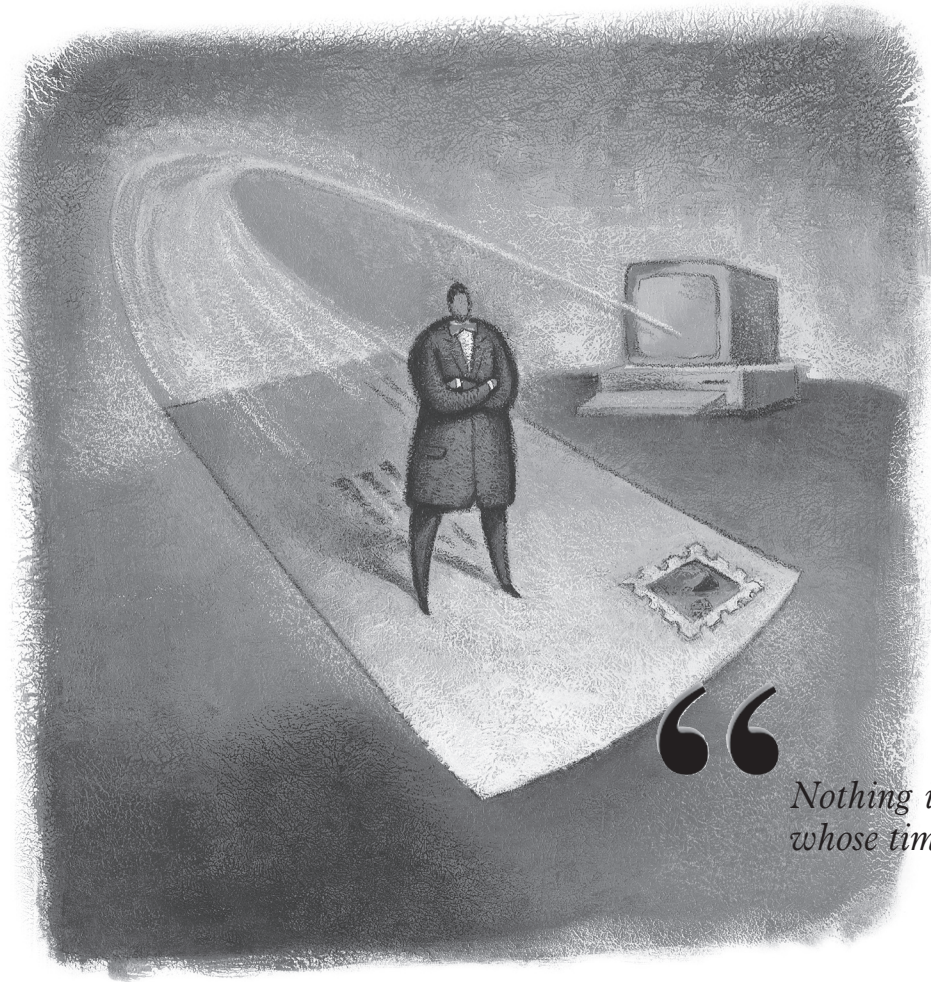


# E-COMMERCE

## BE AN ONLINE GURU!



“

*Nothing is stronger than an idea  
whose time has come.*

—Victor Hugo

”

## What's This Session All About?

It's fair to say that whichever way the Internet goes, business follows. For most of today's businesses, adapting to changing Internet trends is simply a fact of life.

This is especially true in the world of microbusiness. The Internet has enabled

people from all walks of life to run successful businesses from home. On the Internet, a tiny start-up can sell to customers all over the world, most of whom it would be unlikely to reach by any other means. One microbusiness in rural Oklahoma sells homemade sand plum butter to customers in Canada. Another, in South Central Los Angeles, sells hand-knit caps to buyers in France. The opportunities are as wide as the world itself!

**Introduction to the Internet.** Everyone talks about the Internet, but surprisingly few people understand what it is and how it works. In this session, we'll explain the basic concepts and main features of the Internet.

**Introduction to e-commerce.** To most people, e-commerce simply means buying and selling products over the

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Internet. But that concept is too limiting. In reality, e-commerce means doing business online. In other words, it includes customer service, sales, marketing, advertising, and all the other business functions that enable and support buying and selling.

**Building or buying a Website.** Make lists of the features you must have, the ones you should have, and the ones you'd like to have. Then, you can decide whether to build the site yourself, pay someone else to do it, or sell through an e-commerce host with a pre-designed site.

**Customer service online.** Customers want the same attention, respect, and efficiency from online businesses that they get from brick-and-mortar retailers. As in every other part of customer service, professionalism is the key!

**Online marketing strategies.** The Internet is very, very crowded. How will you get noticed? This section offers some effective, low-cost ideas.



## Introduction to the Internet

When you connect two or more computers so they can share information, you have a **network**. When you connect two or more networks so that they can share information, you have an **internet**.

What we call *the* Internet is a linkage of tens of thousands of computer networks into a global internet. Today, the number of worldwide Internet users is approaching one billion. And although the computer is still the primary means of getting online, access has spread to televisions, cell phones, and handheld devices.

Although the terms “Internet” and “World Wide Web” (WWW) are both used in everyday speech, they mean different things. To put it very simply, the Web is a collection of linked pages presented over the Internet. You access it by means of a **browser** (e.g., Internet Explorer, or Firefox). When you type

an Internet address into the browser, it fetches that page and displays it for you.

## Public Use of the Internet

Nielsen/NetRatings estimated that as of March 2005, 451,547,000 people are online. International Data Corporation (<http://www.idc.com>) estimates that this number will increase to one billion by 2007.

Somewhat surprisingly, only fifty percent of U.S. small businesses (100 employees or less) had Websites in 2005. That's up from 38 percent in 2000, but considerably less than Canada's figure of 75 percent!

## Getting Online

To access the Web, you need a computer with a modem, a Web browser, and a connection to the Internet. If you already have a computer at home, the way to start is by researching the **Internet service providers (ISPs)** in your area. These services include all of the set-up software you need for unlimited Internet access, as well as an e-mail account and free space for hosting a small Website.

Most telephone and cable companies offer package deals for Internet service. This can be convenient and cost-effective. On the other hand, when you rely on a single company for your phone, cable, and Internet service, you become more vulnerable to technical problems. Also, deals like these may prevent you from taking advantage of better offers!

Many business users prefer to have different providers for these services. You may want to do some research and find a small, local provider with a helpful technical staff. Such providers often have a faster overall connection, and a much faster response time to technical questions.

It's wise to ask as many questions and get as much advice as you can before signing up with an ISP, because many ISPs charge a fee to cancel your service if you're dissatisfied! Completing the *Internet*

*Needs Worksheet* will help you to do a comparison study of ISPs.

## Internet connections

There are two things people want from an Internet connection: speed, and more speed! Faster connection speeds make it possible to watch movies, listen to CD-quality audio, and engage in file sharing.

If you use a telephone-based modem and your Internet connection speed is of primary concern, you should consider signing up for a faster connection. For a fee (and if your line is in a qualified area), you can take advantage of the much higher connection speeds offered by **digital subscriber line (DSL)**, **integrated services digital network (ISDN)**, wireless, or **cable modem** technology. Check with your local telephone carrier or ISP for more information.

Some cities—like Philadelphia, PA and Cambridge, MA—are working on plans to offer free high-speed Internet to all residents. This trend is expected to have an especially empowering effect in disadvantaged areas. Jacksonville, Florida, is a good example of a city that has worked to overcome the “digital divide” between rich and poor areas; it set up a wireless network in the community centers of its poorest neighborhoods, and then donated used computers to residents, who could then get online for free. Many rural areas are considering similar programs.

## E-Mail and E-Mail Clients

An e-mail client is a software application that allows you to send, receive, filter, and organize e-mail. E-mail clients access your mail from a server, and download it onto your computer. The most commonly used e-mail client is Microsoft Outlook, but there are dozens of others.

You should choose your e-mail client carefully. Fortunately, many of the best clients are free, so

you can experiment and find one that works for you. Popular clients include Thunderbird, Eudora, and Pegasus.

You can also use Web-based e-mail programs—like Hotmail and Yahoo mail—without installing an e-mail client. There are many differences between these programs and an e-mail client, but the most important one is that you must be online to use them. The virtue of e-mail clients is that they allow you to access and answer your mail, or search through old messages, while offline.

## E-mail security

As a general rule, you should assume that your e-mails are *not* private. Think of them as postcards rather than sealed letters! Most e-mail messages can be intercepted and read by third parties. Also, most ISPs store back-up copies of your messages for a few months, even if you delete them from your mailbox. In addition, there is no law that prevents an employee at your ISP from reading your e-mails!

For more information on e-mail and privacy issues, you can visit the Electronic Frontier Foundation (<http://www EFF.org>).

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*I don't have many relatives here in St. Louis anymore, and when my husband Pete died suddenly, I needed to do something. It wasn't that I was terribly poor. We had some savings, though I knew they wouldn't last forever. But I was lost, if you know what I mean.*

Monica Wittig, 43, lived in a working-class district of St. Louis, not far from Highland Park. When she found herself alone with a fixed supply of money and no work experience, she enrolled at a community college, looking for some sort of quick training that would make her valuable to the market.

At the end of the semester, she felt things weren't working out. She started thinking about a business she might run herself.



*I had to be honest with myself. I'd been sitting in computer classes with kids who were really good. They'd grown up knowing this stuff, and I was still struggling to learn how to turn my computer on and off. I couldn't compete with them for data-entry jobs, or Web design, or writing software. It started to dawn on me that if I couldn't find a way to make myself the center of my business, I was going to be in trouble. My business instructor said I should do a personal survey, and that turned out to be a great idea.*

Monica sat down to write a list of things she was good at, or even just familiar with. She wrote down everything that came to mind, no matter how silly it seemed. She was a good cook, pretty good at math, and knew how to rollerskate. She could drive a standard transmission. She volunteered at an adult literacy project. She had a high-school diploma. She knew CPR. She knew how to dance. She could whistle.

No business ideas there! But while she was thinking, she happened to glance over at the wall, and see a bread-dough ornament she'd made for Christmas one year: it was an angel in flowing robes, blowing on a trumpet.

She added a line at the bottom of the list: *I know how to make dolls out of bread dough.*

...

## Searching the Web

With tens of millions of Websites out there, you'd think that finding information on the Web would be like looking for a needle in a haystack! Luckily, **search engines** make it easy to find information.

Some of the most popular search engines include Google, Yahoo!, AltaVista, Excite, HotBot, Infoseek, Lycos, Web Crawler, Magellan, Planet Search, National Directory, and Go Network.

You can learn more about searching the Web at Internet.com's **Search Engine Watch** (<http://www.searchenginewatch.com>). This site includes search

engine tips, Web searching tips, reviews, ratings and tests, resources, and much more.

**Learn the Net** (<http://www.learnthenet.com>) offers detailed, user-friendly information on using search engines, e-commerce, and many other topics. It also has a number of tutorials, and a helpful glossary of Internet terms.

## Online Trends

Online trends change constantly, and it would take an entire book to describe them adequately. Here's a brief introduction to some major trends, which we hope will inspire you to do your own research.

### Buying and selling online

E-commerce took off in the late 1990s, as Internet users tried out such companies as Amazon.com, eToys.com, and Priceline.com. Soon, thousands of new companies had created Websites to sell everything from CDs to pet food. Stock prices of these new companies soared.

By 2000, things had soured. Investors got nervous, and many online businesses failed. These failures led many consumers, investors, and businesses to be wary of e-commerce.

But that turned out to be an overreaction. For most businesses, the Web is just another way to sell. The worst mistake dotcom companies made was thinking that online businesses could throw the rules of doing business out the window. Every entrepreneur needs a good business plan, whether she's selling online or off.

In the boom of the late nineties, Internet retailers tended to be online-only businesses. Today, traditional brick-and-mortar retailers and catalog-based firms are striking back. These firms are using their experience and advantages to dominate Internet sales.

Still, there's plenty of room for small brick-and-mortar retailers and start-ups that target niche



markets. Also, many consumers and businesses use the Internet to gather information about products, before buying them in a traditional store. So whether you engage in e-commerce or not, your Website is likely to be an essential part of your marketing plan.

## Voice over IP

A new technology that is revolutionizing the business world is **voice over internet protocol (VoIP)**. This allows users to talk over the Internet, or any other computer network.

In traditional telephone systems, each call takes up an entire phone line. In VoIP, users talk over a computer network, which requires much less **bandwidth**. That means that calls tend to be low-cost or free. And since VoIP is based on a software program, it's much easier to upgrade and change. Also, because the VoIP telephone number is associated with an IP phone, rather than a physical location, it's easy to move your VoIP system from one place to another.

VoIP is a fast-changing technology. Before making any decisions, take the time to research the latest developments, costs, and benefits. Meanwhile, if you want to try VoIP for free, you can visit Skype (<http://www.skype.com>) and download their free software.

## Online Security

A rise in online crime has made consumers less comfortable with e-commerce in recent years. A 2005 survey commissioned by RSA Security Inc. showed that security worries led one out of four respondents to limit their online shopping, and one of five to avoid online banking. The survey also found that nearly half of American consumers refuse to give out personal information to online merchants.

This might sound like bad news for online businesses, but things aren't quite that simple. Other

studies show that online consumers are more aware of online security, and more careful about avoiding crime. This consumer awareness is a necessary step towards making the Internet a safer place for buyers and sellers.

## Phishing

One of the most common forms of online crime is **phishing**. Phishers send out e-mails that look like they came from genuine online businesses like eBay and PayPal, and ask users for credit-card numbers or passwords. At any one time, there are hundreds of phishing schemes circulating on the Internet. Some users receive five or more of these fake e-mails every day!

How do you avoid phishers? It's simple! Never enter personal data of any kind into an e-mail. You should also avoid clicking on links contained in e-mails. If you're interested in the link, type it into the address bar.

## Spyware and adware

Spyware refers to software programs that some Websites download onto people's computers, without the user's knowledge or permission. The purpose is to get information about what the user does online. Adware—which shares many characteristics with spyware—can slow your computer down, or stop it from working at all.

These programs are a very serious problem for small-business owners. If not handled correctly, they can lead to the loss of all your data! Luckily, there are a few easy ways of avoiding spyware and adware. The easiest and least expensive is to stop using the Internet Explorer browser, and start using the Firefox or Opera browsers. Or you can take steps to make Internet Explorer more secure; visit <http://www.spywareinfo.com/articles/hijacked/prevent.php> for more information.

Even if you choose one of the secure browsers listed above, there are several free protective programs that most computer users need to install.

## Internet Security Tips

- Use anti-virus programs regularly
- Use a different password for each online account, and change them every few months
- Don't click on links in e-mails, and don't download attached files unless you're expecting one from someone you know
- Install a free firewall program like ZoneAlarm to block unauthorized access to your computer
- Back up your personal and business data often
- Don't assume your e-mails are private. Think of them as postcards, rather than sealed letters! Don't send credit card numbers or other private information by e-mail.
- Don't respond to spam e-mails, even if you're asking to be removed from the mailing list. All this will do is tell spammers that you're receiving their mail.
- Scan for spyware programs that transmit your personal information to other computers.

- **ZoneAlarm** (<http://www.zonelabs.com>) is a free program that protects your computer from hidden downloads.
- **Ad-Aware** (<http://www.lavasoft.com>) locates and removes adware that can invade your privacy and slow your computer down.
- **Spybot Search and Destroy** (<http://www.lavasoft.com>) locates and removes spyware and related problems. It also removes stored data about your online activities, so that spybots can't transmit it.

In addition, you need a good anti-virus program, like Norton AntiVirus (<http://www.symantec.com>).

You should get familiar with all these programs, and follow the tutorials carefully. Above all, be sure to keep them updated, using the manufacturer's guidelines.

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*Of all the things I wrote down on the list, the only thing that really stood out to me was the bread-dough ornaments. I'd been making them for years and years, and sending them every Christmas to friends and family.*

*People liked them, and said they were different. And they were! A lot of bread dolls are kind of thick and clunky; I'd figured out how to do fine detail for hair and clothing and faces. It was more like the kind of work you'd do in clay. And I painted them with watercolors, which had a nice effect.*

*It just made sense, the more I thought about it. What could be cheaper to make? It took flour, water, salt, gas for the oven, and a little bit of paint. At Christmas, I usually made twenty dolls, and it cost me about five dollars. I'd be making them for so long, it didn't take me any time at all to whip up a batch of them.*

*And my needs weren't that pressing. I needed to cover another six years of mortgage payments and*

*pay my bills. That came to about \$900 a month. If I could sell about 550 ornaments during the holiday season, at \$20 a piece, I'd almost cover it for the year.*

She could make 550 ornaments in about a month. But could she really sell that many? She'd sold ornaments to a couple of downtown shops some years before; they'd each taken three. It was possible that there were ten stores in the area that would take 55 each, but it didn't seem like a safe bet. No, if she wanted to sell that many ornaments, she'd probably need to sign on with a holiday craft fair.

Once she researched that option, she found out they'd take a large up-front registration fee, and a healthy cut of her sales. She'd have to make enough pieces to cover those fees, too. That didn't sound too good.

The whole thing was starting to seem unrealistic, and she began to feel slightly silly for thinking that she could cover her mortgage for a year with a few pounds of bread dough. If making money were that easy, everyone would be doing it!

• • •

## Introduction to E-Commerce

On the Internet, a microbusiness can sell to customers all over the world. You can be located in a small town in Oklahoma and find that customers living in Japan and France are interested in your product!

For little or no cost, simple online stores can test pricing and product strategies without a brick-and-mortar retail space. Discussion boards and blogs are perfect forums for testing ideas, and for getting support and feedback from other entrepreneurs.

And even if you decide not to sell online, a promotional Website can be a terrific marketing tool, providing pre- or post-sale information to consumers.

These are all examples of how the Internet is simultaneously a powerful business platform, marketing tool, and information resource for entrepreneurs.

E-commerce benefits customers, too. They can shop at any time of the day or night, without waiting in lines, or driving around in search of a parking place. In fact, studies indicate that a good percentage of Internet shopping takes place after 10 p.m. Websites also offer more information about products than most stores, and they offer it to thousands of shoppers at once!

The advent of e-commerce doesn't mean offline business models are outdated. You still need to know your customers, manage your finances, and sell your goods aggressively and intelligently.

## Planning Your First Website

Building a Website or a Web-based business raises the same questions as building a business offline. Consider:

- Short-term and long-term business objectives
- Marketing mix
- Competition
- Customer needs
- Your business's strengths and weaknesses
- Your budget

The budget question is an important one. There's a wide range of costs for Web development. You could design and launch your own site almost for free. On the other hand, a well-designed promotional site with no e-commerce functionality might cost a few thousand dollars, and could take one to two months to design and build.

Another option is to set up a store with a host site like eBay or Etsy.com. This is an inexpensive option, but it gives you little control over how your site appears. However, stores like these can be a great way to test-market products, and to experiment with different pricing strategies.

## Registering your domain name

The address for your Website is known as a **domain name**; when you type a domain name into the address window of an Internet browser, the browser loads the site and displays it on the screen.

If you're seriously considering launching your own Website, instead of selling through a storefront, you need to register your domain name as soon as possible. If you don't register the name you want today, it may not be available tomorrow!

A domain name can be up to 67 characters long, including the suffix (e.g., ".com" or ".net"). The only characters it can have are letters, numbers, hyphens, and periods; it may not contain spaces.

Before you register your domain name, think very carefully about the name you want. You may have to live with it for a long time, so you should choose a name that is meaningful, easy to remember, and unique.

Once you've created a list of possible domain names, you're ready to register the one you like best. Many ISPs will register a domain name for you, or will allow you to register your domain name yourself through a Website.

As a branding and marketing tactic, it's a good idea to use your domain name as part of your e-mail address. For example, the domain name "www.glassworks.com" could yield the e-mail address sara@glassworks.com.

## Researching sites online

Spending time online is the most important thing you can do while planning your Website. The only way to know what works and what doesn't is to visit a lot of sites. Which online stores are easy to use, and why? Which aren't, and why not? Which sites look best? Which load the fastest? Which are successful? Why? The *Site Research Worksheet* will help you to answer these questions.

### Your Website Should Fit:

- Your brand identity
- Your budget
- Your customers' lifestyle (do they spend time online? Do they buy online?)
- Your customer service philosophy (if you offer a guarantee or return policy offline, you need to offer it online, too)

## What Makes a Good Domain Name?

- It should be the same as your Website name
- It should be easy to say, write, and remember
- It shouldn't be hyphenated
- It shouldn't be too similar to another site's name

As you think about your site, keep these issues in mind:

- Who are your target customers, and why would they visit your site? Are they the same people you're trying to reach offline, or are you reaching out to a new audience?
- What colors, fonts, and design elements best suit your business?
- What kind of information will you include on your site?
- How much time and money can you afford to spend on your site?
- How quickly do you need to get your site up and running?
- How often will you need to change the information on your site?
- Will you sell advertising space on your site to help cover your costs?

Bear in mind that while an off-the-shelf site may get you up and running quickly, you may have to redo it completely when your business grows. Just as with children's clothes, it's best to find something your business can grow into!

• • •

*I didn't put the ornaments completely out of my mind. I thought the basic idea was sound, but I felt I needed to sell something a little more worthwhile than bread-dough ornaments. Yes, my family liked them, and my friends. But when someone gives you a handmade present, you're just not going to throw it on the ground and say, "This is the ugliest thing I've ever seen!"*

*But I had the angel I made on the wall, and I liked it. I liked how I did the robes, and the hair. I saw it and I thought, "I'd buy that." So I couldn't completely give up on the idea.*

When school started up again, one of the courses Monica signed up for was ceram-

ics. She'd never worked with clay before, and found it relaxing. Her instructor was very encouraging, and asked to see her ornaments. He was impressed, and suggested that she try doing similar work in porcelain.

With his help, she found she could transfer much of the detail and charm of her bread dough work into durable porcelain. Now, she had another microbusiness option!

*The ceramics class was a huge help to me, not just because of what I learned, but also because it made me feel much more confident. I had people who were strangers saying my work was good, and I really needed to hear that.*

*Of course, it cost a lot more to work in porcelain than bread dough, and I needed a lot more practice before I could offer any porcelain work for sale. But I was thinking I could use the bread-dough work as a stepping stone. I'd get some practice selling the low-cost work, and maybe even develop a clientele, and then switch to porcelain when I was ready. It seemed smart to me, and my teacher agreed. I mentioned that I'd been thinking of signing on with a crafts fair, and he asked why I didn't just sell online.*

• • •

## How will the site fit the rest of your business?

Your Website must fit with every other aspect of your business. Consider these questions:

### Branding

How will the site communicate your brand to the public? How will links and ads affect your brand, or the use of online payment services like PayPal?

### Promotions

How will you attract customers and convince them to buy? What incentives will you offer? How can you use the Web to add value to the transaction?



**Merchandising**

How will you display your products? What information will you offer? How can technology help you put your best foot forward? How will you handle customer questions?

**Shopping and checkout**

If customers are going to be browsing the site and selecting multiple items, they'll need a shopping cart that tracks selections and keeps a running total.

**Payment processing**

What forms of payment will you accept? What about taxes and shipping costs? If your customers pay with a credit card, you'll have to be able to calculate these amounts automatically.

How about security? Customers want to feel secure, of course, but they also get frustrated when they have to jump through too many hoops. How will you strike a balance between security and convenience?

**Inventory and order fulfillment**

Will your site list products that aren't in stock? How will you notify customers that items are out of stock, and what options will you give them (e.g., back order, refund, credit)?

Will you accept orders in real time, or compile them at the end of the business day?

**Customer service**

How will you notify customers when you ship an order? Will customers automatically track shipments on your site, or will they have to call and e-mail and ask you to do it?

How will you provide technical support? Will it be available online, via phone and e-mail, or both?

What kind of legal issues are involved? How will you handle contracts, disclaimers, and warranties? What about privacy issues?

**Gathering and analyzing data**

What data will you gather on site usage and statistics? How will you turn them into useful information?

What information will you gather about your customers? How will you use it in your marketing? What legal restrictions apply?

## Building or Buying a Website

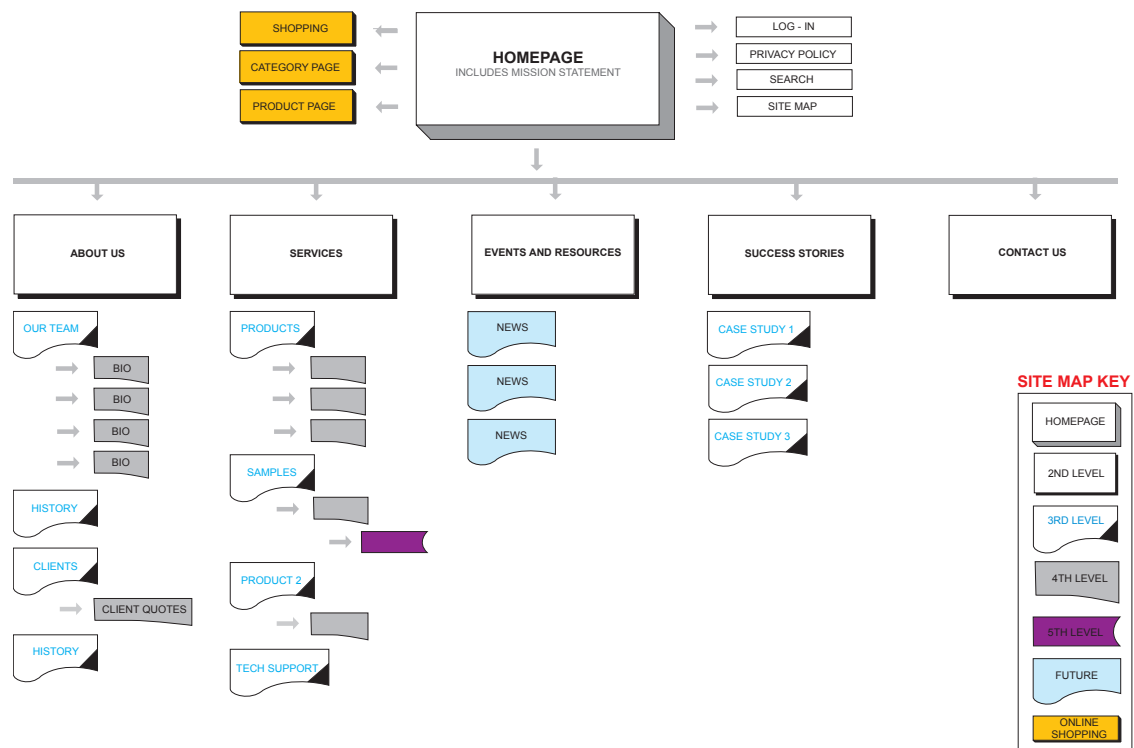
Once you've done enough research to describe the features you want, you should prioritize them. Make lists of the features you must have, the ones you should have, and the ones you'd like to have.

Once you've done that, consider these options:

- **Buying an off-the-shelf system.** There are many off-the-shelf e-commerce packages available. If you happen to find one that meets your needs, you might be able to save a good deal of money. Remember to buy a program you can grow into!
- **Selling through an e-commerce host.** This is a very easy and inexpensive way to sell online. You simply register with a host site, choose a template, and upload your product information. These sites can be a great way to put your toe in the water, and many of them offer upgrades when you're ready to grow. For a good example, check out Bigstep (<http://go.bigstep.com>).

The *Building Your Site Worksheet* will ask you to think about these issues in more detail. Even if you do decide to outsource the project, you should learn how to maintain and update your site in order to keep it up to date. Your maintenance costs will be much lower—and your turnaround time much faster—if you can update your site yourself.





## Site Design

No matter who's going to build your site, the next step is to plot out how many pages it will have, how they'll look, and what information they'll offer.

The first step is to draw up a blueprint of your site. It should show your pages in relationship to one another, and the type of content on each of them.

You can see a typical site diagram above.

## Page design

Once you've drawn up a chart, you need to decide which elements will appear on each page (e.g., navigation bar, company name and logo), how they relate to each other, and how they'll work with the rest of the site.

## Content creation

Once you've decided on the organization of the site, and its design, you can start working on content. This can include text, images, or whatever else you need to promote your business and communicate your brand.

## Interactivity

How will users interact with your site? Will they fill out forms, click on checkboxes, or get shipping costs? Will they search your catalog, or access a database? Each of these features requires careful planning, and must be detailed thoroughly. Describe the features, and what happens when the customer uses them.

## Basic E-Commerce Capabilities

In this section, we'll take a closer look at three basic stages of online selling: merchandising, making the sale, and getting paid.

## Merchandising

Your e-commerce site is a shop that people all over the world can wander through at any time of the day or night. The trick is to tempt them to do it.

Too many sites assume that the secret to attracting customers lies in high-tech wizardry. In fact, the

### Online or Off, You Must Pay Attention to:

- Short-term and long-term business objectives
- Marketing mix
- Competition
- Customer demographics and psychographics
- Your business's strengths and weaknesses
- Your budget

buying public's interest in such displays is limited. What people want is to be able to find what they're looking for, see some attractive pictures of it, and read a detailed description of what it is and why it's worth owning.

## Making the sale

In this stage, the customer must have the ability to put desired items in a shopping cart, choose from different shipping options, get a price total that includes shipping and tax, and enter a billing address and shipping address.

- Customers should be able to access the shopping cart from any page on the site.
- Customers should be able to change the quantity of items in the cart and delete products. Price totals, including tax and shipping charges, should be recalculated immediately.
- A running total should always be visible, so customers can avoid going over budget.
- There should be a toll-free contact number on every page during the checkout process, in case the customer needs to doublecheck information before buying.
- Your customer should have several shipping options, including express service. Display shipping charges early in the checkout process, so that they don't come as a surprise.
- If you accept foreign orders, make sure your shipping charges are accurate, and that your address fields will accept foreign address information.
- Tracking information should be available once the order is shipped. If you use USPS, offer a trackable service such as delivery confirmation. The extra cost is very small, and most online shippers will want to track their packages!

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*I didn't know the first thing about online selling, but some of the kids in my class sure did. To them, selling online was as natural as breathing. There was a girl named Carol there who had her own eBay store. We worked out a trade, where I'd show her some of my clay techniques, and she'd set up a store for me.*

*It wasn't an even trade, in terms of time. I taught her for about two hours. She had my store up and running in about fifteen minutes. But I think I got the better end of the deal!*

Carol helped Monica create an account and choose from a variety of site designs, and moments later, Monica had an online store. Later in the week, Carol came by and took pictures of Monica's bread-dough work, and showed her how to upload the pictures to her store.

Carol also mentioned how much her blog had helped her sales. Monica had no idea what she was talking about, so Carol filled her in.

"A blog is like an online diary. You can write anything you want, and post pictures of your work or anything else. I started doing mine just for fun, and to show off pieces I was proud of. But more people started reading it, and I started getting a lot more sales. One time, I mentioned on the blog that I was going to auction off a piece that meant a lot to me. It ended going for almost \$300 on eBay."

As she listened, Monica thought she might want to set up a blog too. Not just to promote her work, but also to keep in touch with her far-flung family members. "Is it complicated?" she asked. "Could you show me how to do it?" Five minutes later, Monica had a blog, ready and waiting for any content she wanted to add for it.

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## Your Website Should Have Lots of Contact Info:

- Telephone number
- Fax number
- E-mail
- Mailing address
- Physical address
- Hours of operation

## Getting paid

If you're selling online, you may be able to set up a merchant account with your bank to accept credit cards.

Otherwise, you can choose from a number of alternative e-commerce services. The most well known of these services is PayPal ([www.paypal.com](http://www.paypal.com)). If you're a merchant who uses PayPal, your customers can click on a "Pay" button that brings them to a checkout form. PayPal collects the money, and credits it to your account (minus a fee). You can transfer money in this account to your bank, or access it with an debit/credit card issued by PayPal.

## Security

E-commerce requires trust, which is why you must offer a secure method of accepting credit cards. The standard security method is called **secure socket layer (SSL)**. To implement SSL, you'll need an **authentication certificate**. This is a sort of digital ID card that confirms your identity. You can get this from a certificate authority such as Verisign (<http://www.verisign.com>). The certificate also encrypts the data. For maximum security, you'll want a 128-bit certificate.

Studies show that sites with SSL certificates enjoy increased e-commerce sales, fewer abandoned shopping carts, and more repeat purchases.

## Calculating taxes

Tax rates vary from state to state, county to county, and city to city. This is yet another issue to bring up with your business mentor, accountant, or tax attorney!

Once you've figured out your needs, you can find programs that will work with your site to calculate tax. Taxware (<http://www.taxware.com>) is a good example.

## Shipping options

High shipping costs can chase online shoppers away. In most cases, you should avoid calculating shipping and handling fees as a percentage of the total price of the order. Should the shopper be socked with a higher shipping cost for spending more money at your online store? Of course not. If anything, the shopper should be rewarded with a discount!

Free, discounted, or upgraded shipping are typical rewards for big online spenders. Upgraded shipping is a very good incentive; the cost of upgrading from UPS ground service to 2-day service is not high, but it can make a huge difference in how your customer feels about your business.

Many e-tailers have decided to offer free shipping. For sites with a very high volume of sales, this can be a great way to attract and keep customers. However, *somebody* must pay for shipping. If you offer free shipping, you must either accept a lower profit margin on each item you sell, or pass the cost of your policy on to the customer by raising your prices, which makes you less competitive. Also, e-tailers who offer free shipping will upset their customers if they change this policy!

## Offer a variety of shipping options

E-tailers can reduce abandoned carts and increase revenues by properly handling three pieces of information: the shipper's zip code, the customer's zip code, and the weight of the package.

With the right software or third-party service, you can use this information to calculate shipping alternatives, such as UPS ground or next-day air by Federal Express. UPS and FedEx also offer software plug-ins that will work in concert with your site; visit their sites for more information.



# Customer Service Online

Online customers expect the same level of customer service they receive offline—if not more! According to a recent study by BizRate.com, a firm that tracks customer satisfaction with e-commerce, quality of customer service was the top factor in determining whether a customer returned to a particular online merchant.

## Keeping in Touch

One of the biggest complaints customers have with e-commerce is that they can't get in touch with online businesses. They complain that phone numbers can be hard to find on Websites, and if called, may not be answered. Also, customer e-mails often get no response for days on end, or receive an automatic response that doesn't answer the customer's question.

To avoid making people mad, and to assure customers that your company is for real, be sure to have a phone number where customers can reach you. Many customers call simply to make sure that the company really exists. These calls present a good opportunity to promote your product.

# Online Marketing Strategies

Online businesses are always coming up with new strategies for online advertising. Most experts agree that the usual ad techniques don't work well on the Web, but there's not much agreement about what *does* work.

That's why you should focus at first on offline marketing. All your packaging, letterhead, and other business materials should have your Website's address printed on them. Word of mouth is a powerful tool, too. Be sure to tell your customers

and friends when your Website goes up. You might also consider handing out little printed announcements of your Web launch.

The *Online Marketing Worksheet* will help you to work through these and other promotional options.

## Blogs

Blogs (short for "weblogs") are online diaries that are usually devoted to a particular subject or point of view. You can learn more about blogs by going to <http://www.blogger.com>.

The popularity of blogs provides additional opportunities for marketing. Blog readers are a loyal community, and they tend to respond well to advertisers who support their favorite sites. There are blogs about every topic under the sun; if you can find a popular one that fits your brand image, you might want to consider advertising. For instance, if you make birdfeeders, you might want to advertise on one of the more popular birdwatching blogs.

## Direct E-mails

In general, direct e-mailing is unpopular with online consumers. Does this mean you should never send out mass e-mail messages? Not necessarily. If you serve a small niche market, an e-mailing list of persons involved with newsgroups, discussion groups, chat rooms, or list services could be useful.

Your best bet is to offer regular updates on your company, or a subscription to an online newsletter. Your Website should have an icon that customers can click on to be added to your mailing list; this enables you to reach thousands of customers at a fraction of the cost of traditional direct mailing.

Always offer the opportunity to get off your mailing list. When people ask to be removed from it, do it right away!



## Ad Signatures

- Newsgroups are online forums in which members talk about shared interests (e.g., ice hockey or knitting). Some newsgroups allow members to include “signature ads” in their personal information. This means that every time the member posts, a clickable ad is generated. This can be a powerful way to generate traffic to your site, but only if you’re a serious member of the newsgroup. Simply posting your ad over and over will probably get you banned! You should have a sincere interest in the topic of the newsgroup, and your product should fit perfectly with that interest.

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*I really enjoyed having the blog. I told my sister and a couple of cousins about it, and they dropped in and left comments. It turned out a lot of their kids had blogs too, so I was able to keep up on everyone’s lives, and I felt a lot more connected than I had in years.*

*Of course, I also put pictures of my work up, and talked about the techniques I used, and asked for comments and constructive criticism. Some of the kids from my ceramics class linked to my blog, and we’d share advice and so on. All of a sudden, I belonged to a community!*

That community was a huge help to Monica; all their knowledge and experience was at her fingertips! They steered her away from craft fairs that were poorly attended and badly run. They gave her ideas for pieces she could sell year-round, instead of limiting herself to seasonal holiday pieces. They also steered her to Etsy.com, an e-commerce site for makers of handmade goods, which let her set up another online store for free. Her work did especially well there; this drew the attention and respect of local crafts stores, which became increasingly willing to handle her ornaments.

Monica was feeling exhilarated. She was learning to do things she’d thought were beyond her. She was selling more of her bread-dough dolls than she’d thought possible, and the advice and guidance of her online friends was consistently helping her porcelain work to improve. And not only had she found many new friends, she’d also reconnected with family members who’d drifted away.

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## Market Research Online

When customers and visitors move through your site, their actions are recorded in **log files**. The data in these files can tell you where your customers come from, what browsers they use, what led them to your site, how long they stayed, and so forth.

Collecting marketing data is very easy online, which has led to many uses—and abuses—of these data. As described in Session 5, there are laws that apply to what kind of information you can collect, how you can use it, and whether you can share it with a third party. Talk to your lawyer or mentor about these issues.

## Search Engines

Search engines are the most popular way to find information on the Web. The most famous is Google, but there are many others. Users type what they are looking for into a window, and the search engine lists sites that contain matching words or phrases.

Certain design features can increase your site’s chances of being placed among the top 20 sites by search engines:

- Domain names that describe products or business
- Keywords that describe your products or business
- A descriptive title for each page of your site (e.g., “Jane Hindson’s Stained-Glass Workshop in Bloomington, Indiana”)
- Descriptive keywords in your site headlines, body copy and links (do not repeat keywords more than 4 or 5 times on a page)
- Using your most important keywords in text links to other pages
- Using as many keyword links as possible
- Understanding **metatags**. Metatags are HTML tags used in Web pages to provide background information such as the name of the page author, the program used to create the page, and page keywords and description. Many search engines don’t read them, but you should have them for the ones that do.

- Alternative text tags give Web authors the opportunity to offer a text description of images on a Web page. Adding your primary keywords to your alternative text tags will boost your site's position in search engines.
- Updating your keywords based on your search results and those of your competitors. There's no law against basing your keywords on those of your competition!

### For further information on the present and future of e-commerce, we recommend the following easy-to-access sites:

- **E-Commerce Times** (<http://www.ecom-mercetimes.com>). This nicely designed site contains lots of up-to-the-minute information on online buying and selling trends, as well as in-depth features on new technology and legal issues. They also have a section devoted to issues affecting small businesses. A good site to read daily!
- **eMarketer** (<http://www.emarketer.com>). This site provides statistics and information about e-commerce, from Internet advertising and marketing, to current and upcoming market trends, to the secrets of Web design. The "eStats" database is helpful for the initial planning stages of your business; it has online statistics for ad costs, Internet usage patterns, market size/growth, and demographics.
- **ZDNet** (<http://www.zdnet.com>). This is another site that offers glimpses of upcoming computer technologies, and the business opportunities they're likely to create. Their review section is a terrific resource for assessing new software packages and other products.

## Web Directories

Web directories are indexes to Websites; they're listed in alphabetical order by category, region, or subject. They're a little different from search engines, in that their listing of sites is compiled by people, not software.

The best sites list by subject or category. Because you want the most people to see your site listing, it's very important to choose the category carefully. Take some time to acquaint yourself with each directory service and how it works before you submit your site. This will help you choose the best category for your site, and could very well mean the difference between 10 and 100 visitors to your site per day!

- **Open Directory Project** (<http://dmoz.org>). This is the largest of the Web directories. It's completely free, and is probably the single best place to submit your listing.
- **Alta Vista** (<http://www.altavista.com/dir/default>). This is a very popular directory. You only need to submit your top page, and Alta Vista will find the rest.
- **Lycos** (<http://www.lycos.com>). Although Lycos gets its listings by searching the Web automatically, you can ask the Lycos program to list your site in its Yellow Pages.

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*I was doing well on eBay, and even better on Etsy. But I was frustrated by the limitations of those sites. I wanted my own site. I just thought it would make me look more serious, and that was important if I wanted to move from crafts to a more fine-art approach using porcelain.*

*My other sites were great for what they did, but they didn't really present my work in a formal, no-nonsense way. I just felt like I was ready to move to the next level. Luckily, lots of people were there to help me. Carol was an absolute pro by then, and she set up the site so that it got lots of extra attention.*

Today, Monica's moving away from bread dough, and beginning to have some success with porcelain. She still has her eBay and Etsy stores, but with Carol's help, she's also created her own Website. Although her holiday ornaments continue to bring in the most money—a wealthy woman in California hangs nothing else on her Christmas tree!—her other designs provide a small but steady income the rest of the year. She even gets online orders from Japan, France, Canada, and the UK.

Monica's Website is simple and down to earth. It has a small biography, and some attractive pictures of her porcelain work. If you want to place an order or ask a question, you can click on her e-mail address. She also added a PayPal button so that customers can pay over the Internet.

Beneath that simple exterior, her friend Carol shrewdly optimized the site to show up in search engines. She used keywords, metatags, and title-tags that would ensure that people searching for “porcelain” and “art” would find her site at or near the top of the list. That gives her the ability to compete for business with companies much larger than hers.

Monica's long-term goal is to build a relationship with an upscale outlet, and she's currently gathering the information she needs in order to approach buyers at Sak's, Bloomingdale's, and other prestigious stores.

*I've accomplished so much that I didn't think was possible, so I feel like I may as well aim a little higher and see where it gets me. If I get into a big store, great. But my future doesn't depend on it. My work brings in good money online and off. Paying the mortgage isn't a problem these days. In fact, I'm thinking about buying a bigger house, so I can set up a real studio!*

*But of all the great things that have happened to me since I started selling online, the thing that means the most to me is that I'm part of a community of sweet, talented people who care about me and are there for me. I'm very grateful for that!*

## What You've Learned

No matter how small your business is, and no matter what it offers, you can improve its sales and visibility by going online. Even if you're not yet ready to set up a fancy e-commerce site that accepts credit cards, a Web page can attract customers you'd never reach otherwise, as well as suppliers, distributors, investors, employees... even buyout offers!

In this session, you learned:

1. To access the Web, you need a computer with a modem, a Web browser, and a connection to the Internet.
2. E-mail is not secure! Think of it as a postcard that anyone can read, rather than a sealed letter.
3. Traditional business rules apply to e-commerce. You still need to know your customers, manage your finances, and sell your goods aggressively and intelligently.
4. Spending time online is the most important thing you can do while planning your Website. The only way to know what works and what doesn't is to visit a lot of sites.
5. Your Website must fit with every other aspect of your business.
6. Online customers expect the same level of customer service they receive offline—if not more!