

Dilemmas to arouse envy

In the second article in a two-part series, **Mark Fenton-Jones** reviews more websites that turn eyeballs on pages into dollars in the bank.

Unless websites are spin-offs from existing content providers with large numbers of viewers that can generate the critical mass to attract advertisers, most new web players need to consider alternative strategies.

When Leasing Information Services established its online retail leasing information site — www.leaseinfo.com.au — in 2004, the business already had a physical consulting presence.

According to director Simon Fonteyn, both arms of the business complemented each other, the website being used to sell the business' products until turnover from the online presence reached the current level of 2½ times the consulting arm's revenue.

The leaseinfo site provides leasing intelligence mostly to retail tenants that have existing leases due for renegotiation, new tenants looking at unfamiliar sites or advisers. In all cases they want to ensure their rents are set at market levels.

Subscriptions are tiered, starting with an SME product for a single retailer with a rent review due within 12 months that costs \$300. The cost of a subscription for information on a single shopping centre is \$600 a year.

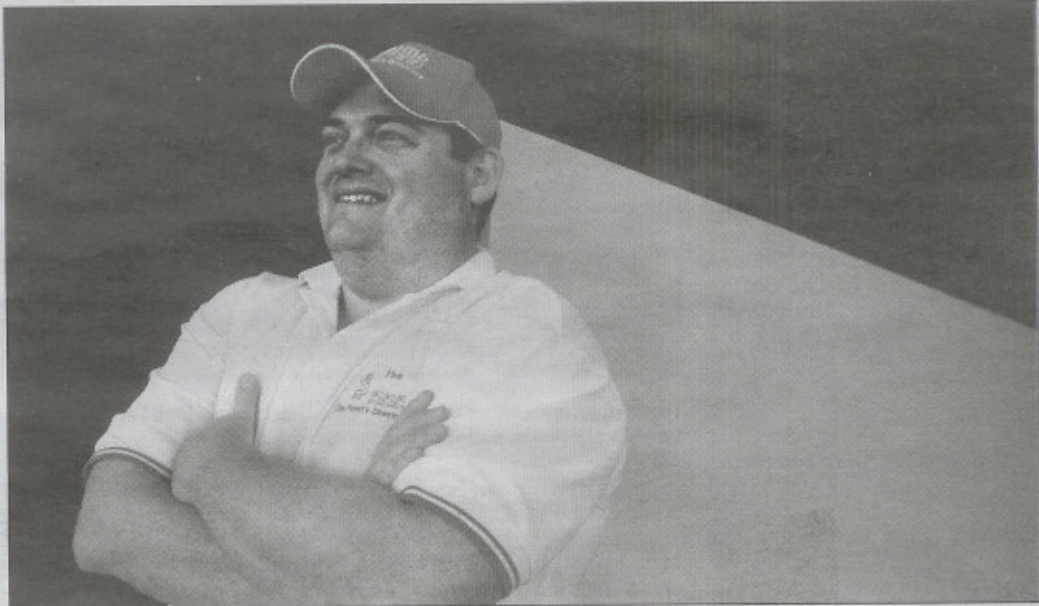
Single user licences that allow access to Lease Information's database are \$3300 a year, and those for multiple users are \$6000 a year.

Fonteyn says the site has about 200 repeat subscribers and 150 one-offs, and the big-name chains are well represented.

Revenue from the website, which is owned equally by Fonteyn and a private investor, is derived predominantly from subscriptions (85 per cent) and advertising (15 per cent).

For an independent website that lacks existing content sources, getting the critical mass to attract advertisers can be a struggle, Fonteyn acknowledges.

"The [website] models that work combine advertising and subscription revenue with specific content that relates to the target market sector. Start-



Portals with partners . . . this is how Brad Lauder offers more to users of his Bub Hub website. Photo: JESSICA SHAPIRO

up websites that rely purely on advertising and do not have significant content behind them struggle to achieve critical mass and the break even point is much longer," he says, adding that the site was cash flow positive after one year.

That was not the case for Bub Hub (www.bubhub.com.au).

Promoted as a central resource to help all Australian parents and parents-to-be make informed choices, it has made several strategic changes since launching in 2002, because of its success.

"We identified a big hole in this area," says Brad Lauder, who built the site with his wife,

"With any small business, you always have to think about the growth strategy."

Hilary. "The goal was to work for ourselves."

Initially the site was Queensland-based, listing products, services and sources of information from businesses and organisations that would interest parents. About one third of the listings are commercial while the rest tend to be information-based or advisory, covering topics such as coping with post-natal depression.

While listing was free, Lauder says the accuracy of the listings was always verified. Revenue came from advertising, which grew significantly when the site went national in 2003, attracting bigger companies. "It's like a Yellow Pages for parents."

The site was profitable by 2004. The growth of the site produced dilemmas that many start-ups would envy. As Lauder explains, advertisers would approach them with, say, \$3000 to spend, but the site could not provide enough options to justify charging the full amount. Eventually, from September 2006, they started using one of several advertising agencies that approached them to handle the bigger accounts, often outside the parental area such as the banks. Brad Lauder looked after the smaller businesses that had been the mainstay of the business in its early days.

During this time, staff numbers grew from only the couple and part-time sales/research in NSW to a full-time administration person and a part-time programmer. The Lauders wanted to add more to their site, which was averaging 55 million hits a month. But as their business adviser, a partner with Brisbane chartered accountant Pilot Partners pointed out, what they had was enormous traffic; what they didn't have was the time to do the additional tasks.

"The site had critical mass but had grown beyond our areas of expertise," Brad Lauder says. So, they tweaked their strategy this year to create portals with partners in areas such as travel and recruitment

that are relevant to parents and from which they can earn revenue. Also under consideration is how to leverage off the tremendous loyalty the site has built up with parents, particularly women in the 18-44 age group, who account for 90 to 95 per cent of traffic.

For Kate Sykes, who launched www.careermums.com.au last December, thoughts are turning to how to expand the business. A jobs board connecting women returning to work, after having children, with employers willing to consider more flexible arrangements, the site has 6000 registered and more than 1000 employers and recruitment firms.

Sykes decided not to charge any fees in the first six months. "What we had to do was build up our credibility," she says.

Then, from July 1, employers were charged to list on the site, but not job seekers, as Sykes sought to capitalise on its value.

"With any small business, you always have to think about the growth strategy," she says, "and this has legs."

She is starting to talk to people who have access to potential investors. But she emphasises that this is only one option to support growth and it is still early days. "We are just exploring it."

In her experience, one critical area for new websites is ploughing money back into information technology. "So much is at the back end pushing forward. People think it is easy to make a buck but there is so much work behind it."