



Shopatron

Bricks and Clicks



The opening of a Swindon office earlier this year signalled e-commerce firm Shopatron's expansion into the European market. ELIZABETH SHARP spoke to UK Business Development Manager, Tim Winchester, to find out more...

We live in the age of the Internet, and for an ever-increasing number of consumers, the purchasing journey begins on the manufacturer's website. Just as our grandparents would flick through catalogues, today's shopper is free to browse and click their way through a host of information and take in page after page of stunning product shots online, participating in what is essentially the ultimate window shopping experience. And when they've found the perfect product on which to spend their hard-earned cash? Well, they ready their credit card and... well, chances are that here is where this journey ends. More often than not, the consumer will be left with a 'where to buy' list of stockists and a vague feeling of being unfulfilled. For most small- and medium-sized manufacturers, their online presence is merely a source of information that serves to tempt the consumer, but no more. So what happens if a manufacturer wants to cash-in on all that online traffic?

Up until now, only a few of the major companies have been able to sell directly to the consumer without the risk of creating channel conflict and subsequently alienating their retailer network. However, founder and CEO of Shopatron, Ed Stevens, appears to have the answer. As an e-commerce company with a difference, Shopatron seeks to offer manufacturers the best of both worlds by not only avoiding channel conflict but actually adding new value through the distribution network. The process is relatively simple: Shopatron put a solution together whereby they host pages on the manufacturer's website that are 100% branded and offer the consumer the freedom to purchase directly from the manufacturer. These pages act as the shopping cart and check-out, with the difference between this and the normal e-commerce experience being that the consumer is seamlessly transported to the shop. So, the consumer has clicked the 'buy now' button and purchased their object of desire directly from the manufacturer. What's unique about this system is what happens next...

start the bidding...

Essentially owned by the manufacturer, the Shopatron-hosted pages capture all of the orders on behalf of said manufacturer, take all of the credit card information – ensuring that it's a valid card – and then pass that order out to member retailers throughout the UK. Retailers who have signed up to Shopatron have access to the list of orders and can then 'bid' to fulfil them. As Tim explains, "Retailers press the bid button, saying 'Yes I would like to ship that product for that particular price, as set by the manufacturer', and their obligation to us is that they will only bid for products if they have them in stock... and that if they get awarded the order, they have to then ship that product within 24 hours."

To ensure that all the retailers can see the order, each one receives a notification via email, and each morning at around 10:30, Shopatron resolves all of these bids and awards them to the customer's closest shop. The result of this is a customer who gets the product quickly, with local support and minimal shipping costs, and a retailer who gets a sale.

"Shopatron seeks to offer manufacturers the best of both worlds by not only avoiding channel conflict but actually adding new value through the distribution network"

At the heart of this process is Shopatron's COEX order exchange, which serves to match the customer with the shop. Should no local retailer have the product in stock, the order ripples out geographically until it hits a retailer that does. In the event that the product is not held by any UK retailer – if, say, it is an unusual colour – the order is then delivered back to the manufacturer to fulfil.

THE RETAILER

As MD of the UK's largest independent AV furniture retailer, Stand & Deliver Ltd, Mark Knight had this to say...

"The only reservation we had, and to be honest still have to a certain extent, is the issue of the manufacturer selling direct, bearing in mind that we are, as dealers, trying to sell ourselves. If their system becomes too good, why would we continue the promotion and advertising that we do if

all customers end up going through Atacama? And, if that did happen, then it could well be that a lot of the sales they're getting are coming from the promotion that all the dealer network is doing anyway. Having said that, if there is a good example of one doing it direct, I would say Atacama would be it because they're getting round any politics by being the most expensive. If they did decide to be competitive, it really does become a political issue, and we would have a lot to say about that because we'd be in competition with our own supplier and we might not get the sale. So, it has to be carefully done, but I would say so far, it has been carefully done and we'll see how it unfolds further down the line. It's early days, but so far, so good."

For further information visit: www.standanddeliver.com

This takes place after the order has remained unfulfilled for a period of two days, and as it only goes to the manufacturer when no one else wants it, there is no chance of channel conflict. As Tim highlights, *"The nice thing about manufacturers fulfilling the order is that they will gain full retail margin for doing so, but they're doing so in a very retailer-friendly manner."*

There is, of course, no obligation to the member retailers to fulfil orders, and joining Shopatron is free, but as Tim comments, *"They log in at no cost, it's a free service, but in doing so they have agreed to play the game."* What this means is that retailers are expected to abide by the basic rules of the system, and Shopatron strictly monitor the process to ensure that they do. For example, if a retailer bids for a product, subsequently wins that order and doesn't actually have the product in stock, Shopatron will be notified because they ask for tracking information on each order. Should they not receive a validated number within 24-hours, they'll know that the order wasn't shipped and will call the retailer, eventually giving them a black mark, awarding fewer orders or, should the retailer persist, cancelling their log in. This is designed to ensure that each retailer has a fair chance at winning the order.

what's in store?

If a retailer doesn't have the product in stock, or simply doesn't want to bid, there is another advantage to becoming a member. As Tim is quick to point out, *"The nice thing for the retailers is that they would, by logging into Shopatron, see all the orders that are coming through the system, so they can actually see what's selling, what's hot and what's not."* The idea is that smaller retailers who don't have the facilities to store a large range of stock can observe what is selling, stock accordingly, and in doing so, stand a better chance of winning bids and tempting any walk-in customers. Should they win a bid, the retailer also has the chance of adding to the sale as, given that orders are sourced to local shops, the customer may be encouraged to use the option of in-store pick-up. Once in store, the retailer has a new customer to sell to; however, they are obligated to provide the customer with the ordered product, as switch-selling is strictly prohibited.

When choosing in-store pick-up, the customer can change their mind and cancel the order on the spot, leaving the retailer free to sell them another product. If this occurs, Shopatron will call the customer to see if their experience was a good one and to check that the retailer didn't switch-sell. Should a customer change their mind shortly after ordering, they can call the number on the acknowledgement email that is sent out after every purchase and talk directly with Shopatron's UK call centre. Tim explains: *"They're calling our call centre here in Swindon, and we've got four multi-lingual customer services representatives here who will take the order, look on the system and find out just where in that process that order is – if it hasn't been put out to retailers yet, we can change it, we can cancel it, we can do whatever we like on behalf of the consumer."*

In cases where the order has been assigned to a store and is about to be shipped, Shopatron contacts the retailer and asks them to modify it. If the product has already been shipped, Shopatron will inform the customer how to send it back, and should the customer receive a damaged product, the firm will contact the retailer to send a replacement and pre-paid shipping label for the broken item. Shopatron, Tim notes, *"handle all the nuances that can arise from a customer, which effectively insulates the manufacturers and the retailers from this entire customer interface."*

...and complete their order on a Shopatron-hosted page



So, what's in it for Shopatron? Tim has the answer: *"The retailers will bid, the one that's physically closest wins it; they then get an email saying, 'Congrats, you've won, please ship within 24 hours'. They ship, and on the day that they ship it, we charge the credit card and credit the store, less a commission which is significantly less than the stores would be willing to give away in discount. It works."* With 500 manufacturers, including Panasonic, already signed up in the US, as well as almost 8000 retailers, Shopatron are expecting big things from the UK market...



THE RETAILER

Andrea Holtham from Tintisha Technologies Ltd fills us in...

"We've found that it's been really straightforward. When you sign on to the Shopatron website, first of all it takes you through a little training session which was actually quite simple. You have to pass it to carry on, though I don't think you can fail it to be honest! The week we were due to start, Shopatron rang us a couple of times as a courtesy to find how we were getting on. We had a few questions which they sorted straight away. We check it every morning at about 9 when we come in – I check our stock levels to make sure that we've got the stock in, and if we have, we just place the bid straightaway. We hear back, usually about 10:30, via email if we've got the order. If we don't get the order, we don't hear anything so we just assume that it's gone to somebody else. Hopefully Shopatron will increase our sales, and when the invoice goes out it has our contact details, so people know where the goods came from, plus details of our site should the customer want to have a look."

For further information visit: www.tintisha.com

Atacama

THE MANUFACTURER

As the UK & International Sales & Marketing Manager of the first UK manufacturer in our industry to join Shopatron, Dennis Greenaway of Atacama shares his view...

"When I took over the marketing department at Atacama, I found that our current website was just an information-offering website – we weren't marketing it or attempting to get more people to go to it, it just sat there. We were actually having a lot of visitors, and they were specifically looking for Atacama products. I could see by the way they were coming onto the website, looking round and then leaving, that they were trying desperately to find a way of buying the product but were unable to. Obviously, we weren't happy about going down the avenue of turning into a retail website; we want to support our retailers not become a competitor to them."

"From a manufacturer's point of view, Shopatron keeps the value of product high, as we're not discounting – we're encouraging shops, in a very gentle way, to stock our product because the only way that they can take the business is if they've got it in stock. And, of course, there's no cost to the retailer – all the costs are met by the manufacturer, so it's an excellent way of supporting our retail network and being able to grow the business as well. What it also means is we can now target our advertising much more effectively – we can run an advertising campaign and see if it actually does sell anything as we can directly link it to the Shopatron website and make sure that it's effective. It also allows us to move fairly quickly with any market trends or new products – we can get them out really quickly as I can manage it here as opposed to relying on retailers or Internet companies finding the time to put it onto their website."

For further information visit: www.atacama-audio.co.uk

FOR FURTHER INFORMATION CONTACT:

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