for a reasonable price, at the freelance marketplace Elance ([www.elance.com](http://www.elance.com)).



Don't be reluctant to hire professional help to get your business online. The web is full of development firms that perform several related functions: providing customers with web access, helping to create websites, and hosting sites on their servers. The expense for such services may be considerable at first. The programming involved in setting up databases, creating purchasing systems, and programming web pages can run over \$10,000 for particularly extensive websites, but the investment can pay off in the long term. Choose a designer carefully and check out sites he or she has done before. Tell the designer your plan for the organization and content, and spell out clearly what you want each page to do. Another area where you may want to find help is in computer and network maintenance. You need someone who knows how to troubleshoot and keep your computer running. Find out whether you have a computer expert in your neighborhood who is available on short notice.



If you do find a business partner, make sure that the person's abilities balance your own. If you're great at sales and public relations, for example, find a writer or web page designer to partner with.

### *Gathering your team members*

Many entrepreneurial businesses are family affairs. A successful eBay business, Maxwell Street Market ([www.maxwellstreetmarket.com](http://www.maxwellstreetmarket.com)), is run by a husband-and-wife team as well as family members and neighbors. The husband does the buying, the wife prepares sales descriptions, and the others help with packing and shipping. John Moen found some retired teachers to help answer the geography questions that come into his [WorldAtlas.com](http://WorldAtlas.com) site. The convenience of the Internet means that these geography experts can log on to the site's e-mail inbox from their respective homes and answer questions quickly.

Early on, when you have plenty of time to do planning, you probably won't feel a pressing need to hire others to help you. Many people don't seek help until they have a deadline to meet or are in a financial crunch. Waiting to seek help is okay — as long as you realize that you *will* need help, sooner or later.



Of course, you don't have to hire family and friends, but you must find people who are reliable and can make a long-term commitment to your project. Keep these things in mind:

- ✓ Pick someone who already exhibits experience with computers and the Internet.
- ✓ Always review a résumé, get at least three references, and ask for samples of the candidate's work.
- ✓ Pick someone who responds promptly and courteously, and provides the talents you need.
- ✓ If your only contact is by phone and e-mail, references are even more important.

## Step 6: Construct a Website

Although you can make a living buying and selling full time on eBay, a website is still likely to be the focus of your online business. Fortunately, websites are becoming easier to create. You don't have to know a line of HTML to create an effective web page. Chapter 5 walks you through the specific tasks involved in organizing and designing web pages. Chapter 5 also gives you tips on making your web pages content-rich and interactive.



Make your business easy to find online. Pick a web address (also known as a *URL*, or Uniform Resource Locator) that's easy to remember. You can purchase a short domain-name alias, such as `www.company.com`, to replace a longer one like `www.internetprovider.com/~username/companyname/index.html`. If the ideal dot-com (`.com`) name isn't available, you can choose one of the newer domain suffixes such as `.biz`. See Chapter 4 for more information on domain name aliases.

If the perfect domain name for your business is already taken, consider adding a short, easy-to-remember prefix or suffix to your existing company name. For example, if your company name is something common, such as Housing Services, try fairly recognizable names such as `housing.com` and `housingservices.com`. That way, the web address is still easy to recall and associate with your business. Or create a “cyber” name that's related to your real name. The Art Institute of Chicago can't use `www.artinstitute.edu` because it's already taken by a group of Art Institutes to which it belongs. So the Art Institute of Chicago created the short abbreviation `www.artic.edu` — which I, for one, find easy to remember.



Spellings that differ from common English, such as `niteline.com`, are difficult for people to remember — and people who only hear the name spoken won't know how to type it or search for it properly. Also avoid hyphens in your domain name, such as in `WBX-TV-Bozo@somestation.com`, because, again, their placement isn't obvious.

### *Making your site content-rich*

The textual component of a website is what attracts visitors and keeps them coming back. The more useful information and compelling content you provide, the more visits your site will receive. I'm talking about words, headings, or images that induce visitors to interact with your site in some way. You can make your content compelling in a number of ways:

- ✓ Provide a call to action, such as Click Here! or Buy Now!
- ✓ Explain how the reader benefits by clicking a link and exploring your site. ("Visit our News and Specials page to find out how to win 500 frequent flyer miles.")
- ✓ Briefly and concisely state your business and its mission.
- ✓ Scan or use a digital camera to capture images of your sale items (or of the services you provide) as I describe in Chapter 5 and post them on a web page called Products.



Don't forget the personal touch when connecting with your customers' needs. Online shoppers don't get to meet their merchants in person, so anything you can tell about yourself helps to personalize the process and put your visitors at ease. For example, one of Lucky Boyd's primary goals for his MyTexasMusic site (`www.mytexasmusic.com`) is to encourage people to become members so they're more likely to visit on a regular basis. His photos of music fans (see Figure 2-2) personalize the site and remind visitors that they're members of a community of music lovers. Let your cybervisitors know that they're dealing with real people, not remote machines and computer programs.

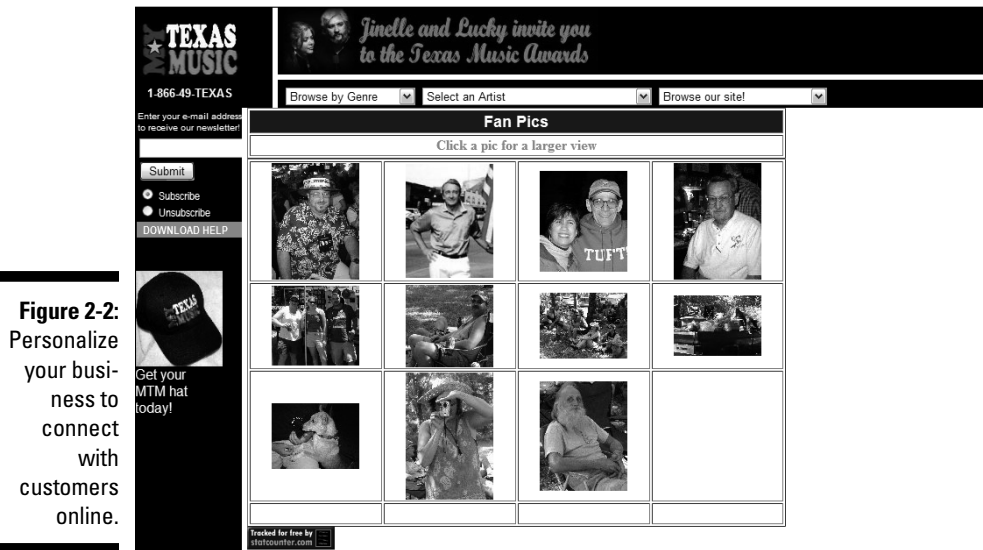


Peeking in on other businesses' websites to pick up ideas and see how they handle similar issues is a natural practice. In cyberspace, you can visit plenty of businesses that are comparable to yours from the comfort of your home office, and the trip takes only minutes.

### *Establishing a graphic identity*

When you start your first business on the web, you have to convince customers that you're competent and professional. One factor that helps build trust is a graphic identity. A site with an identity looks a certain way. For example, take a look at Figure 2-3 as well as Figure 2-4, later in this chapter. Both pages

are from the Graphic Maps website ([www.graphicmaps.com](http://www.graphicmaps.com)). Notice that each has the same white background, the same distinctive and simple logo, and both have similar heading styles. Using such elements consistently from page to page creates an identity that gives your business credibility and helps viewers find what they're looking for.



**Figure 2-2:** Personalize your business to connect with customers online.



**Figure 2-3:** Through careful planning and design, the Graphic Maps site maintains a consistent look and feel, or graphic identity, on each page.



## Step 7: Set Up a System for Processing Sales

Many businesses unprepared for success go online. They don't have systems in place for finalizing sales, shipping purchased goods in a timely manner, or tracking finances and inventory.

An excellent way to plan for success is to set up ways to track your business finances and create a secure purchasing environment for your online customers. That way, you can build on your success rather than be surprised by it.

### *Providing a means for secure transactions*

Getting paid is the key to survival as well as success. However, the payment process for an online business isn't always straightforward. Make your website a safe place for customers to pay you. Provide different payment options and build a level of trust any way you can.



Some people are squeamish about submitting their credit card numbers online. And beginning businesspeople are understandably intimidated by the requirements of processing credit card transactions. In the early stages, you can simply create a form for customers to print out and mail to you along with a check. (The Graphic Maps site is successful without having an online credit card system; clients phone in their orders.)

When you can accept credit cards, make your customers feel at ease by explaining what measures you're taking to ensure that their information is secure. Such measures include signing up for an account with a web host that provides a *secure server*, a computer that uses software to encrypt data and uses digital documents, or *certificates*, to ensure its identity. (See Chapters 6 and 7 for more on Internet security and secure shopping systems.)

### *Becoming a credit card merchant*

E-commerce brings to mind visions of online forms and credit card data that's transmitted over the Internet. Do you have to provide such service to run a successful online business? Not necessarily. Being a credit card merchant makes life easier for your customers, to be sure, but it also adds complications and extra costs to your operation.

The traditional way to become a credit card merchant is to apply to a bank. Small and home-based businesses can have difficulty getting their applications approved. Alternatively, you can sign up with a company that provides electronic shopping cart services and credit card payments online to small businesses. See Chapter 7 for suggestions. You can also accept credit card payments through the popular electronic payment service PayPal. Your customers have to have an account with PayPal and have their purchase price debited from their credit card accounts, but the service is popular enough that many of your online shoppers are probably members already.

If you do get the go-ahead from a bank to become a credit card merchant, you have to pay it a *discount rate*, which is a fee (typically 2 to 3 percent of each transaction). You sometimes have to pay a monthly premium charge of \$10 to \$25 as well. Besides that, you may need special software or hardware to accept credit card payments.



To maximize your sales by reaching users who either don't have credit cards or don't want to use them on the Internet, provide low-tech alternatives (such as toll-free phone numbers and fax numbers) so that your customers can provide you with information using more familiar technologies.



After much searching, Lucky Boyd signed with a company called Gomerchant ([www.gomerchant.com](http://www.gomerchant.com)), which provides him with the payment systems that many online shoppers recognize when they want to make a purchase. First, Gomerchant has a *shopping cart* — a set of pages that acts as an electronic holding area for items before they are purchased. Next, it has a secure way for people to make electronic purchases by providing online forms, where they can safely enter credit card and other personal information. The note stating that the payment area is protected by Secure Sockets Layer (SSL) encryption tells people that even if a criminal intercepts their credit card data, he can't read it.



Safeguarding your customers' personal information is important, but you also need to safeguard your business. Many online businesses get burned by bad guys who submit fraudulent credit card information. If you don't verify the information and submit it to your financial institution for processing, you're liable for the cost. Strongly consider signing up with a service that handles credit card verification for you in order to cut down on lost revenue.

## *Keeping your books straight*

In the simplest sense, "keeping your books" means recording all financial activities that pertain to your business, including any expenses you incur, all the income you receive, as well as your equipment and tax deductions.

The financial side of running a business also entails creating reports, such as profit and loss statements, that banks require if you apply for a loan. Such reports not only help meet financial institutions' needs, but also provide you with essential information about how your business is doing at any time.

You can record all this information the old-fashioned way, by writing it down in ledgers and journals, or you can use accounting software. (See Chapter 18 for information about easy-to-use accounting packages that are great for financial novices.) Because you're making a commitment to use a computer on a regular basis by starting an online business, it's only natural for you to use a computer to keep your books, too. Accounting software can help you keep track of expenses and provide information that may save you some headaches at tax time.



After you save your financial data on your hard drive, make backups so that you don't lose information you need to do business. See Chapter 6 for ways to back up and protect your files.

### Step 8: Provide Personal Service

Because the Internet runs on wires, cables, and computer chips, it may not seem like a place for the personal touch. But technology didn't actually create the Internet and all of its content; *people* did. In fact, the Internet is a great place to provide your clients and customers with outstanding personal customer service.

In many cases, offering customer service on the Internet means you are available and respond quickly to all inquiries. You check your e-mail regularly, you make sure that you respond within a day, you cheerfully solve problems and hand out refunds if needed. By helping your customers, you help yourself, too. You build loyalty as well as credibility among your clientele. For many small businesses, the key to competing effectively with larger businesses is by providing superior customer service. See Chapter 8 for more ideas on how you can do this.

### *Selling by sharing your expertise*

Your knowledge and experience are among your most valuable commodities. So you may be surprised when I suggest that you give them away for free. Why? It's a "try before you buy" concept. Helping people for free builds your credibility and makes them more likely to pay for your services down the road.

When your business is online, you can easily communicate what you know about your field and make your knowledge readily available. One way is to set up a web page that presents the basics about your company and your field of interest in the form of Frequently Asked Questions (FAQs). Another technique is to become a virtual publisher/editor and create your own newsletter in which you write about what's new with your company and topics related to your work. See Chapter 8 for more on communicating your expertise through FAQs, newsletters, and advanced e-mail techniques.



My brother was skeptical when I recommended that he include a page of technical information explaining exactly what equipment he uses and describing the steps involved in audio restoration. He didn't think anyone would be interested; he also didn't want to give away his "trade secrets." *Au contraire, mon frère!* People who surf the Internet gobble up all the technical details they can find. The more you wow them with the names and model numbers of your expensive equipment, not to mention the work you go through to restore their old records, the more they'll trust you. And trust gets people to place an order with you.

## *Making your site a go-to resource*

Many *online entrepreneurs* (online entrepreneurs) succeed by making their websites not only places for sales and promotion, but also indispensable resources full of useful hyperlinks and other information so customers want to visit again and again. For example, the Graphic Maps website mentioned earlier in this chapter acts as a resource for anyone who has a question about geography. To promote the site, John Moen gives away free maps for nonprofit organizations, operates a daily geography contest with a \$100 prize to the first person with the correct answer (as shown in Figure 2-4), and answers e-mail promptly. "I feel strongly that the secret on the web is to provide a solution to a problem and, for the most part, to do it for free," he suggests.



The MyTexasMusic site ([www.mytexasmusic.com](http://www.mytexasmusic.com)) uses the concept of membership to strengthen its connections with customers. The main purpose of the site is to make money by selling the works of Texas musicians as well as tickets to concerts. But to make money, you need to give people a reason to visit your site on a regular basis. When people are *members* rather than *shoppers*, they feel connected and privileged.

"Memberships work for us in two ways," comments Boyd. "Every vendor who consigns to us is a member. Customers can also be members. Membership invokes the idea of ownership, and everyone likes to feel as though they are a part owner of the process."

The screenshot shows the WorldAtlas.com website. At the top, there's a banner for 'INTRODUCING CHASE SAPPHIRE™' with 'GET 10,000 BONUS POINTS TO START' and 'NO ANNUAL FEE'. Below this is a navigation menu with categories like Africa, Antarctica, Arctic, Asia, Australia/Oceania, Caribbean, Central America, Europe, Islands of the World, Middle East, North America, and South America. The main content area features a 'Geography DAILY CASH PRIZE' section with a 'CURRENT QUIZ!' titled 'Where Are You Standing?'. It includes two clues: Clue #1 (10/08/09) about a deadly disease in Memphis, Tennessee, and Clue #2 (10/08/09) about a city named after the ancient capital of Egypt. A 'WIN \$500 HERE!' graphic is prominently displayed. To the right, there's a 'twitter' section and a 'WorldAtlas Trav' section with a search form for 'Your Email Address', 'First Name', and 'Zip Code'. A '35% MORE MOMENTS LIKE THIS.' banner is at the bottom right.

**Figure 2-4:**  
This site uses free art, a mailing list, and daily prizes to drum up business.

The site encourages music lovers and musicians to become members: They provide information about who they are and where they live, and they create their own usernames and passwords so that they can access special content and perform special functions on the site, such as selling their own CDs or posting song clips. For an online business, the names and addresses of people who visit and who don't necessarily make purchases is a gold mine of information. The business can use the contact information to send members special offers and news releases; the more frequently contact is maintained, the more likely those casual shoppers are to eventually turn into paying customers.

The concept of membership also builds a feeling of community among customers. By turning the e-commerce site into a meeting place for members who love Texas musicians, those members make new friends and have a reason to visit the site on a regular basis. Community building is one way in which commerce on the web differs from traditional brick-and-mortar selling, and it's something you should consider, too.

Another way to encourage customers to congregate at your site is to create a discussion area. In Chapter 8, I show you how to provide a discussion page right on your own website.

## *Becoming a super e-mailer*

E-mail is, in my humble opinion, the single most important marketing tool that you can use to boost your online business. Becoming an expert e-mail user increases your contacts and provides you with new sources of support, too.

The two best and easiest e-mail strategies are the following:

- ✓ Check your e-mail as often as possible.
- ✓ Respond to e-mail inquiries immediately.

Additionally, you can e-mail inquiries about co-marketing opportunities to other websites similar to your own. Ask other online business owners if they will provide links to your site in exchange for you providing links to theirs. And always include a signature file with your message that includes the name of your business and a link to your business site. See Chapter 8 for more information on using e-mail effectively to build and maintain relations with your online customers.



I encourage you to use e-mail primarily for one-to-one communication. The Internet excels at bringing individuals together. Mailing lists and newsletters can use e-mail effectively for marketing, too.

I'm *not* encouraging you to send out mass quantities of unsolicited commercial e-mail, a practice that turns off almost all consumers and that can get you in trouble with the law, too. Spam artists have been convicted, and the sentences are getting more severe. In April 2005, a man was sentenced to nine years in prison for masking his identity while bombarding Internet users with millions of unsolicited e-mail messages ([www.pcworld.com/news/article/0,aId,118493,00.asp](http://www.pcworld.com/news/article/0,aId,118493,00.asp)). In November 2009, four individuals were sentenced in a Detroit federal court for their roles in an international stock fraud scheme involving the illegal use of spam e-mails, which violated the CAN-SPAM Act.

In November 2009 Alan M. Ralsky, 64, and Scott Bradley, 48, both of West Bloomfield, Michigan, were sentenced to 51 months and 40 months in prison, respectively, for conspiring to commit wire fraud, mail fraud, violating the CAN-SPAM Act, and engaging in money laundering. Ralsky and Bradley were also each sentenced to five years of supervised release following their respective prison terms, and were each ordered to forfeit \$250,000 that the United States seized from them in December 2007.

## ***Step 9: Alert the Media and Everyone Else***

To be successful, small businesses need to get the word out to the people who are likely to purchase what they have to offer. If this group turns out to be a narrow market, so much the better; the Internet is great for connecting to niche markets that share a common interest. (See Chapter 8 for more on locating your most likely customers on the Internet and figuring out how best to communicate with them.)

The Internet provides many unique and effective ways for small businesses to advertise, including search services, e-mail, newsgroups, and electronic mailing lists. It's encouraging to note, though, that you don't always have to depend on high-tech solutions to get publicity. "We still do not spend money on print advertising — and we have more business than we can handle from word of mouth," says Jinele Boyd of MyTexasMusic.

### ***Listing your site with Internet search services***

How, exactly, do you get listed on search engines such as Yahoo! and Lycos? Frankly, it's getting more difficult. Many of the big search services charge for listings (Yahoo!'s fees for commercial listings in its directory are particularly steep). But some let you contribute a listing for free, though there's no guarantee if or when you'll see your site included in their databases.

You can increase the chances that search services list your site by including special keywords and site descriptions in the titles, body text, and HTML commands for your web pages. You place some of these keywords after a special HTML command (the `<meta>` tag), making them invisible to the casual viewer of your site. Turn to Chapter 11 for details.



Both John Moen and Lucky Boyd have created multiple websites for different purposes. One purpose is to reach different markets. Another is to improve rankings on search engines, such as Google, by linking one site to several other sites; the site is considered more popular, and its ranking rises. See Chapter 11 for more on this and other tips on getting listed by Internet search engines.

### *Reaching the entire Internet*

Your website may be the cornerstone of your business, but if nobody knows it's out there, it can't help you generate sales. Perhaps the most familiar form of online advertising is *banner ads*, those little electronic billboards that seem to show up on every popular web page.

But banner advertising can be expensive and may not be the best way for a small business to advertise online. In fact, the most effective marketing for some businesses hasn't been traditional banner advertising or newspaper/magazine placements. Rather, the e-marketers who run those businesses target electronic bulletin boards and mailing lists where people already discuss the products being sold. You can post notices on the bulletin boards where your potential customers congregate, notifying them that your services are now available. (Make sure that the board in question permits such solicitation before you do so, or you'll chase away the very customers you want.)

This sort of direct, one-to-one marketing may seem tedious, but it's often the best way to develop a business on the Internet. Reach out to your potential customers and strike up an individual, personal relationship with each one.

Chapter 10 has everything you need to know about advertising with mailing lists, newsgroups, and even traditional banner ads.

### ***Step 10: Review, Revise, and Improve***

For any long-term endeavor, you need to establish standards by which you can judge its success or failure. You must decide for yourself what you consider success to be. After a period of time, take stock of where your business is and then take steps to do even better.

### *Taking stock*

After 12 months online, Lucky Boyd took stock. His site was online, but he wasn't getting many page views. He redid the site, increased the number of giveaways, and traffic to his site increased. Now he makes music downloads available on his site; he also redid his web pages with the Hypertext Preprocessor (PHP) programming language. He has also expanded to include a business presence on the popular social networking sites MySpace, Facebook, and Twitter.





HTML is a markup language: It identifies parts of a web page that need to be formatted as headings, text, images, and so on. It can be used to include scripts, such as those written in the JavaScript language. But by creating his pages from scratch with PHP, Boyd can make his site more dynamic and easier to update. He can rotate random images, process forms, and compile statistics that track his visitors by using PHP scripts, for example. He can design web pages in a modular way so that they can be redesigned and revised more quickly than with HTML.

Your business may do so well that you can reinvest in it by buying new equipment or increasing your services. You may even be able to give something back to nonprofits and those in need. The young founders of The Chocolate Farm set up a scholarship fund designed to bring young people from other countries to the United States to help them find out about free enterprise. (See the upcoming case study for more.) Perhaps you'll have enough money left over to reward yourself, too — as if being able to tell everyone “I own an online business” isn't reward enough!



Money is only one form of success. Plenty of entrepreneurs are online for reasons other than making money. That said, it *is* important from time to time to evaluate how well you're doing financially. Accounting software, such as the programs I describe in Chapter 18, makes it easy to check your revenues on a daily or weekly basis. The key is to establish the goals you want to reach and develop measurements so that you know when and if you reach those goals.

## Updating your data

Getting your business online now and then updating your site regularly is better than waiting to unveil the perfect website all at one time. In fact, seeing your site improve and grow is one of the best things about going online. Over time, you can create contests, strike up cooperative relationships with other businesses, and add more background information about your products and services.



Consider The Chocolate Farm, a business that was owned and operated for ten years by siblings Evan and Elise MacMillan of Denver, Colorado. The business was started when Elise was just 10 years old and Evan was 13. They began by selling chocolates with a farm theme, such as chocolate cows; later, they focused on creating custom chocolates — sweets made to order for businesses, many of which bore the company's logo. Evan and Elise eventually oversaw the work of 50 full- and part-time employees.

Today, Evan reports that he and his sister decided to wrap up their involvement with The Chocolate Farm. It was sold to another chocolate company.

“We considered the exit a success,” says Evan. He recalls how much the project brought to their lives: an appearance on *The Oprah Winfrey Show* and coverage in *The Wall Street Journal*. He adds: “And yes, it did help us with college expenses.” Elise is a student at Stanford University, studying computer music and art. Evan graduated in the spring of 2009 and began work on his fifth startup company (he co-founded and operated a couple of energy software companies while still a college student). “Though we are out of the business, we still love chocolate, and Elise and I make things together on weekends.”

Businesses on the web need to evaluate and revise their practices on a regular basis. Lucky Boyd studies reports of where visitors come from before they reach his site, and what pages they visit on the site, so that he can attract new customers. Online business is a process of trial and error. Some promotions work better than others. The point is that it needs to be an ongoing process and a long-term commitment. Taking a chance and profiting from your mistakes is better than not trying in the first place.