

# Chapter 15

## Web Commerce For Entrepreneurs

### INTRODUCTION

Web commerce has been a boon to many businesses, large and small, creating entirely new industries and reviving old ones. If your company is like most, it can benefit from having a Web presence. Our goal in this chapter is to provide practical guidance, tools and resources to help your small business jump start or improve its Web presence.

The benefit to you is that a good Web image makes you more visible to today's consumers, who start with online resources when shopping for products or services. If you're not on the Web, you're invisible to them. Even if they plan to base their decision-making on referrals, newspaper ads or other resources, your customers will notice that you're on the Web, and your Web presence will become a positive factor in their decisions.

We have a commitment to you. The structure of Web commerce changes daily in technology, competition and available resources, so we can't provide proper coverage without also being able to provide you a regular chapter update. To see a longer version of this chapter and our latest content, visit the update page at our Web site at [communityaccountingaid.org](http://communityaccountingaid.org).

### ORGANIZATION OF CHAPTER

This chapter discusses the following topics:

- Web commerce alternatives.
- Creating a Web presence.
- Staying connected to customers.
- Social media marketing.
- Sales and income tax issues.

### WHAT'S IN WEB COMMERCE FOR YOU?

A growing number of companies, competitors and customers are benefitting. You may not think your products or services lend themselves to being sold online or you may choose not to sell them on the Web. However, there's no escaping the fact the online market is huge - bigger than any individual retail store, with more advertising than a room full of Yellow Page directories, more people online than watching any TV show on Earth and more types of devices to connect to the Web than ever before!

While Web commerce is thought to be the arena for big retailers such as Amazon.com and LL Bean, it also serves as the way for a small business to get exposure and build their reputations. Without selling a single thing online, the Web entrepreneur can get a competitive jump and drive customers to a conventional sales environment. And the Web entrepreneur who chooses to sell online will find that a *small* business isn't really small, and an international market presence is possible.

The best part is that you can conduct Web commerce on the cheap without looking cheap. Most customers will assume that a company with a prominent Web identity is more skilled, capable and experienced and also is bigger than it really is.

Let's start with an overview of Web commerce by the numbers.

Snapshot of Web business activity in the US, 2010-2011	
Percent of households with Web access	80%
Adults getting their news online	76%
Researching a product or service online	28%
Doing any research online	59%
Sending or receiving email	61%
Sales of products online	\$165 billion
1-year increase in product sales from 2010 to 2011	15%
Source: US Census, <a href="http://fedstats.gov">fedstats.gov</a> , except last two items: US Commerce Department	

Besides this, most published studies tell us that Web activity will increase significantly in the next few years. The reason is that customers are becoming more comfortable with Web technology and that business managers are finding they can sell more effectively and at lower cost over the Web. One recent influence is the advancement of cell phone technology, through which virtually all cell phones now include Web access, including the capability to research and make purchases. In 2011, 83% of all Americans owned these mobile devices and 42% of them were *smart phones*, with enhanced data capabilities, giving them the ability to find your Web site whenever they want to.

Apparently, Web usage cuts across all demographics: ages, genders, states, occupations and even economic status. This is significant because the Web user is in almost constant view of advertisements which, unlike print advertisements, can be difficult to ignore.

The newest Web services seem to be very promising: *social networking*. Outwardly, these services seem designed to allow person-to-person informal communications where friends stay updated on their activities and interests. However, these sites have an important business use for promotion. Whereas a Web site can cost from hundreds to thousands to setup, program and maintain, a social media site costs only the time of its owner. And because visitor expectations are low for these sites, owners don't have to invest heavily in design and graphics.



Social media services are not just for people. They've also been embraced by governments, politicians and business organizations. For example, the US Army and the Central Intelligence Agency both use their Facebook pages for employee recruiting and public relations while General Motors uses Twitter to sell Chevys, Corvettes and Jimmy trucks. All three use their Web sites to drive Web traffic to their social media sites, and vice-versa.

## WEB COMMERCE ALTERNATIVES

The tight cash situation of the typical start-up makes it wise to get the most value possible for the Web investment. While a Web presence is a practical necessity for most businesses, that presence can take many forms. We'll overview them here and explore the details later in the chapter.

- **Passive recognition.** This is the lowest cost option, but not necessarily the lowest impact, because if a business can become highly visible to customers without spending much money, that may be all it needs. There are two ways to achieve this visibility: getting as many free public listings as possible and creating a simple non-interactive Web site.
- **Advertising on the Web.** This option involves strategic placement of advertising copy, using paid listings, browser-driven advertisements or a more full-featured Web site. Because of its nature, the cost of Web advertising is much more controllable than its print or broadcast counterparts. The social site LinkedIn falls into this category because there is little give-and-take and the present linking process consists mainly of driving people to a LinkedIn page for viewing.
- **Selling on the Web.** Using this option, the company goes far beyond advertising and promotion into conducting business on the Web, including publishing a catalog, receiving orders, collecting payments, sending order status notices and handling post-order followup. This often becomes the sole contact with customers and requires the company to create and maintain an attractive, effective, convenient Web site.
- **Social networking.** This option consists of an active person-to-person customer contact where the business owner talks directly to customers and sales prospects. The best known today are Facebook, Twitter and LinkedIn, but there are hundreds of sites in operation.

There's a logical order to creating a Web presence, which we'll follow in this chapter:

- Step 1 **Get listed.** By getting into as many online business listing services as possible, you put your company in front of potential customers. Besides directly generating business, the listing improves a company's overall visibility and adds to its commercial reputation.
- Step 2 **Set up a Web site.** Having a Web site differentiates the company from its competition, but more important it acts as a location to drive prospective customers from Web listings, print advertising, Web advertising, social sites and other sources.
- Step 3 **Use Web advertising.** Because most Web advertising is designed to drive traffic to the advertiser's Web site, this is the first thing to start after putting a site in operation.
- Step 4 **Use social media.** Like Web advertising, social media are most effective when coordinated with a Web site.
- Step 5 **Sell products or services from the Web site.** To do an effective job of delivering products and taking orders over the Web requires having a site with adequate visitor traffic. Some experts recommend building traffic before launching a full-fledged sales effort. Others say not to wait but to refine the selling site while simultaneously building traffic.

## GETTING LISTED

The lowest level of Web presence can be the most effective for the money: getting listed in the many free - or low cost - online directories. There are multiple directories for just about every type of business, and they are often the first listings that appear when a customer does a Web search. Once you are registered, the listing requires minimal attention.

The following public listings cover a broad range of business types and are free. We've excluded those that are primarily classified advertising sources. And, if you need more exposure or a more complete listing, all of the following offer upgrade options:

Yelp!	<a href="http://biz.yelp.com">biz.yelp.com</a> click on <i>create free account now</i>
Google maps	<a href="http://google.com">google.com</a> click on <i>maps</i>
AT&T yellow pages	<a href="http://yellowpages.com">yellowpages.com</a> click on <i>advertise then free listing</i>
HotFrog	<a href="http://hotfrog.com">hotfrog.com</a> click on <i>add your business</i>
Manta	<a href="http://manta.com">manta.com</a> click on <i>add your company</i>

The following is for businesses with a physical (brick & mortar) location only:

City Data	<a href="http://city-data.com">city-data.com</a> select state/town, click on <i>put your b&amp;m business profile right here for free</i>
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The following service is free for not-for-profits only.

American Towns	<a href="http://americantowns.com">americantowns.com</a> click on <i>register</i>
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Besides registering with these sites, we recommend looking for industry-specific lists covering your area by using your browser to search. This search brings up listing sites covering your business in your area.

### *EXAMPLE*

Say you're a landscaper in central Connecticut. In your browser, enter *landscape in Connecticut*. This search brings up the sites of several competing landscapers, and also several sites that list landscapers in general. Get listed with them, so that a customer can find you.

*Don't stop there.* Search for related business listings: lawn mowing, tree removal, rock walls, sidewalks, snow removal and others in your general line of business. Get listed there, too.

These sites are obviously in business to sell advertising, and they'll want you to upgrade to a paid advertiser status. Their argument - a valid one - is that a paid listing is more visible and allows you to include more advertising copy than a free listing. We recommend waiting until you can judge their effectiveness before opting for the commitment of a paid listing.

## CREATING YOUR OWN WEB SITE

A Web site is a set of related Web pages that contain editorial content including text, video, music, audio or images. To set one up, you can hire a Web site developer, learn Web site design and do it yourself or you can use Web builder software, which automates the process. However you do it, you'll need these required components:

- **Domain name and internet protocol (IP) address.** A domain name example is [yahoo.com](http://yahoo.com) and an IP address example is Yahoo's: 98.139.183.24. Entering either into your browser takes you to the Yahoo! site. These addresses are issued by a international domain registry, which operates through many intermediaries that offer free or cheap registration, including [yahoo.com](http://yahoo.com), [networksolutions.com](http://networksolutions.com), [godaddy.com](http://godaddy.com), [register.com](http://register.com), [1and1.com](http://1and1.com) and many others. Most Web site builders and hosts also provide free registration.

 **NOTE** Before you start in business, even before you've chosen your company name, we recommend you pick a domain name that will be compatible with your company name, even if you don't immediately plan to have a company Web site. Like your company name, your domain name is part of your company identity and it's important to have both the same. You need to lock the name in as soon as you can.

- **Web site host.** Web hosts provide space on a server computer connected to the Web. A business can host its own site, but more likely will lease space from a company that does the hosting and provides other bundled services such as security, data backup, support and design software for an affordable monthly fee.
- **Site design and updating.** Web site designers can be found in most towns and they range from individual freelance designers to full-featured design companies providing hosting and other services.

*Finding a designer is easy.* Besides getting referrals and using the online Yellow Pages and other sources, you can find them through their work. Designers normally sign their work with a link on their client's home page and they normally provide a portfolio of client sites in their own Web sites. And it isn't necessary to use a local designer because most of them work entirely via email, fax, text message and telephone. We recommend deciding on a budget *before* contacting a designer and agreeing on a fixed price and strict design concept for the work. Without budget controls, the cost for Web site design tends to escalate. Besides providing a design, the designer should provide search engine optimization (SEO) - tools to boost its visibility, discussed later in the chapter.

*Designing your own Web site can also be easy - and for some people, fun.* There are many companies that provide software and templates for do-it-yourself Web sites, so you can create your site by choosing a template with the right artistic style and adding your own editorial content. You also add features from a library of Web tools, such as shopping carts, clocks, weather charts and maps. These sites are built with software known as *Web site builders* and they're gaining in popularity. *If you hire a Web site designer, there's a good chance your designer will use a Web site builder to do the job.*

### Buyer's Guide to Web Site Builders

Increasingly, small business owners feel comfortable managing their own Web site designs instead of farming the job out to paid designers. One obvious reason is to save cost. The other is for control; seeing a small change you want to make, you can make the change right away without having to call the designer and wait for help.

For your convenience, we've compiled our list of 10 top resources for the DIY site owner. To earn a listing in our buyer's guide, a site builder had to meet most of these basic requirements:

- Designed primarily for business, not personal, Web sites.
- No limit on number of pages in a site.
- Allow acceptance of credit cards and/or PayPal, a popular online payment system.
- Template library with greater than 50 templates.
- File storage greater than 1GB.
- Allows site visitors to enter contact information.
- Site hosting included at no charge.
- Includes blog capability.
- Includes phone support.
- Allows insertion of metatags (descriptive keywords that are visible only to search engines, such as Yahoo!, which use them to classify your site).

Here's a list of our top 10 Web site builders. The monthly fee listed in our table includes a fee for providing site hosting. Remember that this is a competitive arena and expect to see frequent price changes.

<b>Top 10 site builders</b>		
<b>Service</b>	<b>Monthly fee</b>	<b>Web site contact</b>
Yahoo	\$9.95	<a href="http://smallbusiness.yahoo.com">smallbusiness.yahoo.com</a>
Google	Free	<a href="http://sites.google.com">sites.google.com</a>
Go Daddy	\$5.09 to \$14.99	<a href="http://godaddy.com">godaddy.com</a>
Yola	\$4.95 to \$19.95	<a href="http://yola.com">yola.com</a>
Weebly	\$7.95 to \$24.95	<a href="http://weebly.com">weebly.com</a>
Webnode	\$2.95 to \$24.95	<a href="http://webnode.com">webnode.com</a>
Homestead	\$4.99 to \$59.99	<a href="http://homestead.com">homestead.com</a>
Web.com	\$4.95 to \$19.95	<a href="http://web.com">web.com</a>
Moonfruit	Free to \$35.00	<a href="http://moonfruit.com">moonfruit.com</a>
Jimdo	Free to \$20.00	<a href="http://jimdo.com">jimdo.com</a>

Following is a list of the features included in our 10 top site builders. Because this is a highly competitive product category, and the competitors are always adding new features, we recommend you check back with us regularly for an update.

	Yahoo	Google	GoDaddy	Yola	Weebly	Webnode	Homestead	Web.com	Moonfruit	Jimdo
Password Protection	✓	✓	✓	✓	✓	✓	✓	✓		✓
Photo Albums	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FTP (1)	✓		✓				(4)			
Polls (2)		✓			✓	✓	✓		✓	
Site Search	✓	✓	✓	✓		✓		✓		
Support 24/7	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mobile Site	✓	✓	✓	✓		✓	✓	✓	✓	✓
Gadgets (3)	✓	✓	✓	✓		✓	✓	✓		

Notes:

1. File Transfer Protocol (FTP) allows transfer of large files at higher speed.
2. Polls allow the site owner to request followup information from users, such as satisfaction with the site, etc.
3. Gadgets are on-screen icons that provide a connection to services such as weather, maps, news, Facebook and Twitter.
4. Allows file transfers up to 200MB.

## Getting your site found

It's no longer enough to build a Web site and expect a flood of visitors. You have to work to get noticed, and maximizing your site's visibility involves two steps:

- **Monitoring site traffic.** Though it doesn't create traffic, monitoring sets a benchmark against which you can judge whether your actions to build interest have been effective. Site monitoring allows you to discontinue those actions that aren't working for you.
- **Traffic building.** This is a series of steps to get out the word about your site. Most Web users find their way to sites through one of the popular search engines, so most actions center on gaining a high ranking in search engines. However, fully one-third of site visits come from referrals to Web sites from other working sites. Some experts say the referrals are more powerful because the referring sites add credibility in the same way being referred to a business by a satisfied customer makes a customer more likely to go there.

### *Monitoring site traffic*

Site traffic is normally measured by the number of visitors during a period of time: day, week, month. The most basic measures allow you to know if your site is popular and if it is gaining or losing popularity. In addition, an important aspect of measurement is to assess the visitors' behavior while at the site:

- Do they return and how often?
- How long do they linger?
- What do they view?
- Where - geographically - do they come from?
- What hardware - computer type, mobile device, phone - do they use?
- What software do they use?
- Are there patterns - during a day, week or month - to their visits?
- How do they make their way to you - which search engines or referrers?

The answers to each of these questions can be used to improve your site's impact and its value to the visitors. And the answers all come from readily available services. The main source of information is the visitors themselves. When you direct your browser to a Web site, your browser announces itself, giving your name and important information about your computer. This information is gathered by various services and made available - sometimes free and sometimes for a price. And since all services have different approaches to data management, it's worth exploring the differences. We'll list several you can use.

1. **Site host.** All site hosts gather visitor information and they make it available to site owners in various forms, both as summaries or in detail right down to the identity of individual visitors. You may have to pay an extra fee for some of the detailed information. Besides gauging visitor behavior, site owners can follow up with visitors, offering product or service information, special offers and other communications. A site host can provide the most detailed information about visitors because it processes every single communication with every single visitor.
2. **Alexa.** This is a free scoring service through which Web users voluntarily provide information about their site visits. To do this, the volunteer installs a small application into his or her browser, and when the browser communicates with a site, the application sends information about the contact to Alexa, which compiles and publishes it. Alexa reports a site's worldwide and US rankings among all other sites, and provides other data about its standing, but not detailed visitor information. The Alexa data is a sample - not 100% - of Web traffic, and may contain significant errors, but it serves as a standard by which sites are measured.

One important use of Alexa is self-comparison, because unlike other free monitoring services, it provides the same information for your site *and* other sites. The top 25 sites use Alexa results for bragging rights about who has the top site in its field, and a small business could do likewise.

This information can be seen at [alexa.com](http://alexa.com), and while you're at it, sign up as an Alexa panelist. Some other services that are similar to Alexa are listed below:

Compete.com	<a href="http://compete.com">compete.com</a>
Google trends	<a href="http://google.com/trends">google.com/trends</a>
Comscore	<a href="http://comscore.com">comscore.com</a>

3. **Google analytics.** This is a true monitoring service, which keeps a constant eye on who's visiting your site, how they're getting there, what they're doing there, and how long they're staying. Monitoring key statistics (or analytics) enables you to consistently improve your site.

#### *Interpreting the analytics*

While some of the analytics are self-explanatory, they all can use some interpretation.

- **Numbers.** Your analytics dashboard boasts the basic numbers that advertisers want and you should know. These numbers include unique and total visitors, average visit length, and page views per visit. How long are people staying on your site? If it's a shorter amount of time than you expect, dig a little deeper to see the pages from which people are leaving your site. One statistic is the *drop-off rate*, which represents the number of visitors who come to your site and leave immediately. Too high a drop-off rate can mean two things: that your site isn't inviting enough to engage visitors or the site isn't what the visitor thought it would be. In either case, it's reason to review the site contents.

Another important statistic is the comparison of new v. returning visitors. New visitors are important to have, but customer loyalty evidenced by return visits to your site is a true measure of site quality.

- **Popular pages.** Google Analytics ranks every page on your site according to popularity. Check out what pages are at the top of your list - make sure these pages look great (with no typographical errors or other problems), since they're being seen most frequently. Using the flow chart found in Google Analytics, you can trace users' access to pages within your site and learn how visitors use your site. Knowing that information, you can make changes to improve access and visibility such as changing internal links, page titles and editorial content.
- **Search terms.** Search engine optimization is a critical component to Web site success because you want your Web site to surface right at the top of search results. People are undoubtedly ending up at your site as a result of a Web search, but what are they searching for? The most popular Web searches that direct traffic to your site will give you valuable insight to your demographic and what your visitors seek.

- **Goal achievement.** If your site includes e-commerce, you probably have a goal for the number of visitors who become customers and make purchases. Google Analytics allows you to create goals and see what percentage of your visitors are completing those goals. This information helps determine the effectiveness of your advertising and marketing efforts.
- **Technology.** This keeps track of the visitor's browser. Internet Explorer, Safari, Firefox and Chrome are the popular ones, and they may not all be compatible with your site. Your analytics should tell you which browsers your visitors are using - so you can be sure your site looks right with them.

#### *Search engine optimization*

Over 90% of Web users use search engines such as Google, Yahoo!, Bing, AOL and Ask to find what they want on the Web. Search engine optimization (SEO), is a series of tactics and practices designed to feed the search engines with data that makes your Web site stand out of the competition. The process requires an understanding of how search engines work and involves structuring your Web site to attain higher visibility, including:

- Placing key terms in the site to match search user requests.
- Getting other sites to link to yours.
- Using webmaster tools for the major search engines to maximize exposure. Get the specific guidance you need free from the search engines listed below. They provide specific guidance for Web site owners so that the search engines can provide accurate listings.

<b>Search engine</b>	<b>Webmaster tools</b>
Google	<a href="http://google.com/webmasters/tools">google.com/webmasters/tools</a>
Yahoo!	<a href="http://tools.search.yahoo.com/about/forsiteowners.html">tools.search.yahoo.com/about/forsiteowners.html</a>
Bing	<a href="http://bing.com/toolbox/webmaster">bing.com/toolbox/webmaster</a>
AOL	<a href="http://webmaster.info.aol.com">webmaster.info.aol.com</a>
Ask	<a href="http://ask.com/about/help/webmasters">ask.com/about/help/webmasters</a>

- Providing content, such as articles, photos, charts and tables, and doing so regularly. Each time you add new content, it registers with the search engines, raising the site's ranking.
- Providing links to - and from - other sites.

Most site owners do their own SEO work by making small changes to site editorial content and search terms. If you hire a Web designer for your site, you should expect the designer to provide at least a basic level of SEO.

Beyond that, SEO services is a growing field with a steady stream of new providers, each claiming to know the innermost secrets to improving Web visibility. You should be able to find one locally,

but expect to have a personal interview before making a selection. In a recent search, we Googled *SEO services* and found 8,900,000 entries, many local ones. Digging deeper we found prices around \$100 per hour for SEO services. Many providers offered one-time SEO projects for \$1,000 up to \$7,500 and annual SEO subscriptions of up to \$5,000.

### *Being mobile friendly*

The technology for all site owners to watch is that of mobile devices. The consumer rating agency, Nielsen, reports that by the end of 2011 nearly half of mobile phone subscribers owned smart phones. In 2011, the research company In-Stat predicted that by 2015, a majority of Americans will own a tablet computer or smart phone or both. In short? If your customers aren't accessing your Web site via smart phone or tablet now, they will be soon. On a mobile device, most Web sites are hard to read, but if you can be mobile-friendly, you may reach a growing number of tech-savvy users.

The starting point is your analytics, which will report how many of your users are using mobile devices and what they are using.

Armed with that knowledge, you have two choices:

- **Create a separate mobile Web site.** Popular sites aiming to capture market share among smart phone users have begun to create mobile versions of their sites, usually carrying the initial **m.** in the name.

An example is [m.yahoo.com](http://m.yahoo.com), which is designed to be viewed on a small hand-held screen. Viewing this site on a full-size monitor, you get an idea of how to create pages on your own site designed strictly for mobile viewing. In Yahoo's case, this means larger fonts, fewer items per page and fewer words per line.

- **Make your Web site mobile friendly.** This means avoiding small print, using comfortable spacing between screen objects, in short the same things you would use to make your site user-friendly for non-mobile users.

For now, most companies are opting to simply make their Web sites as mobile-friendly as possible, because of the cost of maintaining two separate mobile Web sites. Following are a few tips to make your site mobile friendly.

- **Fingers.** The mobile touchscreen is small, and a common problem is for users to make accidental clicks. In that case, having links within a paragraph of text makes things hard for users and buttons should be used instead.
- **Hovering.** This is a new technology for Web sites whereby the user places the pointer over an area of the navigation, and a menu gracefully unfurls. But a smart phone doesn't have a traditional cursor, which means this hover functionality will not work. Make sure all hover functionality is coded with a click so everything still works as it should on a mobile phone.
- **Flash.** Adobe Flash can make a Web site look beautiful, with graphics, video, and interactive features. However, Apple devices (Macs, iPods, iPhones, and iPads) do

not support Flash technology. If your site is heavy on that technology (for instance, you have a video intro to your site), it will not render on an Apple device, which has captured a huge share of the market today.

- **Test.** Test your Web site (while you're developing it, not after!) on as many smart phones and devices as you can. Borrow Blackberry, Android, and Apple devices to see how your Web site looks. Don't have access to a smart phone? Luckily, you can get a glimpse via these Web sites:  
[ipadpeek.com](http://ipadpeek.com)  
[iphonetester.com](http://iphonetester.com)  
[opera.com/developer/tools/mobile](http://opera.com/developer/tools/mobile) (requires download of free application)

### *Outreach*

Web site owners should take every opportunity to publicize their sites, to build traffic. Besides getting people to view the site, it raises the site's visibility to search engines, which in turn builds traffic. Following are some techniques:

- **Newsletter.** Create a regular newsletter to customers, in which you refer to your site. If the newsletter is delivered by email, include direct links in the newsletter.
- **Email links.** Your standard email signature should include a link to your site.
- **Webinars.** Creating a Web-based seminar or presentation or even a short video builds interest.
- **Cross-promotion.** Get the owners of other Web sites to promote your site in exchange for your doing the same for theirs.

## **SELLING PRODUCTS ON THE WEB**

Not every company has a product or service that can be sold on the Web, but many do. The advantages are many, including easier and cheaper customer service, better visibility and the possibility of a big increase in sales. Customers seem to like the idea of round-the-clock shopping and being able to make purchase decisions on their own. There are disadvantages, too. They include a loss of the personal connection that makes for good customer relations and the fact that you must reveal more information than you want to. However, as many Web merchants have learned, many customers are comfortable with buying on the Web and many more are sure to be in the future.

Having a Web store means carrying out a broad range of online activities; and refers to displaying and describing your products and services and allowing customers to initiate - and sometimes complete - their purchases online. It includes payment, obtaining shipping instructions, collecting sales taxes and even personal contact with a company representative for more information. It also allows customers to make complaints, keep track of orders and initiate product returns.

As with most Web commerce activities, you have several options for running a Web store on your Web site:

- **Good.** Cataloging.
- **Better.** Link to external store site.
- **Best.** Integrated store on your own site.

The first option, cataloging, isn't technically a Web store, but it's the easy first step to one and some merchants find enough success with it that they can stop there. The least expensive form of cataloging is to create a Web page that displays products and services and invites users to telephone or send an email to place their orders. Though this can be implemented quickly, it's best for a static product lineup because every change requires editing the Web page and publishing it to the Web. A related solution is to create a catalog document - either in Word or PDF format - that the user can download for reading offline. This allows considerable publishing flexibility, including graphics, descriptions and all that goes with a physical catalog. And it saves the high cost of printing and mailing a catalog. The customer can choose to print the entire catalog, selected pages or none at all.



The decision to skip the physical catalog is becoming easy for many merchants who realize that many of their expensive catalogs are simply wasted. Yet, some retail giants, such as L.L.Bean and Cabela's, continue to mail scores of expensive glossy catalogs. Wasted money? No, because they carefully monitor the customer's purchasing habits and get the most advertising value by printing smaller, more focused, catalogs to a more targeted audience.

To be effective, the page containing the product listings or catalog must have high Web visibility. That is, it must be searchable, have links from other Web sites and you must promote it as widely as possible with advertising and email marketing. Retail sellers must realize that a Web sales activity cannot succeed entirely within the Web. It must also have *outside* or non-Web connections, including advertising in other media such as newspapers and even a listing on a business card.

### True Web stores

The manual implementation of a static product display or downloadable catalog is fine for a merchant who sells just a few items. Beyond that, you're making shopping difficult for the customer and must move up. Going to the next level, a true Web store, requires having several building blocks:

- **Store home page.** This is a prominent anchor page within the Web site to which the customer is drawn. This is your store's main page and it must be linked to as many search engines as possible and would have its own identity, that is, a visitor would bypass the site's home page and be taken directly to the store page. You would, for example, purchase Google Adwords directed just to this page or even to specific products within the page, catalog or store.
- **Database.** This is a computer database containing the actual product catalog. A catalog listing contains a record for each product including the name, stock number, image, price,

description, on-hand quantity, specifications, special pricing, search words, links to other products and other data. The store will draw from this database when handling a customer's search or in displaying items on the page. Once the store is in operation, you manage it through entries in this database. The database also manages itself. For example, if you invite customers to make evaluations, comments and recommendations, these are added to the database and presented to other customers for consideration.

The on-hand quantity isn't a normal feature of all product databases, but it's a valuable feature, because it allows prompt feedback to a customer if an item isn't available to be shipped, and gives the customer the option to choose another item, wait for the item, order elsewhere or do without. To implement this feature requires having a connection to the company's internal product records for up-to-date information about product receipts and shipments. Some merchants choose not to provide this information because they fear a customer will take an entire order elsewhere if it can't be filled in full. The trade-off is between avoiding losing an order and providing superior service; most successful Web merchants say superior service should win.

- **Product display engine.** This, the heart of any Web store, is a page - or pages - controlled by a computer program that presents products and services to the customer. Normally, it contains a search option to allow the customer to focus on items of interest. In custom-programmed stores, this page takes on the appearance you choose in order to distinguish your store from others. In standardized Web stores, you're given options to customize the page with logos, colors, headings and other features.



**Selling services.** This discussion isn't just about selling physical products. Many services can be sold on the Web, but there are some challenges. A Web-sold service must be narrowly described so the customer knows exactly what end result is to be delivered - even though how it is done is uncertain. A mail-in phone repair service is an example. For a fixed price, your phone will be fixed though it's not certain what is wrong with it. Other services can't be described as precisely. For those services, a Web store can do an excellent job of developing sales leads, where closing the sale requires human contact at the end to resolve fine points of the sale.

In both cases, having a Web store that describes specific services is an excellent way to organize the customer's thinking about your menu of services and to describe the various end results you can deliver.

- **Shopping cart.** While this appears to be an integral part of the store, it doesn't have to be. It is really a separate program, supported by a separate database, that stores the customer's choices. When the customer clicks a button to *send to cart*, that's literally what happens. The stock number, description, price and quantity are added temporarily to the cart's database until the customer chooses to checkout.

The cart also manages the customer payment and shipping information, which includes information needed to collect sales tax. The cart contains a built-in expiration feature which can sometimes be set by the store owner. If the customer leaves the site and doesn't return within the prescribed time, the shopping cart expires and erases the customer choices. Some stores, such as Amazon.com, choose to set a long expiration time, which serves to remind returning customers of things they might still want to purchase.

The most popular shopping cart is the one provided by PayPal, the international payments service company. Web merchants like to use PayPal because it simplifies the customer's shopping experience, which helps to attract customers. In a PayPal cart, the customer's purchase information is already securely stored, and when the customer checks out with PayPal, there is no need to enter shipping or payment information, because PayPal collects the payment and then facilitates the shipping process with the merchant, even to the point of producing shipping labels.

For more information, visit [paypal.com](http://paypal.com) and click on *Business* for more information.

### **Web store options**

If this seems like a lot of effort and money, it's not, because there are many affordable options. If you pay to program a Web store from scratch, it can be very expensive; although Amazon.com isn't saying how much, we imagine it costs the company tens of millions for its Web store - every year!

However, for the small entrepreneur, there are several Web store alternatives. If you think of the process as involving the building blocks we just discussed, you can choose where to get the blocks and how to link them together. For some site owners, the best alternative may be to choose a single provider for everything, that is, let somebody else handle the entire process.

We'll start by discussing the main options for entrepreneurs:

- **Link to available store packages.**
- **Including a shopping cart within site.**
- **Link to separate payment site.**

Of course, this field is so varied, that there are many more combinations. If you're starting out, we suggest you start with one of the choices we discuss and refine your own store as you gain experience.

#### *Available complete store packages*

Most search engines and many other providers maintain storefronts-for-hire into which the merchant uploads product images, descriptions and prices. The storefront takes it from there, receiving orders, accepting payments and forwarding shipping instructions to the merchant, who focuses attention on providing products and services.

The cost consists of a monthly flat fee for hosting the store plus a per-transaction fee for processing the order, payment and notification. Most storefronts have a sliding monthly payment scale based on sales volume so that entry-level merchants can find an affordable package.

Following are the major providers of Web stores:

<b>Buyer's guide to Web stores</b>		
<b>Provider</b>	<b>Web link</b>	<b>Cost, basis</b>
eBay Store	<a href="http://pages.ebay.com/storefronts/start.html">pages.ebay.com/storefronts/start.html</a>	\$16-\$300 monthly 2%-7½% of selling price
Yahoo Store	<a href="http://smallbusiness.yahoo.com/ecommerce">smallbusiness.yahoo.com/ecommerce</a>	\$33-\$250 monthly 1½% of selling price
Volusion	<a href="http://volusion.com">volusion.com</a>	\$19-\$150 monthly No transaction fees

This short listing can't cover all the features of these stores adequately. Besides handling the mechanics of the store, presenting images, showing product or service description and accepting payment, they offer many other services including these:

- Emailing services.
- Promotional flyers.
- Search engine management.
- Analytics.
- Custom pages for store promotion.
- Inventory management.
- Connection to the QuickBooks accounting program.
- Product shipping management.
- Design consultation.

#### *Including shopping cart within site*

Under this option, you add store pages to your site, including the programming required for photos, descriptions, orders and checkout. The result is just as professional looking as the big store sites, such as eBay and Amazon.

The sites we reviewed earlier in the chapter all provide this capability for an extra monthly cost of from \$15 to \$100. This cost is worth it because it includes credit card capability, order acknowledgments, shipping notices, tracking numbers and customer satisfaction followup. In addition, the store's look is identical to that of the rest of your site.

#### *Linking to an external payment site*

This option involves creating your own Web store, not using an available package like Volusion or the built-in from your site host. You include a *purchase* button to each item, which sends the customer's choice to the shopping cart.

The appeal of this alternative is that there is no monthly fixed cost. Instead, the entire cost is on a per-sale basis and if you have no sales or just a few, your cost is little or nothing. Following are providers of standalone shopping carts.

Buyer's guide to payment sites		
Provider	Web link	Cost, basis
Google Checkout	<a href="http://checkout.google.com">checkout.google.com</a>	2.5% + 30¢ per transaction
PayPal	<a href="http://paypal.com">paypal.com</a>	2.9%+ 10¢ per transaction

## ADVERTISING RESOURCES

To be listed in a directory is a great way to be found by someone searching the Web for products or services. In a competitive environment, that may not be enough and the advertising must be more active. Instead of waiting for the customer to seek you out through a listing, you must seek out the customer. Three main ways are these:

- **Pay per click (PPC) advertising.** A service whereby a Web user is presented with advertising keyed to the search. If, for example, a user launches a Google search on smart phones the user will be presented with advertisements for various smart phone brands. The advertiser pays nothing for the ad unless the user clicks on the ad seeking more information.
- **Merchandise or service promotions.** A service that emails promotions to targeted consumers, usually those who have signed up for the service or are past customers. The consumer is offered something free to try your product or your service.
- **Email marketing.** Also known as bulk email and sometimes *spam* if it is unsolicited, this service is both annoying and effective. Experts say that 97% of all email is spam. But, they also say that a spam mailing is so huge that if it has even a tiny success rate, the resulting sales can be huge and profits lucrative. Moreover, a lot of spam is welcome by the recipient because it brings useful information, making it more effective.

### Pay per click advertising

As the name suggests, the PPC advertiser pays a fee each time a prospective customer clicks for more information. This process allows the advertiser to push into the consumer's consciousness and solicit sales more directly than by getting listed in a directory.

PPC is used to direct traffic to advertisers' Web sites, and the advertiser pays the publisher, which is another Web site owner, when the ad is clicked. Most PPC advertising takes place on search engines, such as Yahoo! and Google, but many popular information sites also offer it. We'll illustrate the concepts and terms using the Google PPC model, because it commands the biggest market share and because most PPC providers model themselves after Google.

As a leading Web search engine, Google performs over 10 billion searches per day, according to industry watcher comScore.com. Its advertising product, Adwords, is its brand name for the

pay-per-click advertising model, which allows an advertiser to display an advertisement that links directly to its Web site.

Before executing each search, Google's servers cross-check the search against Google's list of advertisers and influence the search result. Those sites paying for advertising with Google will be listed in order of their match success on the search screen right side panel. The ads are also displayed on Google partner sites such as AOL, Earthlink, HowStuffWorks and Blogger.

The advertiser's placement depends on four factors:

- **Key words.** When you create an Adwords ad, you choose keywords for which your ad will appear. They can be single terms, phrases or even combinations of terms.
- **Bid price.** When placing the ad, you specify the maximum amount you're willing to pay for each click. Under this program, you only pay when a user clicks on your ad and visits your Web site. The actual price paid is 1¢ above the bid price of the next lower bidder. Thus, if your competitor bids 30¢ and you bid 50¢, you are the winner and you pay 31¢ per click. However, your competitor's ad may still be shown, but simply below yours.
- **Budget.** You specify the total amount you want to pay per day. When Google reaches that limit, it stops displaying your ad.
- **CTR.** The click through rate (CTR) measures the percent of users who, when presented with your ad, click on it. An advertiser must have a CTR of .05% to receive preferential placement. This requirement means an advertiser cannot simply make high advertising bids, but must also use attractive advertisements and appropriate keywords.

Adwords determines the positions of ads by multiplying the cost per click (CPC) by the CTR, and, in effect gives the best placement to advertisers with the highest CTRs.

To use PPC advertising effectively, advertisers must do these things:

- **Decide on the affordable price for a click.** Because a click represents a sales lead, which generates profit, the value of a click depends on the amount of profit the click can produce. Web analysts calculate the click value by starting with the average profit produced by a click.

*EXAMPLE*

A site gets 10,000 visitors from clicks in a month. The 10,000 visitors turn into 200 sales and each sale produces a profit of \$100 for a total of \$20,000 in profit. The profit produced by a single click is  $\$20,000 \div 10,000 = \$2.00$ . The site can afford to pay up to \$2.00 for a click, but at that level, it produces no profit. So what should the site bid? That depends on the need to generate business and the competitive environment, but certainly not more than \$2.00.

The minimum CPC for a Google click is 5¢. For a strategy to build market share and quickly boost sales, a 25¢ bid might be good. If it produces enough sales leads, stay with it. If not, tweak the amount until an affordable level is reached.

- **Select a total budget amount.** You set a daily limit that you will spend for clicks, limiting your risk from competitors using robo-clicking and similar techniques to waste your ad money.
- **Choose keywords carefully.** One way to do this is to imagine what you'd search for if you were looking to buy a product or service like yours. Remember that you must get the user to make a click, not merely to read the ad. Google advertisers offers these suggestions:
  - Use narrow words or phrases rather than broad general ones.
  - Avoid expensive popular words and stick with the less popular keywords.
  - Use spelling variations and plural versions of your keywords to capture the many searchers who make spelling errors.
  - Use exact matching of your keyword by placing it in square brackets, [] or double quotes "". Say your product is a marketing course. If you enter "marketing" and "course" as your adwords, you'll get hits from users entering any combination of marketing and course, such as a trainer searching on I want help in marketing my accounting course. However, if you use [marketing course], you'll get only those seeking a course in marketing.
  - Use negative matching, which allows you to exclude searches you don't want. Do this by placing a minus sign in front of the quoted keyword. For example, using the keyword "-internet marketing course" excludes those seeking a course in marketing on the internet.
- **Remember you can change your options.** Every day, if you want to. Actually making frequent changes in your Web offering is a great way to increase your profile with search engines. They assume a frequently-maintained site is a well-maintained site and therefore a better site, so they drive traffic to it.

Every popular Web site offers advertising opportunities. That is why they exist and how they earn a living. Most use some form of PPC in addition to static display ads. Although Google and Yahoo! boast the biggest PPC market share, smaller more local sites may offer better values for advertisers with tight budgets.

Look to top sites on Alexa for a clue to where your online ad money might be well spent. From the home page, [alexa.com](http://alexa.com), navigate to *Top Sites*, choose your category and browse through the sites until you arrive at sites that are compatible with your business, that is, where Web users are likely to go for information. That is where you want your ad to appear. Using this method, you develop a list of possible advertising resources. Of course, not all top sites accept advertising; at press time, Wikipedia, PayPal and Netflix among others, don't accept direct advertising.

Of course, the obvious top sites like Google, Yahoo!, Facebook, LinkedIn and YouTube are logical choices for PPC advertising. However, they draw ads from many different types of business and users have to do a little searching for the products/services they want.

Users might normally find more of what they want at a site dedicated to their topic of interest, such as gardening tools on a gardening site. And, you might find it cheaper to advertise that way. The following are some examples of more narrowly-focused PPC opportunities derived from Alexa:

Industry	Site name	Web address
Health, professions, med. assistants	Medical Assistant Net	<a href="http://medicalassistant.net">medicalassistant.net</a>
Regional, North America, United States, Connecticut, weather	Weather Underground	<a href="http://wunderground.com">wunderground.com</a>
Business, associations	Landscape Management	<a href="http://landscapemanagement.net">landscapemanagement.net</a>
Kids and teens, sports and hobbies, sports, cheerleading	About Cheerleading	<a href="http://cheerleading.about.com">cheerleading.about.com</a>

Learn more about this topic from these sources or by entering Google Adwords into your browser:

[wikipedia.org/wiki/Pay\\_per\\_click](http://wikipedia.org/wiki/Pay_per_click)

[bidvertiser.com/](http://bidvertiser.com/)

[ehow.com/about\\_4781650\\_pay-per-click-advertising.html](http://ehow.com/about_4781650_pay-per-click-advertising.html)

[payperclickuniverse.com/](http://payperclickuniverse.com/)

[networksolutions.com/pay-per-click/index.jsp](http://networksolutions.com/pay-per-click/index.jsp)

### Merchandise or service promotions - Groupons

Paper coupons have been a tried-and-true way to promote a business, and they still are. To use them, you create a coupon that offers a discount or even a totally free product or service. You fill the marketplace with your coupons, printing them in a newspaper or magazine or using a bulk mail service such as Valpak to distribute them through the US Mail. The customer redeems the coupon, likes your business and keeps coming back. Merchants like to use coupons because they're an inexpensive way to acquire new customers and having an expiration date, they limit the overall risk. But, like many paper-based marketing tools, they're costly and becoming less effective. On the other hand, because the overall volume of Post Office mail is declining, paper coupons actually command more attention at the mail box.

Groupons are an electronic version of paper coupons. Marketed on [groupon.com](http://groupon.com), they're similar to paper coupons but with a different slant and potentially greater impact. It's a 4-step process:

1. The merchant designs a coupon and promotion, say a 50% discount on a \$20 service.
2. Groupon emails the coupon to its distribution list in the target market area.
3. The customer purchases the coupon for the discounted value, in this case \$10.
4. Groupon sends the merchant a share of the fee, typically 50% or \$5 in this case.

When the customer uses the Groupon, the merchant gains a new customer, hopefully for the long term. In most states, if a customer has paid for a coupon, it does not expire. However, the merchant only needs to honor the amount paid, in this case \$10.



In this case, the merchant gave up \$15 in revenue to gain a \$20 customer, probably losing money on the deal if you count the cost of the product or service provided. So it cost \$15 to gain a \$20 customer. Is this affordable? It depends. It is for a repeat customer who will spend \$20 many times over, but not for a one-time customer. A rule of thumb is that for an endlessly repeating customer you can afford an *acquisition cost* of one year's *sales*. For a one-time customer, the rule is no more than 20% of the *profit* from the sale. For a discussion of this topic, we recommend this site: [forentrepreneurs.com/startup-killer](http://forentrepreneurs.com/startup-killer)

Nationwide, there are over 100 sites similar to Groupon, so you have plenty of choices. Following are the major providers:

Email coupon providers	
Groupon	<a href="http://groupon.com">groupon.com</a>
Living Social	<a href="http://livingsocial.com">livingsocial.com</a>
Plum district	<a href="http://plumdistrict.com">plumdistrict.com</a>
GreaterGood Deals	<a href="http://jasmere.com">jasmere.com</a>
Saveology	<a href="http://saveology.com">saveology.com</a>
Gilt City	<a href="http://giltcity.com">giltcity.com</a>
Google Offers	<a href="http://google.com/offers">google.com/offers</a>
Adlibrium Dailies	<a href="http://dailies.adlibrium.com">dailies.adlibrium.com</a>

## EMAIL MARKETING

Compared to other Web visibility tools, email marketing has a higher value because it achieves three things:

- **Site promotion.** Driving traffic to your site, in the same way as online advertising and PPC.
- **Direct sales.** Motivating the recipient to make an on-the-spot decision to place an order, become a sales prospect or request more information.
- **Customer relations.** Keeping your company name regularly in front of existing customers so when a customer needs a product or service, your business comes up first. In fact, a leading email marketing service firm is aptly named Constant Contact.

Because of these advantages, email marketing can cost more than other tools but can also produce greater and more immediate results. In addition, it's a do-it-yourself project or inexpensive to do if you use one of the many email service firms.

Before email, retailers and companies had few channels beyond sending direct mail pieces to their customers' homes. This tactic is like releasing a balloon into the sky – you never quite know where it's going to end up.

*EXAMPLE*

Let's say you mail a catalog to your customer. The customer receives the catalog and flips through, folding down the corners of a few pages that catch his or her eye. It's a great start. But now that customer needs to get in the car and drive to your store. Or, the customer must find your Web site, and find the items of interest again.

If you use email delivery instead, the customer clicks on an item in your email, is taken to your Web store, purchases the item and pays for it, all in a few moments. Along the way, the customer may find other items of interest and buy them, too. *Email selling seems to make it easier to generate impulse purchasing.*

Email marketing gives you two big advantages over the paper-based direct mail route.

- **Customer tracking.** You can measure the impact your marketing piece has on the customer. Did the customer open the email? What links did he or she click on? Did he or she click on all the links or simply open the email and then close it?
- **Customer control.** You just gave your customer a direct avenue to right where you want him or her: your Web site. You eliminated the drive to the store or firing up of the computer. Congratulations – you just delivered a message right to the fingertips of your customer.

Ready to get started? You have two options: do-it-yourself (DIY) or using an email vendor. As you'll see, we favor the email vendor, but there is plenty of opportunity for those who want a more hands-on experience.

### **DIY email marketing**

At the low DIY end, this involves staying in contact with your existing customers. You can carry this out yourself using your regular email software, your internal mailing list and writing your own powerful editorial content.

At the upper DIY end, prospecting for new customers, you would use email management software, commercial mailing lists and professionally written editorial content. You can either purchase the software or pay a small fee each time you use it.

Your regular email software, such as Outlook, Mozilla Thunderbird or Eudora does a fine job of managing small mailing lists, placing targeted mailings and two-way correspondence with customers. However, it lacks features found in software designed specifically for that purpose.

The following table lists popular email programs and their prices:

Popular email marketing programs		
Email Marketing Director	<a href="http://arialsoftware.com">arialsoftware.com</a>	\$495
SendBlaster	<a href="http://sendblaster.com">sendblaster.com</a>	\$129
Atomic Mail Sender	<a href="http://amailsender.com">amailsender.com</a>	\$80
Group Mail	<a href="http://group-mail.com">group-mail.com</a>	\$139

### Email service vendors

A service vendor provides additional support, including control over the mail transmission, making sure it arrives at its destination, handling unsubscribes, proving lists, managing email campaigns among others. If you Google “email marketing providers,” you'll find millions of results. Today, there's a vendor for every niche market and budget level. Four top providers are listed below.

Popular email service vendors	
iContact	<a href="http://icontact.com">icontact.com</a>
Benchmark Email	<a href="http://benchmarkemail.com">benchmarkemail.com</a>
Constant Contact	<a href="http://constantcontact.com">constantcontact.com</a>
PinPointe	<a href="http://pinpointe.com">pinpointe.com</a>

The prices among these providers are comparable. All four services charge about \$50 monthly for 5,000 contacts and about \$150 for 25,000 contacts except for Benchmark Email which charges about 25% less. For a helpful side-by-side comparison and reviews of the current email marketing industry leaders, visit [email-marketing-options.com](http://email-marketing-options.com).

So what should you consider when evaluating software or email vendors?

- Price.** Compared to other software or services email marketing is a good value. The software vendors charge from under \$100 to under \$500. The service providers charge about \$10 a month for 500 contacts, and most companies find they can set up a targeted email marketing program for less than \$1,000 annually.

The majority of email marketing providers charge based upon the number of contacts, and you can send unlimited emails for the monthly fee. This pricing makes for more predictability than per-email marketing and allow for seasonable peaks in mailing. If affordability is important, many providers also offer discounted pricing for customers who pre-pay for 6 or 12 months.

- Ease of use.** The best email vendors offer intuitive *what you see is what you get* (WYSIWYG) editors that allow users to create emails that have the same graphics features

as Web pages. The editor automatically inserts the formatting - or HTML - coding into the email document.

- **Templates.** Email marketing programs and services come complete with selections of ready-to-use email templates. From these, you select the ones you like and then personalize them with your logo, graphic headers, footers, sidebars and other features. When you're done, you end up with your own selection of templates for your newsletter, catalog mailing, sales specials new service or product alerts and others. Choose the vendor that offers the most - and easiest to use - templates.
- **Customer support.** As a small business owner, you probably spend your days working with customers and nights working on marketing. In that case, the support service should be available when you need it: after hours. Find that out before you buy. Most support services now allow the support technician to connect to your computer for troubleshooting. The service plan description should explain the support features; it's safe to assume that if a feature isn't listed it's not available.
- **Deliverability.** You'll be putting a lot of thinking, planning, and implementing into your emails – don't you want your customers to *see* those emails? One of the biggest perks of using an email marketing vendor is the high deliverability. You'll be sending emails through your chosen vendor's designated internet protocol (I.P.) addresses, and those vendors are in constant communication with Internet service providers in order to get those I.P. addresses marked as “trusted.” Their work is critical to getting your emails into your customers' email inboxes.

Without an email marketing provider on your side, your chances of being marked as spam and blacklisted from certain domains increase exponentially.

- **Tracking and analytics.** This is the point we encounter the advantage that email marketing software and services have over direct mail marketing and your office email system. With true email marketing, results can be tracked and return on investment measured. Make sure your email marketing vendor provides tracking for:
  - **Open rates.** You should be able to see the percentage of your list that received and opened the email – many also allow you to view the specific individuals who opened the email and even when. (Analyzing the open times can help you gauge when most of your customers are checking their emails – and help you determine your optimal send window.)
  - **Click-through rates.** Click-throughs should show you exactly who clicked on what. (Did more customers respond to the action step “buy,” “purchase,” or the less decisive “learn more”? Tracking click-throughs can tell you the words that trigger your customers into action.)
  - **Bounce rates.** Your emails are only as good as your email address list. In spite of the provider's high deliverability, some emails still won't go through. Check to see which emails bounced back; sometimes an email address simply has a typo.

- **List management.** You'll upload your contact lists through your email marketing provider, and it's their job to keep those email addresses secure. List management includes record-keeping so you can see, on a per-contact basis, which contacts received, opened, and interacted with which emails. Most importantly, your email marketing provider will handle subscription requests and unsubscribes.
- **Handling unsubscribes.** This factor is most critical. In the next section, we'll discuss the CAN-SPAM Act, which says that every advertising-based email must include an easy mechanism for a consumer to opt out of receiving future emails from you. Email marketing providers not only embed this unsubscribe mechanism into every single email for you, but also keep a record of any of those who unsubscribe to ensure that no more emails are sent to that address. This is a standard service for email marketing providers whose reputations are based on deliverability.

If you're venturing into e-territory for the first time, most vendors offer a 30-day free trial. It's critical to start exploring the program and determine if you're comfortable; try out a few before you commit.

### Playing by the Email Rules: CAN-SPAM Compliance

Email marketers are expected to obey the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (CAN-SPAM) which regulates commercial emails. The Federal Trade Commission is allowed to assess hefty fines to offenders, but more important, you can lose your customers' trust and respect and even be prevented from using the email system.

If you send commercial emails, you must:

- **Identify.** Clearly identify where the email is coming from – you can't pretend to be a different company or individual in order to get a consumer to open your email.
- **Opt out.** Have an easy-to-find opt-out or unsubscribe mechanism in every single email. If an individual clicks that unsubscribe button, that individual's request must be honored within 10 days and you may not send that individual *any* emails ever again unless he or she opts back into your emails.
- **Address.** Include the sender's physical postal address within the body of each email.
- **Content.** Use subject lines that directly relate to the email's editorial content – deceptive subject lines are a violation of the CAN-SPAM Act.

If you use an email marketing vendor, the first three will be covered automatically, so you need only to provide a proper subject line in your communications.

### Helpful Hints for Email Marketing

You've picked either software or an email provider, you're up on the law – let's start email marketing!

- **Each email should have an action step.** Before you start putting together an email, figure out what your headline is and make sure you have a clear purpose. Don't send emails just to send emails; this is a surefire path to your customers hitting the unsubscribe button. Ask your

customers to visit a new location. Stop by a springtime sale. Enter a contest.

- **Shorter is (almost always) sweeter.** People are busy, and life is full of distractions. Don't waste your customers' time! Get that headline you came up with right upfront. You can always link them to your Web site or other resources for more information, but if your customers open up an email and have to scroll through paragraph after paragraph of text, they might give up before they even begin.
- **Your email is only as strong as your subject line.** Some email marketers believe you should spend as much time on your subject line as you should on the body of the email. If your subject line doesn't catch your customers' eyes, no one will even bother to look at the editorial content you so carefully crafted.

Brevity is critical with subject lines. While it's not always possible, 50 characters is a good target limit to set. Different email providers will allow more or fewer characters to be viewed in the preview panel, so the shorter, the better.

- **Decide on a tone and stick with it.** Your emails should sound like you and your business. If you're striving to create a comfortable, at-home atmosphere in your business, make your emails friendly and conversational.
- **Personalize.** This one goes along with the tone mentioned above. Hopefully, you have regulars you greet by name at your store or business. Why not greet them by name via email? This is a simple merge most email marketing vendors have built in by now with a simple code snippet designed to pull a first name. It's an easy trick that can take your emails to the next level and elicit a stronger response from your recipients.
- **Make a plan.** Take a calendar and pencil in what emails you plan to send and when to send them. An annual email marketing plan is best, but at least make a plan every month. This will ensure you're not spamming your customers with two or three emails a day or even a week. Sending too many emails is a quick way to have people unsubscribe. If short is sweet, less is certainly more.
- **Target.** One surefire bet to improve results is through target marketing. Pay close attention to what your customers like – and deliver. Have a number of lists at the ready, with as much information about your customers as you can muster. Not everyone should receive every email you write.
- **Brand, brand, brand.** There should be no doubt in your customers' minds who sent the email they're reading. Always include your logo; many email marketing vendors will help you create (for a small fee) a header or a template you can use in all your emails. Get that logo upfront.
- **Don't miss the opportunity to push your other channels.** One of your underlying email goals should always be to get your customers to your Web site (once it's running and stunning!). Always link to your Web site. Whether they're registering for a program or reading a news article, get that Web site out there and familiarize people with it.

Once you've got your social media channels up and running, put those in every email, too. Those Facebook, Twitter, and LinkedIn icons are becoming familiar, and email vendors are making it easier to create social media sidebars or add the icons and links to footers. Today's marketing world is all about engaging your customers at every opportunity.

- **Embrace an electronic survey product.** There's no better way to know what your customers want than to ask them. Thanks to electronic survey, that's now a much easier proposition.

While you're starting your email marketing adventure, find an electronic survey product. SurveyMonkey and SurveyGizmo are two easy-to-use, inexpensive survey generators - in fact, if you're collecting fewer than 250 responses a month, SurveyGizmo will keep you at a free account level.

Picking a survey program you're comfortable with is much like picking an email marketing provider; make sure you play in the WYSIWYG editor to ensure you can comfortably create surveys using a wide variety of question types ranging from drag-and-drop ranking to checkboxes and radio buttons.

As with emails, you'll want to keep your surveys short, purpose-driven, and related to information you really need. Don't survey your customers just to survey them. And when you really need those survey responses - don't underestimate the power of an incentive like a raffle prize or a 10 percent off coupon! You *will* see your survey responses increase when you sweeten the pot.

- **Don't expect a magic formula to email marketing success.** Email marketing is not an exact science – it's a constantly evolving experiment.

The best email marketers in the world regularly report new findings when it comes to the “best” time to send emails, the “best” subject lines, the “best” keywords to include. The one thing every email marketer agrees upon? There is no easy answer or proven formula.

You have options on your end. You can send emails on seven different days of the week and countless different times, with different subject lines, with different links, with different action items.

But think of the options on the end of your customers as well. How many other emails did your customer receive in the same hour your email came through – and was that customer in a meeting in that time? Under a stressful project at work? On vacation? What was his or her mindset – looking for that springtime sale you just emailed about, or worrying about a family member's health or a problem at home?

Your email marketing probably won't ever be perfect, but you will no doubt see a positive ROI. While social media is rapidly becoming a must for companies, email marketing remains *the* number one channel for fast, effective communication with your customers and clients.

For further information on this topic and additional resources, we recommend the following short articles:

[email-marketing-service-review.toptenreviews.com/which-is-right-for-your-business.html](http://email-marketing-service-review.toptenreviews.com/which-is-right-for-your-business.html)

[email-unlimited.com/email\\_verifier\\_professional.html](http://email-unlimited.com/email_verifier_professional.html)

[email-marketing-software-review.toptenreviews.com](http://email-marketing-software-review.toptenreviews.com)

## **USING SOCIAL NETWORKING**

Social networking has proven to be a consuming interest for the millions of users of these sites and an advertising opportunity for merchants. For a business, this technology offers two things:

- A way to stay in constant communication with customers and clients.
- A click-based advertising opportunity.

Unlike a Web site, which serves as a one-way communication channel from the merchant to customers, a social media site allows individuals to connect online, so business owners can have informal two-way contact with their customers and friends. Moreover, because the customer contributes to the dialog, the merchant ends up with a lot of editorial content for a small time investment.

However, social media isn't for all companies: for some, the benefit isn't worth the cost while for others, engagement in some form of social media is nearly as critical as having a business Web site.

In this section, we'll look at four social media opportunities: Twitter, Facebook, LinkedIn, and blogs. Each medium offers its own opportunities - and challenges. You can learn the many fine points of being a social media participant from the sites, so we'll talk about business use.

### **Twitter**

Twitter is a live stream of information in very concise - 140 characters or less, to be exact - snippets called *tweets*. As a business tweeter, you can create a customized page through profile choices, including business name, logo and colors, approximating the look of your Web site. Once you're set up, you send out 140-character tweets - news about your company, services, products, special sales.



You can retweet other's tweets, and use *hashtags* (#) in order to join other conversations, which expands your visibility. Think of a hashtag as a keyword. Imagine, for instance, you're running a bakery. One of your tweets might read: "We've got a new cupcake coming out of the oven... anybody want chocolate chip peanut butter? #chocolate." Anyone who searches "chocolate" on Twitter will find you. Use these hashtags with caution, though; common Twitter courtesy dictates you use just one or two hashtags per Tweet. Loading a tweet with excessive keywords is the Twitter equivalent of spam.

On Twitter, you follow other individuals, businesses, and celebrities; once you choose to follow someone, his or her tweets will show up on your homepage in chronological order. How often an individual's tweets appear in your feed will depend on how often he or she tweets, how many people you follow, and when you log in.

It's hard to guarantee that every tweet you send will be seen by everyone. Your best bet is to tweet on a regular basis - at least once a day. The good news is, you only need to come up with 140 characters of content at a time!

You can also embed your Twitter feed on the homepage of your Web site, which lets customers who may not be on Twitter see your most recent tweets and gets the word out that you are on Twitter.

For more information about using Twitter for your small business, visit [business.twitter.com](http://business.twitter.com).

## Facebook

When Facebook launched in 2004, the social media site was open only to college students. By the end of 2011, the site boasted 845 million users clicking the *like* button or commenting on editorial content 2.7 million times a day. It became so successful so fast that it's become part of many people's lifestyles.



Yet, some Facebook users have had mixed experiences. In 2012, General Motors had been spending \$40 million annually on its Facebook advertising: \$10 million on paid advertising and \$30 million to manage its Facebook site. In May, 2012 GM abruptly dropped the paid advertising component, saying ads didn't generate enough business, but the company is pleased with the results from the site and plans to keep it going.

Facebook stands out as the most personal of the social media Web sites, as most users post personal photos and status updates often protected to be visible only by "friends."

Unlike that of other social media, a company's Facebook page can be made to resemble its Web site, including a logo, color scheme, links, photos, products, services, price lists and menus. Its free-form informal nature makes it easier to modify than a Web page and therefore cheaper to maintain. As long as you don't advertise, a Facebook page is free. You can post editorial content very similar to what you post on Twitter: articles, links, photos, and videos.

Once a Facebook user clicks the "Like" button on your page, your updates will show up in his or her newsfeed. They can "like" your statuses, comment on your posts, ask questions, and communicate both with you and with others who "like" you or your posts.

You can gain new fans by promoting your Facebook page to your existing customers - or by advertising on Facebook. Facebook will show your ad to a target audience based upon location, age, interests, or a number of other factors. You can pay for the ad on a per-click basis or a per-impression basis; once you hit your daily advertising budget, Facebook will simply not show the ad any more that day.

For more information on Facebook for business, visit [facebook.com/business](http://facebook.com/business).

## Blog

Blogs, which resemble an online journal of sorts, have been around since the 1990s, when non-technical-user-generated editorial content first hit the Web.

Unlike the character limits imposed by Twitter and Facebook, you can write as much or as little as you want on your blog (which you can set up free at Web sites like [wordpress.com](http://wordpress.com) or [blogger.com](http://blogger.com)). There's good news and bad news in this trait: maintaining a good, current blog takes a lot of time and energy, but it will give you the opportunity to really show your customers that you are an expert in your field.

Aim to update your blog approximately once a week. (And get some mileage out of the work you put into that post - post links to your other social media channels!)

## LinkedIn

If Facebook is the most personal of the social media networks, LinkedIn is certainly the most professional. On LinkedIn, you're not representing your company as much as you are yourself as a businessperson. Think of your LinkedIn profile as your resume, posted for all to see. You connect with people you may have worked or gone to school with for references, connections, and help.



If a customer or potential client Googles your name, he or she should see your LinkedIn profile and, consequently, your professional experience, history, and skills.

## Finding Editorial content

Social media newbies often are concerned about finding editorial content, but it's not as hard as you might think.

When it comes to creating content, think broadly: articles and announcements, of course, but photos and videos as well. Social media is not about perfection, but about keeping the channels of communication open and timely. Conversation is key.

- **Take pictures and video and post links.** You can introduce a new employee, hard at work in your business, or announce a new product with a sneak peek picture. If you've got a tremendously happy customer, ask for a 30-second testimonial via video camera, such as the Flip™. (At well under \$100, these cameras are perfect to stick in your pocket so you're armed and ready when the need arises.) These testimonials or happy customer photos can be a social media goldmine.
- **Give your social media friends something special.** Your customers are going the extra step to connect with you on Facebook or Twitter. Post your restaurant's daily special or announce a sale coming up. Consider a contest for your Facebook fans: best response to a question of your choosing wins a prize of some sort.
- **Keep it conversational.** That is, with relevant chit-chat. If there's a holiday coming up, wish your customers a happy day. Take care to not veer too far into religious or political thoughts and holidays (unless they're relevant to your business), but remember that many

holidays have traditions celebrated by the masses. For New Year's, for instance, why not share a new year's resolution and ask your customers for theirs?

- **Use your environment to promote your business.** If spring arrives early and you sell garden supplies, use it. If you're introducing a new soup to your menu and a snowstorm is coming, seize the natural marketing opportunity.
- **Create Web alerts.** To supplement your own content, share others' content that you find interesting. You can create as many Web alerts as you want at [google.com/alerts](http://google.com/alerts). Essentially, when new content is posted to the Web that matches your search terms, you'll receive an email. You need one for your business; if someone writes or blogs about you (good or bad), you'll be notified and can respond.

Create alerts for terms related to your business as well. It'll keep you up-to-date with industry trends, and you'll be able to share articles of interest with your customers via your social media channels. This will help reinforce your reputation among your friends and followers as an expert.

### Helpful social media tips

Regardless of the social media channel, many of the same rules and techniques apply.

- **Watch and learn.** Before you dive into social media, observe it. Create an account for each service (as is the case with a Web site domain name, you'll want to lock down your business name as early as possible, especially with Twitter) and spend a few days simply watching how it works and how people talk.
- **Don't waste your breath (or characters) on long, ugly links.** With only 140 characters, every one counts. Shorten long links via Web sites like TinyURL ([tinyurl.com](http://tinyurl.com)), SnipURL ([snipurl.com](http://snipurl.com)), or Metamark ([metamark.net](http://metamark.net)). These free services will create new links, typically ranging from 19 to 30 characters, for any content.
- **Get the word out.** You're probably noticing the little square icons bearing the "f" for Facebook, "t" for Twitter, and "in" for LinkedIn in more and more places - now, it's time to get yours out there.

Embed those familiar icons and links to all of your social media channels right in the header or footer of your Web site so it appears on every page of the site. Your email marketing templates should also include these icons. Print them on flyers, business cards... anything you can use to get the word out!

- **Follow your competition.** To keep abreast of your competition, follow them on Twitter. To see what other industry leaders are doing, follow them. See what others are doing, and what works and what doesn't.
- **Save time.** "I don't have time for social media." This is, without a doubt, the most common reservation people have about social media.

Yes, it takes time. But there are tools today that let you update all your social media channels at once:

- **Hootsuite ([hootsuite.com](http://hootsuite.com))**. This is one fantastic mechanism. Log into your Twitter and Facebook pages and blogs once through Hootsuite and you're able to update all your content at once!

Hootsuite also allows you to schedule tweets or Facebook content as well, for release at a future date and time.

- **Yoono ([yoono.com](http://yoono.com))**. This is a similar tool that keeps your social media feeds right on the side of your Web browser, helping you stay in touch whenever you're online.

Both tools are critical for monitoring what others are saying about you - and responding.

- **Respond, respond, respond.** Social media is all about engaging your customers in conversation. If someone "speaks" to you via social media, whether it's a comment on your Facebook page's wall, a Twitter comment directed at you, or even a retweet of one your tweets, you have to respond quickly.

This is especially important for conversations on your Facebook wall, which will be visible to anyone who visits your page. If someone compliments you, say thank you. If someone has a complaint, it's critical you try your best to remedy the situation.

Remember - social media is a conversation in the public eye. Your other customers are waiting to see how you handle the situation. If you don't respond, it'll look like you don't care.

- **Give credit where credit is due.** In the online world, everybody shares content; this is the beauty of the new Web. Just be sure to give credit where credit is due. If you enjoy a link on Twitter, retweet it so the original author gets credit.
- **Have fun!** As a small business, forging and nurturing relationships with your customers is critical to your success. Today, there's no better tool to keep the conversation going on a daily basis than social media.

## ACCEPTING CREDIT CARDS

Today, virtually all credit card transactions are now processed over the Web. Starting from modest beginnings in the 1920s for gas station purchases, credit cards allow Americans to charge about \$2 trillion annually, making up about 20% of consumer spending. The proportion is expected to increase to 35% by 2015.

Accepting credit card payments provides a clear competitive advantage. The merchant who accepts credit cards appears more established and the customer is more likely to make purchases, increasing sales volume. Two challenges are the mechanics of accepting cards and the cost of the *interchange fee* charged to merchants for processing their card payments. This fee comes off the top of the sale and can amount to as much as 6% of the sale, making it equivalent to a sales tax. Yet, if accepting credit card payments allows you to make sales you would ordinarily miss, it's worth the cost.

There are several considerations for small business merchants:

- **Getting lowest interchange rate.** When deciding on credit card options, it's best to have a candid discussion with the card processor. The rate you pay depends on how - and by whom - credit cards are processed.
  - Interchange rates are from 1.35% to 6%.
  - A *swiped* transaction - where the merchant runs the card through a reader - is cheaper than a *keyed* transaction - where the card number is entered manually.
  - A merchant with a low-dollar average sale size pays a higher rate than one having big ticket sales.
- **Use your own bank?** The merchant's commercial bank is a logical choice for processing cards for reasons of convenience and sometimes price. However, many card-only institutions offer lower rates than your bank because they process high volumes at low cost.
- **Mobile payments.** This is the fastest growing card acceptance field, which uses smart phone technology. A card reader is plugged into the phone's headset port and a free app processes the payment, including sales tax. The scanners work with iPhones, Droid phones, Blackberries, tablet computers and similar devices. A free app manages the authorization process, which makes the mobile device equivalent to an in-store cash register, including the same security capabilities. In most cases, the customer signs for the purchase on the device screen, either by finger touch or stylus, so we recommend having a stylus handy for the customer's signature.
- **In or out of accounting software?** Most mainstream accounting software provides a credit card capability. That is, when you enter a sale, the software automatically charges the customer's card. In addition, the software saves the customer's card number, simplifying future sales. This feature is convenient, but it also limits the merchant's choice of payment system to those provided by the software developer, which may be higher-priced.

For your convenience, we've compiled a list of resources for credit card acceptance. To earn a listing in our buyer's guide, the credit card processing service must be designed primarily for smaller businesses, offer reasonable fees for merchants with small transaction volumes and be designed for the small office environment.

Buyer's guide to accepting credit card payment				
Provider/ Web address	Rate - % + per transaction		Monthly fee	Description (M = mobile application)
	Swipe	Key		
Square <a href="http://squareup.com">squareup.com</a>	2.75%	3.5%+ 15¢	None	Includes free scanner. <b>M</b>
PayPal <a href="http://paypal.com">paypal.com</a>	2.7%	2.9%+30¢	None	Includes free scanner. <b>M</b> Rate drops over \$3,000 monthly sales.
Merchant anywhere <a href="http://merchantanywhere.com">merchantanywhere.com</a>	1.69%+30¢	2.2%+30¢	\$24.95	Includes free terminal. <b>M</b>
Intuit GoPayment <a href="http://payments.Intuit.com">payments.Intuit.com</a>	2.7%+10¢	3.7%+10¢	None	Includes free scanner. <b>M</b> Rate drops by 1% with monthly charge.
QuickBooks <a href="http://intuit.com">intuit.com</a>	1.64%+27¢	2.47%+27¢	\$19.95	Start-up kit is \$63.50 at major retailers. Card payment also built into QuickBooks
Sage <a href="http://sagepayments.com">sagepayments.com</a>	1.5%+20¢	2.04%+20¢	\$14.90	Card scanner costs \$31 <b>M</b>
Chase Paymentech <a href="http://chasepaymentech.com">chasepaymentech.com</a>	1.79%+24¢	2.5%+24¢	\$17.50	One of the most widely used services
Merchant Warehouse <a href="http://merchantwarehouse.com">merchantwarehouse.com</a>	1.69%+21¢	2.19%+21¢	\$12.95	A widely used service
Leaders Merchant Services <a href="http://leadersmerchantservices.com">leadersmerchantservices.com</a>	1.59%+30¢	1.99%+30¢	\$13.50	A widely used service
Merchant One <a href="http://merchantone.com">merchantone.com</a>	1.59%+19¢	2.05%+19¢	\$7.95	A widely used service
Apple EasyPay Touch <a href="http://lightspeedretail.com/mobile">lightspeedretail.com/mobile</a>	Depends on processor used		Custom	Designed for Apple iPhone Base cost over \$1,000 <b>M</b>

References

[en.wikipedia.org/wiki/Credit\\_card](http://en.wikipedia.org/wiki/Credit_card)

## WEB TAXATION



In the following section, our goal is to provide awareness to business owners that their out-of-state sales to customers can come under the jurisdiction of the destination state. To be safe, when you start to make out-of-state sales, you should consult your tax advisor for information and instruction.

As we discussed in the chapter on *Sales, Excise and Property Taxes*, you may have to collect sales tax from customers on sales of either products or services. However, when you make a sale over the Web to an out-of-state customer, things can get complicated.

Normally, if you sell to a customer outside of your home state, the sale is considered *interstate commerce* and under the United States Constitution, the customer's state tax authority cannot require you to act as its tax collection agent. There are two exceptions to this rule:

- **Physical presence.** If you travel to the customer's state to solicit a sale or deliver a product or service, you create a *nexus* or legal connection to the state, allowing it to tax your activities in the state. In this case, the sale is considered to take place - and is taxed - in the customer's state instead of your home state. Moreover, once this nexus is established, all future sales into that state can be taxed by that state, even if no physical presence is involved.
- **Web presence.** For an increasing number of states, selling over the Web can create the same *nexus* as having a physical presence. The legal basis for this taxing authority is complex, but as a business owner, you must know that a Web sale out-of-state can be treated just as if you traveled to the state to solicit or fulfill the sale.

These sales once were protected from sales taxation until 2014 under two federal acts, the Internet Tax Freedom Act and the Internet Tax Nondiscrimination Act. However, many states have found exceptions that allow them to tax interstate Web sales, and business owners must be sure of the rules when making an interstate sale.

Your tax advisor can give you updated information on which states tax sales made on the Web.

There are three other considerations:

- **Income tax.** Besides assessing sales tax, a state may be able to impose income tax on an out-of-state merchant's profits. That is, if you do business in another state - even without setting foot inside the state, you may be required to allocate some of your taxable profit to be taxed by the state.
- **What's taxable?** Generally, if a product or service is subject to sales tax in your home state, it will also be subject to sales tax in your customer's state. However, all states have different tax rules and each sale must be considered separately.
- **Use tax.** Even if a sale is exempt from sales tax as interstate commerce, your customer may be required to pay tax on the sale, anyway. Discussed in our chapter on *Sales, Excise and Property Taxes*, this tax, known as use tax, is self-assessed by a purchaser in situations where the merchant does not collect sales tax.

## **SUMMARY**

For many of us in business, the Web represents an important way to attract attention, gain credibility, keep customers informed and create a competitive advantage. Once the domain of well-heeled mature companies, the Web is now a place where companies operating on a tight budget can compete effectively. Moreover, there are several levels of participation, ranging from simple do-it-yourself projects costing mostly your own time on up the expensive and fancy Web sites requiring software, consultants and programming. You choose what you feel you can afford and build on it as you can afford more.

However, without common-sense controls, companies can squander funds unnecessarily. The best approach is a logical one:

- Study the technology.
- Look at what competitors are doing.
- Create a plan.
- Set a budget.

## **Acknowledgment**

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