

## Chapter 1

# The Nickel Tour of Yahoo! Store

### *In This Chapter*

- ▶ Getting to know Yahoo! Merchant Solutions
- ▶ Retailing as a lifestyle business
- ▶ Opening a Yahoo! Small Business

*“Hey, Momma? Know what? If I take all my old toys that I don’t play with anymore and sell them, I can take all that money and buy some new toys!”*

— Sam Snell (my nephew), sometime around age 3

**I**’ve always wondered whether independent retailers are born or made. Is self-employment nature or nurture? Maybe self-employment isn’t in the blood as much as it is in the air. I grew up in my parents’ retailing business, so I can see where I caught the bug, but not my parents. Their parents taught school and sold insurance. I guess my folks saw opening their own store as the easiest way to be their own boss, own their own business, and get their piece of the American Dream.

This chapter is your introduction to all things Yahoo! Store. Thanks to its suite of online store-building and -management tools, Yahoo! makes it easy to start and run your own business. The Yahoo! Merchant Solutions service includes domains, Web hosting, e-mail, and Yahoo! Store. This chapter also provides you with an overview of the different parts of the Yahoo! universe, showing the different pieces and parts of Yahoo! I also discuss what Yahoo! Stores are, why I think Yahoo! Stores are swell, and the types of retailers who sell on Yahoo!

## *Exploring Small Business*

Small business is really big business. It’s an old story by now. The media have been all over it for ten years or more. “Small” business owners (and we don’t like the word *small*) are the dynamo that powers the American economy,

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creating 70 percent of all new jobs. More folks are starting up new businesses than ever before, and the Internet makes becoming an entrepreneur easier than ever.

Retailing is also big business in this country. It's a very big percentage of our GDP. Americans really like to buy stuff, but how we buy is changing all the time. *We're buying more and more online every year.* Brick-and-mortar retailing is pretty saturated, getting overcrowded with big-box category killers selling everything from warehouse locations. Mom and Pop stores can't compete with the Wal-Marts on price or selection, so service is all you have when you're a little guy.

Retail customer service is pretty much dead. I'm really impressed if I get a cashier who smiles and thanks me for my business. Finding someone with real product knowledge who can answer my questions is whole 'nother trick. I've just accepted the fact that I have to become an "expert" about whatever I'm buying by doing my homework. There's this wide range of service in retail these days from virtually none (the big-box boys) to great service (high-end boutiques and better independent retailers).

All this change and the vacuum of decent customer service and product knowledge create a huge opportunity. If you have product expertise, are a subject matter expert in your niche of the woods, and enjoy dealing with folks like yourself, online retailing may be for you.

Get real for a minute. You're probably not going to get rich selling online with a Yahoo! Store. You certainly won't make a killing overnight, but it's a great way to make a comfortable living. You get to be your own boss and have a certain flexibility of schedule. Being able to work from anywhere (even at home in your PJs) is a big, big plus. Small-business retailing is more of a lifestyle business than a ticket for the IPO lottery. Retailing is an easy way to start a business, and selling on the Internet is a perfect way to start. You don't need mountains of capital, just a strong desire and a little bit of sweat equity, and you're in business.

### *Introducing Yahoo! Small Business*

When you open a Merchant Solutions account at Yahoo! Small Business, you have a Yahoo! Store (which is what I call it, no matter what anyone else says).

Simply put, a Yahoo! Store is an online store hosted at Yahoo! — a Web store with your own domain name. Your Web site comes with a Shopping Cart and a secure checkout with a payment gateway. Plug in your *merchant account* (a special bank account for processing credit cards), and you can accept credit-card payments (and now PayPal payments). You also get tools to build and

manage your store. These tools include the Shipping Manager tool to configure your store's shipping methods and rates, a product database, online sales and traffic reports, stats, and graphs to see how you're doing. You also get the Store Editor — a Web-design tool for store building. Yahoo! Store also has really good customer support (both toll-free by phone and e-mail) and excellent online help files.

Yahoo! Store is a great choice for building your online store. The platform has more than 35,000 stores and has been around since 1996, before Yahoo! paid \$49 million for Viaweb in July 1998. There's a success track to follow. Other retailers have done well on Yahoo! Store, and maybe you can, too. Yahoo! Store is also a recognized name brand for shoppers, so potential customers feel more comfortable shopping with you.

Using Yahoo! Store also has secondary benefits: There's a big enough Yahoo! Store user base for a community to develop ([www.ystoreforums.com](http://www.ystoreforums.com)). There's also a growing developer network of around 100-plus RTML guys and gals who specialize in designing and marketing Yahoo! Stores (<http://smallbusiness.yahoo.com/merchant/designdir.php>). Lots of business and design challenges have been met and overcome. There's a clear path to follow when building a Yahoo! Store, and many friendly folks are on the road and don't mind sharing tips and tricks with fellow Web retailers.

Okay. I'll admit it. Yahoo! is a bit expensive compared to bargain-basement Web-hosting and Shopping Cart software. Honestly, you'll pay more for Web hosting when you have a Yahoo! Merchant Solutions account, but I believe this expense is actually a good thing because you really do get what you pay for. Table 1-1 lists the different monthly hosting packages, where you either pay \$40, \$100, or \$300 a month plus a percentage of your sales. This revenue share fee is 1.5 percent (ouch!), 1 percent, or 0.75 percent (depending on the type of account you get), but because Yahoo! has resources other smaller companies don't, you shouldn't mind sharing a little bit for what you get in return.

	<i>Starter</i>	<i>Standard</i>	<i>Professional</i>
Monthly hosting fee	\$39.95	\$99.95	\$299.95
One-time setup fee	\$50	\$50	\$50
Transaction fee	1.50%	1%	0.75%
Store volume	< \$12K	\$12K+	\$80K+

Source: Compare Merchant Solutions Packages: <http://smallbusiness.yahoo.com/merchant/compare.php>

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For example, huge surges in traffic aren't a problem when you have a Yahoo! Store. Yahoo! has an incredible load-balancing infrastructure so that you don't have to worry, for example, if your store gets mentioned on Oprah and 10,000 people suddenly swarm your store. I really don't understand all of this propeller-head stuff, but I've seen stores handle tons of traffic (10,000 people a day) and not crash. Yahoo! Stores can also handle the huge spikes in traffic, for example, like the Christmas rush, where the entire Internet is swamped with millions more shoppers than usual. If you have a very seasonal business where you go from a 100 people a day in the off season to 4,000 people a day in the peak season and 150 to 200 orders a day, Yahoo! Store may be for you.

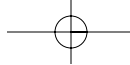
Yahoo! is pretty serious about its Web-hosting business. It's not a sideline or an afterthought. Nowadays, anyone with a T1 line and a server can set up a box and be a "Web-hosting company," but sometimes it takes a \$45 billion market-cap company to do things right.

Yahoo! Stores have a great uptime record, too. One of the reasons I don't mind paying a little bit more for Yahoo! Store than generic Shopping Cart Web-development packages or Web-hosting packages is that I've had a Yahoo! Store or Viaweb since 1997. I know of only two times that our store was either down or really, really slow. I can't say that about any other product or service that I've ever had, whether on the Web or not, including cell phones, air conditioners, 1-800 numbers, bank accounts, Lexus convertibles, iBooks, and so on. I'm not saying that Yahoo! Stores are bulletproof, but if someone is shooting at my online store, I would rather it be a Yahoo! Store than anything else.

### *Figuring Out Who Uses Yahoo! Store*

Lots of different types of people use Yahoo! Store to sell all kinds of different things online:

- ✔ **Brick-and-mortar stores:** These stores include anyone from Mom and Pop retailers to large corporate clients who don't want to spend \$250,000 for a custom e-commerce solution. These retailers supplement their brick-and-mortar store's income by double-dipping, with their inventory selling online and offline. Sometimes the tail wags the dog and the real "store" is simply a warehouse for the online store's products.
- ✔ **Stay-at-home moms (or dads):** These *mompreneurs* build their business by taking phone orders and packing boxes between changing diapers and making trips to soccer practice. This new demographic is exploding and, man, are these folks competitive! I had a huge base of mom-clients until a crop of stay-at-home mom store developers popped up. These Y!Moms had no overhead and rock-bottom store development prices and grabbed all the business! I love it when the "breadwinning" spouse has to quit his or her job to come home and help fill all these Yahoo! Store orders.



- ✓ **Nonprofits:** I've seen everyone from church groups to museums to social activists sell online to raise money or accept contributions. Even the American Red Cross had a Yahoo! Store to take donations!
  - ✓ **Drop-shipping Web marketers:** These retailers only *drop-ship*, which means that they forward orders to a wholesale distributor who packs and ships the order for the retailer. Drop-shipping means no inventory, no warehouse, no killer overhead, and (sometimes) no employees. Drop-shipping retailers probably pay more for their products than retailers who stock and ship all their products, but drop-shippers have much less risk than traditional retailers. If you can find a great wholesaler who is also a drop-shipper, you can focus on customer service and Internet marketing (see Chapter 2). I have some great examples, but my retail clients would shoot me if I slipped and gave up their killer sources!
  - ✓ **Mail-order catalogers:** These old-school, direct-mail retailers are embracing Internet marketing, and many catalog companies sell more through their online catalog than through mailed, paper catalogs. Catalogs are tremendously expensive to print and mail, especially compared to the relative bargains of paid-search advertising (see Chapter 18) and free traffic from search engines (see Chapter 19).
  - ✓ **Inventors, authors, and musicians:** When you write a book or invent a product, no matter how cool it is, you can't sell it if shoppers can't buy it! Sometimes the Big Boys either won't carry a product or want big bucks for catalog placement or space on store shelves. If you can create a virtual product where folks can download a file like a program ([www.rtmltemplates.com](http://www.rtmltemplates.com)), an e-book ([www.ytimes.info](http://www.ytimes.info)), or an MP3 file ([www.laugh.com](http://www.laugh.com)), you don't even have to ship anything!
- Selling your own creation is probably the hardest road to Internet marketing success, but if you hit a home run, you're rich! When you sell the products that you make, you usually have a killer margin because you keep the manufacturer's, distributor's, and retailer's share of the pie.
- ✓ **Manufacturers:** I'm a retailer who firmly believes that most manufacturers shouldn't retail! I believe it's bad manners to compete with your retailers for the very same customers, but some manufacturers want to sell direct. It's a free country! The best compromise I've seen is when the manufacturer sells at full retail using its own *manufacturer's suggested retail price* (MSRP) and provides links to other approved online merchants who are free to sell at market price. See [www.mailcarts.com](http://www.mailcarts.com) for a manufacturer's site I did awhile back.



## Deciphering All the Parts

Your credit-card statement lists Yahoo! Small Business (YSB) as your online landlord. Y!SB is the division at Yahoo! that you deal with the most.

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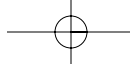
Here are the other parts of Yahoo! you need to know about:

- ✔ **Yahoo! Search** ([www.yahoo.com](http://www.yahoo.com)) **is a separate part of Yahoo!**. Just because you have a Yahoo! Store doesn't mean that your store will automatically rank in the top ten results at Yahoo.com when folks search for keywords related to what you sell. Yahoo! doesn't play favorites with stores or hosted sites, which is confusing to some new accounts. See Chapter 19 for tips on optimizing your store for all the search engines, especially the top three that drive 95 percent of Internet search engine traffic: Google, Yahoo!, and MSN Search.
- ✔ **Yahoo! Shopping is Yahoo!'s shopping portal and the public face of Yahoo! Search.** To be listed in Y!Shopping, you have to organize and submit your products to Yahoo! Product Submit. If accepted, your products get sucked into the Yahoo! Product Search database, showing up when customers search on <http://shopping.yahoo.com>. You pay for each click from Y!Shopping to your store based upon your industry (anywhere from 15 cents to \$1). Yahoo! Merchant Solutions accounts do get 20 percent off list prices, though. See <http://productsubmit.adcentral.yahoo.com/sspi/us/pricing> to read about Yahoo! Shopping and other ways to market your store in Chapter 17.
- ✔ **Yahoo! Search Marketing (YSM) is the paid-search advertising part of Yahoo!**. You know what I'm talking about — those sponsored ads that appear at the top and to the right on Yahoo! and lots of other sites. See Chapter 18 on buying your way to the top with paid-search ads on Yahoo! (and its competitor, Google AdWords).

### *Examining Merchant Solutions*

Yahoo! Merchant Solutions is the catchall marketing name for Yahoo! Small Business division's services package, which includes domains, business e-mail, Web hosting, and Store. Domains lets you register and reserve your domain name and control where it points on the Web. Yahoo! Business E-mail gives you 100 mailboxes with spam control and 17 other things e-mail does. Yahoo! Web hosting gives you traditional Web-hosting space where you can upload your files via FTP or the File Manager with 20GB of disk space. You also get 500GB data transfer, PHP support, log files, and more.

The "Store" part of Merchant Solutions is what used to be called Yahoo! Store and consists of the Store Manager and Store Editor. You can also use two completely different ways — Store Editor or Store Tags — to build and maintain your store. The store-building part of this book is about Store Editor. See Chapter 5 for more on why I use the Store Editor, and why I think you should, too.



The Store Manager is your virtual back office. You can process orders (review, edit, and export store orders), view Statistics (all the cool reports, graphs, and statistics to help you manage your business), configure Order Settings (Shipping Manager, tax settings, payment methods), maintain Site Settings, and promote your online store. You can read more about the Store Manager in Chapter 15.

The Store Editor is both an online store builder and a product database manager. You can create, edit, and organize your products on the Web by browsing a copy of your online store. Here you can also design, tweak, and update your store's look and feel and see your design changes behind the scenes. When everything's perfect in the Editor version of your store, click the Publish button to update the public version of your store. Use the built-in product and section page templates and customize your store by editing the look and feel settings on the global Variables page. Advanced users (or professional store developers, if you have the budget) can create a unique look by editing copies of RTML templates or by creating custom RTML templates from scratch. See Chapter 26 for more on RTML, the proprietary templating language and foundation of Yahoo! Store.

## I still use Yahoo! Store and Store Editor today because they work

The reason I chose Viaweb (now Yahoo! Store Editor) to build my first online store back in early 1997 was because I wanted to sell stuff on the Internet, not code HTML or learn how to program CGI-BIN shopping cart scripts. I'm a retailer and a marketer, not a computer scientist! I had many reasons for choosing Viaweb:

✔ **Viaweb worked for me because I could do it myself.** Back in 1997, I literally had no Web store development budget, so I couldn't pay a Web developer what, at the time, was the outrageous price of \$75 an hour to set up an online shopping cart. I was also highly motivated with the desperation that only comes from your momma saying, "Son, get my business online, and do it fast, or there won't *be* any business pretty soon. PetSmart is coming. . . ." One thing I did have was oodles of free time, thanks to my

business partner (and baby brother), Steve, who runs our day-to-day operations so well that I can disappear into a project (like this book!) for six months to a year when an opportunity presents itself!

✔ **Viaweb/Yahoo! Store was perfect for me because I also had no Web skills and virtually no online experience.** I had never "developed" a Web site. I was a newbie to the WWW in every sense of the word, playing on CompuServe since 1990 and posting in a few online comic book retailer forums swapping marketing tips. I did have a background in retailing and had owned my stores since I was in college. I also had my degree in graphic design from Mississippi State, but that was with tools from the Stone Age designing things on paper.

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✔ **Viaweb also didn't require me to have any special software (that I really couldn't afford, anyway).** I could build my store online in the Store Editor (over a 28.8 modem dialup connection). All I had to do was copy and paste some product information, upload some pictures, tweak a few Variables, and I was online selling stuff, even though I had to learn store design and Internet marketing fast and in public in front of our customers!

The reason I still use Yahoo! Store today is because it works. I have yet to find a better way to sell online, and believe me when I say I'm always looking! To me, Yahoo! Store is the world's best online store-building platform. It's perfect for little guys who want to become big guys. You don't have to be a Web developer or even have an IT guy on staff. You build your store and then concentrate on building your business by taking care of your customers and selling stuff. Yahoo! takes care of all the propeller-head stuff behind the scenes.

Yahoo! Store can also scale with you as you grow. Power users can always tap into the awesome power of customizing store pages through RTML templates (see Chapter 26), as well as

automating some order-processing functionality (see Chapter 15). Honestly, the only reason I ever learned custom programming with RTML was to be able to make search-engine-friendly changes to the templates (to get more traffic) and to make design changes to the store to improve sales (for example, moving my Add To Cart button higher on the page).

Paul Graham and Robert T. Morris (the RTM of RTML) did it right the first time with the Viaweb Store Builder software. The Store Editor has stood the test of time. The Editor I used in 1997 to build my first Viaweb store is remarkably similar to the Yahoo! Store Editor we use today. You get to see how your store looks in real time as you add products or make changes to the global Variables.

Back then, there weren't any *WYSIWYG* (what you see is what you get) HTML editors like today's Dreamweaver or FrontPage. Back then, you wrote your HTML code and then had to look in your browser to see what a page really looked like. I've been using the Editor for over eight years, which is an eternity on the Internet. Maybe this old dinosaur is stuck in his ways, but I love Store Editor and all things Yahoo! Store.