

{ A CUSTOMER MODELS SOME
OF HIS HAT COLLECTION FROM
VILLAGEHATSHOP.COM. }



RISING

TO THE TOP **ONLINE**

{ HOW THE INTERNET ALLOWS BUSINESSES TO STAND OUT IN A CROWD. }

In late 1996 a young man employed at one of Fred Belinsky's four California retail stores suggested that Belinsky venture onto the newfangled world wide web. Belinsky resisted. He was certain that people wanted to try on his product—hats—and look at their jaunty visages in the mirror before buying. But the kid persisted, and Belinsky eventually agreed to create a single web page featuring a Greek fisherman's cap.

Lo and behold, orders started to come in, even though customers had to print out the page, fill out a form by hand and fax it back. Before you could say "e-commerce"—in fact, the term probably wasn't invented yet—The Village Hat Shop (villagehatshop.com) became one of the first three or four merchants selling everything from a fez to a fedora online.

Today, 20 of Belinsky's 50 employees devote their day to taking, processing and shipping online orders. But it's a vastly different world than it was a decade ago. If you type in "hats" in a search engine, many competitors to Village Hat Shop will pop up, including some that have vastly deeper resources than Belinsky does.

Another challenge: The web itself has evolved tremendously. In the late 1990s Google first changed the way search engines retrieved information. It ignored the efforts of programmers to game the system by repeating hidden keywords (such as "hats") over and over to enhance where a site appeared in the rankings. Instead it gave top ranking to sites that other sites linked to.

Then Google revolutionized online advertising by linking simple text ads to search terms and selling "sponsored links" on the results page to the highest bidders. Odds were good that any web surfer searching for "Panama hat" was a qualified lead to a merchant.

Better yet, you didn't have to pay anything to Google unless that person clicked on your ad. But today, with so many marketers bidding for the same keywords, cost-per-click ad buys can become expensive unless you exploit your strengths as a purveyor of a niche or local product, or you team up with an expert who can do the keyword analysis and purchasing for you.

Then, something called Web 2.0 came along—bringing with it bloggers, "social networks" like MySpace and Facebook, and photo and video-sharing sites such as Flickr and YouTube. These easy-to-use applications gave a loud voice to anyone with an opinion or camera and access to a computer. Even with heavy-spending marketers such as McDonald's and Chevrolet tapping into the viral influence of user-generated content, bootstrap startups can generate buzz about their businesses too, simply by responsibly monitoring and responding to blogs and the like.

With all these avenues for marketing, advertising and generating buzz online, Internet guru Dave Taylor (askdavetaylor.com), education director of the BlogWorld and New Media Expo in Las Vegas, thinks there now is a huge opening for "smart little companies" online.



{ BRUCE ZALES, FOUNDER AND DESIGNER OF JAXON HATS AND JAXONHATS.COM, A DIVISION OF THE VILLAGE HAT SHOP. }



{ ONE OF BELINKSY'S FOUR LOCATIONS }



{ EMPLOYEES OF THE VILLAGE HAT SHOP FULFILL WEB ORDERS. }

Taylor maintains that the business world is redefining itself. In the past, companies boasted about the nicest storefront. Those bragging rights have been replaced by "who has the most valuable presence online," Taylor says.

That's what Belinsky managed to do. A beret is a beret, after all. But in Belinsky's colorful online descriptions, weekly emails, blog entries and even feature stories, hats are both endearing and informative—and they set

his company apart from other online retailers.

Once he determined that his customers weren't averse to shopping on the Web, Belinsky developed an intuitive feel for what a small business like his should do to succeed online. And unlike the Web itself, it hasn't really evolved. It's Small Business Online 101.

"My advantage is that as we've continued to grow, we haven't changed our basic philosophy," Belinsky says. "I am religious about customer service. Real people read every email, real people respond to every email, and real hat people are on the phone if you call."

There's more to it than that, of course. Unless you differentiate yourself from your competitors, you won't have any customers to cultivate. One way to do that is by telling a more compelling story than everyone else, like Belinsky does.



TEN TIPS FOR ONLINE SUCCESS

In a conversation with *Your Business*, online marketing consultant Larry Chase passed along these tips for helping small businesses succeed on the Web.

- 1 }** Big has more money, but small has agility. Outmaneuver bigger competitors by identifying trends and responding quickly.
- 2 }** Take advantage of the fact that you don't have to go through major hoops to get every little idea approved. Test new concepts and don't fear mistakes.
- 3 }** In developing audio for the Web, develop a "voice" for your business that's both unique and authentic.
- 4 }** Keep it simple. The Internet is a practical place. Many people tend to make it too complicated.
- 5 }** Make yourself available. People like to talk to the boss.
- 6 }** Find a little thing that will make money and follow it.
- 7 }** If you use banner ads, make sure there's a call to action—something like "click here for a coupon."
- 8 }** Be creative about the pay-per-click terms you buy and take advantage of the fact that you're a local business. "Pizza Denver" will cost you more than a buck on Google's AdWords for a top position; "pizza 80202"—arguably the hottest zip code in the city right now—is a nickel.
- 9 }** People are still suspicious about the Internet. Make sure your copy is honest and direct. Have someone who doesn't owe you anything tear it apart.
- 10 }** If you produce an email newsletter, write tightly. Chase limits his to 250 words.

"Nothing matters if you don't have good products priced right, but there are no tricks," he says. "Try to find a community of customers who appreciate your product, and talk to them via newsletters and blogs. Share lots and lots of information, and talk about the history of what you sell."

If Belinsky's strategy has been rock solid from the start, his tactics have changed. Customers began to tell him that as much as they appreciated the learned discourse in his email newsletter, they'd like a special deal now and again too. Belinsky responded. Now every other newsletter includes a coupon code or free shipping order.

Of course it's not all feel-good promotion that makes the Web work for small businesses. Belinsky relies on data gleaned from his website—including how many visitors arrive at his site, how many pages they view, how much time they spend on the site, how many dollars they spend per visit and more—to make marketing much more reliable. **ME**



{ SUSAN LEE, AN EMPLOYEE OF THE VILLAGE HAT SHOP AND DESIGNER OF THE LABEL SUR LA TÊTE, MODELS ONE OF HER POPULAR DESIGNS. }

LISTEN & RESPOND

How a technology startup manages small users with big voices.

It's critical to keep track of what customers are saying about you online and perfectly acceptable to jump in to correct misperceptions, make amends or plead your case. Just be upfront about who you are, what you're doing,

Junxion, a technology startup in Seattle with an innovative product but a small budget, effectively spread its story by listening to what other people are saying about it online and responding.

"A lot of our feedback comes from small users with a big voice," says Junxion cofounder Peter Polson.

Junxion's first product is a wireless Ethernet and Wi-Fi LAN router. It's a small box that, in simple terms, allows a data device—whether it's a laptop or interactive banking kiosk—to access the Internet anywhere there's a cell phone signal. It will work with any carrier, as long as the user has purchased an appropriate modem card and has a data airtime plan.

From the beginning, company principals have kept an eye on what reviewers and bloggers were saying about their product through the blog search engine Technorati ([\[www.technorati.com\]\(http://www.technorati.com\)\). Last year they discovered an unusual post on a blog written by a member of the road crew for the rock band Styx. Addressing the band's fans, he asked for contributions so the crew could purchase a Junxion Box, which would enable the crew to stream live video feeds from concerts held in out-of-the-way places.](http://technorati</p></div><div data-bbox=)

Junxion cofounder John Daly saw the viral value of the post. Junxion provided a box to the Styx crew so they could return the fans' donations.

And, more effectively, Daly spread the word about Junxion by forwarding the initial request to other bloggers and trade media reporting on wireless technology.

Big companies hire firms to keep track of what's being written about them online, but you can easily set up an alert on Google (google.com/alerts) and Yahoo (help.yahoo.com/l/us/yahoo/alerts/) that will report any mention of, say, your company's name or products on the web.

The Internet has enabled sole proprietors without a whit of inventory and manufacturers who had never before met a consumer face-to-face to compete against small businesses and retailers.

