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DUMMIES[®]
A Wiley Brand

7th Edition

by Greg Holden

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A Wiley Brand

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Introduction

You've been thinking about starting your own business for a while now. You've heard about the woman whose Julie/Julia Project blog was turned into a book and a popular movie. You've heard about young entrepreneurs who've made billions creating popular websites such as Facebook. But you've been slow to jump on the bandwagon. You're a busy person, after all. You have a full-time job, whether it's running your home or working outside your home. Or perhaps you've been laid off or are going through some other life-changing event and are ready to take off in a new direction, but the economic upheavals of recent years leave you understandably reluctant to make a big career change.

Well, I have news for you: *Now* is the perfect time to turn your dream into reality by starting your own online business. More individuals than ever before — regular folks just like you — are making money and enriching their lives by operating businesses online. The clock and your location are no longer limiting factors. Small business owners can now work any time of the night or day in their spare bedrooms, local libraries, or neighborhood coffee shops.

If you like the idea of being in business for yourself but don't have a particular product or service in mind, relax and keep yourself open to inspiration. Many different kinds of commercial enterprises can hit it big on the Internet. Among the entrepreneurs I interviewed for this book are a woman who sells her own insect repellent, a husband and wife who sell items from their native Europe, a woman who provides office services for the medical community, a housewife who sells sweetener and coffee on eBay, a sculptor and painter, a young man who started selling electronics online at age 16, and several folks who create web pages for other businesses. With the help of this book, you can start a new endeavor and be in charge of your own cyberbusiness, too.

You Can Do It!

What's that? You say you wouldn't know a merchant account, a profit and loss statement, or a clickthrough advertising rate if it came up to you on the street and introduced itself? Don't worry: The Internet (and this book) levels the playing field so that a novice has just as good a chance at succeeding as MBAs who love to throw around business terms at cocktail parties.

The Internet is a pervasive and everyday part of the business landscape these days. Whether you've been in business for 20 years or 20 minutes, the keys to success are the same:

- ✓ **Having a good idea:** If you have something to sell that people have an appetite for, and if your competition is slim, you have a strong chance of being successful.
- ✓ **Working hard:** When you're your own boss, you can make yourself work harder than any of your former bosses ever could. If you put in the effort and persist through the inevitable ups and downs, you'll be a winner.
- ✓ **Believing in yourself:** One of the most surprising and useful things I discovered from the online businesspeople I interviewed was that if you believe that you'll succeed, you probably will. Believe in yourself and proceed as though you'll be successful. Together with your good ideas and hard work, your confidence will pay off.

If you're the cautious type who wants to test the waters before you launch your new business on the Internet, let this book lead you gently up the learning curve. After you're online, you can master techniques to improve your presence. This book includes helpful hints for doing market research and reworking your website to achieve success.

Jump In, the Water's Fine

When I first started revising this new edition in early 2013, I was not surprised to find that many businesses had rebounded five years after the serious economic crash. I *was* surprised to find that so many new ways of doing business had either appeared or become commonplace (mobile shopping and Facebook stores, for example). It turns out that *any time* is a good time to start an online business as long as you have a good idea and a smart business plan.

New resources, many of which didn't exist when I wrote the previous edition, present entrepreneurs with opportunities to market themselves and their products and services. Tablets make selling easier than ever, and smartphones make mobile shopping an everyday occurrence. Standards such as Pinterest, Fulfillment By Amazon, and Square Payments were either just emerging or hadn't yet come to fruition only a few years ago. Well-known marketplaces such as eBay give businesspeople a solid foundation on which to start a new business. Other well-known web-based service providers such as Yahoo!, PayPal, and Amazon.com give you a way to reach millions of potential customers. Bloggers are an everyday part of the cyberspace

landscape, and some are making a regular source of income from their online diaries. Google and Yahoo! are making it easier than ever to gain advertising revenue.

As the web becomes more of a way of life and broadband Internet connections become widespread around the world, doing business online isn't considered unusual anymore. Still, you may have reasonable concerns about the future of e-commerce and for the entrepreneurs this book seeks to help — individuals who are starting their first businesses on the web. Your fears will quickly evaporate when you read this book's case studies of my friends and colleagues who conduct business online. They're either thriving or at least keeping their heads above water, and they enthusiastically encourage others to jump right in.

Where This Book Is Coming From

Online business isn't just for large corporations, or even just for small businesses that already have a storefront in the real world and simply want to supplement their marketability with a website.

The Internet is a perfect venue for individuals who are comfortable using computers, and who want to start their own business and believe that cyberspace is the place to do it. You don't need much money to get started. If you already have a computer as well as an Internet connection and can create your own web pages (something this book helps you with), making the move to your own business website may cost only \$100 or less. After you're online, the overhead is pretty reasonable, too: You may pay only \$10 to \$75 per month to a web hosting service to keep your site online — or pay nothing, if you sign up with one of the specialty marketplaces that give you a platform for creating web pages and selling products, and charge a fee only if you make a sale.

With each month that goes by, the number of Internet users increases exponentially. The growth is greatest outside the United States. To be precise, in summer 2012, Internet World Stats released data indicating that the number of Internet users worldwide was nearing 2.5 billion — double the number of users five years before. Asia had by far the largest number of users, with more than 1 billion individuals online, a full 44 percent of the world's total. Amazingly, that still means only 27.5 percent of the Asian population has Internet access at home, setting the stage for continued growth in that continent. We have long since reached that critical mass where *most* people are using the Internet regularly for everyday shopping and other financial activities. The Internet is already becoming a powerhouse for small businesses.

How to Use This Book

Want to focus on what's new and different in e-commerce? Jump right in to Chapter 1. Looking for an overview of the whole process of going online and being inspired by one man's online business success story? Zip ahead to Chapter 2. Want to find out how to accept credit card payments? Flip ahead to Chapter 7. Feel free to skip back and forth to chapters that interest you. I've made this book into an easy-to-use reference tool that you'll be comfortable with, no matter what your level of experience with computers and networking. You don't have to scour each chapter methodically from beginning to end to find what you want. The Internet doesn't work that way, and neither does this book!

If you're just starting out and need to do some essential business planning, see Chapter 2. If you want to prepare a shopping list of business equipment, see Chapter 3. Chapters 4–9 are all about the essential aspects of creating and operating a successful online business, from organizing and marketing your website to providing effective online customer service and sourcing merchandise to sell. Chapters 10–13 examine the many ways to market your business cost effectively online. Chapters 14–16 explore a variety of marketplaces and services you can exploit, including eBay, Amazon.com, Google, and Facebook. Later chapters get into legal issues and accounting. The fun thing about being online is that it's easy to continually improve and redo your presentation. So start where it suits you and come back later for more.

What This Book Assumes about You

This book assumes that you've never been in business before but that you're interested in setting up your own commercial site on the Internet. I also assume that you're familiar with the Internet, have been surfing for a while, and may even have put out some information of your own in a home page.

This book also assumes that you have or are ready to get the following:

- ✓ **Some sort of computing device, either handheld or desktop, and a way to get online:** Don't worry; Chapters 3 and 4 explain exactly what hardware and software you need.
- ✓ **Instructions on how to think like a businessperson:** I spend a lot of time in this book encouraging you to set goals, devise strategies to meet those goals, and do the sort of planning that successful businesspeople need to do.
- ✓ **Just enough technical know-how:** You don't have to do it all yourself. Plenty of entrepreneurs decide to partner with someone or hire an expert to perform design or technical work. This book can help you understand your options and gives you a basic vocabulary so that you can work productively with any consultants you may hire.

What's Where in This Book

This book is divided into six parts. Each part contains chapters that discuss stages in the process of starting an online business: launching your business, and combining a website, social marketing, and multiple storefronts to reach customers from three different angles.

Part I: Launching Your Online Business

In Part I, I describe what you need to do and how you need to *think* so that you can start your online business. The first chapter summarizes what's new in e-commerce, so you can get up to speed right away. Chapter 2 describes several Internet success stories, including a programmer who turned his career around and a mapmaker turned entrepreneur. In subsequent chapters I describe how other entrepreneurs started their online businesses. I also describe the software you need to create web pages and perform essential business tasks, along with any computer upgrades that help your business run more smoothly. You also discover how to choose a web host and find exciting new ways to make money online.

Part II: Creating a Business Website

Even if you only sell on eBay or make money by placing affiliate ads, at some point you need to create a *website* — a series of interconnected web pages that everyone in cyberspace can view with a web browser. A website is a home base where people can find you and see what you have to offer. This part explains how to create a compelling website that attracts paying customers around the world and keeps them coming back to make more purchases. This part also includes options for attracting and keeping customers, making your site organized and easy to navigate, sourcing inventory, and updating and improving your online business.

Part III: Social Networking and Marketing

Some of the most exciting options for starting a business online are building a name for yourself and attracting customers to your products and services through word-of-mouth advertising, social networking, and other advertising strategies. In this part, you find out all about those options and discover the ins and outs of advertising online. You improve your visibility by keeping up with your customers through e-mail and newsletters, and optimizing your catalog listings and website for search engines such as Google and Bing. You also see how to spread the word on Facebook, Twitter, and your own blog, and find out how to reach customers in your local area. Many of these

sites enable budding businesspeople to conduct a cost-effective and highly targeted form of online advertising called *search engine optimization (SEO)*, which I describe in detail in Chapter 11.

Part IV: Expanding Beyond Your Website

You can generate sales revenue without setting up your own website from scratch. Rather than go it alone, you can sign up with one of the many well-established business marketplaces on the web that enable individuals just like you to create storefronts or sell individual items. In this part, you find out about creating websites or storefronts on Amazon and eBay, among other venues. You also learn about the third part of triangulation: reaching customers through one or more specialty marketplaces. Finally, you learn how to manage a business with multiple channels through special software and tools provided by Google.

Part V: Keeping Your Business Legal and Fiscally Responsible

This part delves into some essential activities for any online business. Find out about general security methods designed to make commerce more secure on the Internet. I also discuss copyrights, trademarks, and other legal concerns for anyone wanting to start a company in the increasingly competitive atmosphere of the Internet. Finally, you get an overview of basic accounting practices for online businesses and suggestions for accounting tools that you can use to keep track of your e-commerce activities.

Part VI: The Part of Tens

Filled with tips, cautions, suggestions, and examples, the Part of Tens presents many tidbits of information you can use to plan and create your own business presence on the Internet, including ten e-commerce marketplaces worth exploring.

Conventions Used in This Book

In this book, I format important bits of information in special ways to make sure you notice them right away:

- ✓ **In This Chapter lists:** Chapters start with a list of the topics I cover in that chapter. This list is like a miniature table of contents.
- ✓ **Numbered lists:** When you see a numbered list, follow the steps in that order to accomplish a given task.
- ✓ **Bulleted lists:** Bulleted lists (like this one) indicate things you can do in any order, or they list related bits of information.
- ✓ **Web addresses:** When I describe activities or sites of interest on the World Wide Web, I include the address, or Uniform Resource Locator (URL), in a special typeface, like this: `http://www.wiley.com`. Because the newer versions of popular web browsers don't require you to enter the entire URL, this book uses shortened addresses. For example, if you want to connect to the Wiley Publishing site, simply enter the following in your browser's Go To or Address box: `www.wiley.com`.

Don't be surprised if your browser can't find an Internet address you type or if a web page shown in this book no longer looks the same. Although the sites were current when the book was written, web addresses (and sites themselves) can be pretty fickle. Try looking for a missing site by using an Internet search engine. Or try shortening the address by deleting everything after the `.com` (or `.org` or `.edu`).

Icons Used in This Book

Starting an Online Business For Dummies, 7th Edition, uses special graphical elements — *icons* — to get your attention. Here's what they look like and what they mean:



This icon points out some technical details that may be of interest to you. A thorough understanding, however, isn't a prerequisite to grasping the underlying concept. Non-techies are welcome to skip items marked by this icon.



This icon calls your attention to interviews I conducted with online entrepreneurs who provided tips and instructions for running an online business.



This icon flags practical advice about particular software programs or issues of importance to businesses. Look to these tips for help with finding resources quickly, making sales, or improving the quality of your online business site. This icon also alerts you to software programs and other resources that I consider to be especially good, particularly for the novice user.



This icon points out potential pitfalls that can develop into more-major problems if you're not careful.



This icon alerts you to facts and figures that are important to keep in mind when you run your online business.



This icon alerts you to find related information elsewhere in the book or in another book.

Beyond the Book

This edition of *Starting an Online Business For Dummies* isn't just what you see within the book you're holding. Here's a glimpse at this book's companion content, which you can reference online at any time:

- ✓ **Cheat Sheet:** Go to www.dummies.com/cheatsheet/startinganonlinebusiness, and you'll find lists, charts, and summaries that serve as an easy-to-use reference when you don't have the book at hand. You'll find a chart matching specific business goals with the three components of online business triangulation (website, social marketing, and storefronts); a second chart that matches the many types of website/storefront hosts you can choose with the types of merchandise you want to sell; a checklist to help you boost your search engine placement; and a sample calendar you can modify to help you fit all your e-commerce tasks into a weekly schedule.
- ✓ **Extras:** On several of the pages that open each of this book's Parts, you'll find links to web extras — articles that expand on some of the concepts discussed in that part. The web extra for Part II summarizes some essential tasks you need to perform to get your new business off the ground. In the web extra for Part III, you get three social marketing tips. In Part IV's web extra, you discover more about expanding your business beyond your website. You'll find the web extras at www.dummies.com/extras/startinganonlinebusiness.

We're In It Together

Improving communication is the whole point of this book. My goal is to help you express yourself in the dynamic medium of the Internet and to remind you that you're not alone. I'm a businessperson myself, so I hope you'll let me know what you think about this book by contacting me directly if you have questions or comments. Visit my personal web page at www.gregholden.com or e-mail me at greg@gregholden.com.

Part I
**Launching Your Online
Business**

getting started
with
**an online
business**



Learn how e-commerce has changed over time and discover the latest e-business trends at www.dummies.com/extras/startinganonlinebusiness.

In this part . . .

- ✓ Be inspired by stories of successful online businesspeople and how they are connecting with customers and followers.
- ✓ Follow ten essential steps for opening your own online business.
- ✓ Plan out your e-business and get the essential software and hardware you need to get started.
- ✓ Find hosting services for your domain name and website.
- ✓ Learn about shopping cart and Web editing software you need to build your online presence.

Chapter 1

New Tools and Strategies for Your Online Business

In This Chapter

- ▶ Reaching potential customers on mobile devices
 - ▶ Opening your business to customer input and participation
 - ▶ Taking advantage of new funding opportunities
 - ▶ Creating a website “home base” that you can expand
 - ▶ Marketing your products and services with social media
 - ▶ Expanding your e-commerce operation by opening multiple storefronts
-

New technologies and ways of shopping and selling are always popping up in the world of online commerce. One of the biggest new developments is the proliferation of devices like the ones in your own pocket or on your work table. Buyers — the people you want to connect with online — are finding new ways to shop and make purchases. Consumers can shop wherever they are in the world. They’re surfing with small screens, using mobile apps, and taking charge of the e-commerce experience more than ever before.

At the same time, those who seek to start or grow an online business have new opportunities to help them along. They can get help from the same engaged customers with whom they engage on social marketing sites like Facebook and Twitter. They can find the funding they need by turning to new resources like Kickstarter. And they can follow the example of the many ambitious small business owners who are triangulating their business processes — using websites, social media, and storefronts to connect with customers from many different angles.

Keeping up with all the new trends in online commerce is getting harder because it's a constantly moving target. This chapter gives you an overview of some of the many new and exciting ways to conduct e-commerce. If you've heard about e-commerce before and weren't attracted by the thought of creating a website and sales catalog, take a look at these innovative options for generating revenue.

E-Commerce Is Goin' Mobile

As I was working on this chapter, I covered eBay's Analyst Day event, in which eBay describes the trends it is seeing in e-commerce and made projections about future growth. CEO John Donahoe focused his opening remarks on the rise of mobile commerce.

Consumers now shop with smartphones in hand in brick-and-mortar stores. They compare prices and research the products they see in front of them. They don't always follow through and make purchases with their mobile devices. But more and more shoppers throughout the world are going through the purchase process on the small screen. But you can increase the chances that they will, as described in the sections that follow.



eBay reported \$13 billion in sales volume in 2012; that represents 13.5 percent of its entire volume of \$175 billion. The company projects that its mobile commerce figures will grow 20 percent annually through 2015. Find out more at www.ebayinc.com/investor_relations/analyst_day_2013.

Designing for the small screen

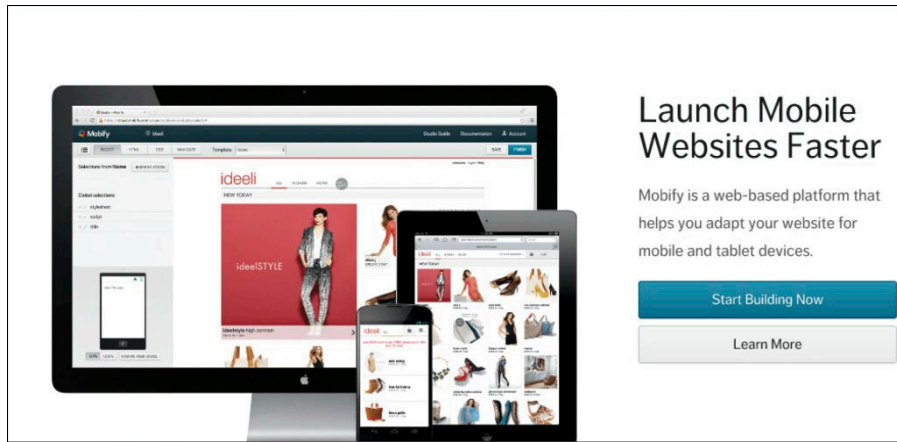
The first way to attract mobile shoppers is to make sure your website or online store loads quickly and is easy to navigate. For big companies that have their own IT and web design staff, that means adapting the site they've designed to appear on a big desktop monitor so that it works on a 5-inch or smaller smartphone screen.

If you don't have a designer on staff, you can get your own mobile site by signing up with a hosting service that provides you one for free. You can also turn to a company like Mobify (www.mobify.com), which specializes in creating mobile sites for online sellers. Three versions of one home page are shown in the image on Mobify's home page, shown in Figure 1-1.



See Chapter 19 for ten ways to reach mobile shoppers.

Figure 1-1:
Make sure
your web-
site or store
is adapted
for mobile
users.



Selling mobile, selling local: Two examples

There are many ways to sell online, but some of the newest involve mobile technology and reaching local customers online. Here are just two examples of entrepreneurs who are taking advantage of these approaches.

Lisa Bettany, a professional photographer (not a programmer), spent a year and a half creating an app for the iPhone called Camera+. She was pretty much destitute while she was doing this. She hired a programmer to help make her idea a reality. Since it was released, she has generated \$4 million by selling 4 million of her apps in iTunes and other locations. You can find more about Lisa at www.MostlyLisa.com.

What if you aren't technologically savvy, but you have a great deal of knowledge, even passion, for a particular subject? Dean Pettit was a worker for NASA in Florida when he

was laid off. He loves the outdoors, especially the area called the Space Coast. He created a aggregation website called Space Coast Outdoors (www.spacecoastoutdoors.net), which collects information about a single topic in one place so it's easy to find. It's the kind of aggregation of information that has worked since Yahoo! started back in the 1990s.

You're probably wondering how this kind of site makes money when all you're providing is information. You build as much traffic as you can, and when you get to a certain number of visitors, you can start to sell ads.

Dean Pettit isn't getting rich from his site, at least not yet. But the extra spending money helps while he's between day jobs, and he's hoping to build enough monthly income so eventually he won't need a day job.

Facilitating purchases and searches

You need to list yourself where mobile shoppers hang out. Make sure you're on the local directory Google Places for Business (www.google.com/business/placesforbusiness) and places like the review site Yelp (www.yelp.com), for example. List your products on venues like eBay Local Shopping (www.ebay.com/local). People love to look up reviews on their mobile devices, so make sure you're there.

Mobile commerce is also about making it easy for shoppers to tap the Buy button on their touch screens. Here again, the choice of service provider is critical. Some specifically focus on making shopping and purchasing as easy as possible for mobile buyers.

Find out more about organizing both desktop and mobile websites in Chapter 5.



Businesses Processes Are Becoming Social

Those who believe in political or human rights know the power a group of people can have. In the online business world, some forward-looking companies have enlisted the participation of the “crowd.”

I'm not talking about using social marketing sites like Facebook to build brand loyalty and boost sales. (That subject is discussed in Chapter 13, by the way.) Rather, these innovative companies are letting customers participate in the process of manufacturing and designing products.

Choosing merchandise with customers' help

At the women's vintage and retro clothing site ModCloth (www.modcloth.com), enthusiastic buyers use their smartphones and an internal app developed by the company to provide real-time feedback on how much they like sweaters, other clothing, and accessories that have just been made. The site invites users to “be the buyer,” as shown in Figure 1-2.