Spinning the Web

Internet-based firms find creative ways to turn profits

BY EMILY RANCER
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Bryan Brand wants to let the Internet make you dinner.

Brand's Web site, SBmenus.com, allows hungry people to browse the menus of 400 Santa Barbara area restaurants. Rather than fumbling with a phone or waiting in lines, the customer orders through an online order form, bypassing human contact altogether.

Through efficiency and convenience, Web-based businesses are thriving in the Tri-Counties. However, keeping them running can be even trickier than businesses with four walls and a door.

For one thing, how a Web business makes money isn't as clear-cut as having a cash register atop a counter. Moreover, online companies compete not only with nearby retailers, but sometimes with businesses from all around the world. And an e-firm has to establish itself as a credible company, a difficult thing to convey via the Web versus brick and mortar.

"In a storefront you can see it, you can recognize it's there," Brand said. "Online it's easy to get lost."

For companies that exist solely on the Internet, third-party recognition is key to establishing credibility, said Jacques Habra, founder and owner of Web-based Noospheric in Santa Barbara.

"It's a lot tougher to establish credibility online than it is through a retail location because you're missing that human element," said Habra, who is also a consultant for and investor in several Web-based business.

Bryan Brand, co-founder of Santa Barbara-based SBmenus.com, works from a coffee shop every Tuesday. Web-based businesses like his have the convenience of working remotely but struggle to gain credibility and mass popularity, not to mention profits.

JEFF CLARK PHOTO
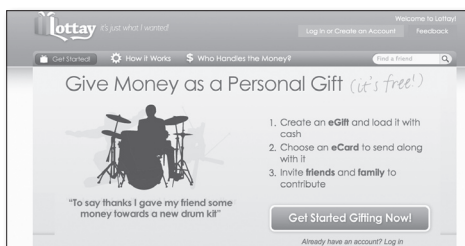
Lottay.com, still in its testing stages, allows people to contribute money toward more expensive gifts, such as iPhones or vacations, for a family member or friend.

Getting news sites to mention your product or even getting someone famous to mention it on Twitter or Facebook can be all it takes to garner credibility. But Habra said the human element, which is currently missing from Web-based businesses, may play an important role in establishing authority in the coming years.

"Imagine if you could click a button and have a video conference with somebody before buying your $2,000 computer," he said. "I think that's another big thing –

streaming video, live video for Web-based businesses that truly do want to conduct business on the Web."

But with hundreds of millions of Web sites, how can your one small site stand out?

"The challenge is: How do you get those eyeballs?" said Andrew Elliott, founder and chief executive officer of Lottay.com, a Santa Barbara-based Web site whose electronic gift card lets friends and family contribute money toward an item. Rather than launching the Web site and figuring out the details later, Elliott and his team are conducting focus groups and surveys to find out exactly what consumers want before going from beta to the real thing.

Plus, Lottay.com has to figure out exactly how to make money. The more successful Web-based businesses seem to be getting two streams of income. One is from skimming a fee from each transaction, and the other is by hosting ads.

At SBmenus.com, the company gets a 7 percent cut from all orders made through its site. It also gets revenue from restaurants that advertise at SBmenus.com.

Brand started the company last year with his former Santa Barbara City College classmate Dusty Stutsman. Brand said it's become popular with both consumers and restaurants. In April, the site had 3,000 hits — its best month ever.

"For the consumer, it's extremely easy, it's smooth, it's fast," said Brand, 22. "On the phone, stuff can get mumbled or messed up. The consumer knows exactly what they order and the restaurant knows exactly what they ordered because they have a printout."

As for restaurants, employees don't have to waste time on the phone while callers work out the details of their order with whoever's in the room, leading to increased efficiency.

To get its name out into the community, SBmenus.com has teamed up with area organizations and social networking sites that cater to its core demographic. When asked about the best strategy for getting people to his site, Brand said, "I gotta be honest, probably Facebook. Thirty percent of our traffic each month is from Facebook."

His company has also teamed up with fraternities and sororities at the University of California, Santa Barbara, in their fundraising efforts. By giving away good deals at nearby restaurants at those events, the business has been able to attract new customers.

Habra said he's working with a Web-based business called chartMedica.com, also based in Santa Barbara, which allows individuals to create their own online medical record histories. He's working with its founder to figure out how to set up a money-making strategy for the site, and it has taken some creativity.

Currently, the site charges a $6 fee when users request past medical information from health-care providers. But chartMedica is also eyeing a subscriber-based model.

"If [users] want, they can pay $30 for a year and get automatic feeds that match key words on their medical records from worldwide discussions," Habra said. For example, if someone has diabetes, they can automatically get updates from sites from around the world about the disease.

Relying solely on the Web for a business has its pitfalls, especially when the power goes out or servers crash. Brand said recovering from those glitches is tougher if you're an online business versus one with a storefront.

"That is huge because at that point, you know that your worst nightmare is people are trying to go to SBmenus and it's not working. It reflects badly on SBmenus," Brand said. "Sometimes technology malfunctions, but that's when you lose customers. You lose credibility."