

# INTERNET BUSINESS BASICS

HOW TO START & RUN  
AN INTERNET BUSINESS FROM ANYWHERE



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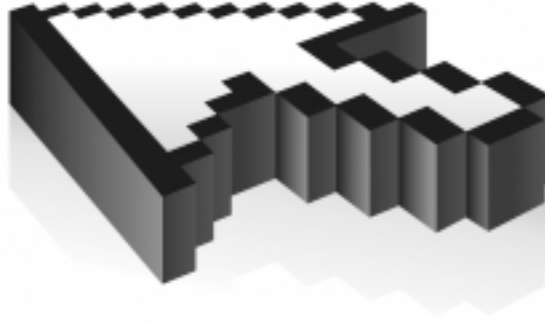
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## Introduction



Internet marketing, as its name implies, is the promotion of a product or service using the Internet. This is one of the marketing outlets today that entrepreneurs are taking advantage of because (1) the Internet captures a wider audience (think worldwide), and (2) it is a cheaper than television, radio, newspaper and magazine advertising.

But as the demand for the Internet as a marketing vehicle becomes grows, it becomes a new battlefield where various businesses compete for attention of a prospective customer. Whoever is persistent and is on the top of the search engine gets the sale.

To be on top, Internet marketers employ various strategies and ties together all the aspects of the Internet – its design, development, advertising and sales into one moving force to engage customers and get the sale.

If you want to venture into making business in the Internet, you must know the basics of how you will be able to make your website, your products and services remain visible to web users.

# Chapter 1: Search Engine Optimization



What is Search Engine Optimization?

Search Engine Optimization or SEO is a method of improving the rank or visibility of a website or webpage in search engines. Web administrators employ SEO because of the theory that the more frequent that a site appears on the first page of a search engine (whenever a user searches), the more probable that it will be visited and read by a user.

SEO is a type of search engine marketing that helps promote web presence. With this, your products and services will be within view of prospective customers. It covers various types of searches. This includes local search, image search, video search and others.

## **Business Model**

SEO may generate a return on investment as a result of customer interaction but you do not pay search engines to attract organic search traffic. Organic search traffic is traffic that is produced by the relevancy rankings of a search engine and not by alternative methods such as Pay Per Click.

Changing the design of the website, both at the frontend and backend to optimize it will incur costs, as well as using methods that will improve its ranking on a web search. You will also need a way to track these search results to be sure that your website stays at least within the top 10.

## **Getting Started**

Optimizing a website to improve its web presence involves a number of options:

1. Editing its content and HTML as well as associated coding to increase its relevancy to specific keywords.
2. Remove the barriers to the indexing activities of search engines. When your website is indexed, it basically means that your website is part of the search results and you can begin to use your SEO strategies.
3. Promotion of the website to increase its number of backlinks. Backlinks are incoming links to a website, which were initially a means to navigate the web, but now more important in SEO business.

## **White Hat Techniques**

White hat techniques are widely acceptable techniques in SEO marketing. There are services offered by search engines that make sure that a website gets indexed by the leading search engines. Google and Yahoo! use web crawlers to look for pages for their search results.

Some search engines, especially Yahoo!, guarantees web crawling for a fee or Cost Per Click account, although, this assures inclusion in the database but not specific ranking within the search results.

Other services of Google include the Google Webmaster Tools, which ensures that all pages are found using an XML sitemap feed.

There are other methods used for SEO such as cross linking. Cross linking increases the links to the main page of the website using its available pages. There is also keyword stuffing, which includes keyword rich text in the webpage matching all search queries. Backlinks from a web directory is also helpful.

### **Gray Hat Techniques**

Gray hat techniques are neither white nor black. These techniques are so-called gray because there are risks that go along with them. An example is purchasing links.

Google is against the sale or purchase of a backlink but there are many online pages, magazines and other resources that offer backlinks for a fee. Basically, the price of a text link depends on the authority of the linking page. An example of an unofficial benchmark of the average price for a text link is Google's PageRank.

### **Black Hat Techniques**

If you intend to engage in SEO marketing, you must also be aware of spamdexing. This is an SEO black hat technique that affects the user-experience of search engines and affects the relevancy of the search.

Most search engine check for spamdexing and remove suspicious pages. User complaints have also resulted to SEO people blocking results-listing from suspected websites. There are many forms of spamdexing but it can be classified into two classes; content spam and link spam.

#### **Content Spam**

Changing the logical view of a website's contents does content spam. This can include the following:

1. Over-stuffing the web content with specific keywords that attracts a particular search and influencing how the page will be indexed. Most modern search engines are now able to analyze a page to detect keyword stuffing and to know if its frequency is consistent.
2. Including unrelated text in the content but hiding it from view by changing text color to be the same as the background. There are other ways to hide texts such as changing the font to a very tiny size, hiding them within the HTML code and others.
3. Article spinning involves rewriting existing articles. Usually, hired writers or automated programs using a thesaurus database can do the job.

## **Link Spam**

Link spamming is a way to increase the number of backlinks pointing to a website. It takes advantage of link-based ranking algorithms and gives websites higher rankings as more and more highly-ranked websites are linked to it.

Link spamming is usually done by either of the following:

1. Using link-building software and automating the SEO process.
2. Using link farms, which are tightly-knit communities of pages that reference with each other.
3. Spam blogs can also be used to create fake blogs for spamming. These look like legitimate newsworthy sites but are really just fake sites to manipulate customers in buying an affiliated service or product.

## **SEO Pitfalls**

The problem with this business model is that search engines periodically change their algorithms. There is also no guarantee that referrals will continue. Because



of these, if you rely solely on SEO techniques, you can suffer major losses if suddenly there is no organic search traffic coming your way.

## Chapter 2: Affiliate Marketing

Affiliate marketing is a business model wherein a product or service that is developed by one entity is sold by another active seller for a share on the profit. The model basically uses a website to drive traffic to another. Most of the affiliate marketing models available today comes from e-commerce businesses with affiliate programs.

This business model has four core players; the merchant or retailer, the publisher or affiliate, the network and the customer. The concept of affiliate marketing can be explained in three steps:

**Step 1:** A customer visits the website of an affiliate.

**Step 2:** The affiliate, using links, directs the prospective customer to its partner, the merchant, which offers a product or service.

**Step 3:** Depending on the terms of their agreement, the merchant compensates the affiliate. The affiliate is rewarded with a share for each visitor or buyer as a result of its marketing efforts.

Of all types of online marketing, advertisers often overlook affiliate marketing because it has a low profile as compared to search engines or e-mail marketing, although it is always a part of the portfolio of e-marketers.

### Getting Started

1. If you intend to go into the business of affiliate marketing, you can locate affiliate programs online from directories such as Yahoo! Directory. Another affiliate program directory is [associateprograms.com](http://associateprograms.com). In here, you can promote your affiliate program or find pages of affiliate programs you can join.
2. You need to evaluate your prospective affiliate channels. It can be anything from an enewsletter or a website but it all depends on the quality of your partner.

3. The average commission is from 15% to 20% but this amount depends on a number of factors. One factor is the demand of the product and its availability. If the product has a high volume, it will command a lower price and commission.
4. You will need a way to track sales, traffic and payments.

## **Business Model**

If you intend to go into affiliate marketing, you must be aware of the compensation methods available.

### *Cost Per Sale (CPS)*

About 80 percent of affiliate marketing programs today use revenue sharing. Revenue sharing is basically the commission for a referred business. It is also called Cost Per Sale or CPS. It is basically a low risk but high profit strategy of getting new customers and is an innovative way to drum up new business. It is a cheap way to pursue brand awareness and knowledge as compared to other marketing avenues, such as print ads, television commercials and direct mail campaigns. Cost Per Sale maximizes dollars since it charges the business based only on the success of the marketing campaign of the affiliate.

### *Cost Per Action (CPA)*

19 percent of affiliate marketing programs use Cost Per Action or CPA. It is also known as Pay Per Action (PPA). An action can be a purchase of a product, a submitted form and others that is linked to the advertisement. Pay Per Click or PPC is another form of PPA but has since become a scheme of its own.

### Cost Per Click (CPC) and Cost Per Mile (CPM)

Less than one percent of affiliate marketing is CPC or CPM. This is best personified with the Pay Per Click advertising model that is used on websites. It is more of a pay per performance model. CPC is the cost that an advertiser pays to a search engine and other Internet publisher for a single click on their advertisement. Examples of CPCs are the Google Adwords, Microsoft AdCenter and Yahoo! Search Marketing. Google offered their AdWords in 2006, but was discontinued in October 2008 and was replaced by another Google-owned service called DoubleClick.

### **Affiliate Marketing Pitfalls**

Aside from the vulnerability of affiliate programs to click fraud, there have been other cases of schemes that can potentially harm your affiliate program business.

### **E-mail Spam**

Affiliates tend to send e-mail advertisements to customers who have joined or submitted forms. These e-mails were oftentimes considered spam as they are unsolicited. Merchants need to have control over this; else, this can lead to brand damage. As a result, merchants have refined their Terms and Conditions and added clauses to prohibit affiliates from spamming.

### **Search Engine Spam**

Another form of spam is the search engine spam, which basically alters relevancy rankings in search engines with the use of automatically generated webpages showing data feeds of products from the merchants. This skews search engine rankings and affects the Search Engine Optimization business.

The market for this business model has grown considerably over the years that it now requires another layer of players. These include affiliate management agencies and special third-party vendors.

## Chapter 3: Pay Per Click Advertising



The Pay Per Click advertising model involves a trigger that generates a payment from the merchant. The trigger is that the ad is clicked and the merchant pays the affiliate.

The advantage of this set-up is that even if an affiliate does not generate clicks, and therefore no sales, the merchant has no costs at all.

### **Business Model**

#### *Flat-rate PPC*

In a flat-rate model, the advertiser and publisher agree upon a fixed amount as payment for each click. Advertisers can negotiate a lower fixed amount committing to a long-term contract.

The flat-rate PPC model is popular in price comparison services. Price comparison services present the various list of prices for a specific product or service. Examples of this are PriceWatch and Streetprices. An advertiser do not pay to be listed, instead pays for every click on a price.

### *Bid-based PPC*

In a bid-based PPC, an advertiser competes with other advertisers in an automated fashion in a private auction of the publisher or advertising network. The bid is the amount that an advertiser is willing to pay for a given ad spot, which is usually a keyword.

Automated bid management systems are used to maximize success and cover as many areas as possible.

### **Getting Started**

The following are what you need to remember in getting started with PPC advertising:

1. Choose 10 to 15 keywords and expressions of different categories related to your product or service. You must use quality keywords to get the target audience. This is the trickiest part of PPC advertising and must be the subject of a study before finalizing the keywords. Reach-out to those who really wants to buy and no one else.
2. Use selling words, such as sale, guarantee, delivery, etc. in the composition of your advertisement to eliminate non-commercial inquiries.
3. The three important components of an ad for a PPC are the header, the advertisement text and the link to the website of the advertiser. The ad must be interesting and able to convince a buyer. It must also be concise, without stops, and precise.
4. You have to bid if you want the most desirable keywords. The higher the bid, the higher is your ranking.

## **PPC Advertising Pitfalls**

A problem with this online advertising method is that it is open for abuse. Click fraud, which generates a charge using a simulated user of a web browser maliciously, clicks on the link without having a genuine interest in the target of the advertisement. This type of Internet crime is a cause of controversy because the fraud benefits the advertising network. It has since been considered a felony in a number of states in the USA.



## Chapter 4: SEO Copywriting



Strictly speaking, copywriting involves the writing of text specifically to promote a service, product or opinion. Its main purpose is to encourage visitors of a website to buy.

Copywriting is one of the most effective methods of internet marketing and is one of the schemes employed in SEO. Since the majority of Internet users use search engines to look for information that they need, marketing via these search engines is the key for the sale of your product or service.

Usually, website owners award copywriting jobs to writers since they do not always have the time to write contents for their websites. All the contents of a website can be contracted for copywriting. From the "About Us", "Frequently Asked Questions" to the website content itself.

## **Business Model**

The correct use of keywords and keyword phrases is an effective method of Internet marketing. A website which aims to be part of search engine results needs a content that includes keywords or keyword phrases popular to individuals of the target market.

## **Getting Started**

The following are what you can do to get started in SEO copywriting:

1. You can search for the top keywords that are currently popular in search engines. If you have a target market, you can even use the keyword tool of Google to check what top keywords are popular searches related to your target market.
2. You can take these keywords and include them into your title tags, header tags, meta tag descriptions, and the web content of the site. Choose your keywords wisely so that your content will get the attention of web spiders or web crawlers. When preparing your content, the informal rule is to spread the keywords on 1% to 3% of the whole article and no more.
3. The headlines of your content will make the difference if your article will be read or not. headlines must be catchy and compelling enough to attract search engines and gain ranking.
4. Always put fresh content in your website with topics relevant to your product or service. Your website content must have the necessary keywords.

## **Copywriting Pitfalls**

When doing SEO copywriting, you must remember one thing - content is king. This means that you must write the content of your website with people on your mind and not web crawlers. In the long run, if your website has poor content, there will soon be fewer visitors on your site hurting your business.

## **Conclusion**

To engage in Internet marketing, you will need a portfolio of methods that will make sure that your product or service will remain visible to web users. This is the main objective of Internet marketing. You know that your marketing is poor when your website is not getting any traffic.

Though there are a number of methods out there that you can use, stick to the basics first before you branch out to other methods. Also, be sure to use caution in using techniques that are banned by search engines or you may get sanctioned or blacklisted.