

OPEN BOOK

A Practical Guide to Business Growth

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CARDMEMBER STORY —
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Zingerman's*

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ONLINE MARKETING

ONLINE MARKETING CREATES OPPORTUNITIES TO REACH NEW CUSTOMERS IN NEW MARKETS. HERE YOU'LL FIND THE KNOW-HOW AND INSPIRATION TO MAKE THE MOST OF IT

The Internet has facilitated a business revolution. With new vehicles and tools for user interaction emerging every day, business owners can no longer afford to stay on the sidelines when it comes to marketing their products and services via the web. Here, in the first of a series of practical guides specifically created to address your most burning issues as a business owner or entrepreneur, you'll find the know-how and inspiration to make the most of online marketing.

The online world complements existing commercial practices; it doesn't make them obsolete. Your operating range, for example, can be extended at a keystroke, opening up world markets for businesses large and small. Newfound efficiencies can be applied to processes – from supplier, customer and personnel management to marketing, stock control and accounting – resulting in marked savings.

So, why does entering the digital marketplace seem so overwhelming at times? First, technical expertise, cash investment and time are all necessary,

just as they are for any new aspect of your business plan. Second, millions of individuals and businesses are already using the Internet, competing for the attention of your customers. Breaking through the noise to engage with your market in a new way can be challenging. But, with a basic understanding of how online tools can work, your business can be a player.

In this guide, we'll explore basic strategies for success in online marketing – with advice from our OPEN Expert Jason Ewell, as well as practical insights from OPEN Cardmember Ari Weinzwieg, co-founder of the Zingerman's community of food businesses. We'll explore the mysteries and magic of search engine marketing, as well as the social networking implications made possible by Web 2.0. Lastly, we'll take a look at how you can measure the success of your web efforts.

Whether you've long since set out down the online road, or if you're still wary, we'll break down the key issues and terminology to help your business compete in a wired world.

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OPPOSITE

*Zingerman's co-founder
Ari Weinzweig (right)
with Mo Frechette from
the mail order team*

ZINGERMAN'S

THE WEB BRINGS GLOBAL RANGE AND RICH INFORMATION TO THE COMMUNITY OF BUSINESSES THAT HAVE GROWN UP AROUND AN INITIAL VISION FOR A GOOD DELI

The air is thick with distractingly wonderful smells coming from a baking class in full swing next door. We settle down to talk over slices of Irish brown soda bread with Argyle cream cheese, all freshly baked and made not 20 yards from where we're sitting. These delicacies are but a tiny sample of the incredible array of Zingerman's foods made locally, but sourced from ingredients found here and all over the world.

Ari Weinzweig and Paul Saginaw set up Zingerman's Deli in 1982 in Ann Arbor, Michigan, occupying a small building full of character in the Kerrytown district. They started with a simple vision – to provide the community with great food and great service. That vision has remained at the heart of their business ever since, and by redefining the scope of their community, they've realized enormous growth through some unconventional means.

"As we began to do well, we had a load of offers to expand by franchising the business," says Weinzweig, who came to the food business by way of a degree in Russian history at the University of Michigan. "But the fact is neither of us had any wish to spend half

our lives on the road making sure everything was at the standard we insist on. At the same time we couldn't stand still, and Paul kept pushing for us to develop a plan for where we wanted to take things."

The result is a novel hybrid of the co-operative and partnership models. The founding partners encourage their staff to bring them ideas for growth that would fit within Zingerman's highly defined business culture. If, after some careful development, the ideas become reality, their originators become managing partners in the resulting enterprises. To date, the Zingerman's community of businesses includes a bakery, mail order service, restaurant, coffee company, and creamery – all alongside the original delicatessen in Ann Arbor. In addition, the management style and culture that spurred this expansion has itself found a market in the form of ZingTrain, which provides customer service training, seminars and consulting for a wide range of businesses, many outside the food industry.

Zingerman's relationship with the Internet followed a similarly organic approach.



“We came to it very late,” recalls Mo Frechette, managing partner of the Zingerman’s mail order business. “By the mid ‘90s we had a busy and profitable catalog order service going on, and were getting calls every week from companies wanting to sell us a web site – and promising it would make us a fortune. But from the start we were never going to outsource it. Although we knew we’d come to the web eventually, we wanted to do it right when we felt ready.”

And sure enough, in 1999, employee Toni Morrell and her husband Tom approached the partners with a business plan to bring Zingerman’s online.

“Our plan for the web site was to treat it like opening another store. We needed to keep it fresh and alive, a place people would want to visit: I mean, who’d come into the bakery if we only changed the bread display once a month?” asks Weinzwieg. “And it had to be profitable from the start,” he added, always clear that a web site should be a profit center, not a cost center. The site launched in September 1999, and although Weinzwieg originally harbored a vision

of a more encyclopedic world-food site, it quickly became apparent that the interests of the managing partners – and the bottom line – favored maintaining close ties with the mail order business. With 100 percent of Zingerman’s web revenues coming from the mail order business, it made sense to pool the effort and the expertise in both areas.

“There’s an easy-to-measure incremental benefit that the web has brought to our mail order service,” observes Frechette, “but it had some interesting side-effects, too.” Zingerman’s had been sending out catalogs on a prospective basis with little positive sales impact for some time. “When we had an online presence, the response rates really picked up – as though our web site gave us some additional credibility that prompted people to act.”

Although almost all of the Zingerman’s businesses have web sites, clearly the mail order site is the most evolved in terms of its online marketing.

“We’ve taken the approach of never being in the first wave of any new IT development for two reasons,” says Frechette.

“Firstly, we’re not technologists: Our focus is on sourcing an amazing quality and diversity of food and supplying it with the highest service standards. Second, we see a lot of hype in the breathless enthusiasm that comes with every just-in, must-have technical innovation: We like to let that blow through before we get involved.”

So Zingerman’s didn’t come to paid search advertising until late 2006, but when they did, it quickly became apparent that it would be a game-changing opportunity.

“We work with an agency, the 5th Food Group, referred to us by friends in the business,” Frechette continues. “They’re fantastic because they’re specialists in the food industry, and they like to do business with small, innovative companies like ours.”

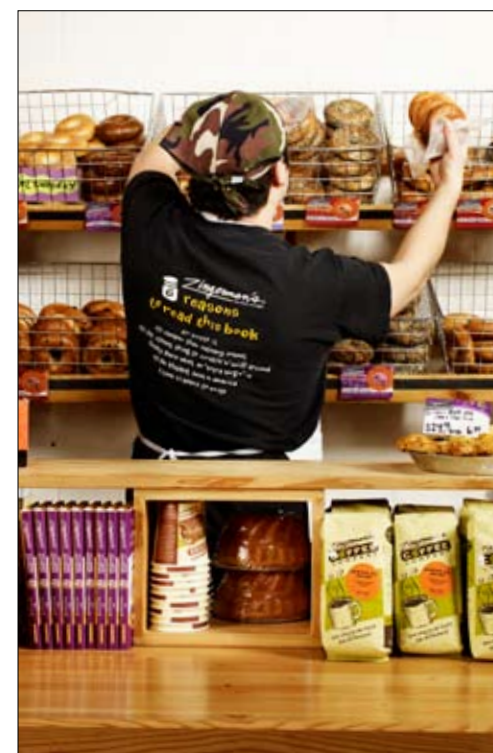
The 5th Food Group manages the search terms that Frechette and his team select to bid upon, and provides a comprehensive analysis of performance right through to sales. The data returned by the search engines is combined with input from Zingerman’s regarding the cost of fulfilling each related sale.

BELOW

Cup cakes awaiting the post-school rush

BELOW RIGHT

Replenishing the bagels at the Bakehouse



ABOVE

Freshly baked loaves

LEFT

Vanessa Sly takes stock of the artisanal cheeses

“That provides us with a figure for net contribution after all costs, and we’ve found that although the reach of our search engine ads hasn’t yet overtaken what we get from the printed catalog, the return-per-customer acquired through paid search is positive on the first sale. This is quite unlike the mailed catalogs, where we only plan to go into profit at some point during the lifespan of the relationship with the customer.” Frechette is convinced that paid search makes strategic sense for Zingerman’s mail order, and plans to continue expanding the program, keeping pace with the growing range of gift boxes, bread baskets and pastry parcels that leave the Zingerman’s mail order warehouse every day.

Across the community of Zingerman’s businesses, the various offshoots are moving at different speeds with regard to Internet utilization. With the exception of the mail order business, they are generally information-led web sites. Each of them makes use of email lists to provide newsletters to registrants; however, as a group they are very careful about not bombarding customers with information they haven’t specifically requested. The mail order business’ address lists are held by a specialist third-party company Delivra, who provides web access for the division to manage their own list as they choose. Again, the mail order business uses the most sophisticated methods, targeting customers with messages customized to their purchasing behavior. The messages are tested extensively, with, for example, different offers being sent out in a single email shot. The success of each type can be measured very closely, and this hones the team’s understanding of what makes an effective email communication.

“All our businesses are extending the way they use the Internet at their own pace,” says Weinzwieg. “We have a roaster cam in the Coffee Company, so you can see us in action there – usually in the middle of the day – and our Bakehouse bakery classes have set up a popular forum for discussion of all things baking. The service businesses have more information-based sites for the time being, but we plan to extend into selling through them soon.”

The Internet has clearly had a huge impact on Zingerman’s business when it comes to dealing with suppliers. “We generally work



with small producers, who certainly don’t have call centers, and usually don’t have staff,” observes Weinzwieg. “Email has changed the way we interact completely. Where once I’d have to make ten phone calls over several days to get through to an Italian olive-oil producer with a single question, now I write an email and the chances are we’ll have exchanged two or three times in a day. This has meant that we’ve been able to cover a lot more ground, and while it hasn’t hugely expanded the range we offer, we think that the quality of what we sell – and particularly the quality of product information we supply – has benefited greatly.”

The depth and richness of online information is clearly an important feature at Zingerman’s. Weinzwieg is a prolific writer, and he canvasses harvest notes and tasting details from suppliers around the world, often submitted same day, perhaps months before the product actually arrives. Combining them with his own insights, he circulates a hefty – but hugely readable – email to staff every couple of weeks. This keeps product knowledge, and therefore service standards, very high across the businesses. In edited form, these emails become



customer newsletters and might eventually end up as a book.

Although Weinzwieg doesn’t actively scan the foodie blogs for references to Zingerman’s, he’s committed to business transparency. He makes himself available for email contact – and he responds. By passing customer queries and comments through to suppliers from all over the world, Zingerman’s is creating communities of interest that prompt a new understanding of what is “local.”

“In the food business, as in many other industries, there’s an ongoing debate about the merits or otherwise of globalization. Usually, the truth is more subtle than the slogans claim,” suggests Weinzwieg. “We believe that all the benefits of locality are held in relationships – in our case between us, our suppliers and our customers – and the Internet, that great global technology, has enabled us to deepen and strengthen these ties for the benefit of all. For us it’s all about food, so we’ll never be up there with the cutting-edge technical bells and whistles, but when we see the online world add to the quality of the products and services we offer, you can be sure we’ll be in the thick of it.”

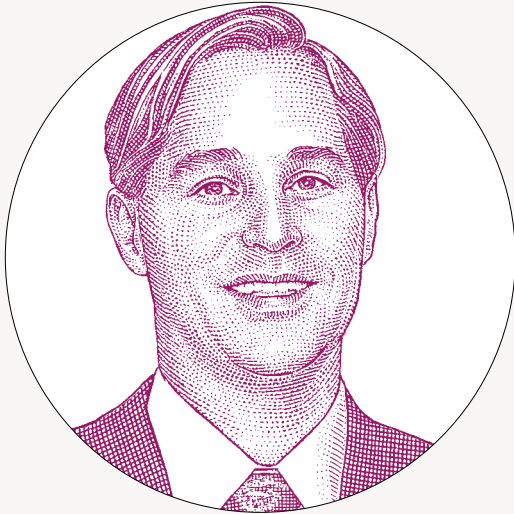


FOR MORE ON ZINGERMAN'S SEE:
www.openforum.com/zingermans/
 and
www.zingermans.com

OPPOSITE
 Ashley Lorms packs a gift basket

TOP
 Zingerman's unique packaging concepts

ABOVE
 Mail-order catalogs



Name: JASON EWELL
Job Title: VICE PRESIDENT,
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Description: OVERSEES STRATEGY
AND ACQUISITION OF
NEW CUSTOMERS VIA
ONLINE, AFFILIATE AND
PARTNER CHANNELS
Member Since: 1990

EXPERT OPINION

JASON EWELL EXPLAINS HOW TO KEEP YOUR SIGHTS ON WHAT MATTERS FOR YOUR ONLINE MARKETING EFFORT

The world of online marketing doesn't stand still, and small businesses – given their flexibility and ingenuity – are ideal web constituents. However, the web and the opportunities to leverage it for your business are constantly evolving. Jason Ewell finds that with a little knowledge about online marketing and everyday business sense, you can make the web work for you. Here, he tackles some of the most common questions.

— IS THERE A GOLDEN RULE FOR ONLINE MARKETING?

From a marketing perspective, cost efficiency and scale are two of the web's greatest advantages. But there is no hard and fast rule that will guarantee results. The key to any online marketing strategy is your web site. Your site is up 24/7 and it represents you to your customers and prospects when it is convenient for them – when they look up your company the week after a trade show, find your business card in their wallet or hear about you through a referral. Therefore, your site should be a simple, high-quality manifestation of your company, always working on your

behalf, providing clients with information and, ideally, making sales.

Your web site conveys the essence of your company. For instance, if you have a product-based business selling merchandise online, your site is every bit as important as your physical store, and requires the same level of care and attention. If you have a service company, then your site becomes an extension of your sales force, and should communicate the same standards of excellence that you'd deliver in person. Ultimately, an effective web site improves returns on all other marketing activities and should be well integrated with these efforts.

— DO I NEED TO INVEST IN STAND-OUT WEB DESIGN?

A unique and innovative web design can create a buzz, which can work as a useful support, but shouldn't necessarily be the goal you set out to achieve for its own sake. If you have access to the design talent, you might want to try creating a strong visual impact or intriguing interactive effect but not at the expense of getting the basics right.

A good checklist is:

- *Is your site simple to understand and easy to navigate?*
- *Does it load quickly?*
- *Is it relevant and focused on customer information?*
- *Does it provide customers with an easy way to contact you?*

It's important to be practical about your site's layout so that it attracts and retains your customers' attention, whether it's about product display or the delivery of your sales pitch. In either case, your web site should be customer-centric, staying focused on helping your visitors with their decision-making process.

— MY SITE'S IN SHAPE, HOW DO I ATTRACT VISITORS?

Your online marketing is a natural extension of what you do offline. Many customers become aware of your site through your current marketing activities, so give your web address (or URL) a prominent position on all of your business cards, mailings and advertisements. The more ways you can think of to get your web address seen, the more traffic you can expect at your site. Moreover, if you have a network of like-minded business partners who routinely provide referrals, it could be a good idea to link to each other's web sites. Creating an "email-a-friend" link from the product information pages of your site also encourages visitors to pass on your information and drives more traffic to your homepage.

Another way to get people to notice your web site is through affiliate marketing, in which links to your site appear on sites that cover subjects related to your business. As your affiliates promote your site, you pay them an agreed-upon sum for each sale they generate. It's possible to arrange affiliate relationships directly via your network of customers or vendors, but if your goal is scale, there are many firms from which to choose. Sites such as Linkshare (www.linkshare.com) and Commission Junction (www.commissionjunction.com) can oversee the process – from identifying suitable affiliates to keeping track of the billing.

— HOW CAN SEARCH ENGINES BUILD MY ONLINE PROFILE?

Search engines are the primary way people find information online, so it's important to have a strategy that combines both natural and paid search to help your web site be more prominent via this channel. Discussed in the article on page 8, natural-search results are those which the system returns automatically based on how popular sites are, while paid search generally refers to the ads that appear adjacent to the natural results.

Since complex algorithms are used by search engines to generate natural-search results, great technical expertise is required in this arena. One approach to begin with is to identify and ask the owners of related web sites to link to yours, as the more sites that link to you, the higher your site will be ranked by search engines.

Data from the research firm Eyetools indicates that 70 percent of clicks occur on natural-search placements; this avenue can be a good option for many businesses as results are seen more quickly and require less expertise to execute.

— HOW CAN I MEASURE SUCCESS?

In order to quantify the effectiveness of your web effort, you should determine what a particular action is worth to you – what is the value of an email address vs. a phone number vs. an appointment vs. a sale? Knowing this will help you determine the return on your investment for any, or all, of the strategies mentioned above.

The web's greatest marketing advantage is its ability to test different methods quickly and cheaply. You can set up different landing pages on your web site that will greet visitors from multiple sources, so you can measure which communications are more successful and traffic-generating. Each page serves as a "front door" to your site, so the information presented needs to be relevant to the ad or site from which the user is coming.

Ultimately, much of the expertise you use to run your business can be applied online. With a basic understanding of how the web operates and how customers use the web, you can make the Internet a powerful marketing tool for your business.

SEARCH ENGINE MARKETING

IS YOUR WEB SITE WORKING HARD ENOUGH FOR YOU? ENHANCE YOUR POSITION IN SEARCH ENGINE RANKINGS THROUGH SEO AND SEM

Almost every Internet user enlists the help of one of the major search engines – Google, Yahoo, or MSN – every time they access the web. There are more than 65 billion searches every month¹, and any one of them could result in a prospective customer for your business.

Search engines allow your company to appear in front of people who have expressed an interest in your product or service – just by typing a few relevant keywords in a search box. Links to your business can appear in two places on a search engine results page: as natural results or as a sponsored link. “Natural” is the term for links that appear after a word or phrase is typed into a search engine. A sponsored link is an advertisement a company has paid for, shown above or next to “natural” search results, which appears when keywords are typed into a search box.

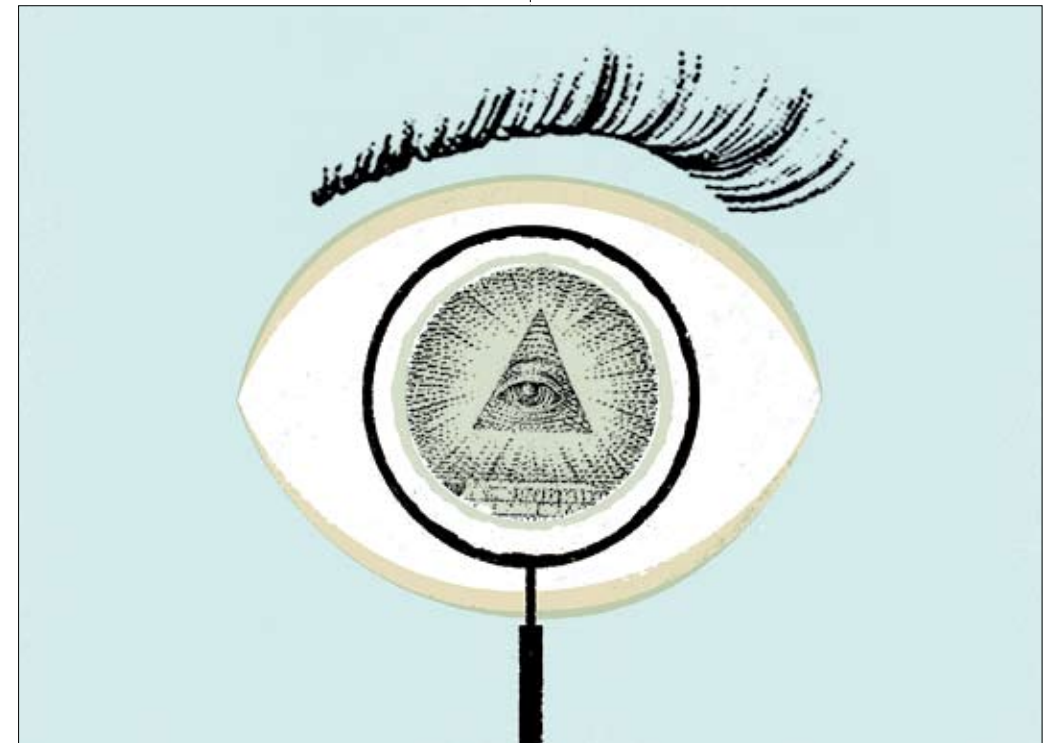
Search Engine Marketing (SEM) is the science of understanding how your business can appear more frequently in the natural results, through Search Engine Optimization (SEO) and via sponsored links obtained through paid search.

Which approach is better? Like most marketing techniques, it depends on your business type, what results you want and how much your budget will allow. It also requires testing various strategies, gathering knowledge and then honing your next steps.

You’ll need to consider your target audience and how much a lead is worth to your business. Additionally, do you offer a niche product or service? Paid search can make sense for more specialized businesses. This is because, if you have a product focused on the masses, you’re likely to be competing with sizeable companies with equally large budgets for the same keywords. It can be difficult to obtain the top few ads, or even show up on the first page of the results, where users tend to click most frequently.

SEARCH ENGINE OPTIMIZATION

Just as the web is constantly evolving, so, too, is your company’s standing within the millions of pages that can be generated by a single search. SEO is a process that should be modified and monitored on an ongoing basis



in order to achieve the best results.

At the heart of SEO lies your choice of keywords that appear in the text of your site and in each page’s header. These words or phrases describe in broad terms what your business does, and the specific products or services you offer. The first step in your company’s foray into search techniques should

be to make a list of the keywords that are most relevant to your business.

The best way to gather keywords is to start with generic terms and then hone in on some more specific words that are related; consider alternative terms that mean the same thing. If you’re selling replica model Gypsy Moth biplanes, then “replica model Gypsy Moth” is a better key phrase than “planes” or “model planes.” You should aim for about fifty words and phrases that describe your product or service from every angle. Once you have a set of keywords try typing them into a search engine and see what comes up; you’ll get a good sense of the market with this simple experiment. You can also use a dynamic keyword tool that tells you how many times a given keyword or phrase has been searched over a certain period of time. These tools can be found at sites like:

<http://www.digitalpoint.com/tools/keywords>
<http://www.wordtracker.com>
<http://www.keyworddiscovery.com>
 Fees generally range from no-cost to free trial to subscription, so check the terms of use before you begin.

SEARCH RESULTS PAGE

Web [Images](#) [Maps](#) [News](#) [More](#)

SEARCH ENGINE

Web Results 1 - 10 of about 119,000 for Zingerman's

<p>Zingerman's Food by Mail Gifts & Sundries Send great food anywhere in America. Gift boxes of bread, cheese, pastry, olive oil, vinegar and more. You really can taste the difference. www.zingermans.com/ - 49k</p> <p>Zingerman's Bakehouse Zingerman's Bakehouse 3711 Plaza Dr. Ann Arbor, MI 48108 Bakeshop 734-761-2095 Mon-Sat 7am-7pm Sun 7am-6pm Wholesale Office 734-761-7255 · Fax ... www.zingermansbakehouse.com/ - 29k</p> <p>Zingerman's Roadhouse Zingerman's Roadhouse is a full service restaurant, whose passion is to bring you the fabulous foods found throughout our vast country. ... www.zingermansroadhouse.com/ - 23k</p> <p style="text-align: center;">Natural Search</p>	<p>Sponsored Links</p> <p>Zingerman's Bake with Zing Baking classes for adults, kids and the whole family www.bakewithzing.com/ - 32k</p> <p>Zingerman's Delicatessen Sandwiches, cheeses, meats, oils, vinegars, olives, bread, chocolates and more www.zingermansdeli.com/ - 25k</p> <p style="text-align: center;">Sponsored Links</p>
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Once you've selected between ten to fifteen keywords, they need to be coded into your web pages' meta tags. These are special commands that describe the content of a particular page. They are invisible to the regular web browser, but are picked up by search engines as they travel around the web looking for pages to return in search results.

Zingerman's (<http://www.zingermans.com>) provides a good example of keywords in action. In order to view the meta tags in any site, you can select "Source" from the "View" column of your toolbar when you have a particular web page open. Here's how the meta tag for the Zingerman's homepage appears:

```
<meta name="description" content="Send great food anywhere in America. Gift boxes of bread, cheese, pastry, olive oil, vinegar and more. You really can taste the difference."><meta name="Keywords" content="zingermans, deli, food, cooking, gourmet, gifts, olive oil, vinegar, bread, cheese, pastries, gift baskets, sauce, pasta, spices, olives, european, italian, french, spanish, flavor, ann arbor">
```

In addition to keywords, search engines consider the viewable text of your site, relative to other sites, in order to determine its position in the results. There are a few key points to consider when trying to make your site's content more attractive to search engines.

There isn't a set of rules that will guarantee good results every time – the search engines tend to change their scoring methodologies in order to keep sites from tricking them into playing favorites.

— PAID SEARCH

Paid search works via an auction system. You select and bid for search terms for your product or service. Once you have paid for the term, the price of which is set by the top bidder, you develop a text-based advertisement for posting alongside the natural results, and then pay-per-click when users click on your ad and land on your web site. The advantage to this type of marketing on the search engines is, with an effective buy, your ad can appear near the top of the results. Additionally, you can set a budget that, when met via the pay-per-click system, will automatically remove your ad from the rankings.

Major search engines offer exercises to help you select search terms and phrases that might be worth a bid. If you've brainstormed words to use for your SEO efforts, these can be a good starting point. Once you've selected search terms to bid on, you need to choose a geographical range in which you'd like your ads to appear.

Then, you need to consider two budgets – how much you're prepared to spend over a period of time, and how much you'd be willing to allocate for each click through to your site. The more you'll pay for a click through, the higher you'll likely rank – until the pay-per-click budget you allocated is depleted. Then your ad won't appear again until the next billing period begins.

Bear in mind that when it comes to more generic terms, you are likely to be outbid by larger organizations with bigger budgets.

If you do have the budget, bidding on keywords can be a successful strategy for increasing your brand presence online, although it may not generate qualified leads.

Consider your realm of specialization and choose keywords that reflect these niche offerings. For Zingerman's, bidding a premium on "anchovy sauce" never yielded a strong ROI because the term was too broad to bring in qualified leads. But when they bid on a unique term for a particular Italian anchovy sauce, "Colatura," it was a more targeted term. This meant it cost less than other words, and resulted in a higher conversion rate, since the person typing that term into a browser is more likely to be a pre-qualified lead.

Given that your ad will stop appearing in the sponsored links as soon as your budget runs out, the impact of paid search can be more short-term or transient than an SEO strategy which can result in a longer-term presence higher up in the natural search results with no associated cost – once you get there. It's worth investing in a combined strategy. Then, you can create a longer-term plan and budget for weighting your resources according to the results you achieve.

¹ Source: *Multilingual Search Worldwide*
www.multilingual-search.com

HIRING AN SEM FIRM — By Jon Rognerud, Author of *The Ultimate Guide to Search Engine Optimization*

Knowing where to turn once you've decided to outsource your SEM campaigns can be daunting. Just as with any other vendor, knowledge base, cost efficiency, and results are among the most important factors when selecting a trustworthy firm. And, as the search engines are continuously updating their algorithms, it's just as important to find a search-marketing agency that is up-to-date on the latest tactics.

The best referrals for a search agency can come via a colleague or trade organization. Regardless, completing a proper and thorough interview process is the key to finding the best firm for your needs. Categories for consideration include the firm's technical prowess and general SEM tactics, their ability to provide a full analysis of the results of your investment, expertise in your industry, and general marketing experience.

FOR A COMPLETE GUIDE TO HIRING AN SEM FIRM SEE:
www.openforum.com/searchfirm

TIPS FOR WELL-OPTIMIZED SITE PAGES

Internal Links — Search engines like information – and information can be found through links. Make sure your pages have plenty of links to other relevant content on your site. This makes for a better user experience, too.

External Links — Where appropriate, point your users to relevant, high-quality pages on other sites. Make sure the link opens in another window so that your visitors can easily return to your site.

Be Popular — The more sites that link to you, and the more traffic your site generates on its

own, the more popular it will be with the search engines. In turn, the more popular your site is with search engines, the more traffic you will attract.

Add new content — This gives the search engines more to draw from and gives your visitors a reason to come back.

Use text wisely — Search engines analyze words coded in HTML, but not those that are embedded in graphics or images. However, it is not recommended to make your pages too text-heavy in the name of SEO, as this will be off-putting for visitors.



THE WORLD OF WEB 2.0

WEIGH UP THE OPPORTUNITIES AND RISKS OF USING THE TOOLS THAT LET WEB USERS SHARE INFORMATION — BY PUBLISHING IT TO A WORLDWIDE AUDIENCE

Among the many buzzwords that have come and gone since the rise of the Internet, the term Web 2.0 has become a catch-all phrase to describe the emerging platforms which enable us to interact online in new ways. The web has evolved from a one-way communications medium to one in which users can engage with each other to share information and even collaborate to achieve a common goal. The key idea behind Web 2.0 is that any user can generate his or her own content for viewing by a global audience.

A vast array of tools for getting and giving information on the web has surfaced, giving rise to the era of social-networking sites (such as Facebook and LinkedIn), hosted information-sharing sites (like Wikipedia), data-hosting sites (like the popular photo-sharing destination Flickr) and blogging technology (like Typepad) — all of which fall under the umbrella of Web 2.0.

But what does this mean for your business? Are these tools simply hype, or do they present legitimate opportunities to generate both awareness and new revenue streams for your company?

Many companies have taken full advantage of Web 2.0 applications, while others view them with trepidation. The crucial advantage of these applications is their ability for your marketing messages to be spread rapidly and inexpensively to literally millions of viewers. On the other hand, these kinds of platforms also enable users to post negative or false comments — or even create entire web sites — in response to your efforts.

When you define your Web 2.0 business strategy, it is important to weigh up all the pros and cons of each tool before taking the plunge.

— EMAIL MARKETING

A form of permission advertising, email marketing basically means that customers have opted-in to your publicity announcements via their email addresses. It creates nurturing relationships with customers who have already expressed an interest in your products and services and can generate new sales and retain current clients.

The first step to develop an email marketing campaign, naturally, is to collect

email addresses. Your web site should be set up to encourage people to submit their email address easily, usually by offering something in return such as a coupon or subscription to an e-newsletter. You can also collect addresses at your place of business, for example through a guest book, or at events.

Organizing and managing your list of addresses can be daunting, especially the larger it grows. Email marketing companies, like Constant Contact (<http://open.constantcontact.com>), can help you secure your contacts, comply with anti-spam laws (it is important to comply with regulations governing the distribution of unsolicited email, a.k.a. spam), monitor the responses as well as create a design template to make your communications visually appealing.

Once you've established a list, you'll need to consider how you want to reach out to customers. You can generate revenue through email announcements about in-store sales or the availability of coupons. Or, you can use it to generate awareness about new products, key staff you have hired, or to share expertise on a topic that will interest your customers.

An e-newsletter keeps your company name in the minds of your customers while you move them across a path to purchase. If, for example, you own a garden center, you could create an e-newsletter that provides your customers with information on how to take care of their plants on a seasonal basis.

Email marketing can also be an effective way to establish a two-way conversation with your customers by asking for their feedback on something relevant to your business or industry in the form of a survey or some simple poll questions.

— BLOGGING

Using software such as Typepad or Blogspot, it only takes a few minutes to open up a communications channel that expresses your unique point of view. Blogs, which can include text, links and pictures, enable readers to participate in the conversation by submitting comments or starting discussions around your posts.

Many businesses have started blogs, and they can be a very effective way of positioning yourself as an expert in your field,



thereby engaging the attention of a group of consumers interested in the products or services you offer.

While blogs can serve as an excellent marketing tool for your business, be aware: Your blog entries shouldn't be too polished, too sales-oriented or too long, as readers will often be turned off by a hard sell. Instead, use a blog to give an authentic voice to your business and brand. It can be equally important to keep your blog current: Frequent updates – every few days or so – need not be time consuming and will encourage readers to revisit it on a regular basis as well as to pass your blog on to their friends and colleagues.

— SOCIAL NETWORKS

Sites such as LinkedIn (www.linkedin.com), Facebook (www.facebook.com) and MySpace (www.myspace.com) are hugely popular, and with good reason. These social-networking sites present users with an opportunity to become members of like-minded, interconnected communities that can relay messages – in words, pictures and sound – with great ease and speed.

We are still in the early days of social networks, and their commercial possibilities are much debated. As a result, you might consider creating an account for your business in one or more of the social networks. But before you do, some research is in order to determine if there's a more specialized network that's most relevant to your business – there are social-networking sites for groups as diverse as the over-60s, booklovers and diabetics. You'll also need to spend some time creating compelling content. Savvy Web 2.0 audiences are very sensitive to overt marketing, so, as with blogging, your efforts have to be unique, engaging and authentic.

Targeted advertising on social-networking sites is a relatively new development (see <http://www.facebook.com/ads/>) that combines low entry price with the opportunity for very selective niche communication. These “social ads” could be a great starting place for you to test your online marketing messages among a self selected audience who have identified themselves as being interested in the product or service you have to offer.



— SOCIAL BOOKMARKING AND RSS

Social Bookmarking sites (<http://del.icio.us/> or <http://digg.com/>) let people share their favorite web destinations with others. The information on these sites is organized under “tags” that give a simple description of that content. Including links like “Add to digg” or “Add to del.icio.us” on your site can help you cast a wider net to attract new visitors. You can find a good video tutorial that will help you do this at <http://tinyurl.com/yul2e6>.

If you have content on your site that you update regularly, providing an RSS (“Real Simple Syndication”) feed for your visitors lets them receive automatic notifications of any update made. Subscribers are alerted when new information becomes available. You'll find information to help you create RSS feeds at <http://www.make-rss-feeds.com/>, and software at <http://www.feedforall.com/>.

— VIRAL MARKETING

The Subservient Chicken web site (www.subservientchicken.com) launched by Burger King in 2004 racked up 15 million hits in just the first five days, and 450 million hits to date. The idea behind this campaign, referred to as viral marketing, is to create a novel or unique concept that can be spread all over the web. It has become a popular tactic for many companies looking to generate awareness about their product or service very quickly.

A word of caution here: While it's true that this technique can catapult a business in a matter of days or weeks, it's never guaranteed that your idea will be a hit. The success of a viral concept is governed not by you, but by the users who spread it around. And the public has become increasingly savvy to marketers' attempts to elicit a reaction for pure sales' sake.

The real lesson for business owners to remember is that viral marketing is basically a Web 2.0 extension of word-of-mouth advertising – a free marketing device that has existed long before URLs and email. So before jumping in to create the next YouTube phenomenon, remember that the tactics don't have to be expensive or elaborate. In fact, it's usually the simplest messages that end up getting passed on.

If, for example, your boutique decided to hold a special sale for one day in which everyone whose name began with “J” was allowed one free item, you might find if you sent out an email to all your customers, they might just actually pass it on to every John and Jane they know. Other viral tools can be as simple as a “refer-a-friend” campaign or a “buy one, get one free” offer.

— THE ERA OF RADICAL TRANSPARENCY

If it sounds disconcerting that information about your company could be circulated all around the web – with or without your permission – well, it can be! Any number of blogs could be posting material about your company right now, and it may not all be good. Welcome to the era of Radical Transparency.

There are many free tracking tools to keep you in touch with what's being said about you on a variety of Web 2.0 platforms (for a comprehensive list, see <http://tinyurl.com/yrtjes>). Just as important as it is to carefully choose which Web 2.0 tools you use, it's also important to leverage the same platforms to monitor mentions about your company. If you become aware of any negative postings about you or your company, you'll need to decide whether and how to reach out to the authors. Often it is advisable to do some research first. Does the blogger have a significant audience? Is the negative information showing up on other sites? If so, you may choose to respond. But be careful not to post positive comments or responses under an assumed name. Making a personal connection with the author and pursuing your defense openly is often the best way either to correct an inaccurate perception or to put right a genuine mistake.

If you concentrate on providing an excellent product or service and clearly communicate what you do as an authoritative and trustworthy expert in your field, this transparency can serve to both protect and advance your reputation. Luckily, in the era of radical transparency, the web has a short memory and can be very forgiving. Most companies find that the benefits of Web 2.0 marketing far outweigh their concerns over lack of control. Web 2.0 has readily shown us, it's ultimately the users who are in control.

WEB ANALYTICS

HOW DO YOU KEEP TRACK OF YOUR WEB SITE'S SUCCESS? HERE ARE SOME OF THE TECHNIQUES WHICH CAN PROVIDE THE VITAL STATISTICS

Your web strategy would be incomplete if you didn't take advantage of its key difference from traditional marketing channels – the flexibility to change strategy on a dime. The information you gather from your web site can help you determine which product offers are working and which are not, whether your affiliate marketing strategy is effective, and how well your keywords are working in the search engines.

Collecting and interpreting this data is known as web analytics and there are a number of basic metrics you can use to track your success. However, before you even implement your campaign – let alone measure it – it's important to be clear on the goals for your site and have a solid understanding of your target audience. Your bottom line may be to drive sales and revenue, but your web site can also contribute to lead generation, building a community around your business or generating brand awareness and PR, and you can set up your site to track any interim goal.

Your hosting company can supply web analytics for your site in raw form, and from it you can easily extract some common measures of site performance such as:

— HITS

Each file downloaded from your site is known as a hit. Files can include images, scripts and anything else the web browser needs to allow a user to view the page. If, for example, your homepage contains four photos and an HTML file, five hits to your site will be recorded, even though only one user has visited your page. As a result, hits are not a reliable measure of visitors to your site.

— UNIQUE VISITORS

You can get a more accurate measure of who is coming to your site by looking at the number of unique visitors. Unless you're setting cookies (see page 23) this will be at best an estimate as there is no reliable way to register repeat visitors.

— PAGE VIEWS

Each time a visitor comes to your site, you can find out how many pages are looked at – the number of page views. This is a more useful measure of activity that can tell you how deeply your visitors engage with the various areas of your site.

— REFERRERS

The sites from which your visitors arrive. This is an easy way to measure the effectiveness of your Search Engine Marketing strategy.

To understand the paths, or routes within your site that customers are taking before they make a purchase, a more active measurement, known as page tagging, may be appropriate. Additional code must be added to each of the web pages on your site so that you can record how visitors are interacting with a particular page as well as what path they take through your site overall. Are they coming to your site through the homepage or some other landing page? What links are they clicking on most often? How deep into your site do they go; i.e., how many pages do they visit during one session?

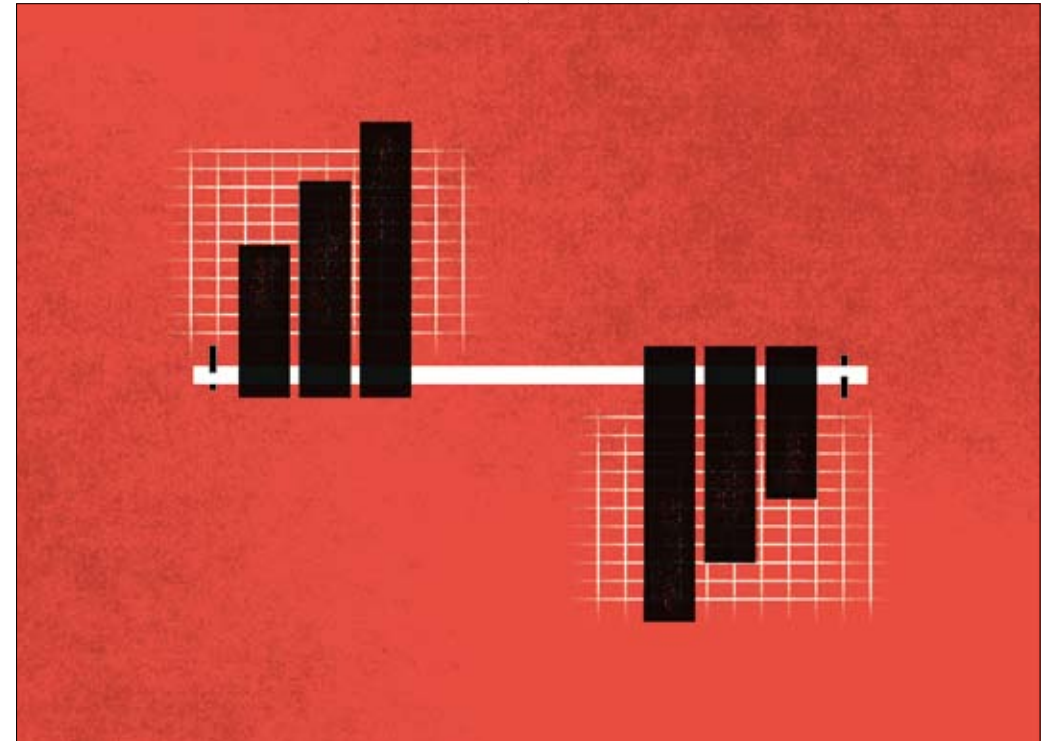
For example, if you have a product slideshow or link to a video on a particular page, page tagging will enable you to see which of these items, or modules, garnered the most interest from visitors. You might consider a service such as Google Analytics, which offers

all the tools required at no charge, as well as the ability to examine the results online.

Another option is setting cookies on your web pages. These are snippets of text that are sent to the visitor's browser and then passed back each time they access your site again. This is a good way to screen out repeat visits and so to arrive at a number for unique visitors. Cookies can also hold information about the user (such as log-in details, or shopping-basket information) and also act as an accurate counter of the number of times they visit your site. This type of data can help you better understand purchase behaviors, and make targeted offers to specific visitors.

— AND FINALLY

It's very easy to indulge in information overload and begin making incremental enhancements that can be more costly than effective, not to mention time-consuming. So whether it's using web analytics to provide a long-range check on the direction of your site, or a day-to-day tactical tool for staying current, you should find a balance between investment and results.



THE FUTURE

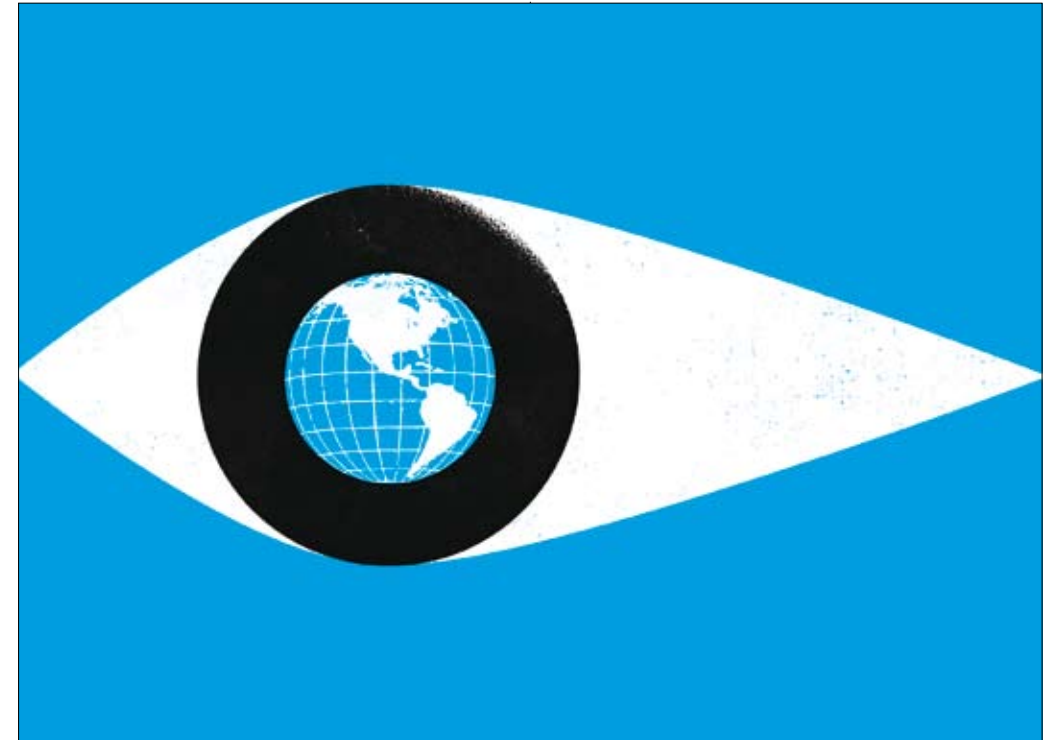
A LOOK AT SOME OF THE PREVIOUSLY UNIMAGINABLE PLACES YOU'LL FIND ONLINE CUSTOMERS IN THE YEARS AHEAD — AND HOW YOU CAN ACCESS THEM

Since the advent of the Industrial Revolution, business has been driven by a combination of technology and relationships between merchants and their customers. However, exactly what constitutes the right balance between the two has always been up for debate, and increasingly so now that the web is making technology accessible to all.

There's no doubt that innovative Internet technology will continue to generate tools and techniques that enhance the way business is done. Many of today's giants (like Yahoo and Facebook) were conceived in dorm rooms or garage offices, and it's likely that much of the excitement and potential of the web will continue to spring from revolutionaries toiling in unexpected places. Because the web is open to innovation from anyone, attempts to predict its shape in the future are sure to miss some great surprises being cooked up right now by trailblazers all over the world. However, there are a number of trends — some still in development, others reaching maturity — which can provide a good framework for thinking about how your business might participate in “Web 3.0.”

— GETTING PERSONAL

Consumers increasingly expect to experience a highly customized online environment. As an extension of this, there is a similarly growing appetite for customized goods, which can be individually specified and ordered online, a field made famous by Nike (<http://nikeid.nike.com/>), which lets consumers “design” their own shoes. Technology that enables this kind of personalization — both on- and offline — has been developing rapidly. A web site that allows visitors to arrange information in a way that is useful to them can be extremely attractive. Web sites such as iStorez (<http://www.istorez.com/>) and Shopstyle (<http://www.shopstyle.com/>), for instance, enable users to build — and share — their own customizable storefronts. This concept can work equally well at the level of a single store or multiplied by a business with thousands of outlets. It offers a heightened experience by allowing customers to arrange the way they view your products; regular visitors can find the kind of things in which they are interested; you can increase sales and gain a competitive edge.



— GETTING AROUND

In the very near future, your customers won't just roam around the web from their computers, but the web will roam around with them on any one of a growing array of mobile devices with fast download speeds and sophisticated, interactive displays. Reaching potential customers when they're nearby — by having your business appear on mapping or navigation services for instance — will be just one way that you can connect with a market on the move. Having a mini version of your web site made just for cell phones is likely to be a sound investment. You can even get a .mobi domain ending — from a seller such as GoDaddy (<http://www.godaddy.com>) — that will clearly identify your mobile-device site by appearing at the end of its URL.

— GETTING UNDERSTOOD

Most web pages today are designed by people, but it's quite likely that in the future, there will be a growing proliferation of content sites automatically created and generated by computers. Price-comparison sites, for example, are put together from

multiple sources, depending on what a user types into search engines. This kind of site is likely to develop to the point where customers, rather than spending hours doing different searches, will get complete, one-stop solutions to multi-part queries such as “Is there a good online marketing seminar I can attend next month that'll cost less than \$1,000 — including travel — and can someone walk the dog while I'm away?” For an example of a site where you can explore how your web site can be a part of what is being called the “Semantic Web” check out <http://www.dapper.net/semantify/> which defines a semantic web site as “one that ‘understands’ the meaning of data and information it crawls.”

Online innovations reflect and empower the behavior of online audiences resulting in more customers arriving at your virtual doorstep daily. But customers will also be more demanding — after all, an alternative is just a click away. So while you need to adapt to take advantage of new ways of communicating and doing business, traditional values of quality and service will remain at the heart of every successful enterprise.

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OPEN BOOK is printed by:
American Express Publishing,
Custom Solutions
1120 Avenue of the Americas
New York NY 10036

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