

EMERGING COMPANIES

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A site that sells

Getting a website up and operating successfully may be a lot harder than it sounds, but it's just the start of running an online business. By **Kristen Le Mesurier**

THERE IS NOTHING MORE TEMPTING to a small business owner than a website promising to increase sales quickly – particularly when high rent, rising labour costs and fierce competition make setting up a physical shopfront a huge burden.

The barriers to entry seem low. But technical glitches, razor-thin margins, credit card fraud and shrewd consumers make the online world a dangerous place for all but the most-prepared business owners.

It took the online baby accessory retailer Babybuds almost two years to create a reliable and secure website. With sales of more than \$1 million a year, 90 per cent of Babybuds' orders now come from its website.

"I was desperate to get a website up and running," founder and managing director Charmaine Papallo says. "It was the best place to start because it is such a cheap way to sell. We needed pictures on the internet because we were getting so many phone calls saying, 'I can't visualise the products. Can you describe them?'"

Despite spending weeks quizzing internet developers on what they could create and for how much, Papallo ended up with two websites that crashed when customers were in the middle of paying. She also had a bill from a third website developer who had spent 40 hours assessing whether either website was worth repairing.

Papallo spent nearly \$20,000 on the two websites before she was forced to scrap both and start all over again. "Problems at the payment end are disastrous because trust is key when you're asking customers to send their credit card details over the internet," she says.

The challenges of selling online are big but the opportunities are bigger, with the number of Australians buying goods and

services online growing. Almost 12 million Australians accessed the internet at least once from home or work in December, according to ACNielsen, and 41 per cent of respondents under the age of 45 surveyed by Visa International planned to do their Christmas shopping online last December.

Problems arise when small business owners equate the popularity of online shopping with wads of cash. Because barriers to entry are low, online strategies must be watertight. That means spending almost as much time and money on e-commerce websites and marketing as big-business counterparts.

"So many people think they can spend as little as \$2500 on a new computer, a laser printer, a new desk and a chair, and that's it – they sit back saying their at-home, on-the-internet business is all set up," Steven Smith, e-business consultant and founder of United Focus says. "When you tell them they should budget for at least \$2000 to be spent on a website, they fall about saying they couldn't possibly afford that."

Smith says there are four big challenges for business owners. Web developers often pose the first, but once the website is up and running, visibility, credibility and winning customer loyalty cause the most headaches.

"I find that most business owners have trouble articulating their needs," he says. "They say to a web developer: 'I want a professional, elegant-looking sight and I don't want to spend much money. What can you do for me?' The developer then scratches his head."

What the business owner wants from the site – to facilitate sales or act as an information source – and who the target audience is, must be thought out before sitting down with a website designer. Writing a website brief gives the designer a framework to work within and makes sure both parties are working towards the same end.

"Ask for quotes from a bunch of designers that break down the elements," Smith says. "For example, how much for the graphic design, the e-commerce solution, the back-end of the website. Then you can compare apples with apples."

Clear instructions don't always avoid problems. Papallo says her first three web developers were great when it came to design and content; the problems were always technical. "It was like they didn't understand where the problems were," she says.

Information on the website must also be easily accessible and impressive. "If the website is about telling potential customers about what you do, get excited about writing the contents, not whether the font is blue or swirly green," Smith says. Papallo set up the back-end systems of Babybuds' website so that she can

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How to sell online

- Know what you want from the website before you sit down with web developers.
- Give web developers clear instructions. Many get swept up in design and spend hours creating a visually impressive website that can take users minutes to download.
- Put yourself in the shoes of the user. Create a website that is easy to navigate. Payment processing should be fast and information detailing how secure the site is easy to find.
- Check competitors' pricing. Margins are razor-thin so make sure you can charge market rates and still make a profit.
- Draw buyers to the website via links from high-traffic websites. Make the website "Google friendly" by working in the most popular search terms on the home page.
- Cultivate loyalty. Build a database of buyers and send out electronic newsletters and emails when new products and services are launched.