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Shopatron weighs anchor

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Boating Industry
Friday April 2, 2010

After a decade working to build more than 700 brands into its system – in industries from toys and equestrian to musical instruments – the Shopatron integrated e-commerce site has set sail for the marine industry.

For marine dealers, that could mean more revenue and profit for items they are already stocking and closer ties to their top vendors.

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“We’ve seen some real interest in the marine industry,” says Ed Stevens, founder and CEO of Shopatron, an e-commerce site that partners with manufacturers to sell products to consumers through the manufacturer’s own dealer network. Shopatron tested the waters with marine through its involvement in the sporting goods industry, which shares common merchandise in the fishing and watersports categories.

Early customers included Johnson Outdoors and HO Sports, but it was the signing of Evinrude that spurred Shopatron’s current push to expand its marine portfolio.

“Normally, when we get a big client, it takes a year to launch and get up to speed and another year for competitors to see how it’s working,” Stevens says. “Evinrude has been one of our most successful launches and has been doing great during the recession. But BRP wouldn’t have launched Ski-Doo with us had it not been for the success of Evinrude.”

Leveraging ties, building relationships

The Shopatron e-commerce site works like this: A manufacturer signs with Shopatron and pays a fee (starting at \$1,500) to add a retail sales component to its site. (Stevens explains that when a manufacturer sends customers off its Web site to make a purchase, a certain percentage of customers get lost in the transition, which hurts sales.)

When a customer makes a purchase, the transaction goes into a queue where dealers in the Shopatron network (who join for free) flag orders they can fulfill. The selected dealer, which often is the closest to the customer, ships the product, collecting the sales price and shipping, minus a small percentage of the transaction price. Dealers can sort queued items by brand, age of orders, location and other metrics to make flagging easy. Most items are flagged and awarded for fulfillment daily, but difficult-to-find items may take several days to resolve.

Unlike other sales Web sites, Shopatron has a customer service team to field calls from manufacturers and dealers who have questions about the fulfillment process. A manufacturer can tweak offers to generate traffic, such as free shipping or other promotions.

Stevens, who grew up in the retail environment of his parents' furniture store in Akron, Ohio, recognized early on the importance of relationships between manufacturers and retailers. Prior to starting Shopatron, he was a master distributor, importing Russian-made hobby and toy products to the United States.

Shopatron, which has its headquarters in San Luis Obispo, Calif., started in 2001 with toys and has been growing ever since. Major categories include apparel, equestrian, musical instruments, needle arts and crafts and sporting goods. Stevens says the company is growing at a 75-percent annual rate and is profitable.

Current growth markets include the marine, powersports and automotive aftermarket industries. Unlike many of its earlier markets, these industries absolutely need a dealer network so customers can make a purchase and then have the items installed, Stevens says.

"A lot of boat-related merchandise is [do-it-yourself], but a lot isn't," Stevens says. "The manufacturer needs to be able to send a customer to a dealer for installation of more-complex products."

Incremental sales help in tough times

Jerry Brouwer, owner of Action Water Sports, Hudsonville, Mich., sells water skis, wakeboards, tubes, life jackets and other watersports accessories as a Shopatron dealer. Brouwer says the system is a dance between manufacturers that want to sell more products and retailers that want to do the same.

"We've seen incredible upticks in certain categories where we've grown sales of an item from 50 pair a year to 200," Brouwer says. "We have staff monitor [Shopatron], which doesn't need management types to monitor it and ship product."

The system wouldn't work for retailers that stock just one or two items from a participating manufacturer, but it's a great way for stocking dealers to get more sales. Brouwer notes that he is carrying more products from manufacturers that use Shopatron, but he says inventory turns are higher and local customers now have access to a greater array of merchandise.

"I'm not going to be able to retire on the extra money, but times are tough and we look for revenue in every nook and cranny," Brouwer says. "This is another source of revenue that goes to the bottom line, which is another person I don't have to lay off."

Shopatron's founder calls the system a win-win for manufacturers, who are not selling in direct competition with dealers, and for dealers, who can boost sales while increasing loyalty to their Shopatron vendors. Judging from past experience, Stevens says that early adopters in the marine industry will propel more competitors into the space, which will help dealers even more.

"E-commerce continues to grow, and traditional businesses need revenue as much as ever," Stevens says. "Shopatron engages and drives sales, which helps both manufacturers and retailers."

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