

FROM \$ 699 PER MONTH FOR 2-18 SERVICES
> \$3,000 worth of Optus to Anyone calls*
> \$3,000 worth of Optus to Fleet calls*
> \$4,140 equipment credit* Min cost = \$16,776 (24 months) *Conditions apply

FIND OUT MORE
We're right behind business
yes OPTUS BUSINESS

Table with market data: ALL ORDS (4633.60, -0.38%), DJIA (10471.50, +0.63%), S&P/ASX 200 (4615.80, -0.42%), S&P 500 (1106.41, +0.37%), SAUD/\$USD (\$US0.9064, -0.6794%), GOLD (\$US1119.6, -0.59%), EUR/\$USD (\$US1.4640, +0.1368%), OIL (\$US69.7, -1.27%)

ASX www.asx.com.au
Enter ASX code or company name for the latest stock quotes information
GO

Markets Open Markets Closed 1:27 PM 14/12/2009 AEST

Now's the time for web start-ups to go online

Helene Zampetakis | The Australian | April 24, 2009 12:00AM A+ A- Share

WITH money tight and jobs scarce, now is an opportune time to start an online business.

Web start-ups stand to defy the downturn by riding a wave of online sales that surged 27 per cent in 2008 and 22 per cent in the last quarter, according to the Interactive Advertising Bureau Online.

Twice as likely to export, and more profitable than their bricks-and-mortar competitors, online businesses deliver performance indicators that are higher in every key area of operation, including sales and capital expenditure, according to a survey conducted last November by Sweeney Research for the Sensis Quarterly Business Index.

With low overheads that can be passed on to customers, web entrepreneurs can strike a chord globally if they pitch the business to niche markets, leverage innovative marketing strategies and set good pricing.

Related Coverage

- Twitter brings cash payment to mobiles Perth Now, 4 days ago
Project taps into unused ad space The Australian, 6 Sep 2009
Blogs, not twitter, best for business NEWS.com.au, 15 Jun 2009
On road to sales success The Australian, 12 Jun 2009
Giving small business big picture The Australian, 22 May 2009

"It's an excellent time to start an online business," says entrepreneur Jessica Kiely, founder of the FRANK Team, a web-based advisory service for young entrepreneurs.
"The capital required can be a little as \$500 or nothing, if you're using freeware, and by keeping your costs low, you can pass that on to the customer.
"You can track your performance and respond instantly when your business needs it.
"It's a lot less risky than a traditional business."
Nevertheless, any business that is going to work needs to be treated seriously.
Like its offline counterpart, a web start-up needs a solid business plan backed by international research, says Llew Jury, managing director of online business adviser Reload Consulting.

"I've seen absolutely cracker ideas come a cropper because the owners haven't done their groundwork," he says.

Jury also cautions that a low-cost business has less likelihood of success given that a viable online operation needs a very user-friendly, secure website supported by search engine optimisation and marketing to channel traffic flow to the site.

These costs can quickly mount up. A search on roses on St Valentine's Day, for example, can cost a website owner \$10 per click.

Nevertheless, it's essential to strenuously market the brand. "You are only one domain among millions and it takes a long time to get people to remember you," says Jury.

Indeed, the conversion rate for online sales in Australia is only around 2.9 orders per 100 online sessions, according to digital marketer Coremetrics.

So Jury advises entrepreneurs to devote a third of their budget to setting up the website and two-thirds to operational costs such as technology infrastructure, staffing and marketing. An early consideration is to identify a promising market, and consultants suggest targeting niche areas where competition is lower and the business can stand out.

Having done that, the next step is to consider how to generate revenue.

This is a critical consideration and somewhat different when done online, say web start-up consultants such as Miles Galliford, founder of SubHub.

A major challenge is to attract customers.

Galliford cautions against discounting on price to drive up business, saying owners should rather sweeten sales by offering new members extra value such as a free e-book, giving away some content or using guest writers.

An effective strategy is to build an online community using email newsletters, RSS feeds, forums, member profiles, comments and also webinars. Websites can then capitalise on this to generate multiple revenue streams from sources such as text and display ads, classifieds, paid directory listings, affiliate partnerships, courses and promoting events.

But getting all this in place takes time.

"Building an online business is a marathon, not a sprint," says Galliford.

There's no question that laying down the foundation blocks takes hard work.

However, there are now some factors in the entrepreneur's favour, says Mick Liubinskas, business strategist and founder of web advisory firm Pollenizer.com.

"Costs are lower, great people abound, big companies are investing less in innovation, and you have time to build a foundation before the next boom comes around. Go for it."

STARTING OUT

- * Low overheads and a trend to online shopping make web businesses a good proposition during a recession
* A solid business plan is essential
* Entrepreneurs should not skimp on the website or on marketing
* Create an online community to develop the customer base
* Leverage this to generate multiple revenue streams and boost profit

THE ALL NEW PRADO KAKADU IS HERE
TURN SOUND ON
WARNING: Performed under controlled conditions on a 4WD proving ground using a professional driver.
EASY GO FOR IT!
ALL NEW PRADO PREPARE FOR ANYTHING
TOYOTA oh what a feeling! FIND OUT MORE >>

TOOLS
Portfolio Login Alerts Login
Currencies Map RSS Feeds
Interactive Charting Glossary

John Durie
A healthy dose of caution
BUSINESS chiefs are relieved the worst is over, but ready for more rough weather.
Read More John Durie >>

LATEST QUOTES
Table with columns: Company, Last, Change, %Change
BHP Billiton Ltd. 40.12 -0.38 -0.94%
Commonwealth Bank of Austr... 52.16 -0.34 -0.65%
Westpac Banking Corp. 23.30 -0.26 -1.10%

Advertisement
Think Pink! Become a Priceline Pharmacy Franchisee Click for free business appraisal
Going on holidays? Get Australia Post to hold your business mail until you return.
Got an ABN? For a better business deal buy online with Optus.

Are you planning for a smart tomorrow?
Debate, discuss, decide.

Highlights More Highlights >>
Low rate 'breeding ground' for bubbles
12:11PM Brian Blackstone
EUROPEAN and US economists warn that asset-price bubbles could be created if expansive monetary policies are kept in place too long.