LOW-BUDGET ONLINE MARKETING
FOR SMALL BUSINESS

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This book is dedicated to all the small-business owners and entrepreneurs out there who have dedicated their passion, hard work, and drive to make their ideas a reality. May your businesses be profitable and rewarding.
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INTRODUCTION

With the Internet boom of the mid-1990s came the end of corporate-controlled media. The Internet revolution gave everyone a voice, regardless of income, status, or political views. It quickly took the small business beyond the boundaries of the neighborhood and allowed entrepreneurs with limited budgets to compete on a global level.

However, it didn’t take long before deep pockets and major corporations started taking a bigger and bigger piece of the Internet space. In early 2000, big businesses used their budgets to develop massive online co-branding campaigns and to push out flashy high-tech ads across major web portals. They hired SEO agencies to optimize their websites to show up at the top of Google, and the once cost-effective pay-per-click ad buys got too expensive for the small entrepreneur with a limited marketing budget. It seemed that the small businesses could no longer afford to keep up.

Fortunately, today, with the massive growth of the social Web (blogs, Facebook, YouTube, Twitter), the playing field is leveled once again. The social Web allows even business owners and marketers with limited technical experience to post business updates
quickly and to communicate with customers efficiently — sometimes without ever picking up the phone or even opening up a storefront.

Today, small businesses have a few other important advantages over the major corporations: speed, flexibility, passion, and personality. In fact, these very traits that make small businesses special are what will help them thrive in today’s online world.

After working for high-priced web-design agencies and consulting for some major corporations I learned firsthand just how much money some businesses are willing to spend to market their products and services over the Internet. When I started my own web design and online marketing company in 1999, I was forced to find low-cost ways to give my small-business clients the same type of services I offered the big-budget clients at the agency. I started looking for ways to replicate the six-figure marketing campaigns for small businesses. The Internet is the perfect medium for this, because you can test ads and concepts for a fraction of the cost of print, radio, or television ads.

Advertising on the web is extremely targeted and measurable, making it the most cost-effective form of advertising available today. There is no other medium that allows small businesses to truly compete with the big guys.

This book provides online marketing case studies of top companies such as Best Buy, Barnes and Noble, Pepsi-Cola, Banana Republic, Jenny Craig International, BMW, and Amazon.com, and explains how you can create similar campaigns for much less. You will learn how to generate quality website traffic and sales leads while saving money at the same time. I will show you how to turn a website into a trusted resource and how to entice customers to frequent your online store.

This book does not explain how to set up an e-business, but rather how to improve the marketing efforts of an existing business. It is for any group or individual hoping to market an idea, company, service, or product with limited resources and funds. Through it, you will learn —

- how to use Facebook, YouTube, LinkedIn, Twitter, and other social networking sites to promote your company,
- the most effective way to start and promote your blog,
how to market yourself online to a local market,
how to ensure that your company website is designed to specifically attract your ideal customer,
how to use email marketing to reach potential customers,
the importance of co-branding and how to choose the right online partners,
how to create custom content that keeps your audience coming back for more,
how to position yourself as an authority in your industry, and
how to spend your marketing dollars wisely with cost-effective ad buys and search engine registration techniques that will put your website ahead of its competitors.

This book will give you the information you need to take high-end online marketing and web design concepts and make them work for your business and your budget.
What’s the difference between a $1,000,000 online marketing campaign and a $1,000 campaign? Surprisingly, not much. Sure, the million-dollar campaign might have flashier graphics, a high-priced ad agency, well-known celebrities, or a more sophisticated database to store and track all the market data, but the concepts behind the two campaigns are almost identical.

As a small business, you have an advantage that many big corporations don’t: speed. Speed in the ability to quickly update your blog, react to reviews on Kudza.com or Yelp.com, post coupons on Foursquare, get creative on Facebook, and keep up with Twitter; this puts small business ahead of big corporations in interpersonal relations. While big businesses get slowed down by branding, legality, and processes, opportunities to reach out and react to customers in real time are passed up. That’s why working toward a powerful online presence is so essential for small businesses. Regardless of budget, you have the influence and power to put your message online and get it heard.
What Is Online Marketing?

So what exactly is online marketing? Online marketing is the process of putting your product or business in front of more than 1 billion active Internet users worldwide, who are looking for services and information online. It is the process of turning your current website, blog, or profile into a powerful medium to maximize your business and sales potential.

Online marketing is much more than buying ads online. It’s about how you communicate with your customers via email, message boards, and chatrooms. It is about updating your website with important product information and offers. It is any kind of promotion your company does using the Internet.

The center of your online marketing efforts should be your website. The feelings consumers have when they visit your website carry over to how they perceive your entire company or organization. No matter how effective your marketing campaign is, if you don’t have a well-designed, professional-looking website, people will not buy from you. (See Chapter 10 for details on improving the design of your website.)

The advantage of online marketing is that you don’t have to have a multimillion-dollar marketing budget to put together an effective campaign. There are now shopping cart templates, website templates, and even online marketing templates created by companies such as Yahoo!, Google, PayPal, and Microsoft that help companies with limited budgets get their e-business quickly off the ground. Also, if you know where to look and the right questions to ask, you can take very sophisticated online marketing strategies and implement them on almost any size budget because there are so many resources available to you. (See Chapter 11 on working with web developers.)

Prerequisites for Successful Online Marketing

Before getting into the details and strategies of online marketing, there are some important factors to consider, among them human resources, the importance of consistent communication, and the need to buy online.
Adequate human resources

To succeed online, you must have real people working behind your website. No matter how sophisticated technology gets, websites don’t run themselves. It is the personal touches and quick responses to problems that make a website work and turn visitors into customers.

The standard acceptable time to return a business email is 24 to 48 hours (although sooner is always better!). Take any longer than that and you have most likely lost the customer. If you do not have the human resources to return emails in two to three business days, you need to rethink your online marketing strategy. Although there are several email automation programs, you cannot depend on automated responses to answer your customer’s specific questions. Customers are still looking for that human touch, even through a computer monitor.

My husband and I learned this firsthand when we decided to start a travel website dedicated to Baja California, Mexico. Through our website, we offered services such as Mexican auto insurance (a necessity for any American driving across the border), hotel and airline reservations, and special products from Mexico such as clothing and artwork. We honestly thought that by posting a vast amount of information on our website such as travel tips, local events, laws, and so on, customers would get all the information they needed about traveling in Baja and the site would essentially run itself. We planned to travel Mexico while we watched the money from our website roll in. We couldn’t have been more wrong.

No matter how many links and stories we posted, we still received hundreds of emails from customers wanting more information — especially when it came to making a purchase. We were even reprimanded on our own message boards for not answering posts on a regular basis!

We learned right away that building a website does not eliminate the need for customer service. In fact, it should allow you to give better customer service. A common misconception exists among companies that creating a website replaces customer service. Although websites do help customers find information they need about your product or service, in the process, they can actually create a need for more human resources.
Consistent communication

How you reply to a customer’s Tweet, comment, blog post, forum post, or email is an extremely important part of online marketing. If you’ve spent the time and money to get a customer to look at your website or profile and contact you, it would be a shame to lose that potential customer just at the time when you could be closing a sale. Be sure your message carries the same tone as your website and brand. For example, if your website is fun and humorous, your emails should be written that way. If your company has a very corporate, serious brand, your emails should convey an equally professional tone.

Your brand should carry over to all your online communications, right down to your email signature. In most email programs, you can set up a personal email signature that will automatically attach to all of your outgoing messages. All of your emails, whether sent to business associates, clients, or friends, should be signed with your business signature. An effective email signature should include your full name, title, contact info, website address, and a couple of words explaining what you do. You can even add a couple of lines about a company promotion. If you have a company Twitter account or LinkedIn profile, you may wish to link to those in your signature as well.

Here are some examples of good email signatures:

Holly Berkley
Interactive Marketing Consultant
555-555-5555
www.berkweb.com
Download a FREE Chapter from my new book Marketing in the New Media at www.marketinginthenewmedia.com

Jennifer Nichols
Tria Advertising, Marketing & Special Events
555-555-5555
www.triaadvertising.com
September Special: Get 500 business cards for $99.

Keith Berkley
Berkley Construction, Inc.
San Diego General Contractor
License # 833169
555-555-5555
www.berkhome.com
Ask us about Solar!
To sell or not to sell online

After the customer service commitment, the most important factor to consider before starting an online marketing campaign is whether or not there exists a reasonable need for your product or service to be available online. Customers must find genuine value in buying something through your website, rather than dropping by the local mall or convenience store.

Genuine value really boils down to two key motivating factors:

➧ Convenience

➧ Cost

Is your product rare or hard to find in your area? Is it easier for customers to buy your product online than to drive to a local store? Is it cheaper to sell the product over the Internet than in a storefront?

A perfect example of e-tailers cashing in on a consumer need based on convenience and cost occurred when the new tobacco tax was enacted in New York in autumn 2002. The tobacco tax sent the cost of cigarettes skyrocketing to more than $7.50 a pack, making New York the most expensive place in the United States to buy a pack of cigarettes.

So what were smokers in New York to do? They certainly wouldn’t all quit smoking. They would just have to buy cigarettes outside New York. Since more than 78 percent of New Yorkers don’t own cars, the Internet became the perfect medium to distribute cheaper cigarettes, and 15 million packs sold online in the first month after the tax was enacted. According to Rebecca Lieb in an August 2002 article for ClickZ, “In only four weeks, over $100 million was redirected from the cash registers of delis and newsstands to Indian reservations and other out-of-state vendors.”

E-tailers saw a need and acted. And the cigarette industry is not the only industry booming online. Overall online consumer sales jumped 26 percent from July 2001 to July 2002, by which time they were averaging $6 billion USD per month.

“This is one of the only US economic sectors experiencing double-digit growth this year,” wrote Lieb. “It’s because buying online increasingly fits consumer needs . . . Look at what’s growing: travel, computer hardware, and, most of all, financial services and information. All offer solid incentives to buy online.”
What Sells and What Doesn’t Sell Online

Unfortunately, marketing and sales success do not always go together. An example of a company that was very successful at marketing itself online but unsuccessful at selling products online was Petopia (see Case Study). Besides pet supplies, other items that are difficult to sell online are designer clothing and large items such as furniture and appliances (the main reason www.Furniture.com failed). Besides the high cost of shipping heavy items, the chief deterrent to such online sales is that customers want to be able to touch a product before deciding to make an expensive purchase.

Petopia launched a million-dollar ad campaign to sell pet products online. But no matter how big their online marketing efforts were, their product was not right for the web. They never created a “need” for buying pet supplies online. Shipping costs were a primary factor affecting Petopia’s online sales. People just didn't want to pay high shipping costs for a heavy bag of discount cat litter or dog food when they could buy the same product at almost any grocery store. Plus, most additional purchases people make for their pets are impulse buys, like cute chew toys and treats.

Petopia closed its online store in February 2001 and its domain name now points to www.Petco.com, one of its initial investors. Petco now uses the website to help promote its 500-plus retail stores. The website sells pet products online, but also provides a community for pet owners, as well as articles and health information about pets. However, the site’s primary function is to promote Petco’s retail stores and their overall brand as pet experts, not generate online sales.

A study by Forrester Research and the National Retail Federation found that US Internet users feel more comfortable spending money on small-ticket items, the most popular categories being software, music, books, toys, small appliances, gardening supplies, and flowers — basically, anything consumers don’t feel the need to touch.
This information applies especially to small businesses. Online stores tied to an established retail chain are much more likely to find success in selling big-ticket items than small, home-based businesses. This is because consumers are already familiar with the quality and “feel” of products from recognized brands.

Let’s take expensive clothing for an example. Banana Republic recently moved its specialty sizes (petites and longs) out of its brick-and-mortar stores and into its virtual store, www.BananaRepublic.com. Typically, I would never buy a suit that I had not tried on first, but I will buy from BananaRepublic.com for a couple of reasons. One, I have been inside their stores, touched their clothing, and know how their sizes fit. The second reason is that there are two Banana Republic stores less than ten miles from where I live, making it very convenient to return items that don’t fit quite right. The final and most important reason why I would buy an expensive suit that I had never tried on is that the marketing folks at Banana Republic created a genuine need for me to shop online, just like the New York tobacco tax did. Because I am above average height, I need extra-long pants. Long sizes from Banana Republic were only available online.

Let’s assume that you are not Banana Republic, and your product or service doesn’t seem well-suited to online sales. Just because people may not buy your product online doesn’t mean you shouldn’t use the Internet to market it. The Pepsi-Cola case study exemplifies everything that online marketing is supposed to be. It shows a complete synergy between the brand, offline sales, customer communications, and effective co-branding efforts.

More and more often, effective online campaigns significantly help offline sales. A study by DoubleClick and Information Resources found that online advertising markedly influences consumer perceptions of an offline brand in a positive way.

When Pepsi-Cola launched its website www.PepsiStuff.com in 2000, the site became the centerpiece of one of the most successful advertising campaigns in Pepsi’s 103-year history — and the company didn’t sell a single bottle or can of Pepsi online.

According to John Gaffney’s article in Business 2.0, here’s how it worked: Pepsi printed special codes underneath more than 1.5 billion even if you don’t sell your product online, you can still use the Web to generate offline sales.
caps of plastic Pepsi bottles. Each code was worth 100 points, which could be used to shop online for prizes such as clothing and CDs.

Taking the campaign online had its advantages from the very beginning. Right away, Pepsi-Cola saved more than $10 million USD simply by not having to print prize catalogs. Pepsi also benefited from its partnership with Yahoo! (See Chapter 7 for more information about online co-branding opportunities.) With Yahoo! hosting and providing technical assistance to the PepsiStuff.com website, Pepsi was able to sidestep having to manage its own high-traffic e-commerce site. In exchange for its technical assistance, Yahoo! received co-branding on all PepsiStuff bottles and in-store displays, as well as $5 million USD in television and print exposure.

During the online campaign, overall national sales of single-serve Pepsi bottles jumped 5 percent. That is a huge accomplishment considering that overall soda sales increased by only 0.2 percent the previous year. More important, the online campaign allowed Pepsi to collect 3.5 million customer profiles, which included golden demographic information such as customer name, email address, zip code, and date of birth. Once Pepsi’s marketing team could confirm who their target audience was, they were able to create additional extremely effective marketing campaigns both online and offline.

Demographic information collected during the PepsiStuff campaign solidified the company’s decision to place Britney Spears in its Super Bowl commercial. The Britney Spears campaign proved to be a huge success with Pepsi’s target audience. In only nine days, more than 1.1 million people logged on to www.yahoo.com and downloaded the television commercial. For consumers to actively take the time to download a commercial shows that Pepsi appealed to its target audience with overwhelming success.

Finally, as you read the next few chapters, think about how you can take the strategies and case studies presented throughout this book down to a more localized and personal level for your business. The Internet may have taken the small business global at one time, but today, the most success is found at the local level.
Google, Microsoft’s Bing, and Yahoo! now list local businesses at the top of their keyword searches. Customers rely on their mobile phones and applications like Foursquare to find local businesses and specials. We’re seeing localized coupon sites like Groupon.com generate incredible success by marketing local businesses to local customers. More and more people check local directory sites like Kudzu.com, Yelp.com, and various city guides for testimonials, ratings, and contact information before venturing to a company’s actual website. Having a strong, local, targeted online presence is essential for the success of today’s small businesses, and it’s crucial to how they stand out from the more global competitors online.