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Product Sales Beat Ads Sales for Web Revenues

By Rob Spiegel

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Most entrepreneurs who launch a Web site are seeking product sales revenue or advertising revenue. Even corporate brochure sites frequently sell advertising. As you click through sites while you're online, the proliferation of advertising gives the impression that Web ad sales could be a logical (and potentially profitable) way to offset the expenses of building, maintaining and promoting your site.

But before you make the call to Monster.com to ask who places their advertising, you may want to consider these statistics from Jupiter Media Metrix, and premier online advertising tracking company:

- Online advertising accounts for under 2 percent of total advertising. If all goes well (and right now online advertising is not going well at all), the research company predicts that will rise to 5.2 percent in five years.
- Online advertising rose an impressive 69 percent last year, but this year online ad revenue is only expected to rise 12 percent, and over the next five years, the growth will hover below 15 or 20 percent each year. This means online advertising will have to fight hard to rise to the level of billboard advertising.
- Jupiter also reported that advertisers have their doubts about online advertising. Advertisers believe Internet ads do not reach enough people and are too expensive.
- More bad news for those who want to sell ads is Jupiter's finding that the cost of Internet advertising has fallen 30 percent over the past year and these costs are expected to keep falling into the fall of 2001.

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Online advertising is one of the casualties of the dot com crash. "Online advertising was built on false expectations set up in the Internet bubble when everyone believed the Net was magical and didn't need to be measured," said Carla Hendra, president of OgilvyOne North America, a major online advertising firm. "For the first few years, if someone looked at a Web site and said 'cool,' that was enough. Now clients are becoming more conservative."

This translates into "Forget about it" for those who believe they can attract advertising dollars to their Web site. Product sales at Web sites, however, present a completely different story. Even with the dot com crash, Americans are spending more money than ever online. The Web continues to be the fastest-growing retail channel. According to Boston Consulting Group, online

retail revenues grew 65 percent in 2000, hitting \$44.5 billion. The research company expects revenues to reach 66 billion this year, up 45 percent from last year.

In May of this year, visits to ecommerce sites were up 35 percent over May of last year, according to Goldman Sachs. Jupiter Media Metrix reported that Amazon's traffic was up 34 percent this May over last May, reaching 20 million visitors. Walmart.com visits were up 126 percent this May over last May.

So I received an email this week from Manuel Morales, owner of Sign3.com, a site that allows NFL fans to vote for their favorite team. He receives 1,000 visitors each day, which gives his site total page views of 4000 per day. And he's asking how to profit from this traffic. The simple answer is "Don't bother trying to sell adverting."

With his type of targeted audience, Manuel probably stands a better chance of selling official team products to create profits. He can likely obtain the products through affiliation or direct inventory purchases. He can tie an individual team product page to votes for a particular team so the fan sees only the page for the team selected. He can outsource the product shipping to the manufacturer or distributor.

The strategy of selling products to visitors is not foolproof, but given the advertising statistics versus the retail sales statistics, product sales are certainly the strategy most likely to succeed. And given the ability to use affiliation with product distributors as an alternative to actually buying inventory and filling the garage with stock, the product route may come with little risk.

Rob Spiegel is the author of *Net Strategy* (Dearborn) and *The Shoestring Entrepreneur's Guide to the Best Home-Based Businesses* (St. Martin's Press). You can reach Rob at spiegelrob@aol.com

10 Great Ways To Generate More Sales

By Mohamed Rabea

1. Negotiate with e-zine publishers to get free or discounted ads by letting them join your affiliate program and earn commissions on the ad you run.
2. Build up the number of people that join your free affiliate program quickly by temporally offering your product for free to the people that sign up.
3. Allow people to download software or e-books from your web site at no cost. Just ask your visitors in return if they'll refer their friends to your web site.
4. Offer daily or weekly visitor bonuses. This will increase your repeat traffic and sales because your visitors will visit regularly to get the visitor bonuses.
5. Sell advertising space in your product package. You could sell inserts, flyers, brochures, booklets, and digital ads for electronic products.
6. Publish your e-zine only on your web site. Have people subscribe to a "new issue" e-mail reminder. This could really increase your traffic and sales.
7. Create two versions of your e-zine so people can choose if they want ads included with it or not. This'll attract the people who hate ads to subscribe.
8. Add a free classified ad section to your web site. You could then trade banner ads with other web sites that have free classified ad sections.
9. Turn part of your web site into a members only web site. Instead of charging for access, use it as a free bonus for one of your products.
10. Create a free ebook directory on a specific topic at your web site. People will visit your web site to read the free ebooks and may see your product ad.

Mohamed Rabea is the owner of the Internet's most popular home based business and marketing websites, available from

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10 Great Ways To Generate More Sales
"Explode Your Sales With Banner Ads!"
How Smart Pricing Effects AdSense (TM) Publisher Revenues
10 Tips For Writing A Persuasive Ad!
10 Things You Should Try To Barter For Before Buying

Build Your Own Mail Order Empire
The Classified List
Adwordiser
62 Ways To Beat The Gas Pump Monster
CB AdWords Script



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