

Testimony of Tim Carter - AsktheBuilder.com
to the
U.S. House of Representatives Committee on Small Business
Subcommittee on Regulations, Health Care and Trade

“The Impact of Online Advertising on Small Firms”

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I sincerely appreciate the opportunity to submit this testimony to the members of Congress. It is my hope that my comments will aid you in making an informed decision about this very important topic.

There is not a doubt in my mind that advertising on the Internet is a fantastic thing for small business people here in the United States of America as well as the entire developed world. I say this for several reasons; my own small business has thrived as online advertising has become more refined, I know personally scores of small businesses that are highly successful because of online advertising and in the last few days I reached out to my own newsletter subscribers to poll them about the impact that online ads are having in their businesses.

Two Common Denominators

It is my feeling that before you enter into a fruitful discussion about online advertising, one needs to be in agreement as to why people are on the Internet in the first place. I feel I have a unique perspective on this situation since AsktheBuilder.com has been in existence since late 1995. If you were surfing the Internet back then, you know those were the early days of this fabulous medium.

I believe if you boil down Internet activity to the lowest common denominator, you come up with two of them, and they both begin with the letter “P” - Pleasure and Problems. There are many websites that offer pleasure, and my own mother used to visit one of these sites daily to play harmless checkers.

But if the visitors to AsktheBuilder.com are a valid statistical sample of the average Internet user, I feel the vast majority of people are getting online each day to solve problems. These problems can be complicated or simple, and the time frame to solve them can be minutes or months. For example, if your toilet is overflowing at 11:00 p.m., you need a plumber now. But if you are in need of plane tickets for a vacation in six months, you may casually seek some pricing information to help craft a budget for the trip. There are millions of problems each day, and online advertising offers solutions to them.

Solving Problems

AsktheBuilder.com was a dream come true. For years I wanted to educate consumers how to ensure the money they invested in their homes was well spent. From 1974 until 1993 I was a hands-on builder/remodeler who tried each day to do my best work using time-tested methods and materials. I always wanted to write a book for consumers to share my accumulated knowledge.

In 1993 I was selected as one of the top 50 Remodelers in the USA by *Remodeling* magazine, and received my award in a ceremony here in Washington DC just two blocks from the White House. I used that award to launch a syndicated newspaper column that now runs in nearly 100 papers across the USA.

But I quickly discovered that it was far better to be a publisher than a writer. When I saw the Internet for the first time, I immediately saw I could become a publisher for only a dollar a day. That was the cost in 1995 to host a website on a server. Imagine being able to reach hundreds of millions of people in a fraction of a second for just a dollar a day. ***Small business people like me had never before had such power or possibilities.***

Within months of launching AsktheBuilder.com, I quickly became aware of how acute problems of consumers were, especially those people who owned homes. I started to get emails each day from people who needed help. They either needed excellent products to install and/or they needed a person to help solve the problem. Currently I receive well over 100 cries for help each and every day from consumers who are having problems.

Context is Everything

We all know that statements make the most sense when they are repeated in context. If a quote of yours has ever been taken out of context, you know how much trouble it can cause.

The beauty of online advertising is that it is often contextual. This simply means that the ads you or anyone might see often directly relate to the problem you currently have. I offer as an example a column from AsktheBuilder.com. If you are reading an article about roof leaks, you will undoubtedly see on that page ads for roofers and specific products that will help stop the leak.

In other words, contextual ads can and do solve problems. I know this for a fact as each day thousands of people who visit AsktheBuilder.com use an ad they see at my website to help them solve a problem. More importantly, in the 13 years I have been operating my website I have never received one complaint from a visitor that an ad seen at my

website was misleading or not helpful.

The same people who voted you into office are having the same positive experience each day on thousands of other websites where content is supported and bolstered by relevant, helpful advertising. In fact, I'll bet that you have responded to an online ad that aided you in solving a problem you might have been researching online.

Instant Gratification

Upon receiving the invitation to appear in front of this Committee, I decided to flex what little power I have on the Internet. I am very fortunate to have a large responsive following of small business owners who subscribe to my weekly online newsletter at AsktheBuilder.com. When I received the formal invitation to appear in front of this Committee just days ago, I reached out to my subscribers asking them to tell me how online advertising has impacted their businesses.

Within an hour of sending out the newsletter, responses started pouring in. Allow me to share some of the most interesting. I heard not only from small business owners but from regular consumers as well.

Joe Wilson, a freelance writer from Athens, GA, wrote, ".....This is to say that we don't use any other form of advertising, at least consciously.....If it weren't for the online ads that cross my screen, I wouldn't have found the publisher for my most recent book."

A Community Development Coordinator from Nashville, TN, Ms. Rachael Kahne wrote, ".....I work for a small business whose bread and butter comes from online advertising. There's simply no other better, more viral way to get in touch with a targeted audience. Online marketing allows a business to track and target what is working, and what isn't. It's certainly one of the most cost effective solutions out there today."

Shirley, who didn't tell me where she lived, said, ".....Of course online ads are a win/win. The vendor makes income from the vast access of online and the user can either view the add or block them altogether....."

Ira Eisenstein runs a home-inspection business in New Jersey and told me, "Tim,.....I run a home inspection business, and I have made a deliberate decision NOT TO obtain my work through real estate agents because of the inherent conflict of interest that creates." He added to that, "....If I did not have the opportunity to use online advertising, I would have no business, as 95% of these people go on the internet, and search for their home inspector. From the other point of view, the customers who find me because I have online ads would be unable to find an independent home inspector if none of us could advertise online. That would put both my customers and me at a big disadvantage. The cost of replacing online advertising with other media would be prohibitive."

Laura responded with, “Hi Tim, I am a small business owner and have benefited from online advertising. The pay-per-click model gives me strong leads, and let’s me know exactly how my advertising budget was spent. It is quite similar to advertising in, say, a local magazine. Online viewers expect instant gratification – and they get it with well-placed online advertisements.....”

Graham Green who lives 50 miles from the nearest shop and public telephone in rural New Zealand can’t vote for you, but his response is really worth considering. I want you to read his entire email to me because it truly speaks to the essence, power and impact of online advertising. Graham wrote:

“Dear Tim,

I am one of the millions of people that you are not going to make any money out of. Sorry; I live in rural New Zealand and if it wasn't for web sites like yours my life would be substantially impoverished. You are responsible for teaching me skills that I need to get by and showing me what products are available to accomplish a job.

The World Wide Web is easily the most individually empowering development of the last 100 years. For the first time a person can find out what other people who bought a product or service really think of it.

Comparing prices, soliciting opinion, discussing quality - all have become so simple.

In my opinion anyone against internet advertising is un-American.

Here's an example: Today I taught myself enough electronics to make a voltage regulator so that I can repair a broken machine. Using only web sites I have learnt the principles of DC voltage regulation, selected an appropriate IC and two resistors (total retail value \$3) and ordered the components. This certainly saves me money, but also means that I don't have to scrap an electrical appliance which has to be a tiny bit of good news for the world.

It comes down to this - people who want to sell things that aren't crap are happy to spend effort helping you buy them but they couldn't do that in a newspaper ad.

Sure, the net is full of crap but it is less crappy as each year goes by. The market is adapting to the new technology and the net is regulating itself.

All the Best and a big thank you for your site.”

Finally, as I was writing this testimony Marie Murray of our fellow citizens from the top of the globe in Sitka, Alaska wrote:

“Hi Tim, I actually talked to you in person after doing research on how to handle the clear cedar on our house. We tried what local painters had told us to do for a less then successful result after mildew had blackened our house and weathering had really done a number on several sides ...Then we got products you had recommended by finding a log dealer in Oregon who handled the Defy and the oxygen bleach, sent it to us on the barge since shipping is such an issue with us...we are closing in on the end. We are very happy, and people tell us our house looks like new siding and it does.

This would not have been possible if we had not found YOU on the web by searching different web sites. WE ARE HAPPY CONSUMERS, WE LIVE ON AN ISLAND IN ALASKA AND WOULD NOT HAVE BEEN ABLE TO HAVE THIS HAPPY ENDING WITH OUR BEAUTIFUL HOUSE UNLESS WE WOULD HAVE BEEN ABLE TO GET YOUR ADVERTISING ON THE WEB AND ADVICE....THANK YOU A MILLION TIMES FOR YOUR CARING PERSONAL CUSTOMER SERVICE THAT IS ALL BUT DEAD IN THESE TIMES.”

Empowering Small Business

If you are a student of business history, you will quickly discover that prior to the Internet it was very hard for a small business to grow. It took years of work and lots of capital to spread the word far and wide about the products a small business might offer. This was true if a business had just a local customer base or had products and services to sell all over the USA or the world.

But online advertising has changed all of that. It has never been easier nor cheaper for small businesses to target, acquire and satisfy (solve a problem for) consumers. The examples above that I offer are a small bit of evidence. Perhaps the most astonishing fact is that a small business can control the price it pays for the ad, control the daily advertising budget, control where and when the ad will appear and do all of this in minutes from the comfort and security of any personal computer whether in an office or on the beach.

But remember that I am a small business that is also thriving on the other side of the advertising fence. **The online ads that appear on AsktheBuilder.com allow me to publish thousands of my past columns and hundreds of my short videos for free.** This allows millions of people, some of whom are your constituents, to have unparalleled access to content like never before. I am not alone, as there are tens of thousands of small Internet publishers like me who use online advertising as the fuel that powers their revenue engines. When you add all of us small businesses up, no doubt we make a significant impact and help contribute to our National Economy.

Summary and Conclusion

There are many other examples I and others can offer about how online advertising has a positive impact on small business, but I feel you have a clear picture already. Perhaps the most compelling reason to encourage online advertising and allow it to further develop is to recognize that it is one of the few things in this world that is truly a win-win-win opportunity.

Consumers benefit by seeing ads that can actually solve their current problem at that moment in time, the advertiser benefits by getting the attention of a ready, willing and able customer and finally the website that is hosting the ad benefits from making the connection between the consumer and the advertiser.

Thank you again for taking the time to consider my opinions in this very important issue.

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