NFIB GUIDE TO eCOMMERCE

FEBRUARY/MARCH 2007 • $9.95

How to Harness the Internet to Revolutionize Your Business

NFIB
The Voice of Small Business.®

Sell beyond your neighborhood.
Start selling online.

Don't limit your sales to foot traffic when you could be increasing your sales with Internet traffic!

With over 158,000 merchants processing payments safely and reliably through our payment gateway, Authorize.Net® knows how to help small- to medium-sized businesses sell products on the Internet.

+ Quick and easy setup
+ Accept all major credit cards
+ Free customer support
+ QuickBooks® compatible
+ Secure and reliable

Sign Up Now!

866-437-0476
www.authorize.net

$99 Special NFIB Setup Fee

Authorize.Net®
⊞ Your Gateway to IP Transactions™

Download our free
E-Commerce
Getting Started Guide:
www.authorize.net/e-start

Contents

Our First Small-Business Guide

By NFIB President Todd Stottlemyer

NFIB members wear

many hats. As business owners, you deal with issues as varied as marketing, insurance, purchasing, accounting and human resources. Increasingly, I suspect, you also deal with technology issues and how your business fits into a progressively online world.

The *NFIB Guide to eCommerce* will help you sort this out. It's the first of our new Small-Business Guides, in which we'll publish expert articles, tips and advice around a specialized topic. These guides — written just for NFIB members — will be full of practical advice, step-by-step instructions and free of technical jargon. In short, they'll help you sort out the complex issues that you deal with every day.

For each of the guides, we'll collaborate with relevant professionals who will share their expertise with our members. For the *NFIB Guide to eCommerce*, we've asked *Practical eCommerce* magazine to address the Internet and ecommerce issues that we believe are most pressing to each of you.

Some of you have Web sites already, and you'll find articles in this guide and future guides to help you improve your online operations. Some of you have yet to migrate online, and you'll find pertinent information here that will help you get started.

In fact, most any small and independent business can benefit from the Internet. Service businesses, for example, can establish Web sites with contact information, hours of operation, rates, customer testimonials, quote requests, photos, videos, appointment calendars and so forth.

Restaurants and food-service businesses can post menus, prices and ingredients. For retailers and wholesalers, the Internet has opened up a new sales channel. Local customers can shop, compare products and otherwise contemplate a purchase. We've seen innovative "multichannel" strategies, in fact, whereby a local retailer will use a Web site to complement his physical location, and vice versa.

Out of town, or out of country, customers can also shop, compare and then *make the purchase online*.
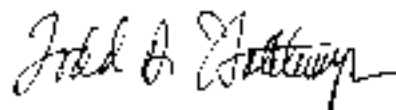
E-mail marketing is changing the way many small and independent business owners communicate with their customers. An entire industry has developed to help you produce, without any technical knowledge, e-mails that add to your customer base and to your bottom line. These e-mails can contain, for example, product images, seasonal specials, new arrivals and company developments. You can send these e-mails to your customers who request them at a fraction of the cost of traditional mail.

This guide would be incomplete without a discussion of Internet security. We'll describe the credit card fraud risks that exist with most any ecommerce venture, and we'll offer suggestions to mitigate them.

And there's so much more. If you haven't purchased a domain name (e.g. SampleCompany.com) for your business, I encourage you to do so. It's easy, inexpensive and we'll offer suggestions in this guide to help you do it. Search engines such as Google, Yahoo!, MSN and Ask can help customers find your Web site and can also provide advertising options for your business. We'll simplify search engines in this guide and in future guides.

I'm excited about the launch of these Small-Business Guides, another example of our goal to provide products and services that help your business grow and prosper.

NFIB members wear many hats. This *NFIB Guide to eCommerce* represents our latest effort to help you wear them. ∎

Domain Name Basics

ESTABLISHING A NAME FOR YOUR WEB SITE IS AN EASY PROCESS

BY JEFF NOBLE, PRACTICAL ECOMMERCE STAFF WRITER

Who would have

thought the domain name Mexico.com would cause such a fuss?

It did when a Mexican telephone company reserved the name for its own use. The Mexican Tourist Board filed a lawsuit with the Internet Corporation for Assigned Names and Numbers (ICANN), claiming that it should be the sole property of the Mexican government. The tourist board lost. Such cases happen every day.

Domain names are the text you type into an Internet *browser's** address bar to go to a specific site on the Internet. Known as a URL, (uniform resource locater) a Web address looks something like this: http://www.example.com. The domain name is "Example.com."

Every domain name, or Web page address, has a corresponding numeric code that looks something like this: 22.170.12.250. This numeric code is called an IP (Internet protocol) address.

The format of an IP address is written as four numbers separated by periods, where each number can be from zero to 255. This IP address is how a domain name is recognized by a *Web server.**

But, long numbers, such as IP addresses, are hard for people to remember. Domain names were therefore created to give an "alias" to IP addresses so people can remember and communicate them better. It's easier, for example, to tell an associate about a Web site called NFIB.com, versus, say, telling the associate about the same site that's at 22.170.12.250.

To reserve a domain name, you register it (for a fee) at a domain registrar. We've listed the primary domain registrars below. All registrars are connected to the same domain-name database. So, there's no need to check multiple registrars for a domain name. *Hosting companies** frequently assist with domain name registering, too.

You'll have a choice of various Top-Level Domains (TLD) to accompany your Web name. The most popular TLD is the suffix ".com" but there are others including .net, .info and .biz. You could get only the .com, or you could buy multiple names. Non-profit groups can get the TLD .org, and educational institutions can get .edu. For a commercial endeavor, it's important to get a .com address. The .com address is by far the most used and most intuitive for your customers. According to The Wall Street Journal, there are about 46 million .com addresses compared to the next most popular suffixes — .net at 6.7 million and .org at 4.1 million.

Once you register your name, you can begin the process of creating a Web site. However, if you're not ready for that, you will also be presented with options to "park" it or even to "forward" it.

Parked domain names are registered with the InterNIC (Internet Network Information Center) and therefore reserved, but are not active for Web site or ecommerce service. This is useful if you have a name that you would like to reserve, but do not intend to use immediately.

Domain-name forwarding is useful if the company that provides you with Internet access also gives you free storage space. You could then have Your-

> **LOOKING FOR A VENDOR?**
>
> ▶ GoDaddy.com is the world's largest domain-name registrar. Other large registrars include NetworkSolutions.com and Register.com. Prices and services vary amongst the registrars.
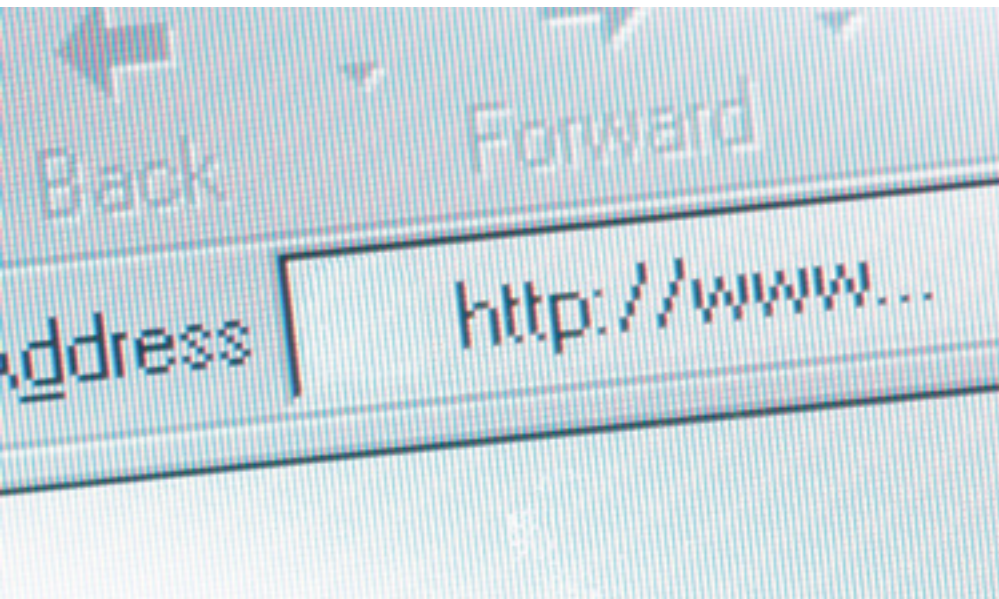
name.com forwarded to the server of your Internet company. When someone types your domain name in their browser, it would be forwarded to your Internet server's space.

You can also register your name as a subdomain. This occurs when a service offers to let you piggyback your name on their own domain name. It would look something like this: Yourdomainname.theirbusinessname.com. Such subdomains are usually free.

Finally, you may be wondering who owns a domain name that is already taken. You can use WHOIS (Whois.com), the Internet's domain-name registry, to find out who has registered it along with the person's contact information. Other services also offer you the opportunity to make offers to buy domain names that are already registered.

Getting the right Web address is important, and you should take it as seriously as you did when you created the

name for your brick-and-mortar business. Your online identity is important. Most people try to get an online address that mirrors the name of their brick-and-mortar. However, in the brick-and-mortar world there may be more than one business named Bob's Radiator Shop. Since there can only be one Bobsradiatorshop.

com on the Internet, it's possible you will have to consider variations when reserving your domain name. ∎

DOMAIN NAME   **TOP-LEVEL DOMAIN**

http://www.nfib.com/page/home

The Olympian   Namesecure – WebMail   World Factbook   Google M

Products & Services   NFIB.com Home Page

NFIB   ABOUT NFIB ▶ Who we are   ISSUES ▶ What we lobby for   POLIT ▶ Can

✱ TERMS TO KNOW

BROWSER   Software program used to view and interact with various types of Internet resources available on the World Wide Web. Netscape and Internet Explorer are two common examples.

HOSTING COMPANIES   A company that uses a Web server to provide storage space for many Web sites.

WEB SERVER   A computer connected to the Internet where Web pages are stored.
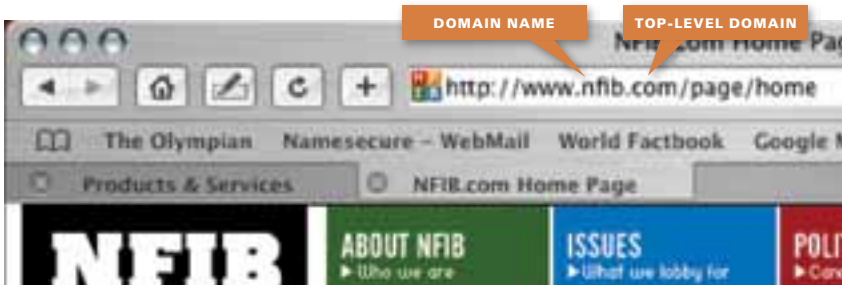
▶ PROTECTING YOUR ASSET

GET YOUR .COM AND OTHER ADDRESSES THAT ARE SIMILAR

Domain names are addresses. But, of course, a domain name generates traffic, which means it is also a major sales source. The traffic could result from those typing in your name in the address bar of the *browser**, or it could be from search engines There are some common sense, easy and inexpensive steps you can take to protect this asset:

MAKE SURE YOU "OWN" THE NAME

Don't just find a domain name that is available and decide to use it as your business name. It's a good idea to get a trademark clearance opinion from your attorney before beginning use. Don't infringe on someone else's mark.

MAKE SURE YOU GET THE .COM

Don't think about launching a business without the .com name. If you are successful, you are setting yourself up for a very rude awakening when the owner of your .com address decides to join the affiliate program of your biggest competitor (or a porn site). The goal is to protect your brand and secure the traffic intended for you.

BUY THE COMMON MISSPELLINGS

One recent study found that 13 percent of all traffic was coming from typed-in addresses in the Web browser. This means there is a real opportunity for misspellings to occur. Conduct a search on the misspelled variations of your domain name to get a feel for the frequency of misspellings. The goal is to buy the common misspellings so that domain-name holders running automated "tasting" programs don't get them first.

— JOHN DOZIER

Web Sites for Service Businesses

An online presence can help you compete with major franchises

By Rachel Coleman, Practical eCommerce staff writer

There's nothing virtual about hamburgers and fries, but that didn't stop b.good restaurants in the Boston area from going online.

"I'm a real believer in the Web's ability to generate returns for small businesses with limited resources," said co-owner Jon Olinto. He and his childhood friend Anthony Ackil left business consulting careers to launch the restaurant in 2003. Since then, b.good's Web presence has allowed the company to capitalize on what it does best: serve a desirable alternative to fast food to a loyal customer base.

So far, b.good's approach seems to be a success. The partners will open a third store this year.

The weapon that allows b.good to contend with the burger giants? A Web-facilitated, ongoing dialogue with the folks who willingly pay $5 to $7 for a freshly-ground, freshly-grilled burger, oven-crisped fries and healthy shakes that don't contain artificial ingredients.

b.good posts its menu and prices online at bgood.com, but Olinto doesn't see the site as a way to streamline operations. Its real value lies in the "Join Our Family" page, which invites customers to participate. b.good runs contests to name the new sandwiches it introduces — winners receive a year's worth of the newly christened burger. Links relate the stories of how "The Oliver" and "El Guapo" got their names, along with photos of the winners. Customers can also sign up for e-mail updates and a popular, quirky monthly e-mail newsletter complete with video clips.

"We don't want to eliminate humans from the order-taking process," he said. "What we want to do is facilitate a dialogue. If you give us your e-mail and let us talk to you — like real people talk — we'll even give you a gift." Every other month, that means a free burger. In December, "we buy gifts for all our family," Olinto said. "It's going to average about $4 per person for the first 200 people who respond at each store, but that doesn't really matter. They're wrapped, they are personal; for me, it means a lot if someone gives me a gift." Besides, he pointed out, the business can afford to play Santa: the newsletter and its distribution carried no material cost.

Four thousand b.good customers have signed up for the monthly newsletter. "The newsletter has nothing to do with how delicious our hamburgers are, it's usually a narrative of what happened that month in the kitchen. People are reading it and responding. It's an emotional connection," he said. The replies that show up in his in-box, however, generate more than a warm-and-fuzzy feeling. They mean b.good is in good shape.

"They only way [small businesses] can compete and survive is to really be smart," Olinto said. "The Web is the tool of the little guy. It's not like it used to be — you don't have to buy Super Bowl commercial time or full-page ads to reach a lot of people anymore."

That kind of resourcefulness can work for any service-based business, said Pam

Our Web site is a very valuable asset right now. I'm in a market that is Web savvy, and customers are always looking for ways to check out a service businesses before making a call. The Web site helps provide potential customers information about our business, and it has information to help customers make educated decisions about anyone they would hire to do painting. We help them know what questions to ask. We've added testimonials to our site to give additional credibility to our company. We have a photo gallery to showcase past and present projects. We've added a feature to allow customers to request a quote from the Web site, and we have recently added a Web-only coupon customers can use. We also plan to add audio and video clips in the future. Our Web site is clearly an important part of our marketing efforts.

» Sal Ingiaimo, President
WEB SITE salsqualitypainting.com
SELLS Residential and Commercial Painting

Stein, owner of Chicago-based Charlotte's Web Marketing, an online marketing consulting firm.

"There are these very disparate tools out there to help businesses," she said, "There have got to be a bazillion people trying to work on this, but no one has cracked the nut to make it all work together. It's an infrastructure issue."

Until a one-package solution arrives, Stein said, small service businesses have to make outreach a personal project.

"How many businesses collect e-mail addresses from customers and use them?" she said. "Print your Web address on all of your marketing materials, your business cards, your receipts. It's really basic stuff if you just think about it."

Not enough business owners share Olinto's buoyant enthusiasm for Web-generated customer-business conversation, said Tim Hinkle, owner of Websolutionsbuilder.com, the consulting company that built b.good's site.

"b.good's approach is, 'embrace the Internet,'" he said, "and it works because they understand who they are and what they want to accomplish."

That awareness is the first step a service-based business must take. b.good's philosophy boils down to something like this: "We love burgers and fries, but we hate what fast food has become," Olinto said. "With mass-produced food, the customer experience is totally passive. You walk in, pay for a burger and leave without a trace. There's no emotional connection. What we try to do is really make customers a part of the thing. We want people to feel like they're part of our business."

Hinkle said every business owner should create a "mission statement" in order to make the best use of the Web.

The next step is to realize there are real reasons to invest in a consultant.

"If you're going to get your car fixed, there are certain things you're just not going to do yourself," Hinkle pointed out. "Some businesses try to send their own e-mails," but they haven't taken the time to learn how to format them for readability and results.

Everyone can't afford to have a big ad agency come in to help, Stein said, but it's worthwhile to hand over $500 for a site designer to get things started. Most will work with the client until there's a basic level of proficiency.

"Pay someone to hold your hand," she said. "If you need to, have them come in and execute it on a consistent basis." After a while, the business owner will acquire the skills to go it alone.

Or, as b.good has done, hire the consultant to periodically tune up the site.

"My business partner and I do all the creative stuff, and once we make the decision on what to do, we turn it over to Websolutions," Olinto said. "They package it nicely, they post it online — they're awesome."

The returns linger, Hinkle added.

"It's not like a TV or print ad: It's always there, it's always on and it's a great investment to make." ∎

Idea Starters For Service Businesses

Whether your business is a salon, an auto repair shop or a coffeehouse, "there's a lot that you could be doing if you only knew what to do," to build a Web component, said Charlotte's Web Consulting CEO Pam Stein.

KEEP IT SIMPLE AT THE BEGINNING.

"It doesn't have to be huge or robust," Stein said. "You need a decent enough Web presence for people to see it's there. Keep it basic, just get started." You can always add more later.

Everyone Tell where your business is located, and show how to get there with a map. When are you open? List the hours, including options for private consultations or appointments. As much as possible, list prices or rates. Make it easy for customers to ask questions. Allow customers to easily contact you via telephone or e-mail. Ask for clients' e-mail addresses, and use those addresses judiciously to market special items, events and offers.

Dry cleaners Provide a secure log-in option for customers to check whether items are ready for pick-up.

Restaurants Post a menu with prices. Display pictures of the food. Show good photos of the dining areas. Is it a formal setting? Will jeans be appropriate? Structure your site to accept reservations. Announce new items and special events. Send e-mails of daily specials to return customers.

Personal training and sports Video training offers kids and parents more detailed instruction on various skills. Set up a Q&A feature, or answer questions directly. Link to accredited athletic organizations. Send out e-mail notices of new classes, training sessions or organized sports league sign-up and start-up days.

Salon and fashion outlets Dialogue with customers about what they'd like to see more of. Conduct votes or rating exercises to see what is the most popular item on the shelf. Focus on seasonal or special events with calendars, tips — "pretty prom hairstyles" or "everything we have in our town's college colors."

Daycare centers Websolutionsbuilder.com helped The Learning Zone build clientele so much the daycare center now has a four-month waiting list. The site includes secure KinderCam video for parents to check in on their kids. Photo galleries, also secure, program announcements and curriculum information and rates round out the site. Other items could include a kids' art gallery, calendar of local and area family and children's events and links to activity and learning pages.

Auto repair shops Send a monthly reminder about seasonal maintenance needs — "Time to put in antifreeze; change your oil type." Create a photo page for proud auto owners to display special or custom vehicles. Track owners by vehicle make and model, then notify them of recalls and items to check. Provide links to auto makers' sites.

— Rachel Coleman

Selling Products Online

User-friendly shopping carts* and predesigned templates have made it significantly easier to sell products online in recent years. This advent of new technology allows a merchant to have an online store established within minutes.

However, it's important to understand that quickly opening a store on the Web doesn't mean it will be easier to operate a successful online operation than to run a brick-and-mortar business.

What do I really need to sell products online?

You can sell products online without spending money to buy a *domain name**, purchase a shopping cart or creating a Web site. Public marketplaces like eBay, Amazon and Overstock allow merchants to sell products from their sites. Experts say the public marketplaces are typically safe environments for ecommerce rookies to sell products.

"I think about eBay as ecommerce training wheels," said Scot Wingo, CEO of

What does a business need to launch an ecommerce business?

By Mitch Bettis, Practical eCommerce contributing editor

ChannelAdvisor, an ecommerce consulting firm. "It's like when you ride a bicycle. You have a lot going on: you are steering, you are pedaling and you are trying to balance. Training wheels take the balance out of the equation, and you can focus on pedaling and steering. Then, when you are really good on those things, you take the training wheels off and you work on balance. The same is true for ecommerce."

Wingo notes that in ecommerce, a merchant must first find out what he wants to sell and where to locate sources for those products. Then he must focus on merchandising and logistics.

"What eBay lets you do is really focus on the product sourcing and logistics and not really worry about demand and merchandising that much," Wingo said. "eBay brings the demand, you bring the products, then you have to do the logistics piece. Then, as you outgrow eBay you can really expand beyond that and open your own Web site."

Keep in mind that these public marketplaces are very competitive environments, and there are differences in the shoppers at each site.

"A lot of people will actually increase their prices for Amazon because the average Amazon consumer is an early adapter," Wingo said. "They are not very price-sensitive. They are willing to pay near full price, or even sometimes above full price, if it is something that is a relatively hot product."

Wingo said the average eBay user is at the opposite end of the spectrum.

"The eBay buyer is your cheapest kind and the most deal-oriented buyer out there," he said. "Consequently, once people have many online channels, they typically look at eBay as one of the last channels they will run a product through. Or they may source end-of-life, severely-discounted products on eBay. The eBay consumer is really looking for 30-50 percent off retail."

Listing products to sell on these sites is easy and relatively inexpensive. Once business owners get a feel for online selling, they might launch their own Web site in addition to selling at one of the marketplaces.

> We operate a brick-and-mortar retail store as a well as a warehouse to fulfill our ecommerce Web site orders. We have experimented with other sales channels, such as eBay, but we find that our stand-alone site is still the best channel for us to reach our current and future growth expectations. Approximately 70 percent of our gross revenues can be attributed to our ecommerce Web site.

» **JIM LAFRAMBOISE,**
PRESIDENT AND CHIEF OPERATING OFFICER
WEB SITE Bosstoolsupply.com
SELLS Tools for home and industry use

What do I need to create my own Web site?

Creating a Web site to sell products doesn't have to be a complicated or intimidating process. Creating a Web presence can be done with or without hiring a Web developer.

There are three options: 1) Choose an all-in-one solution; 2) Create your own Web site; or 3) Hire a Web site developer.

All-in-one solutions

In recent years, all-in-one solutions (often referred to as "hosted solutions") have made it easy for ecommerce novices to quickly launch a Web site without detailed knowledge of ecommerce or the aid of a Web site developer. An all-in-one solution charges a monthly fee for everything you'll need to operate a site — you don't have to assemble and integrate all the pieces to make the online store work.

"The whole power of hosted software solutions is that you don't have to be an IT [information technology] expert," said Julian Green, director of all-in-one solution ProStores. "You just basically have to be able to use a browser. You basically outsource the IT expertise to the hosted solution provider. At the simplest level, if you can do your e-mail or browse the Internet, you can do a store online. It's designed to be easy."

All-in-one solutions come equipped with a shopping cart, *payment gateway**, marketing functions and various design templates. They also include the off-site computer space for housing all the Web pages you will create for your site — commonly called a "server" or a "host." As merchants' Web savviness grows, all-in-one solutions may allow merchants to add more complicated and distinctive features.

One disadvantage of using an all-in-one solution is that a merchant may pay fees to the provider based on sales; the more sales, the more fees. Another disadvantage is that when moving from a hosted solution to a more customized Web product, the merchant will essentially throw away the investment in time and money he's put forward in creating the all-in-one site because it isn't portable.

Create your own Web site

Even if a merchant has little computer programming knowledge, he can build his own store. It will just be up to the merchant to assemble the necessary pieces.

One of the first pieces to explore is settling on a hosting company. A host is a company that rents space on Web servers to house other people's Web sites. Hosts typically offer three types of services: shared, dedicated or virtual-dedicated. Each of these has pros and cons (the services are explained in more detail on page 18.). Many hosts also provide the individual pieces you might need to assemble a basic Web site including *shopping carts**, design templates, etc.

Hosting companies oftentimes provide all those pieces in a single package for a monthly fee. Alternatively, you can purchase them separately and integrate them yourself.

The benefit of creating your own store is that you might have more flexibility with design than what is available at a hosted solution, and you might be able to integrate a more diverse group of payment options. In addition, if your business requires integration of unique software, that might be easier if you set up your own site.

Novices can locate various templates available for purchase on the Internet that allow a person to create a well-designed site without knowing how to create *HTML** pages. Sites like Templatemonster.com, Perfectory.com and others allow merchants to purchase predesigned pages.

Beyond that, the most critical part is putting together the elements needed to display products and complete online transactions.

An important element to consider is the shopping cart. There are hundreds of shopping carts, ranging in cost from free to several thousand dollars.

You'll need a *merchant account** to process credit cards (you may be able to use the one you use with your brick-and-mortar business), a payment *gateway** and an *SSL certificate** to encrypt credit card information. Those pieces integrate fairly easily, but everything must be done correctly to be able to process an online payment.

Hire a Web site developer

If you are interested in putting all the pieces together, consider finding a Web site developer who (for a fee) will assemble

your site. These professionals will work with you on a custom-designed option and integrate all the pieces needed to complete the payment process. It's important to make sure the developer you hire has experience building ecommerce sites and has a familiarity with many of the 400+ shopping carts in the marketplace. Don't hire the kid next door just because he can build a Web site (many people can build Web sites); you want someone who can help you meet your online business' goals.

For more information on hiring a developer, see story on page 12.

Integrating with your brick-and-mortar operation

Order management software can integrate your existing brick-and-mortar stores with your Web site operations. You'll especially want to make certain accounting and inventory functions integrate. Most order management software can also help automate many tasks associated with your online store.

"The idea is to help you with all of your day-to-day operations," said Barney Stone, president of the company that produces Stone Edge Order Manager. "It typically starts with importing orders from your shopping cart or whatever other sales channels you have, building the customer list that you can use for marketing, updating your inventory so that it is checking for out-of-stock items and subtracting what has been sold from your quantity on hand, sending out e-mail confirmations to customers, sending drop-ship orders to vendors and sending other orders to fulfillment centers if you do not do your own fulfillment."

According to Stone, costs for an order-management system can range from around $1,000 to $15,000, or more.

"If you buy $1,500 worth of software and it saves you even a minimum-wage type of person, you are talking 1,000 percent return on your investment," said Stone. "It does not take saving more than an hour a week to justify a $1,500 investment."

In addition to Stone Edge's Order Manager, there are various order-management systems a business owner could purchase to integrate with his current shopping cart including Mail Order Manager from Dydacomp, Shipworks and others.

Some shopping carts come with an order management component as part of their all-in-one package. However, keep in mind that if you get involved with a cart that can't scale to meet your future needs, you'll have to find a new order management system if you switch carts.

"The order management and the fulfillment pieces are really key to consider in your ecommerce operations to be successful in today's Internet market," said Mimi Peiris, vice president of product management for all-in-one solution NetSuite. "Some ecommerce solutions are getting beyond just a shopping cart, providing a complete ecommerce solution. For a small company, it is much more feasible to get an all-in-one package because they do not have a lot of IT resources." ∎

Shopping Cart Options

10 Steps to Making the Right Choice

By Ryan Welton, Practical eCommerce staff writer

Much like brick-and-mortar retailers need to make well-informed decisions regarding point-of-sale equipment, ecommerce business owners have to do their homework when it comes time to select a shopping cart for an online business.

A shopping cart is the software that keeps track of all the items an online buyer wants to purchase, allowing the shopper to pay for the whole order at once. The shopping cart also allows retailers to display their products, and it helps facilitate credit card payments for products purchased by customers at a merchant's Web site.

There are two choices to consider with carts: a hosted (all-in-one) solution or a licensed solution.

The simplest way to think of a hosted shopping cart solution is to envision it as an application someone else helps you set up and customize. The cart resides on their server. Thus, a hosted shopping cart is one that someone else hosts and manages.

A licensed solution is a shopping cart that you install and manage by yourself.

Buying a licensed solution can require the small-business owner to have some technical skill to install and update. Alternatively, you can hire a person who has that skill. However, the main cost associated with a licensed solution is paid at the time of purchase — it's a done deal.

A hosted solution requires less technical knowledge to operate, but you pay a monthly fee for that convenience.

Where do you start?

We talked with Eran Greenburg, an NFIB member who works in the business development department for Verango, Inc., a Provo, Utah,-based company that created a hosted ecommerce cart solution for small-to medium-sized businesses. Specifically, we asked him to guide the business owner through the process of buying a shopping cart for an ecommerce Web site.

1. Talk with other ecommerce business owners.

As with any other major business decision, it behooves the business owner to do some homework. Given that ecommerce and, specifically shopping-cart technologies, have been around for several years now, a wealth of knowledge is available online and in real life from entrepreneurial colleagues with similar experiences.

"I'd definitely go out and talk to other people who have done ecommerce before," Greenburg said.

2. Spend significant time browsing ecommerce Web sites.

Greenburg recommends documenting business processes and goals before you conduct shopping-cart research. The business owner should know what it is he or she plans to sell online, how payments will be collected and how products will be displayed. Then, when you research shopping carts, you can match what's available with your needs and find the best fit.

Visit Web sites that sell products, collect payments and deliver goods in the manner you've outlined for your business. Contact business owners to discuss their opinions on the shopping cart they selected, with an emphasis on learning from any mistakes they might have made along the way.

3. Decide between a hosted and licensed solution.

Dan Douglass, a 20-year veteran of the information technology industry and the technical director for InSite Interactive, one of Dallas' premiere interactive marketing agencies, leads a team of experts who help businesses traverse bumpy shopping-cart waters.

He explains the advantages of hosted, licensed and alternative shopping-cart solutions:

LOOKING FOR A VENDOR?

If you are looking for a shopping cart vendor, here are some options. Shopping-Cart-Reviews.com provides links to shopping cart companies, as well as reviews and articles on various carts. Additionally, Authorize.Net, a leading credit card gateway company, has an extensive list of Authorize.Net-approved shopping cart companies. Click on "Find a Shopping Cart" at Authorize.net. PayPal, the private payment company, lists PayPal-approved shopping cart companies. Go to Paypal.com, click "accept credit cards online" and then click "compatible shopping carts."

▰ **TECH SUPPORT.** You'll typically have access to experts who can help you with technical issues.

▰ **DATA BACKUPS.** Somebody has to make sure transactional data isn't lost.

▰ **SET-UP ASSISTANCE.** Unless you're technical, this advantage is worth its weight in gold.

▰ **LOWER COSTS.** Some shopping cart hosts offer a licensing structure in which you share the cost with other businesses who utilize the same server space as you.

Advantages to a licensed solution include:

▰ **REPORTING.** Many out-of-the-box shopping cart products offer multiple ways to seamlessly export data into your sales software.

▰ **FLEXIBILITY.** Software selections are often platform- and technology-independent.

▰ **SHORT-TERM EXPENDITURE.** Expect to pay about $250-$1,000 for the shopping-cart software itself.

There are free, licensed options for shopping carts. However, a general rule of thumb is the less you pay for a shopping cart, the more technical expertise it will require to install, maintain, customize and update.

What about alternative pay or pseudo carts?

Solutions such as the shopping cart offered by PayPal are technically hosted. However, they're a bit non-traditional in terms of how transactions are handled.

Experts expect shopping carts that offer consumers a multitude of payment options — more than traditional debit and credit cards — will be the wave of at least the near future. For example, Douglass noted many savvy consumers are leveraging "escrow systems" to make online purchases.

Some banks allow consumers to obtain credit card numbers for the sole purpose of making online purchases. The consumer assigns an amount of money available to a credit card number for the purpose of a single purchase, and that money can be drawn from any account, invisible to the business.

PayPal's distinct advantage as a shopping-cart system lies in making the payment processing aspect of the online business easy and inexpensive.

"It's great for entry-level merchants," Greenburg said.

4. Take the shopping cart vendor's support team for a test drive.

Even if you plan to hire a Web developer to assist with installing and maintaining

your shopping cart, you should know what to expect from the support team.

"Call the company up and see how knowledgeable their support is," Greenburg said.

5. Understand the solution's shipping capabilities.

Greenburg says most shopping carts only work with three to five shipping providers. It is vital to know which providers each cart works with so you can match those with anticipated shipping costs and the preferences of your users. If most of your customer base will be well served by UPS, and your shopping cart is great at handling UPS-shipped transactions, then you could have a good match for your business.

However, shipping providers aren't the only concern when valuing a shopping cart's shipping capabilities.

"Printing shipping labels is another bag of worms," Greenburg said.

Ask the shopping cart vendor for details about their shipping label print capabilities.

6. Study the solution's flexibility and scalability.

A rule of thumb when doing anything ecommerce-related is not to plan for what your business can handle today. Plan for what it can handle a couple of years from now. Ask shopping cart vendors how their product expands with your business.

▶ How many products can it handle?

▶ How many users can it support at one time?

▶ Will you have access to cart updates over time?

7. Discover the solution's marketing capabilities.

"A lot of shopping carts are just technical applications," Greenburg said.

Regardless of whether your solution is hosted or licensed, Greenburg says busi-

> We launched our site on an open source platform in 1999. We went to Yahoo! just about 2000-2001 because it was a lot easier interface for us to use, and we did not start off as ecommerce gurus. We did not know all the little tricks and techniques. We did not have a staff. We were operating on a very tight budget. We realized that by going to Yahoo!, we could launch a site that looks very professional with little to no knowledge about ecommerce Web sites — how to build them and how to manage them. We have outgrown the Yahoo! platform and are just about to launch a new site on a different platform.

» KEVIN WATTS, DIRECTOR OF eCOMMERCE
WEB SITE Organize.com
SELLS Residential and Commercial Organizational Products

ness owners should inquire about shopping cart features that are equipped with functionality to help market your business. For example, can your cart handle coupon creation and transactions using third-party coupons? Can it handle a preferred customer or rewards program?

"If you're not thinking about marketing, you're headed down the wrong road," he said.

8. Know whether it can help with search engine optimization.

One subset of online business marketing that is becoming more prevalent in the shopping cart world is how solutions deal with search engine optimization — how well your site's information and products can be found in major search engines, such as Google.

Because shopping carts are dynamic, not only in terms of product additions and subtractions but also in terms of how they display pages on Web sites, getting your products indexed by Google, for example, is a vital challenge.

Greenburg acknowledges that most experts say today's shopping carts, in general, don't address search engine optimization well.

"They're not really optimized to get people to visit," he said.

9. Figure out how much time you're willing to spend.

If you think that the time you'll spend with your shopping cart is limited to its purchase, installation and product setup, think again. As your business changes, you'll probably make tweaks and adjustments to your shopping cart. As technology dictates, you'll likely make tweaks and adjustments to your shopping cart.

If you decide to buy a licensed, out-of-the-box solution, consider hiring a Web developer who specializes in shopping cart set-up and maintenance — even if it's just on an as-needed basis.

If you decide to buy a hosted solution, make sure the vendor's support team is knowledgeable, friendly and efficient. The stronger they are, the less time you'll have to spend managing your shopping cart.

10. Calculate how much money you're willing to spend.

Greenburg says that hosted solutions are generally cheaper to set up, maintain and support. However, your cost is ongoing, month-to-month or year-to-year. While licensed products are more likely to be purchased with a one-time fee, the business owner will need to figure in time and support costs as part of a total cost-of-ownership evaluation of any shopping cart. ■

Credit Card Fraud Is a Manageable Risk

TWO TYPES OF FRAUD FOR ONLINE MERCHANTS

By BRIAN GETTING, PRACTICAL eCOMMERCE ONLINE DIRECTOR

Order From Horder is an office-supply retailer in Charlottesville, Va. Carole and Fred Wells have owned the business since 1993 and they have 10 employees. The Wells sell their office products from an attractive, red-brick building on a sunny corner in downtown Charlottesville. They also sell products on their Web site.

"I was nervous at first, selling our stuff online," says Fred Wells. "How do you know if the guy on the other end is real? We know our local customers are real because they walk through our doors, but we couldn't see the online customers."

Wells' online customers pay with credit cards. That is, they select their office supply products on Wells' Web site, add those products to Wells' online *shopping cart**, supply their name and address and then pay for the products with, typically, a credit card number.

But, what if an online customer was actually a thief who stole a credit card and then placed an order on Wells' Web site using that stolen number? It's possible that Wells could ship the products to the thief and never get paid for them because the rightful owner of the stolen credit card would subsequently refuse to pay the credit card company. The credit card company would then collect the money back from Wells, net of the original credit

card fees. Wells would loose the value of the merchandise and still have to pay the credit card fees. In short, Wells would be the victim of credit card fraud.

David Schwartz is director of marketing at Authorize.Net, a credit card *payment gateway** serving more than 158,000 Internet-based businesses. "Online merchants can be the victims of two types of credit card fraud," Schwartz said. "One is transaction fraud, whereby a merchant will unknowingly accept a stolen credit card number. The second is security fraud, which occurs when hackers steal the card numbers of the merchant's customers."

Schwartz continues, "Both risks are manageable, however, so long as the merchant recognizes them and takes appropriate precautions."

For transaction fraud, many of these precautions are common sense solutions. For example, if an online order is larger than normal, the merchant may want to call or contact the customer to confirm.

> We started getting a lot of sales, but we also started getting complaints from people saying there were false charges on their credit cards. Apparently, thieves had acquired stolen credit card numbers, and they could buy merchandise at our site because we hadn't activated the card code verification (CCV) security feature in our shopping cart. The CCV feature asks for the three- or four-digit code on the actual card and only the card holder would have that. The thieves weren't buying large-ticket items, but they could have. Instead, they were buying multiple $100 items to not attract undue attention. In the end, about $15,000 in merchandise was stolen. Once we figured it out and activated the CCV feature, we haven't had any problems. In addition to using CCV protection, we now make a phone call to each person who places an order to verify the purchase, and we use other resources to crosscheck the mailing address.

>> **PATRICK COUGHLIN, OWNER**
WEB SITE AMERICANDIAMONDIMPORTERS.COM
SELLS JEWELRY AND GIFTS

Likewise, if an online customer requests products to be shipped to an address different from the billing address on the credit card statement (the billing addresses are automatically tracked by the merchant's credit card payment gateway company), the merchant may want to confirm with the customer. International orders? Confirm with the customer.

Beyond the common-sense precautions, the credit card payment industry is full of built-in tools available to merchants. There's the automatic flagging of orders that have differing shipping and billing addresses. There's the use of the card code verification number (CCV) which is the three- or four-digit code appearing on all credit cards. Merchants can require customers to submit this code with all orders, and the merchant's payment gateway will reject an order with a CCV number that doesn't match the card number itself. Merchants can track (and prevent) rapid transactions from a single source.

Merchants can block transactions from specific computers on the Internet. Merchants can set single-transaction limitations and daily-transaction limitations. All of these tools, and more, are typically provided by a merchant's credit card gateway company.

But many merchants go beyond the common-sense precautions and the built-in tools. Take, for example, Fred Wells. Wells, the office-supply retailer, integrates specialized software, called FraudChaser, into his online shopping cart that automatically telephones every customer who places an order. FraudChaser is sold by Chicago-based Authentify, Inc., and it is tailored for small businesses. With FraudChaser, a customer who places an order must supply a valid phone number, and the software calls the customer, who can then acknowledge the order on his phone without the involvement of the merchant's staff. It's a simple process, and it costs the merchant less than a dollar per transaction. In Wells' case, it has eliminated fraudulent transactions.

There are other, similar telephonic verification systems available for smaller Web-based merchants. One of these is Los Angeles-based Telesign, whose chief operating officer is Darren Berkovitz. Berkovitz explains the logic of telephonic confirmation to protect merchants against credit card fraud, "The phone takes the verification out of the Internet realm. Most thieves will not leave a phone number because the number is traceable. Our system will even tell a merchant what type of phone connection the customer has. This is important. A landline is most secure and otherwise takes the most effort to set up. But phone numbers that come from Skype [a free, Internet-based phone service] or prepaid mobile phones, for example, can be more risky because they are easy to set-up and not so identifiable."

Berkovitz believes merchants can successfully manage the risk of credit card fraud. "You have to embrace the future," Berkovitz said. "There are always risks to merchants, and credit card fraud is one of them. But there are many down-to-earth solutions to protect against it. You never hear about the millions of successful online transactions. It's only the few fraudulent ones that you hear about." ∎

✱ TERMS TO KNOW

SHOPPING CART A shopping cart is the software that keeps track of all the items an online buyer wants to purchase, allowing the shopper to pay for the whole order at once. The shopping cart also allows a retailer to display his products, and it helps facilitate credit card payments for products purchased by customers at a merchant's Web site.

PAYMENT GATEWAY Allows the secure transfer of credit card funds from users on your Web site to your merchant account.

PROTECT YOUR CUSTOMERS' CREDIT CARD DATA

Online merchants must guard against two types of credit card fraud — transaction fraud and security fraud. Security fraud occurs when thieves hack into a merchant's computer and steal customers' credit card numbers and other data. To protect against security fraud, merchants can consider implementing the following precautions offered by Authorize.Net, the credit card gateway company.

Install a Firewall A firewall is a hardware or software solution monitoring the activity of external connections (primarily the Internet) to an internal network of servers. Firewalls help to eliminate unauthorized or unwanted external activity and safeguard your network and connections from outside threats.

Store All Sensitive or Confidential Information Separate from Web servers. For maximum information security, you should never store sensitive customer information, such as credit card numbers. If for some reason it is necessary to store this data, do so in a secure, encrypted database on a server that is not connected to the Internet. If sensitive information is stored in hard copy, thoroughly shred and dispose of the information on a regular basis.

Use Anti-Virus Software and Update It Often Anti-virus software is another important way to protect your network and computer systems from outside vulnerabilities. This software should be updated on a regular basis.

Regularly Download and Install Security Updates Software performance and security can be optimized by installing all service and security updates. If you ever need to reinstall your software, remember to reinstall all updates.

Avoid File Sharing Share access to network drives and individual computers only with needed, trustworthy users. Especially avoid sharing access to files that store passwords and other confidential or sensitive information.

Is It Time To Hire A Web Site Developer?

Four steps to pick the right candidate

By Ryan Welton, Practical eCommerce staff writer

Web sites don't just build themselves. The conundrum for the small business owner is that there are a host of choices as you establish an online presence. The decisions are important: they'll determine the online business activity that comes with the new sales channel and, of course, the additional profit from the online endeavor.

Choices abound. A few of the critical early questions a business owner needs to settle include:

"What kind of Web site do I want for my business?"

"Do I need outside help building my site?"

"If I need help, how do I go about selecting a Web site developer?"

We've provided four steps to help you through the process.

Step 1: Before taking the first step toward creating a Web site, ask yourself three questions:

▶ Does my Web site need to have a one-of-a-kind design, or would a neat, clean, pre-made template work just as well?

Both Google and Microsoft, for example, sell pre-made Web designs for your company to use. Some technical knowledge is required in order to set up the pages, to add content in a way that meets your aesthetic needs and to maintain the site on a regular basis.

▶ How complex will my online business be? Is it merely a Web site to promote my company, serving as a marketing appendage to my brick-and-mortar business? Or, will my Web site need to have an online store or be integrated with third-party tools such as auctions or *blogs*?*

▶ Do I have the technical capability to do any of this?

For most businesses, the answer to the final point trumps the preceding questions.

Step 2: Do your homework.

Small companies and larger corporations alike frequently look for guidance from staffing firms like Aquent, a company that matches proven, creative Web talent with businesses needing help. Two of the company's top recruiters offered pointers to help independent businesses choose a Web developer.

LOOKING FOR A VENDOR?

▶ There a many ways to locate a Web developer. Start by asking other businesses for referrals. Hosting companies and Internet service providers may have referrals for you, too. There are a couple of Web sites, Guru.com and Getafreelancer.com, that link freelance professionals, such as Web developers, with businesses and consumers.

First and foremost, says recruiter Eloise Priest, decide how in-depth the Web site will be.

Rich Baker, Aquent's marketing IT recruiting manager, says business owners need to consider the following as they make that assessment:

▶ Will information need to be stored in a database? If your business offers products and your Web site will be a means to sell and distribute these products, the answer is almost certainly "yes."

▶ How many pages will comprise your Web site?

▶ What kind of functionality do you intend to feature on your Web site? In addition to an ecommerce store, a business could offer features like e-mail newsletter sign-ups, product demos, blogs, calendars, product photo galleries, etc.

Priest suggests that, once Baker's questions are answered, the businessperson do some Web surfing. Check out your competitors' Web sites or other ecommerce sites that feature a design or functionality you like. Don't hesitate to contact people at the company to ask questions about their experiences.

At some point, however, you'll have to decide whether you're up to creating this Web site by yourself.

"If the business has somebody on its team who is Web savvy, the more likely they are to do it themselves," Baker said.

But if you don't have a technophile within your reach, and if your site will be more complex than a couple pages of content, then hiring a Web developer is probably in your future.

The first Web site I created myself. As I learned more about the Web, I knew I had to get some help and make the site better. I ended up at Finestshops.com. The Web site we are developing now will show up much better in the search engines, and it will be much better than what I could do on my own. Be careful who you get to develop your Web site. You can pay anywhere from a few hundred dollars to tens of thousands of dollars.

» JEFF DAHLBERG, OWNER
WEB SITE Cheapseeds.com
SELLS Flower seeds by the packet

Priest recommends setting a budget upfront for the entire project so you'll know how much you can allot for a developer's time. Consider costs for *hosting**, *SSL certificates**, hosted or licensed *shopping cart solutions**, *blogs** and photo royalties.

Step 3: Begin the search for talent.

You can look locally for Web developers, or you can post a job description at an online resource like Guru.com or Getafreelancer.com for regional or national candidates.

Whether you're looking for a temporary freelance developer or a full-time resource person to join your staff, don't trust your online business to the words on a candidate's resume. Baker says to ask for specific URLs (Web site addresses) from each prospective developer.

Business owners "definitely have to check the work themselves," Baker said.

A basic checklist of tasks for each candidate includes:

▼ Visit the developer's sites. Do they look good? Do they load properly in multiple browser types? Do they function in a way you'd expect your Web site to function?

▼ Ask if their code is compliant with basic Web standards.

▼ Check references. It seems like an obvious hiring step, however, the best predictor of a developer's success for your business is past success.

Step 4: Learn from the mistakes of other businesses.

Because Aquent specializes in matching Web professionals with businesses, they have heard some horror stories.

For example, Baker says, opting to hire the lowest project bidder merely because he or she is the least expensive is possibly the most serious selection faux pas possible.

"You really get what you pay for," he said.

Presuming you've budgeted for a developer, consider these rules-of-thumb:

▼ Hire somebody who can be physically at your place of business at least some of the time, particularly if you're not familiar with Web development processes.

"Off-site (partnerships) can work if you have several meetings," Priest said.

▼ Avoid offshore talent. In addition to the consideration in No. 1, communication and project management risks are higher when the developer is in another country.

"I'd try to stay away from any kind of offshore work," Baker said.

▼ Establish project milestones and deadlines with reasonable bonuses for compliance. One of the common risks in hiring even the most talented developer is that he or she doesn't have the time to dedicate to your work. Choosing a developer with demonstrated project management experience can help to alleviate that concern.

Choosing a Web developer to build your ecommerce presence is equivalent to taking on a partner. If you make sure the bullet points on a candidate's resume actually convert to real-world ability, you've taken a key step in making your hiring decision a smart one. ■

Hosting Company Considerations

Price isn't always most important

By Mitch Bettis, Practical eCommerce contributing editor

It may seem like a daunting task to locate the right domain-hosting firm for your business, as there seems to be an endless sea of options. Wading through the many choices in the Web hosting market can be frustrating and confusing.

Rather than looking for a hosting company that only offers the lowest price, Remik Kolodziej, co-owner and founder of Dotcomhost.com, a Web site hosting company, said business owners should look for a host that best matches their needs before looking at price.

"Not all hosting companies are created equal," Kolodziej said. "When people shop around for something, a house or a car, they can easily see a difference between available choices. But when it comes to hosting, people often assume all hosting companies are the same. Ninety percent of people shop for price first, then look at features. It should be done the opposite way."

Kolodziej said Web site owners should have a clear understanding of what services and support they need, and then look for a host that can fill those needs.

"Start with the staff of the hosting company and choose the company that focuses on the needs you have with your company," Kolodziej said. "If your company has specific needs, requires assistance with certain applications or desires particular shopping carts and other features, select a company based on those criteria."

There are several key items to consider in a Web host to ensure you select the company that best fits your needs.

Shared vs. Dedicated vs. Virtual-dedicated

When selecting a domain hosting company for your Web site, one of the earliest questions you'll need to resolve is whether you want a shared, dedicated or virtual-dedicated hosting plan. The main difference between the three is how many other businesses access the same the Web server.*

Consider shared hosting similar to living in a house with several roommates during your college days. The rent is less because you're sharing the cost with others, but you don't have unlimited room to yourself. You're often impacted by other people in the house, and when there is trouble in one of the rooms, you're often impacted because of your proximity. If each of the roommates is relatively quiet and cooperative, everything can work smoothly.

A shared hosting environment is often similar as several Web sites share a single server. If you are simply looking at cost, a shared environment is the way to go — but you also get less data storage space and less bandwidth and may be risking your site's *uptime.** If you are having very few sales on your site, if your site has relatively little traffic or if you're a service business, a shared server will probably suffice.

If online sales are critical to you and downtime is not an option, your best option will be either a dedicated or virtual-dedicated server.

A dedicated server is akin to a single-family home — it's more expensive than living with college roommates, but you have the space all to yourself. Dedicated servers provide a business with a larger amount of uptime, greater server access, the guaranteed ability to use custom applications, greater bandwidth and owners of dedicated servers often receive superior technical support.

If your company has multiple ecommerce businesses on several shared hosting sites, it may be cheaper in the long run to have all those sites on a single dedicated server where you have the entire "house" to yourself.

Before leaping to a dedicated environment, an ecommerce owner should consider if a virtual-dedicated server would meet his/her needs.

Unlike sharing space with college friends or owning a single-family home, a virtual-dedicated server could be likened to a hotel where a person has his own defined space, own bathroom, etc., within the confines of a larger facility that has other rooms with their own finite space.

A virtual-dedicated server is likely to come with an easy-to-use control panel and other management functions of a shared server, making it a viable option for business owners needing more stability and security than a shared server can offer. If you've outgrown a shared plan and aren't ready to jump into the deep waters with a dedicated server, a virtual-dedicated server plan may be a great intermediate step.

So what is the difference between a shared server and a virtual-dedicated server? After all, they both are sharing a portion of space with other sites.

With a shared server, the domain hosting company is often making a calculated guess that you and other sites with which you are sharing a server will

never use all the disk space and bandwidth you purchased. If it turns out your site grows to use all the space you've purchased and others on your server do the same, your server can become "overbooked" and difficulties will ensue.

With a virtual-dedicated server, you are "sharing" space with other sites. However, each person on the server has purchased an equal amount of space and they can't extend beyond their area and impact your space. You are guaranteed a defined amount of space and system resources regardless of what happens with your "neighbors," resulting in greater stability with your site and an enhanced shopping experience for your customers.

Keep in mind, however, that saving a few dollars per month on a shared server might seem attractive, but it's more important your customers can have a quality experience at your site.

"Trying to run a $1 million company on a $20 hosting plan may work," said dotCOM host's Kolodziej. "But it may not necessarily provide the best experience for your customers. A lot of people forget that when they move to the online world and want to sell online, they assume that Internet equals free and want the same in a hosting company. If you're opening a brick-and-mortar store, you're going to pay rent. Spending $500 on dedicated server is still a lot less expensive than rent, and you have the stability and piece of mind needed to run your business."

Most hosting companies provide an opportunity for a business to graduate from a shared to a dedicated environment if its business needs change, but be sure to inquire about the ability to upgrade when you're doing your research into hosting companies.

You might subscribe to a shared server for about $5-20 per month (that may or may not include setup fees) for about 2,000 MB of Web disk space and 40 GB of bandwidth. A dedicated server might cost $100-1,000 per month, but you get exponentially more Web disk space and bandwidth plus greater stability and service. A virtual-dedicated server will cost somewhere in between.

When we started out, we used a shared server, and that worked fine initially because our traffic was low, sales were low and product catalog was low. After a while it became obvious we needed to have our own server just because of the load. Not only from the storage capacity standpoint, but also just from the bandwidth that we use and the amount of traffic. Folks who come to our Web site are able to download sound samples of some of the material that we sell, and some of them are pretty large. That takes a considerable amount of bandwidth. Once we started getting complaints from customers that they could not get the pages on our Web site and it was sluggish, that is when we realized that "Okay, we've got to make a decision here." It became obvious that we would have to go to our own server, which we did a couple of years ago. We now have our own dedicated server.

» ROB DUBOFF, CO-OWNER
WEB SITE Ejazzlines.com
SELLS Jazz products including CDs, DVDs, books and scores

Technical Support

For someone with intermediate Web skills (or less), it's critical to have quality technical support functions at any Web host. You're going to want a resource that is available to assist you — preferably 24 hours a day, seven days a week. That may seem unimaginable to you at first, but you can count on something going wrong at 11:41 p.m. If your Web site is out of business, you're out of business. If you have a Web site that's not essential to helping you earn money to pay employees or put food on the table, perhaps you can justify spending fewer dollars on a hosting service that provides less support. Otherwise, technical support should be high on the priority list.

Bandwidth (Data Transfer)

Data transfer is the amount of actual data that can be transferred from your domain's server to the Internet browser of the person looking at your site. The amount of bandwidth you use is directly related to the number of visitors your site receives. It's important to look closely at the details on the amount of traffic that's allowed by the package you're purchasing. Bandwidth is stated as a monthly limit in either *megabytes** or *gigabytes.** You'll want to check what the additional fees will be if you go over your bandwidth limit for a month. If you plan to offer a significant number of downloads, audio or video, you're certainly going to use more space and more bandwidth.

Kolodziej warns to be cautious of companies offering "unlimited bandwidth" or "unlimited disk space." He says the fine print of those offers frequently traps ebusiness owners. "I see it all the time," he said. "People have to be a little realistic and it should set off major red flags if someone promises unlimited bandwidth and unlimited disk space. If it sounds too good to be true, it probably is."

Available Disk Space

Though this is an important issue, it's usually a bit overrated. Web pages are normally very small. Findmyhosting.com notes that, on average, a Web page may be 40-50KB — that's small. Unless your site boasts a robust database or it's a site with many images, it's unlikely you'll need a large amount of space for your site. Findmyhosting.com also provides a handy "disk space calculator" a person can use to estimate the amount of space needed for a site. Many sites don't even use 5MB of space.

E-mail Options

How many e-mail accounts do you want for your operation? 10? 100? Different hosting plans will accommodate different quantities of e-mail accounts. Don't assume there will be an unlimited number available to you included in the cost of your package. Most domain hosts are happy to upcharge you if you want to go beyond your allotted quantity of e-mail addresses. You'll also want to know if you have the ability to manage (limit) the size of an e-mail's mailbox, forward e-mails from the server, generate *autoresponders** and if it has a Web mail function so you can get e-mail from anywhere.

Site Management with Control Panels

A control panel allows you to manage the different components of your Web site from the ease of an online tool. Long gone are the days of having to contact your domain host to ask if they could set up a new e-mail account for you. A control panel gives the domain owner or administrator the easy ability to manage customer information, establish and manage e-mail accounts, manage billing and payment information, etc.

The Extras

If you plan to do business through your site, it will be important to check if your domain host provides shopping carts for its customers and if there is an extra price for that service. In addition, you'll want to ensure the host can handle Secure Sockets Layer protocol. SSL is a method of passing sensitive information, such as credit card details, over the Internet. All communication is encrypted to prevent "eavesdropping." An additional "extra" to research is whether your domain host provides or can accommodate any type of database, message board or other third-party software your site might need.

You must do your homework. If you use specific types of software on your site, visit online communities specializing in those software packages to see what your peers and competitors are saying about their hosting companies.

In addition, be aware of server resellers. There are many businesses marketing themselves as hosting companies that don't own servers. They are simply sales organizations. Using a reseller doesn't necessarily mean you'll end up in dire straits, but you may be dealing with a business that can't quickly respond to your tech support needs because the servers aren't on site. Many resellers also don't offer 24/7 support.

For an online presence, consider the domain host and its infrastructure the "foundation" for a successful business. As with building a home, establishing a stable foundation for your Web site is critical. ■

---

* TERMS TO KNOW

AUTORESPONDERS An automated program that acknowledges receipt of an e-mail message, and then sends back a previously prepared e-mail to the sender, letting them know their note was received.

GIGABYTES Expression used to describe storage capacity or amount of data. It's a unit of storage measurement consisting of 1 billion bytes and about 1,000 megabytes. It's often abbreviated as KB.

MEGABYTES Expression used to describe storage capacity or amount of data. Its unit of measurement is equal to 1 million bytes or 1,024 kilobytes, and it's often abbreviated as MB.

SERVER A computer connected to the Internet where Web pages are stored.

UPTIME The percentage of time a Web site is available.

E-mail Marketing Easy and Effective

Requires no programming skills

By Kerry Murdock, Practical eCommerce publisher

Sample e-mail newsletter from Staffing Advisors.

Jennifer Gordon is the owner of Sojourn, a Chicago-based retailer of apparel accessories. She utilizes e-mail to market her products, and she says it's the best marketing investment she's ever made. Bob Corlett owns Staffing Advisors, a human resources consulting firm in suburban Washington, D.C. Corlett sends three monthly e-mail newsletters that have, to date, generated 30 percent of his firm's total revenue. And there's Jennifer Gehrt, who is the co-owner of Communiqué, a Seattle-based public relations firm. Her *News from Communiqué* e-mail newsletter generates one or two new client leads every time she delivers it.

E-mail marketing is changing the way many small businesses communicate with customers and prospects. To understand it, think first of what it is not. E-mail marketing, properly done, is not buying a list of e-mail addresses and blasting unwanted sales offers to them. That would be *spam**, and e-mail marketing, properly done, is not spam. Likewise, e-mail marketing is not false product offers or misleading advertisements. That would be deception, and e-mail marketing is not deceptive.

What it is, however, is a legitimate form of communication to customers and prospects who have requested to receive the e-mail and who are otherwise interested in your products and services. It's very affordable. And it requires no programming skills or technical expertise to compose and send. Though you can use your computer's standard e-mail software (Microsoft Outlook, Outlook Express or other conventional e-mail software) to send messages to multiple customers, e-mail marketing software allows you to create professionally-designed e-mails, include logos and images and track the success of your e-mail campaigns.

"We pay Constant Contact, our e-mail provider, $30 a month," says Jennifer Gordon of Sojourn. "For that, we deliver roughly 700 e-mails and we design and implement the *e-mail template** ourselves with their online tools. It's extremely easy. I have a sales and marketing background, and I'm very low tech. But I can design professionally-looking e-mails and send them out."

Sojourn has three employees, in addition to Gordon, and it has 34 independent sales

consultants. Gordon founded the firm six years ago. Sojourn sells its products via its Web site, through home-based parties and sells wholesale to other retailers. "We're very cautious that we don't waste our customers' time with frivolous e-mails," says Gordon. "We send our newsletter monthly, and we're careful to offer Web-only specials and other legitimate incentives."

Sojourn, Staffing Advisors and Communiqué have Web sites, and each of them offer their free newsletter(s) there. Folks who subscribe to these newsletters are presumably interested in the respective products or services, or they would not have bothered to sign up. The *e-mail vendor** provides the sign-up box to put on the merchant's Web site, and the vendor also provides tools to manage the list of subscribers. These tools include determining which e-mail addresses are no longer valid, which subscribers have opened the e-mail and which subscribers have clicked on a link in it.

With these tools, one can test and experiment with various e-mail campaigns. You can gauge, for example, whether more subscribers open* your e-mail on a Monday or a Thursday. If, for example, 20 percent of your subscribers open your monthly e-mail when you send it on a Monday and

40 percent typically open it on a Thursday, you may want to send it only on a Thursday. Likewise, certain offers may consistently generate more leads or sales than others. You'd want to drop those offers that generate fewer leads and focus on the ones that work. E-mail tools, provided by virtually all e-mail vendors, will tell you that.

Not all e-mail newsletters offer products for sale. Bob Corlett's Staffing Advisors uses e-mail to educate his subscribers on human-resource issues. Corlett founded the firm five years ago and has three other employees. "Our customers are typically human resources departments that are looking to hire an employee," says Corlett. "Knowing that, we try to help these departments by writing about staffing trends, studies and other helpful resources. I've never made a cold call in my life. But, I try to establish our firm as the thought leader for our customers and potential customers and to maintain top-of-mind awareness among them. The exposure from our newsletter has generated speaking engagements and other invitations that we would not have otherwise received. All of that has generated many new and repeat clients for us. Probably 30 percent of our business is because of the e-mail newsletters."

Corlett provides a free newsletter sign-up box on his Web site, and his subscribers have grown by more than 200 percent in two years. "One of our newsletters has grown from 646 to 1,472 subscribers in two years," says Corlett. "This growth has mainly come from visitors to our Web site and from subscribers forwarding the e-mail to their friends." Corlett continues, "I don't know a lick of *HTML**. But you don't need to know HTML to send these things out. E-mail vendors make it so easy."

There are dozens of self-service e-mail vendors. (See accompanying sidebar for a list of reputable firms.) Most all of them provide ready-made, full-color templates, and they also provide options to use your own template. Designing and composing an e-mail require no programming skills, and you can easily upload logos, product photos and other images. Most vendors provide screens to preview an e-mail before you send it.

Communiqué, the Seattle-based public

relations firm, uses its e-mail newsletter for education and building relationships. Jennifer Gehrt co-founded the firm three years ago. It has grown to seven employees, and she anticipates hiring more in 2007. "We'll include three to five articles in each newsletter," says Gehrt. "These articles can address tips for hiring a public relations firm, but we also profile our clients and employees in them. We'll suggest when a company should hire a public relations firm. We try to always include photos and graphics and to otherwise make the newsletter visually appealing. We know nothing about HTML, but, with our e-mail vendor, we don't have to."

Gehrt says visitors to Communiqué's Web site can sign up for the newsletter, but she also adds potential clients to it herself. "We'll meet potential clients at trade shows and elsewhere," says Gehrt. "We want them to read our newsletter even if they haven't subscribed. So, we'll call them or e-mail them asking for their permission to send it. I don't think anyone has ever said no to that. But we always ask. We never send it to a potential client without his permission."

"The newsletter is really our main form of advertising," says Gehrt. "It's so inexpensive. We deliver it to about 600 subscribers every six to eight weeks. We'll get engagement queries each time we send it." ∎

* TERMS TO KNOW

E-MAIL VENDOR A company that provides a software or Web-based e-mail marketing service for small businesses, associations and nonprofit organizations. The e-mail product sold by most vendors allow small organizations to easily create and send professional e-mail newsletters, promotions, announcements and more with no technical expertise required.

HTML A "language" used to create documents on the World Wide Web.

OPEN RATE The open rate is the percentage of e-mails opened by your subscribers. It should be a percentage of those e-mails delivered to a working e-mail address, not just those e-mails sent, as not all sent e-mails can be delivered.

SPAM "Spam" is unsolicited e-mail. "Spamming" is the practice of sending massive amounts of e-mail promotions, advertisements and scams to people who have not asked for it.

TEMPLATE A set of pre-designed formats for text and graphics on which new documents and Web sites can be based.

Why Search Engines Are Important

What if you opened a business and nobody could find you?

By Ryan Welton, Practical eCommerce staff writer

Quick: Who is the prime minister of Canada?

Time's a-tickin'.

Those of you who turned to an almanac or an encyclopedia likely took 10 times longer to find the answer than those who opened a Web *browser** on the computer and did a search at Google.com.

Finding basic information on the Web takes seconds using search engines, with Google the most popular among them. There are about 101 million Web sites on the Web, and search engines have the technology to sort through the multitude and provide an index of the results, as requested by the user.

Obviously, using a search engine is much better than sifting through millions of individual Web sites to find a single piece of information — the search engines do the work for you.

How Does It All Work?

First and foremost, the content on your site is used by search engines to identify your site. So, while cool, hip Web designs might be all the rage, it is vastly more important to have a Web site full of relevant text about your business, products and industry.

Web sites use a feature called *META tags** to be easily categorized by search engines. These tags contain Web page titles, descriptions and keywords.

A merchant's goal is to be displayed on the first or second page of the listings returned by a search engine during a *keyword** search. Specifically, if a person types in "knitting supplies" at a search engine, Marysknittingsupplies.com wants to be at or near the top of the list of Web sites the engine generates.

Most users will naturally choose sites high on the list — fitting, since one term for a general-interest query is "natural search." Natural searches (like the knitting supplies example) are also referred to as "organic" searches. The search engines do not charge a fee for appearing on their list of organic results.

Free is great, but getting consistent and high results from a natural search is tricky business. Your site might show up on the first page for a query or might not show up at all. It depends on the depth and quality of your Web site content, including META tags.

If you are determined to do it the natural way, prepare to work. SEM campaigns devoted strictly to getting listed organically require a significant amount of effort and perseverance. Links to industry-relevant Web sites can boost your position. You can also hire a firm to help you find ways to improve your ranking among the organic listings.

Business owners should strive to "truly understand your customers and their journeys online," said Jeffrey Pruitt, president of search operations for iCrossing, a Scottsdale, Ariz.,-based SEM firm. In essence, that means figuring out the most likely phrases or terms customers rely on to find your site.

Many business owners opt to include paid-search campaigns as part of their marketing efforts. Pruitt said paid-search campaigns can help smaller, lesser-known businesses compete against larger companies and even expand into markets they have yet to penetrate.

With a paid-search advertising campaign, a merchant pays a fee to appear on the results page whenever a user types in certain keywords. If a user searches

NATURAL LISTINGS   PAID LISTINGS
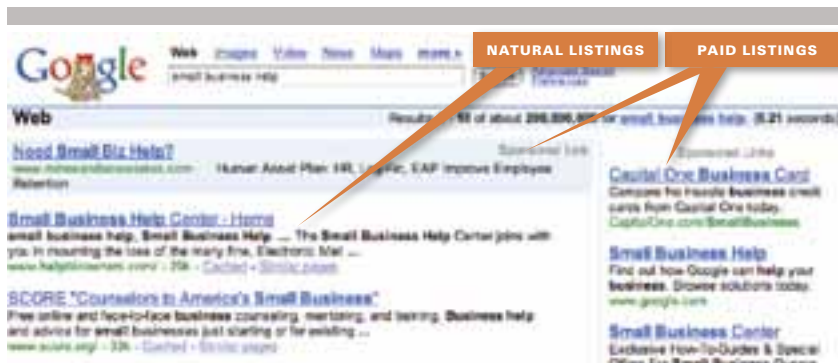
▶ Results of a Google search for "small business help"

for "knitting supplies," merchants who have bid on those keywords will typically appear in an area noted as "sponsored links." If you can't work your way to page one of the free listings, you can buy your way to prominent positions — if you're willing to outspend others who want the same keywords. He who pays the most is listed first.

Paid search is frequently referred to as *pay-per-click** advertising because each time a potential customer clicks on your ad at the search engine and gets forwarded to your site, you are charged a fee by the search engine. Even though this could result in a costly advertising bill, you know that you paid for a customer who saw your Web site. That can't be said for any other advertising medium: just because a customer heard your ad on the radio doesn't mean he came to your store.

Most search engines have easy-to-understand functions to allow merchants to set up daily ad budgets so merchants can control expenditures. If you paid for the keywords "knitting supplies," once your ad budget at the search engine was exhausted for the day, your ad would no longer appear when the keywords were entered. When

He cites research indicating 70 to 80 percent of *click-throughs** on Google are via organic-search listings. In other words, most of the time, prospective customers click on those listings that didn't cost businesses a dime. On balance, that would mean spending money to improve your organic listing could cost less in the long run than spending a considerable sum on paid search. In general, SEM firms recommend a balance when prioritizing paid and organic search.

How Many Search Engines Are There?

Customers can choose from a variety of search engines in the marketplace. Besides Google, other popular sites are MSN, Yahoo! and Ask. Likewise, industry- and market-specific search engines, called verticals, allow consumers to research information. However, respondents in the Enquiro survey for the report "The Role of Search in Business to Business Buying Decisions" tabbed Google as their search engine of choice 83 percent of the time.

However, companies that market to other businesses or a targeted group of consumers might instead take advantage

information about a product or service because the information indexed in them is specialized and focused.

If you balance your focus between developing a Web site with rich content and a well-planned, conservatively budgeted paid-search campaign, it could result in new customers and new sales.

The key word in this case is "could" — because the only thing we know for sure is that consumers will use search engines to make purchasing decisions. It's how you position your Web site and execute an SEM campaign that will determine whether consumers find you. ∎

> Our pay-per-click costs have tripled over the last year. New sites are coming in all the time and just throwing money at Google and Yahoo! to keep their No. 1 spot. It has definitely hurt our margins trying to compete, and these sites come and go. So now we really concentrate on striking a balance between organic search and pay-per-click, eliminating any redundant pay-per-click listings.

» RICHARD SEXTON, OWNER
WEB SITE CAROLINARUSTICA.COM
SELLS FURNITURE AND HOME DÉCOR ITEMS

the next day begins, your ad reappears as long as you have ad monies allotted.

Paid searches do not work like magic potions, Pruitt said. Spending more money does not automatically mean more customers.

of vertical search engines that focus on particular topics or niches.

Examples of these vertical engines include WebMD.com, Tripadvisor.com, Search4Science.com and Business.com. People use these sites to research
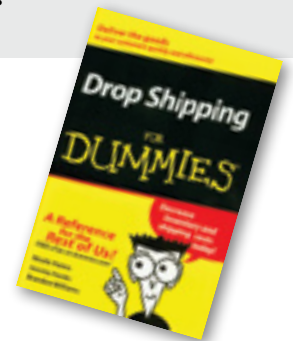
Order Fulfillment Is The Key To eCommerce Success

You've listed your product online, attracted your customer, and got the order - now you need an easy and reliable way to get your product to your customer. Will you pay the exorbitant prices of private carriers or will you drag your boxes to the Post Office every day? There's a better way. Endicia™ brings you the great rates and global reach of the postal network right from your PC or Mac. You'll print pre-paid shipping labels that are ready for pickup and customized with your own branding. You'll protect your shipping margins with hidden postage amounts. You'll save time & money with discounted Delivery Confirmation and parcel insurance. You'll impress your customer and reduce your support load with shipment notification e-mails, barcoded labels, and validated addresses. You'll streamline your process by integrating with your order management and tracking your shipments online. And you'll do this all without leaving your office.

Endicia is the leader in Internet Postage for fulfillment. Our customers have printed over $1 billion in postage and saved over $65 million on Delivery Confirmation alone. See for yourself how much time and money you can save - try Endicia free for 30 days at www.endicia.com/eg.

endicia™