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Managing Technology

Small businesses need to have a vibrant Web presence. Plenty of other enterprises are more than happy to assist.

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Albert DiPadova is facing a population explosion.

Mr. DiPadova is a co-owner of Due Maternity, a San Francisco purveyor of hip clothes for pregnant women. In the past six months, he has seen 24 new competitors emerge on the Web -- which makes it harder for his store to stand out in search-engine results and has driven up the price of ads on Yahoo and Google.

So Mr. DiPadova decided on a new strategy to distinguish his business. He would supplement his online ads with a site makeover.

His Web developer used do-it-yourself design tools from **Yahoo** Inc., which hosts Due Maternity's site, to give the online store an assortment of features for expectant mothers. Among them: a baby-name finder, photo-sharing service and "Jiggy-O-Matic" calculator that helps women figure out the date they conceived. The centerpiece -- and money maker -- was a wish list that women could share with friends and family.

"You have to give something more back" to customers to get them to return, says Mr. DiPadova, who also owns five brick-and-mortar Due Maternity outlets with his wife, Shannon.

As conventional online marketing gets tougher, many small businesses are coming to the same conclusion as Mr. DiPadova: They have to get more creative with their sites to attract and retain customers. But most small businesses can't afford to hire their own Web developers and marketers to add new features to their sites or increase their online exposure. Even companies that do have on-staff help want easy-to-use tools that keep the job simple and inexpensive. So many entrepreneurs are looking outside their walls for help.

Some, like Mr. DiPadova, are using services that let small businesses create and manage sites themselves despite minimal technical expertise. Others are turning to full-service design houses that not only create sites for them but also manage their marketing campaigns -- everything from buying online ads to customizing the sites so that they attract the attention of search engines.

In Mr. DiPadova's case, the efforts have paid off. Since Due Maternity added the new features in January, about 50,000 people have registered with the site, and traffic and sales are up. He expects his company to reach \$5 million in sales this year -- two-thirds of it online -- up from less than \$1 million in 2003, Due Maternity's first year in business.

The push to get more sophisticated online reveals just how vital the Internet has become to small businesses. According to Yankee Group, a Boston consulting firm, 66% of the 5.5 million U.S. businesses with two to 499 employees have a Web site of some kind. The Web has opened up huge new markets for entrepreneurs, giving even the smallest companies a global reach. In addition, the Web is often the first place that potential customers turn for information about companies.

With the stakes increasingly high, businesses are finding that it's no longer enough to have a simple home page. Customers expect a professional, efficient, engaging and secure site -- and they expect to be able to find it easily using a search engine. "If they're going to survive, [small businesses] have to get on to this" idea of improving their site design, says Sanjeev Aggarwal, an analyst at research firm AMI Partners Inc., of New York. "They need a more professional presence."

Basic Mistakes

Indeed, many companies make very basic mistakes with their sites, says Justin Kitch, chief executive of Homestead Technologies Inc., which designs sites for small businesses and provides do-it-yourself tools for entrepreneurs. Sometimes the phone number on the site is wrong, a link doesn't work or the design looks sloppy, he says.

Those kinds of mistakes can ruin a company's marketing efforts, he argues. Online advertising is "very important only once you have a site that's worth marketing," he says. It is "useless otherwise."

Helping companies create polished sites is becoming a big business. Yankee Group predicts the U.S. market for Web services for small and medium-size companies will grow 7% a year to \$4.1 billion in 2010 from \$2.9 billion in 2005.

These services fall into two broad categories. First, there are do-it-yourself packages. You pay a third party to host your company's Web site, email and other services, but you put together the site yourself, selecting a template and then adding options.

One of the biggest names in the field is Yahoo, which has more than a million small-business customers and hosts 40,000 e-commerce sites. Its do-it-yourself packages start at \$11.95 a month for a basic site; Mr. DiPadova uses the top-tier offering at \$299.95 a month, which carries a \$50 set-up fee and 0.75% transaction fee per sale.

Using Yahoo, people with no Web expertise can create a site from scratch or customize one of 380 templates. They can, for instance, drag and drop images onto the page and move around elements such as the site's headline. Likewise, users can adjust color

schemes, fonts and button styles, and add extras such as tables, maps, multimedia content and customer forms. Yahoo also offers templates to help merchants set up online catalogs.

A slew of other hosting companies, such as Homestead, of Menlo Park, Calif., and [Web.com](#)⁵ Inc. of Atlanta, Ga., provide similar template-based services. Packages range from \$9.95 a month for a simple brochure-type site to \$49.95 a month for a full-fledged e-commerce site.

High-End Help

Even with these customizable offerings, many entrepreneurs find they lack the time, expertise or staff resources to build their own site. So they hire Web professionals to create and market a site for them. A custom site can cost anywhere from a couple of hundred dollars to many thousands, depending on individual needs, plus hosting fees. Most of the hosting companies that offer do-it-yourself templates also offer soup-to-nuts service.

"It's incredibly painful to build a Web site," says Greg Sterling of Sterling Market Intelligence, a Web research and consulting firm in Oakland, Calif. "There's a lot of stuff going on, and it's very messy. It's wheels within wheels, and your head starts to hurt."

For Shane Gallagher, going with a design team was an easy call. Mr. Gallagher, a 27-year-old surfer, founded Fringe Clothing LLC in Santa Cruz, Calif., with his father, Paul, a year ago. The younger Mr. Gallagher says it was clear that he had to have a site -- and a cool one.

Most of Fringe's products, athletic clothes for extreme sports, are sold in retail stores. Even so, the clothing buyers at stores and the kids who wear Fringe's gear needed "a face to the company," to reassure them that it was an established operation, Mr. Gallagher says, and they would look for that face on the Web. But Mr. Gallagher, who professes a "hate" for computers, didn't want to handle the site himself.

So he hired **Affinity Internet** Inc. of Fort Lauderdale, Fla., to create his site, where customers can order items directly or find out which dealers carry Fringe's clothes. The design features stylized midflight images of skateboarders, motorcyclists and snowboarders; customers can also read a surfer's tale of near death in the underwater grip of a 20-foot wave.

Now Mr. Gallagher plans to work with Affinity to set up a MySpace page. Many companies that market to young people set up pages on the popular social-networking site to build buzz. And **Affinity** is developing ads for Fringe on the surfing portal [surflines.com](#)⁶.

Indeed, another big appeal of the soup-to-nuts plans is that they usually offer online marketing as well. Many small companies are overwhelmed by the job, and are only too

happy to turn it over to a professional. **Affinity**, for instance, manages a modest \$100-a-month search campaign for Fringe.

What's so complicated about online marketing? With so much competition, it's getting harder for online businesses to maintain high placement in search results. And it's becoming more expensive to buy ads tied to search terms. Prices for these ads are set in online auctions and can jump on big bids from novices who don't know the going rates, as well as large competitors who can afford to drop lots of cash. Indeed, larger companies have for the most part cornered the market for the general keywords -- such as "clothing" -- that are most popular with searchers.

Choose Your Words

Many small businesses say Web-services companies bolster their chances by carefully choosing which keywords belong in an ad campaign and managing bidding to balance cost, ad ranking and results in Web visits and sales. Traffic to Deborah Williamson's six-month-old online store, ChinaGlassAndMore.com⁷, based in Gillette, Wyo., rose to as high as 70 clicks a day on weekends from almost zero after Homestead began buying ads for her on Google. The ads are tied to keywords such as "china gravy boat" and "collectible dishware."

Ms. Williamson pays Homestead \$49.99 a month for a guaranteed 400 clicks a year, or about 33 a month. She is now generating about \$600 a month in sales.

Pros can also design a site that attracts search engines and boosts their ranking in the so-called natural results, where ranking is determined by relevance only. For example, the Web site for Pizza John's, a pizza restaurant in Essex, Md., gets the top ranking on Google or Yahoo for searches on "pizza johns." Crucially, it beats out the similarly named national chain Papa John's, which has many stores in the surrounding area. It also ranks at the top for searches on "pizza Essex Maryland."

Web.com credits this high placement to a few key elements. The site has a clear, descriptive domain name, pizzajohns.com⁸. The site's design also avoids certain types of graphics and frames that can be troublesome to search-engine "spiders," the automated programs that scour the Web analyzing sites and help engines determine relevance, and therefore ranking.

And the site repeats keywords such as "pizza" and "pasta," as well as the restaurant's name and location. Spiders like to see consistency and redundancy in the text on a site. That's where a small business, focused on one area or product, can gain a big advantage over a larger one. A big business's site often must emphasize the company's breadth of operations and services, leading to less redundancy in the text.

Similarly, when **Affinity** designed an online dating site for Matchmaking Moms Inc., the company made sure to repeat lots of keywords and use "metatags," invisible text that gives search engines information about the contents of a page. **Affinity** also included a special Google site-map file that gives the search engine more information about the site, which lets moms set up their sons and daughters with potential mates.

That design may have helped the San Francisco-based site get its big break. A producer for NBC's "Today" show spotted Matchmaking Moms while doing a Web search, and featured it on the show on Aug. 9. The publicity sent 350,000 visitors to the site that day, says founder Dawn Miller, and netted about 200 memberships, which are free for now. Since then, she has been averaging 20 to 30 new members a day.