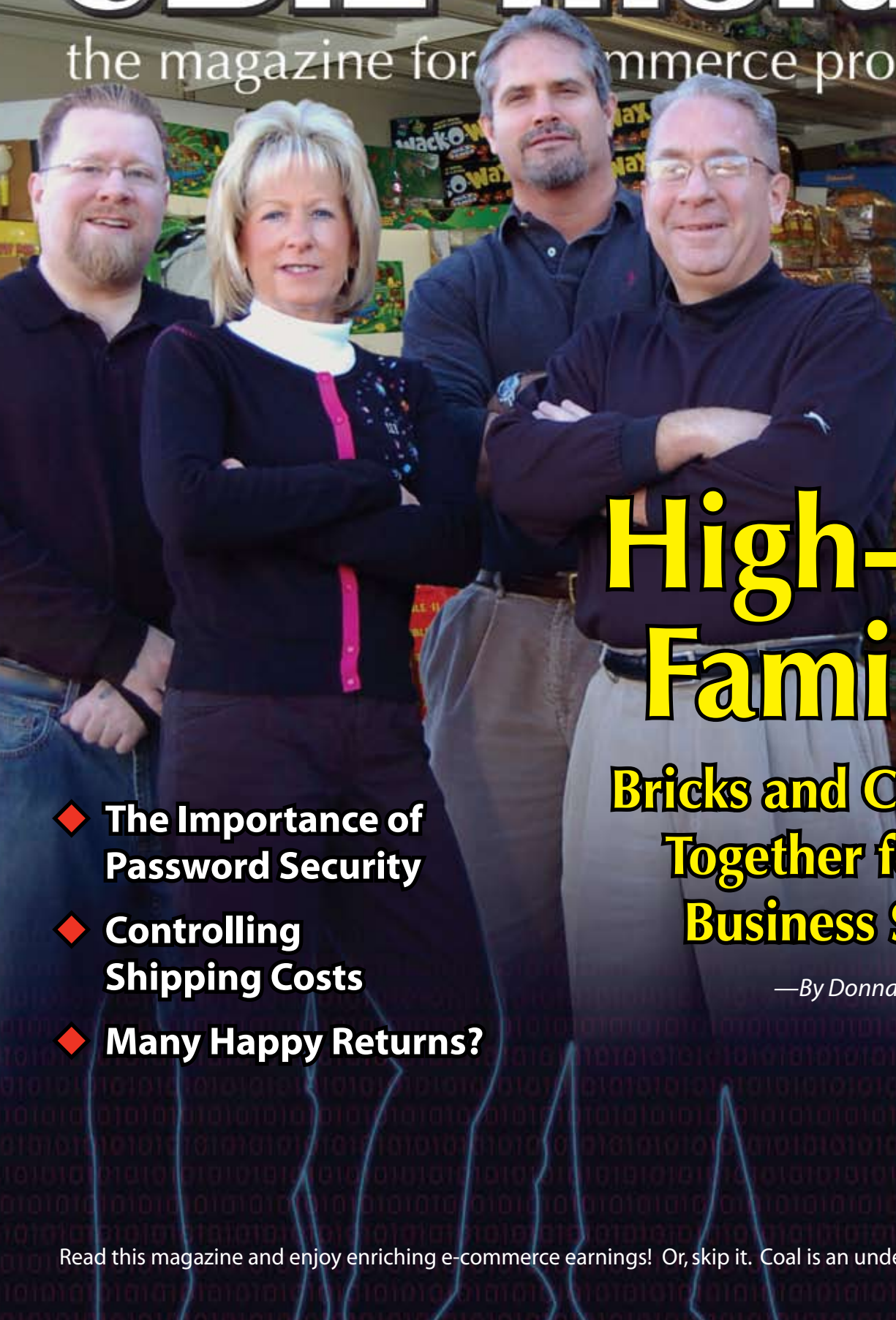# eBiz Insider

the magazine for e-commerce professionals.

High-Tech Families:

Bricks and Clicks Work Together for Small Business Success

—By Donna Talarico

◆ **The Importance of Password Security**

◆ **Controlling Shipping Costs**

◆ **Many Happy Returns?**

Read this magazine and enjoy enriching e-commerce earnings! Or, skip it. Coal is an underrated stocking stuffer…

eBiz Insider

the magazine for e-commerce professionals.

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A Fond Farewell!

By Scott Sanfilippo, Editor in Chief

I can't believe it's almost over! As they say in television, "there's another one in the can."

In just a few short days 2007 will just be a memory. Still, here we are getting ready for the biggest shopping season of the year and I feel as if I'm still recovering from the 4th of July! I know the days got shorter, but do they suddenly have fewer hours as well?

I hope that by the time you read this, you will already be proclaiming what a great holiday season your e-commerce store had. I ignore the talking heads who say "consumer spending is down." If you have a good business you're doing well. Everyone is telling me their sales are up and by the looks of parking lots at the local malls, lots of traditional shoppers are out there spending money. Let me be the first to offer hearty congratulations for a holiday season well done (oh, yeah, don't forget to thank your customers for shopping at your cyber-shop!).

2007 has been a great year for me. In May we rolled out this wonderful little monthly magazine called *eBiz Insider*. This was an ambitious undertaking and I am delighted to hear that so many of you have already put *eBiz* on your "must read" list. Month after month our subscriber base has increased and we've added several pages since the first issue. We've reached out to the most knowledgeable people we know in e-commerce. We have asked them to put pen to paper each month to bring you what I hope you agree is a fantastic resource for running your e-business.

Please help my staff and me to continue to make *eBiz Insider* YOUR magazine and tailor content to YOUR needs. Please turn to the inside back cover, take a moment to fill out our reader survey and fax it back to me (Since this is the Internet age, there is also a link for you to take the survey online as well!). Your comments, suggestions and candid responses will ensure that we continue to deliver a magazine that you look forward to receiving each month. This survey is extremely important to the success of *eBiz Insider* so please take a moment to respond. We want to give you what you want in this magazine. So be sure to tell us!

Finally, I would be remiss if I didn't take this opportunity to thank the entire *eBiz Insider* staff for the excellent job they all have done. This was our first shot at a magazine and if I may say so, so far I think we've hit a home run. Thanks to you for reading *eBiz* and for supporting our advertisers who make this whole thing possible.

Happy New Year! **eBiz**

Fill out our reader survey on page 23 or online at **http://survey.ebizinsider.com**

The Importance of Password Security

A small business owner contacted me recently in a panic. A "hacker" had compromised his web hosting account and used it for "phishing." His website had been immediately shut down and years of hard work had been lost. Phishing is such a risk to identity theft that if such activity is identified on any of your shared or even dedicated web hosting accounts, most companies will immediately delete your data without notice. This is an ugly, dangerous business and you'd better take it seriously.

How Hackers do it

Phishing is the use of fake websites which hackers establish to try to get you to reveal your username and password. Once they have your info, they attempt to log into your accounts and steal your personal information.

Hackers won't host this information on their own web servers or websites—it would be too easy for them to get caught. Instead, they attempt to discover the username and password of YOUR web hosting accounts. Once they access the information, they set up shop inside of your web hosting, where they establish replicas of popular websites such as Bank of America, Paypal, Washington Mutual, Yahoo!, etc. Then they'll send out e-mail like the one below.

"Dear PayPal User,
Recently we have made new updates to our services. We would like you to log in and see all the new features that are available at *http://www.paypal.com."*

The key is, when you click the link for "paypal.com" it will go to something like: *"http://www.paypal.com.securityonlinelogin.com"* or it will have numbers in the url such as: *"http://66.512.412.1/paypal.com/index.htm."*

This website of course is NOT PayPal. Hackers have built this to bilk you.

Protect Yourself!

As a consumer, make sure that ANYWHERE you enter a username or password, that it is positively the website you intend to visit. Don't be fooled by looks! Remember these keys:

a) Examine the URL at the top of the page. Whatever appears right before the .com/ should be the name of the website you intend to visit.

b) Enable security features on all websites you frequently visit. For example, Bank of America requires you to choose a personal image (Site Key) where you enter your passkey. A Bank of America login page without a personal Site Key is not official. Many companies also allow you to choose an image for authentication.

c) Avoid clicking links within e-mail. If you get a security message from PayPal, instead of clicking the link inside the message, type www.paypal.com into your browser and proceed from there.

d) Run virus protection and a firewall on any computer you use to access the Internet. "Key stroke logging" programs infect your computer when you merely visit unscrupulous websites.

e) Make sure you are in a secure environment. The URL in the browser should have https: in front. Internet Explorer shows a Yellow Lock at the bottom of the screen for IE version 6. In IE version 7, the lock is next to the URL. In Firefox, the lock is at the bottom of the browser page.

f) Avoid P2P software such as music sharing programs.

Beware the "Bots"

Merchants should remember that "automated bots" or scripts are continuously trying to figure out the passwords to your website. Almost every website has the ability for FTP (File Transfer Protocol) to be used. If hackers learn your website's FTP, they can use your web hosting account info for unscrupulous activity. To prevent this:

a) Change passwords for anything that requires frequent password use.

b) Change passwords whenever people leave your company.

c) Choose STRONG passwords. Use at least 8 characters and include capital letters and numbers (e.g. tY7uXnkZ). Avoid repetitive numbers, letters, or personal information (e.g. phone number or birthday).

d) Check the list of authorized FTP users to your website frequently, and remove access to users which no longer qualify.

e) Run firewall and virus protection on EVERY computer in your organization, even those without Internet access (many viruses are spread on removable media devices such as USB drives).

f) Avoid P2P software such as music sharing programs.

g) Scan your network frequently.

The stakes are high! For more information, visit *http://en.wikipedia.org/wiki/Phishing*. **eBiz**

By Joe Palko
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EMPLOYEE REVIEWS

Learning to Keep the Best and Lose the Rest

Employee reviews are not the business equivalent of a root canal. At least, they shouldn't be. Employee reviews should be an important tool which can help managers monitor employee performance. There are certain essential points that need to be covered in a review, points which are the same in nearly every industry, like meeting attendance requirements, quality of work, demonstrating required skills and knowledge for the job. The key is not to let the process get bogged down.

How to do them

Reviews need to be done in the most effective yet condensed way. The longer the review, the lower the chance it will be completed on time, if at all. However, remember the purpose of the review.

You are trying to make better employees and a better company, so take your time and listen.

It is also very important to set goals and objectives for employees, even in reviews. If a previous review has been given, briefly describe the progress of the set goals from the previous review. Make sure you praise the areas of greatest improvement. If this is a first review, set goals for the future and review them with your employee. Make sure he/she understands the reason for your company's goals and values. Follow the goals with discussion of a list of the employee's biggest strengths or achievements and the areas that need improvement. Make sure you explain your reasoning in each step. It is important for people to understand your goals in order to share them. Remember that as the manager it is your job to make their duties clear to them.

Self-Appraisal is Key

Encourage your people to complete a self-appraisal. This is an important element in any employee review. Often you can learn the difference between how they see their role in the company and how the company sees that role.

When to do them

Employee reviews should always be completed at the end of the first 90-days of employment. After that, once or twice a year is sufficient. There are some exceptions, however. If the company goes through huge changes in a short time, it's good to consider a review. For instance, if the company moves, is bought, grows or shrinks rapidly, consider a review. These are major changes for employees and a review can produce valuable feedback.

Why do them

Reviews are important! Many employees may not know how their supervisors feel about their performance. Unfortunately, reviews take time and are too often forgotten by managers. Don't let it happen. Reviews are a chance to teach and learn.

Make or Break

The 90-day is one of the most important reviews for many companies. 90 days is

traditionally the point where you basically decide to keep the best and lose the rest who may not be a good fit. Usually after this point you begin to make commitments to your people in the form of health care, 401k's and the like, so this is an important time. Hopefully you've been paying attention and getting feedback from their supervisors on your new people. The next step is a big one, so pay attention.

Yearly pay increases:

Before any scheduled pay increase, schedule performance evaluations. Pay increases remain at the discretion of management, based on each employee's performance evaluation. If a pay increase is denied, the employee will remain at their current rate of pay until their next evaluation date, at which time, the process will repeat. The following items are some of the factors that will establish the basis of such decisions:

- Company work requirements
- Employees' performances, attitudes, abilities, experience, and skill
- Employees' past performance history
- Employees' potential for reassignment within the organization
- Length of employment
- Work performance
- Attitude

In addition to regular reviews, evaluation and correction will be made at anytime the company finds fault in work performance, conduct, or attitude of an employee. Reviews should never be a total surprise for an employee either positive or negative. Training, coaching, feedback and evaluation should be an on going practice by all managers all the time—not just at review time.   **eBiz**

Download a sample performance review at **ebizinsider.com**

By Ed Stanchak
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With over **100 million** accounts,
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missing business?

Give your customers a choice,
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PayPal's Express Checkout gives you the fastest, easiest way for buyers to pay with PayPal. Your customers pay in fewer steps, and get a more streamlined checkout experience. Buyers trust PayPal because they can shop without sharing their financial information with merchants. Plus, you give them the choice to pay with their credit or debit card, bank transfer, PayPal balance, or PayPal Buyer Credit.
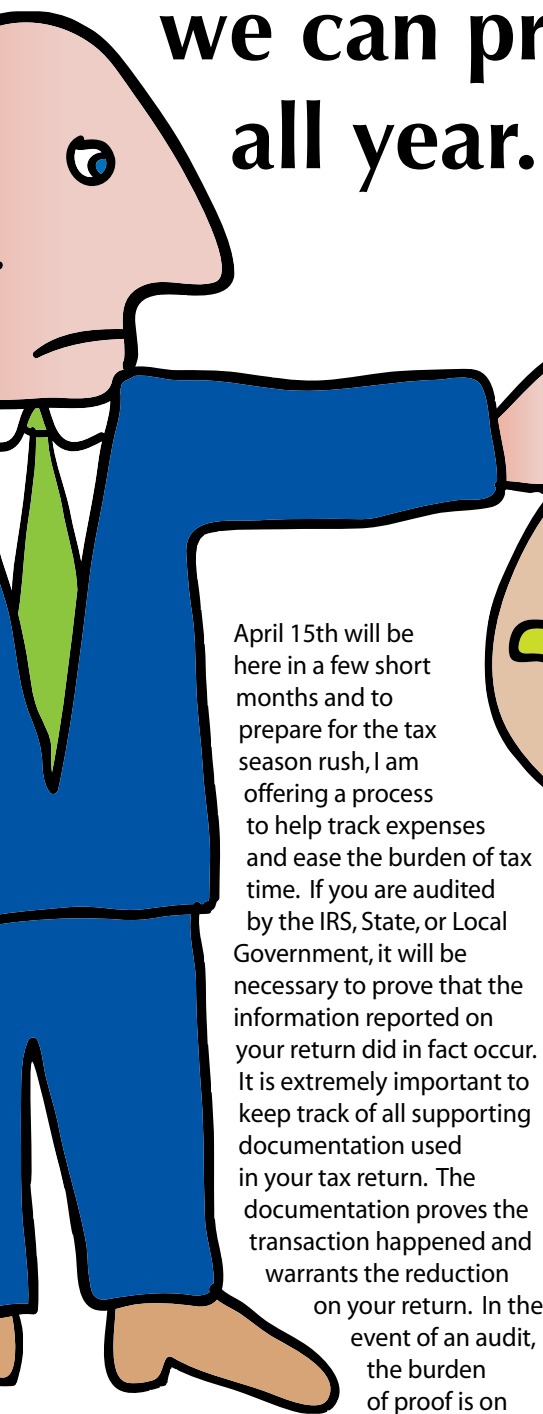
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Sign up today at **http://paypal.solidcactus.com**

Tracking Expenses

Tax time is in April, but we can prepare for it all year. Here's how.

April 15th will be here in a few short months and to prepare for the tax season rush, I am offering a process to help track expenses and ease the burden of tax time. If you are audited by the IRS, State, or Local Government, it will be necessary to prove that the information reported on your return did in fact occur. It is extremely important to keep track of all supporting documentation used in your tax return. The documentation proves the transaction happened and warrants the reduction on your return. In the event of an audit, the burden of proof is on you to prove your tax return is legitimate. A paper trail is your best defense on an audit. Supporting documentation for revenues and expenses includes billing, cash receipts, deposit slips, invoices, and proof of bill payment including canceled checks and credit card statements. It's a pain, but you have to do it to protect yourself.

Follow this seven-step process to organize and track expenses:

1. Use an accounting software package to track revenues and expenses. There are good ones out there which are accurate and easy to follow. Choose one!

2. Arrange clients and vendors in the appropriate accounting area. This will allow you to view how much you billed a client over time and to see vendor spend reports with historical activity. This is important information which can help your business in addition to preparing your taxes.

3. Set up general ledger accounts which cater to your industry. Keep it simple so you can more easily follow your own paper trail.

4. Don't procrastinate. Record revenue and expense activity on the day it occurs so you won't forget it. You wouldn't want to lose a deduction by not recording.

5. Have someone review all data entry to verify its accuracy. It is easy to make a data entry mistake or add an extra zero onto a number and you don't want a misstatement of revenues or expenses.

Nor do you want expenses showing up in the revenue section and revenue showing up in the expense section. Properly stated financials is the goal.

6. Proper record keeping is imperative. Invest in a filing cabinet, file folders and a label maker. Establish and maintain a good filing system so if you ever need to research a record, you can do it quickly and easily. File and sort cash register tapes, billing reports, canceled checks, bank account statements, credit card statements, payroll reports, and expense receipts. Keep records according to IRS guidelines. To learn how, visit www.irs.gov.

7. Prepare monthly account reconciliations on all balance sheet accounts. After all, this financial statement shows the value of your business. Properly maintaining these accounts from the start spares you from unraveling years of data. You should be able to explain exactly what makes up the balance in each balance sheet account.

If you establish and maintain a consistent system, you will be able to track expenses more accurately and file your tax returns more easily.

I have been involved in numerous audits including everything from Internal Revenue Service, Securities Exchange Commission, State Sales Tax, and Internal Audits of large corporations. The first items always requested by any organization are your tax returns and financial statements backing up the information on your return. Once the auditors start looking at the numbers on the financials, they will request backup for the items showing proof the transaction occurred. Without the backup, you may be unable to properly verify your tax return. This can expose you to additional taxes, penalties and possibly jail time. Keep it clean, report the correct information on your tax return and have proper backup documentation. If you do, you'll avoid the nightmare of the tax audit. Make it your e-commerce New Year's resolution to—do your homework! **eBiz**

By Patty Sleboda

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High-Tech Families:

Bricks and Clicks Work Together for Small Business Success

Read the About Us page on many e-commerce websites and you may be surprised to learn the business has been open for three generations, perhaps longer. The 'net hasn't been around that long. How is it possible?

Family shops are expanding, moving from Main Street, USA to a second location: everywhere. Now, someone's favorite local boutique can also become the online favorite of someone else living 3000 miles away. In this article we'll examine how brick-and-mortar stores blend the two channels together for success.

Three Companies That Did It and Did It Well

Left: Pam Macharola and her brothers Ron, Terry and Pat, the third generation of the Dandrea family continue their 69 years of operation both online and through their retail outlet.

BlairCandy.com

Pam Macharola and her brothers took their Altoona, Pennsylvania-based Blair Candy Company online in 2001; however, the family business has been open 69 years. In 1938, Macharola's grandfather opened a small newsstand. After noticing interest in his candy, he increased the selection of sweets. Eventually the retail store branched into wholesale, supplying candy to regional businesses. Since adding dot-com to their name, BlairCandy.com has picked up wholesale accounts and new individual customers across the country.

Macharola suggested trying the Internet simply because she enjoyed buying online herself.

"Why can't we put this candy online and see what happens?" she pondered with her brothers, neither of whom had experience in computers or the web. Macharola initially figured the website would be more of a hobby with occasional sales.

"(The web) is a major part of business now. It's amazing!" she said of the wild success. "We were missing a ton of sales."

Since going online, Macharola discovered other parts of the country aren't as candy-rich as her home state. Orders have exploded since out-of-state shoppers discovered a place to buy their hard-to-find favorites.

TheTrickShop.com

Sam Blankenship and his wife, Tracy opened their brick-and-mortar magic shop and online store simultaneously. Based in Temecula, Ca., TheTrickShop.com offers magic tricks, magician supplies, balloons, juggling items and lots of gag and novelty products. Blankenship says he first got into magic as a child. Still intrigued with magic as an adult, while traveling across the US for work he'd always make time to visit the local magic shops.

"Magic shops were going out of business all over the globe. There were two reasons for it: one is that their sales were being taken by the new generation of online magic dealers. The second is that the shop was usually run by someone who loved magic, but didn't have a solid business background. They managed to put themselves out of business," explained Blankenship.

He always wanted to open his own magic shop, but since there was already one nearby, he didn't think it would be fair. In 2004 he learned that shop was closing and the couple took the cyber-plunge.

"Basically, we wanted to prove that you could successfully run a magic shop that wouldn't go out of business. It was really strange the amount of people that bet we wouldn't be around longer than 12 months. We've just started our fourth year in business," he said.

Initially Blankenship started the online portion of the business just to cover all the bases. Only recently did he decide to really invest in TheTrickShop.com.

"I realize that we would have had much more volume had we spent a bit more time on maintaining our website. We settled for a 'not so great' design and didn't do things like updating our item mix with the newest and hottest items. Sadly, we underestimated the power of our online model and I hate to think about the dollars that we lost over the last few years," he said.

Sam Blankenship mans the checkout at his brick-and-mortar shop in Temecula, Ca.

BedBathStore.com

After putting up an online store for a college project in 2001, Mike Reichman decided his family's Lynbrook, Long Island, NY retail store should also enter cyberspace. So, he and his father launched BedBathStore.com and while they continue to get a good amount of foot traffic, their primary focus has been the website.

"Revenues have increased and we have grown into more of a warehouse and shipping operation as opposed to a walk-in store," he said. "The reach that you have by being online is 1000-fold to the walk-in traffic you may or may not receive. You can market to people anywhere in the country; that would never happen with just the walk-in store."

Reichman says the growth has been tremendous over the past few years and they are looking to branch out into many other home and garden sectors as well.

High-Tech Families continued on page 12

Learning to Navigate in the New

"We went into this thing with our eyes closed. It was by trial and error at first, but finding the right developer, that took us from ten orders a day to 100 a day," said Macharola, adding that her first stab online was with a developer that did not "get" the obvious concept of a novelty candy business.

"Candy is silly and the original developer made a corporate-looking site," she said. "We found a web site developer who made it fun!"

As the Blankenships took TheTrickShop.com more seriously, they went to their web developer to learn.

"I also made a personal commitment to myself to learn more about the strength of the features of the Yahoo! Store so I would be better about keeping the site fresh," said Sam Blankenship.

While his new site is in development, he's implemented changes to his current site and is seeing dramatic results.

"In the last eight weeks, our business has skyrocketed. Our customers wanted to see new items and more frequent updates to our website… there have been days when we've done more volume online than we've done in our store. We think we'll see an even bigger growth following implementation of the redesign and new features," he said.

Reichman and his father also continue to learn about the latest trends in e-commerce to help BedBathStore.com.

"We attend conferences, webinars, subscribe to newsletters and periodicals and try to keep up with the Web 2.0 affiliations and social networks," he said.

Attracting Customers: Smoke & Mirrors Allow Competition with "The Big Dogs"

Macharola explains that one of the coolest things about going online is the amount and caliber of customers who have found her. In addition to picking up numerous new accounts, big names have discovered the online store. A Hollywood producer

contacted her for a movie prop. Cooking show goddess Rachel Ray stumbled upon BlairCandy.com and this January, Macharola and her football-shaped candy will be featured in Everyday with Rachel Ray. None of this would have happened if she were not teamed with professional Internet marketers.

Mike Reichman and his father took their families Long Island, NY retail store into cyberspace with BedBathStore.com.

"We were wasting a ton of money trying to advertise online (ourselves). We save money now. That's the truth- that's why my days are now 14 hour days now," she joked.

Reichman agrees; he too uses a professional Internet marketing firm for BedBathStore.com.

"Having a successful website involved a lot of hard work. You have to really be savvy and look more in depth into marketing than anything else. PPC campaigns and other marketing campaigns will eat up your budget if you don't know what you are doing," he said.

Many online businesses fail because owners assume having a website means instant traffic and sales. They shouldn't. Considerable traditional advertising accompanies the opening of a brick-and-mortar store. It can include everything

from ads to promos to ribbon-cuttings. Successful e-commerce operators understand the marketing efforts (paid) and public relations (free) tactics required to gain and sustain customers.

Blankenship adds that an advantage of being online is that it can be a level playing field. TheTrickShop.com may look small next to a larger store, online they're all the same size.

"It allows you to compete with ANY size competitor. It's hard online to tell how 'big' you are. We're a small, family operated business but have converted customers from our online competitors because our item mix is the same as our biggest online competitor, whose sales are gigantic compared to ours, but customer service is more personalized and we offer a better overall experience," said Blankenship.

Like Blankenship, Reichman says customer service has been the main focus of BedBathStore.com.

"We constantly innovate and are becoming more customer-centric. We enlisted a call center which helps us enhance our customer service, with longer hours and direct contact with employees," he said.

Since a brick-and-mortar store that's been part of a community for years is still new to online shoppers, building credibility starts over with the new audience. A solid About Us page can help. When people learn BlairCandy.com has been in business 69 years, BedBathStore.com for 30 and that TheTrickShop.com is run by real magic experts, they are more likely to buy.

Building and sustaining relationships can also be done by communication with clients, which TheTrickShop.com does through blogs and newsletters.

"We use our blog as a way to communicate in between e-mail newsletters and will often try to talk about a subject that is not sales-related. Then, we'll sneak in a bullet point about something we have for sale. It's kind of a soft-sell as opposed to our hard-sell that we do with our e-mails."

Also, we think the blog is often read by those customers that have not, for one reason or another, given us permission to communicate with them via e-mail yet," said Blankenship.

Synergy Between Your Brick & Mortar and E-commerce Site

Michigan State University released a study, "Integrating Brick and Mortar Locations with E-Commerce: Understanding Synergy Opportunities," which examined brick & mortars that went online. The researchers concluded that regardless of the size of the business, having a physical location builds trust for three reasons: Reduced consumer risk, the ability to leverage brand awareness, and also an affiliation with a local social and business network.

Having an online business can also grow the brick-and-mortar business. A physical presence allows business owners to create personal relationships, gain more foot traffic and even become a tourist attraction. Macharola says that several loyal online customers have asked if they had a store they could visit. Of course they do; that's their roots.

"Picture walking into a grocery store, but its all candy," said Pam. "People have come from hours away to visit."

The MSU study also found that having an online presence strengthens relationships with existing physical customers. Even though a customer may have preference in shopping in person, having an e-commerce channel can help business owners stay in touch with customers and encourage them to buy online when they don't have time to shop. Blankenship says many of his customers research products online, then buy in person. So, the website can also become a tool to improve and/or streamline the in-store shopping experience.

In addition to search engine marketing efforts to reach a wide audience, implementing the e-commerce element with local advertising efforts is seamless: just add the URL to ads and promo products.

E-commerce allows people to virtually find unique products that aren't available locally, or to continue giving business to companies when they can no longer visit physically. The MSU study looked at a family-owned specialty gift store in a tourist location. Despite being small, the store has become a top online retailer for niche Christmas items. Going online allowed the company to reach the masses, as well as create repeat online customers out of people who shopped in the store on vacation, but may not return in person.

The MSU study mentions some trends common to the companies they studied: online coupons, in-store pick-up/returns and in-store events listed on the website. Blankenship utilizes his blog and e-mail blasts to highlight in-store magic demos, which in turn brings in foot traffic. When there isn't a live demo, customers are treated to a looped DVD, hosted by the Blankenships' teenage son Chris. The demos also play online.

Another trend the MSU study reveals is the use of in-store Internet kiosks. This works for brick-and-mortar stores who may sell additional products exclusively online, such as if they use a drop shipper. The kiosk allows in-person shoppers access to those items, too.

Summing Up

There is a new day dawning in the world of commerce, embodied by the stories above. More and more e-commerce operators are turning warehouses to showrooms, while nearly every established brick-and-mortar store is examining the Internet. The reasons are obvious. Each type of commerce complements the other. Only in a real store can you touch it and feel it; only the Internet lets you shop at 3AM in your pajamas without leaving the house. The future is clear. Businesses will not do business in real space or cyberspace. They'll do both if they want to flourish. **eBiz**

By Donna Talarico
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CONTROLLING SHIPPING COSTS

They *Always* go up.
But there are ways to save.

Just as January means broken resolutions, shipping costs will rise. Every year FedEx and UPS raise rates, add surcharges and increase your cost of doing business. Next year, oil at $100 a barrel will give us higher prices at the pump and everywhere else. Hey, truckers need to make a living too.

The question for e-commerce owners is; how do you offset the increase in shipping? Attack this problem on three fronts. Focus on efficiency, negotiate with your carriers and make sure you are charging your customers correctly.

Efficiency
Watch Your Weight

You don't pay by the pound on shipping. Since 1 ounce is billed as the next full pound, you actually pay by the ounce. Saving a couple of ounces on each package translates to full pounds. Multiply that over the course of a year and your savings could be enormous.

Use the most efficient void to fill in your packages. The major types are bubble wrap, packing peanuts, Kraft paper (the brown stuff) and inflatable air packs such as Fill-Air. Air packs are the lightest by

far and they only seem more expensive. Most companies that make the air bags will lease or rent the machine to use them. Others will give you the machine for using their bags. Don't assume this option is beyond your budget. It can save you a ton!

Binding Packages

You pay a premium for the first pound on every package. Instead of sending two boxes at $5.02 each, bind them and ship one for $8.07. Binding is a simple process involving nylon or steel strapping and a seal or buckle. A hand tool called a Poly

Strapping Tool or Tensioner speeds up the process for under $100. Ask your warehouse supplier about binding. This technique works for items that come pre-packaged from the manufacturer, but beware of dimensional weight charges.

Dimensional Weight

This is how carriers discourage you from shipping a golf ball in a refrigerator box.

The box dimensions are used to calculate the cubic volume of the box or volumetric weight.

The actual calculation is Length x Width x Height divided by a number set by the carrier. For UPS and FedEx Ground it is L x W x H /194.

For air services it is usually L x W x H / 166.

This results in a "weight." So for a 12" x 12" x 12" box, you have a dimensional weight of 10.4 lbs. Even if the box only weighs 4 pounds, you are paying for 11.

Last year both UPS and FedEx changed how they calculate oversize packages. They moved away from girth measurements and are now rating large packages on dimensional weight. Have your carrier rep ensure you are using the most accurate calculations for oversize boxes.

Negotiating

Merchants often feel that they lack negotiating power because they lack size. Don't be fooled. You may be a little fish in the UPS Ocean, but you are important to your UPS rep. Most carrier reps get incentives for maintaining relationships and increasing volume. Put them to work for you.

Don't be afraid to re-negotiate. UPS and FedEx are in direct competition, which puts you in the driver seat. You can often get lower rates by moving between companies.

Ask for a skewed discount. If most of your shipping is to zones 2-4, ask your rep to apply a higher proportional discount to those zones. Selected lower rates can often save you more than a lower flat rate across all zones.

Manage Customer Shipping Charges

If you are using the default shipping tables or UPS real time rates as a cost calculator in your store, you know that all items are calculated from the same zip code. This is fine if you use one warehouse, but not if you drop ship from centers across the country.

Find a shipping program so you can specify an origin zip for each product and supports UPS, FedEx and USPS real time rates. It will provide real time rates for an order calculated based on the true origin per item, not one generic zip code per order.

Stretch your shipping dollar. Focus on efficiency in packing, negotiating with your carrier reps and making sure you cover your costs in the shopping cart. Shipping costs will continue to rise, but these points of emphasis can help make 2008 more profitable.   **eBiz**

By Jason Longo
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Is Your Website Design Causing Customer Blindness?

Internet users are changing and e-commerce providers must be aware of those changes. A generation ago, after a generation of strip centers, malls were things of wonder for traditional shoppers. People literally went to wander the halls. Now, much of that wonder has passed and we use malls for buying, not merely the shopping adventure. The same thing is true of the Internet. Once people surfed endlessly; fascinated by the new cyber world. Today there are vastly more shoppers who are buying differently. We need to keep up.

The fact is; the design of your website will greatly effect how users use your website. If people are confused when they visit your website it means you won't be converting visitors into customers. If they have difficulty in discerning advertising information from site information then you are not reaching your full potential. There is actually a term for this: banner blindness.

Recently, Jacob Nielsen published his theory about banner blindness. His research indicates that users will skip over anything that looks like an advertisement on your website. Nielsen is one of the world's leading authorities on Web usability and provides a wealth of information for e-commerce operators. His studies found that users did not fixate on ads embedded within a website, but could easily distinguish an ad from the main content.

This is big news and an important lesson for e-commerce. If you put important information into a graphical banner, or use fancy formatting to change the text, users will ignore it. In a follow up study, Nielsen found that one website had a failure rate of 86% when trying to get people to perform one task. The problem was the information was presented in large red numbers (the website contained a lot of blue) and because it stood out from the rest of the website, users ignored the importance of that number. In fact, in their eye tracking studies Nielsen showed that people most often looked at the first three digits and then moved on (the number was 301,465,625 - which means they were only processing 301). He found that because of the placement and the formatting, users were unable to easily complete the task which they were assigned. If this happens on your website, it usually means lost sales.

As an e-commerce operator, you need to capitalize on each and every visitor that comes to your website. Ask yourself:

How easy is it for your customers to place an order? How easy is it to search, to navigate, to checkout? These are all important factors and should work smoothly for the customer to lead to an easy sale. Any hiccup in the shopping experience will cost you money. Here are a few areas to concentrate your efforts:

Product Information Placement- make sure your product information is towards the top of the page, so those that don't need to read a description can easily find your order button. This includes product name, code, pricing and stock availability.

Multiple Order Buttons - An order button on your item page is important, but make sure you give customers the ability to order from the section pages and the search results. Make it as quick and easy as possible for someone to make a purchase.

Checkout Process - Make your checkout as easy and clear as possible for customers, providing phone numbers and/or e-mail for those who might have some questions. One page checkouts have been known to increase conversions by making it easier and faster for people to complete their transactions.

If you are comfortable that you have the above issues in hand, examine the promotional banners, information links, and community features to make sure that they are not interfering with or confusing the ordering process. Next, examine your website and make sure that the important information doesn't stand out and resemble a "banner." As Jacob states, "users tend to ignore heavily formatted areas because they look like advertisements."

You can read more from Jacob Neilson and usability by visiting *http://www.useit.com*. Remember, a comfortable shopper is a buying customer. A confused shopper isn't a customer at all. Certainly not your customer... **eBiz**

By Kurt Illian
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Many Happy Returns?

Every year it happens; one of your gifts is so wrong it has to go back immediately. Returns are a business owner's least favorite season's greetings. They mean taking calls about returns or exchanges, and making sure to process returns and issue prompt refunds. Handling returns is crucial to your business success!

In our lawn and garden supply division, Customer Service Reps (CSR's) inquire to see if returns are necessary. Often we learn that customers needed help with assembly or simply didn't know how to use an item. Also, our CSR's are empowered to offer customers special discounts on items they may have wanted to return – amazingly this works quite well!

Rules for Happy Shoppers:

- Returns are an inconvenience for the customer NOT for the merchant.

- The return process should be easy for the customer.

- Customers can make returns if they are not satisfied.

- The customer should not be punished for making a return.

- If you own a business, returns are a fact of life!

The RMA (Return Merchandise Authorization) Return vs. the No-Hassle Return

RMA's require authorization numbers before returning products. We use this method, because our CSR's educate customers on products which they often keep. RMA's are a bit more work, but they can often save the sale.

A Hassle-Free return means no questions asked; no RMA needed. This is easier on consumers, but for merchants it can mean many costly returns.

When we owned our pet division, we had a Hassle-Free policy that did not require an RMA. We even pre-printed a postage paid return label on the customer's invoice. Our return rates averaged an unacceptable 3.5%. We then adopted the RMA policy requiring customers to pay for return shipping unless we sent them the incorrect item. Our return rate went down to 2% and our re-order rate remained unchanged.

Facts of Life

Will returns ever go away? No. Can you minimize them? Yes. Before you decide on a new policy, think of your customers. Treat them well; you'll keep them. Treat them badly; they'll tell others.

Some state laws require that your return policy be clearly posted on your website. Print it on your packing slips or customer invoices for easy reference. And make sure that your CSR's are empowered to keep the customer happy, because isn't that what it's all about? **eBiz**

By Scott Sanfilippo
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eBiz Marketplace

How One Successful Cyber-business Stays Vital

A Knack for Niches

Joe Tantillo of GreekGear.com is a veteran in e-commerce; he opened his first site in 1999. GreekGear.com provides "personalized products for people passionate about their pursuits." There are more than 4,000 different personalized items, from key rings to mouse pads, baseball caps, custom flip-flops, trailer hitch covers, coffee mugs and formal dinner/dance fluted champagne glasses. If it can identify a fraternity or sorority, GreekGear.com has it.

After GreekGear.com, Tantillo launched GuidoGear.com, MyChristianGear.com and several other sites devoted to niche markets. His 12th site just came online named GearforGoldens.com (a site for retrievers, not retirees…). "I believe in regular redesigns, constant tweaking and expanding the number of niche sites for our customers," Joe says. "I'm still wrestling with how to increase our real world presence. Our business model presents certain limitations."

Learning from Traditional Businesses

The "real world" is very real to Joe Tantillo and he has applied the lessons there to his web sites. "My wife's family has a brick-

and-mortar store," says Joe. "They update every two or three years. More people are shopping online, and they expect us to change, just like conventional stores." GreekGear.com and the other "Gears" Joe launched have changed constantly, in spite of their success. GreekGear.com just underwent its third major redesign.

"Traffic is good on GreekGear.com," says Joe. "Our average sales are up per purchase which suggests we're getting a better brand of customer. Still, we focused our latest efforts with our designers on making a better site experience for our customers and better shopping cart conversions for us."

The Better Mousetrap

GreekGear.com redesigned its navigation. Formerly the site had numerous categories with endless merchandise available. Now there is a section head with 5 subsections. "Think of it as a highway," says Joe. "Before, you got to the fork in the road and there were a hundred options. Now you have five general highways and then smaller roads continually branching off based on your interest. It's less confusing for shoppers."

They made their shipping policy information more clear to customers. GreekGear.com also instituted a flat rate of $5 for flat ground shipping. "We play with pricing and shipping a lot," says Tantillo. "Some of these things are risky if you're playing with tight margins. It's why we constantly tweak."

Most of all, GreekGear.com has done countless little things. They've put their phone number in more places on the site. They've begun publishing customer testimonials. They redesigned the shopping cart to make the "place order" button larger. They've included guarantees to improve customer satisfaction. The net result? *In 3 months GreekGear.com increased its conversion rate by 70%.* "I'm using GreekGear.com as the test site for improvements my designers make on the other sites," says Joe.

Cyberspace and Real Space

Joe Tantillo believes that just as all brick-and-mortar businesses should have a web presence, Internet companies should, when possible, have a footprint in the real world. GreekGear.com has, predictably,

reached out to college bookstores and Italian festivals with success. "We're branding for Barnes and Noble's 600 stores and Follett's 1000 stores," says Joe. "We do it all and send them a commission. It's a great way to grow your business." He says that sometimes re-branding works for larger stores. The key is to strike the right balance between margins and volume.

Tantillo would like his in-laws to have a larger presence online. He believes it is crucial to be able to reach out to the wider market. Still, he understands the reluctance of people to step outside what they know. "I'm thinking of kiosks in bookstores as a good way to get the word out," says Joe. Each opportunity comes with its challenges. With so

many bookstores that could be a huge undertaking. Then there are staffing issues and slow traffic times. "And tell me, how do you display 4,000 items in a kiosk? I'm thinking of wholesaling the products and let the retailers get the word out for us."

Joe Tantillo is an Internet vet who never stops tweaking. "The web is changing constantly, with improvements and entire brand new product lines emerging. In cyberspace, if you're not improving, you're falling behind." **eBiz**

By Kevin Lynn
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Tech Corner:
IT Planning

During the last month, I've had the daunting task of moving the offices of one my clients – a small nonprofit community foundation. This was a great opportunity to look at developing a strategic technology plan (STP) for the organization. This month, we'll look at the components of a good STP and the steps involved in creating one.

1. **Define the overall goal of your technology plan**. The goal should be a broad organization-wide statement that incorporates the reason for your business and how technology planning will affect this goal.

2. **Define your Plan Scope**. Information Technology is an ever-expanding field. Figure out what you really need for your business to take the next step in this area. Your scope should include a timeline for implementation and what areas of IT you want to include. Examine computer hardware, software, network hardware, software, Print-Scan-Copy (PSC), Fax technology, PDAs, Smartphones and services such as Internet connectivity.

3. **Examine your current technology environment**. Before you plan where you're going, figure out where you are. Examine your hardware (CPUs, Monitors, Servers, Firewall/Switches/Hubs/Wiring, Printers, Phones), software (operating systems, office tools, backup software, antivirus, antispam, antispyware) and services (Internet connection, hosting services, etc.).

4. **Determine strategic objectives and initiatives you want to undertake**. The goal of your technology plan should have been defined in step one. Now the steps your company takes to reach your goal are your objectives. Some of these include: increasing staff productivity, increasing order fulfillment efficiency, ensure network and PC stability, minimize downtime, standardize software and hardware across the company, automate any tasks possible and ensure security.

5. **Prioritize your objectives and list what is needed to achieve them**. Don't get caught up thinking "that'll never happen…" list it anyway. When you're done brainstorming, figure out what items from your list fall within the scope of your plan and ensure they will help meet your goal. Create a spreadsheet with columns for cost, probability, timeline, dependencies and what goal/objective it meets.

6. **Look for the quick, cheap fixes**. Look at your list. Are there any objectives you can meet or action items you can cross off easily? Not only do quick fixes provide you with "instant gratification" – it can show that your company demands to be on the cutting edge and is constantly working to improve your efficiency and infrastructure!

7. **Set a realistic timeline for implementation of other action items**. Include best-case and worst-case deadlines. Remember to take into account your cash-flow budget and best time for implementation. For example, you wouldn't replace all your computers during your peak season.

8. **Don't forget training**. As new technologies pop up, make sure you include time in your TSP for staff training. Check out Microsoft's training center at http://tinyurl.com/ybtl37. Most software vendors provide a free online training center. The more comfortable your staff feels with the new technology, the more easily they'll embrace it.

9. **Make your TSP a Living Document**. Implement it and set a calendar reminder 3, 6, 9, and 12 months down the line to "Check on progress of TSP."

9. **Have someone else look at it**. Remember in school when the teacher had you switch papers with someone else to proof it? Same thing works in IT! Ask someone to go over your plan, pick it apart and offer suggestions. If you need another opinion – send your TSP to johnd@ebizinsider.com and I'll be happy to take a look!

TOOLBOX

The following resources may be helpful in developing your strategic technology plan.

Belarc Advisor (belarc.com) is a free software application that runs a diagnostic on a computer, and prints out the exact specifications of the machine, including a hardware profile and a list of installed software.

Verizon Foundation's Technology Organizational Assessment is a series of questions around networking, hardware, software, staff training, support assessment, etc. Targeted for nonprofit organizations and small businesses, these questions can be a great starting place for your TSP. http://foundation.verizon.com/resourcecenter/tsoup_03.shtml

When you develop a strategic technology plan you have serious questions to answer. Take your time. Ask all the right questions the first time and you'll implement an STP that will last. **eBiz**

By John Dawe
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Customer Service	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐
Warehouse & Fulfillment	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐
Legal & HR	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐
Operations	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐
Graphic Design & Photography	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐
Print & Catalogs	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐
Email Marketing	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐
Technology	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐
Store & Shopping Features	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐
Social Networking	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐
Offline Advertising	5 ☐	4 ☐	3 ☐	2 ☐	1 ☐

4. How would you rank the overall content of *eBiz Insider*?
    ☐ Excellent   ☐ Great   ☐ Good   ☐ Average   ☐ Poor

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    ☐ Good magazine
    ☐ Average magazine
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8. Was there one article that you have read in *eBiz Insider* that was most beneficial for you?   ☐ Yes   ☐ No – which one?

    _____

9. How often do you read the following columns/features:

Editor's Letter	☐ Every Month	☐ Some Months	☐ Never
Tech Corner	☐ Every Month	☐ Some Months	☐ Never
Business Profile	☐ Every Month	☐ Some Months	☐ Never

10. Do you find these column/features interesting or helpful?

Editor's Letter	☐ Yes	☐ No
Tech Corner	☐ Yes	☐ No
Business Profile	☐ Yes	☐ No

11. If you could ask for an article on a specific subject or topic, what would it be?

    _____

    _____

12. Would you recommend *eBiz Insider* to a friend or business associate even if it had a subscription cost associated with it?
    ☐ Yes   ☐ No

13. What other magazines do you read or subscribe to:
    ☐ Internet Retailer
    ☐ Practical E-Commerce
    ☐ Multichannel Merchant
    ☐ Catalog Age
    ☐ Advertising Age

    ☐ Other _____

14. How did you first hear of *eBiz Insider*:
    ☐ It just arrived in my mailbox
    ☐ A friend told me about it
    ☐ Online Market World
    ☐ Internet Retailer Show
    ☐ Not sure
    ☐ Solid Cactus

15. If you selected "Solid Cactus:, how did you hear of Solid Cactus:
    ☐ Fellow e-commerce store owner
    ☐ Internet Search
    ☐ "Designed by" link on a website
    ☐ Internet Retailer
    ☐ Practical E-Commerce
    ☐ Yahoo! Developer Network

    ☐ Other _____

16. What platform is/are your e-commerce store(s) on:
    ☐ I don't have a e-commerce store
    ☐ Yahoo! Store
    ☐ Monster Commerce
    ☐ ProStores
    ☐ Amazon
    ☐ Miva
    ☐ Not sure

    ☐ Other: _____

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