

Fall NEMOA Key Note Presentation

September 09

Where are we now? These ten words will keep us grounded.

In these turbulent time, it helps to keep these words closeas they remind us of what is important ...and keep us balanced and focused.

1. Margin

- a. Margin is king, the lifeblood of our busiensses.....50% plus margin is necessary, 80%+ is terrific!
- b. Unique products drive higher margins...high margins can not be sustained on commodity products.
- c. Margin \$ always override margin %....no one ever wrote a % sign on a deposit slip!
- d. Some examples of high margin products can be categorized as “intelligence on paper”, compliance, “nesting”, indulgences, “products with romance”. Look at how other successful marketers are doing it and copy the product development strategy.

2. Product

- a. Unique, hard to find products are a must.
- b. You need depth, breath, range in your product selection to compete effectively against retail.a
- c. You must become a “Master Merchant” and it will take 50% of your time/resources. The other 50% can be spent on marketing.
- d. At least 50% of revenue should come from proprietary products...”can’t buy them elsewhere”
- e. Light manufacturing/assembly, personalization often needed to support differentiation.
- f. New niches..... www.fridgefilters.com, www.barbequeparts.com are good example. The web allows new categories to be born.
- g. Catalog malls of homogenous stores will be tough, catalog specialty stores is what’s needed

3. Competition

- a. Keep your friends close and your competition closer. Follow your good competition like a hawk.
- b. Assume they are smart, never underestimate. Ask yourself: “Why are they doing that?”
- c. Retail, retail, retail....this is where your opportunity is. Target trading areas of closing retail stores. Will 10% of all retail space be lost in the nest 5 years? If so, what opportunities are there for your business?
- d. Catalog stills sets you apart from the pure ecommerce players...who are just now starting to use mail. Mail interrupts and creates demand. (Even Google send a direct mail piece recently to sell Google Ad Words program.)

4. Mail

- a. Old days.....interrupt, awareness, sell, close, retain, entertain
- b. Today.....same for catalog customers, just interrupt and create need for online shoppers
- c. Catalog as we know it...is dead. USPS may be dead as we know it. The catalog will be reborn as a online partner in a supporting role.
- d. Phone continues to be as important....particularly for complicated products or orders.....personalization, knowledge assist, etc.

5. Online

- a. Search....is changing shopping habits. Today you can search for something even though you don't really know what it is. (Finding the boat part story.)
- b. Differentiate direct entry, your brand searches from true SEO/keyword.organic search.....30% of your new customers should come from organic search (not PPC, not brand search, not direct entry). If not, you are falling behind.
- c. Reputation.....customer comments, product ratings, association to brand/catalog...all count. Shoppers are seven times more likely to believe other customers than the merchant.
- d. www.hayneedle.com. Multiple sites. Be your own net knat. Helps boost SEO. Use to test a new category or niche.
- e. Not everything happening online is for you! The business model of twitter has yet to be proven for example.

6. Marketplaces

- a. Amazon, Ebay, Buy.comand now, Walmart.
- b. Selling on a marketplace is like sleeping with a polar bear. If you don't do it, you'll freeze to death. If you do, there is a chance you will be eaten. The marketplace sponsor will often be your biggest competitor.
- c. Selling on marketplaces is costly, but a good customer acquisition effort. Think about what products to sell in a marketplace and how to convert those customers to shopping at your site for their second purchase, within the rules of the marketplace.

7. People

- a. The recession has left us with less experience and talent.
- b. Experience counts....fewer, better people is always a better alternative.
- c. Having good merchants and marketers is key to success.
- d. Too much emphasis on analytics and formulaic marketing and not enough on creativity and ingenuity.
- e. Rely on the brainpower of your vendors, marketing partners too.

8. Disciplines

- a. RFMPC-Recency, Frequency, Monetary, Product, Channel
- b. Use profitable profiles when selecting prospect lists and selecting keywords.

9. Evolution

- a. Evolvechange or die. Change is inevitable, don't fight it.

- b. Talk to your customers, understand them, understand where they are going and plan to be there. Go with their flow. Call them.
- c. Apply technology to gain functionality, services, efficiencies.

10. Buddies

- a. Find one, have one, use one.....NEMOA, Internet Retailer, ACCM
- b. Vendors make good buddies too. “Vendor bending” will cost you in the end.
- c. Rewards are well beyond just business.
- d. Remember to pay back....be a mentor.

Five things to do now.

1. Recognize that Darwinian change is inevitable and that the period of step change we are in is similar to the impact brought on by computerization 30 years ago.
2. Bring your online stores ...including online marketplaces/malls that you participate in....up to snuff, if they are not already there. Make sure they work, have the best functionality and deliver increased traffic, conversion, sales and retention....as well as truly new customers from organic search.
3. Test alternative mail vehicles that take advantage of the interruption power of the mail yet drive customers online.
4. Hone your marketing skills in email, SEO, PPC and online analytics.....just like you have done in RFMPC
5. Re-commit to being a product master....a product wizard....investing as much in your product development and merchant skills as your marketing channel skills.

Terry Jukes
President
Ability Commerce
www.abilitycommerce.com
561-330-3151 x 3170