

ETAIL SOLUTIONS

SALES AND SUPPLY CHAIN
MANAGEMENT PLATFORM

eCategory Management

*Reclaiming your brand
in the ecommerce age*



etail

Connected. Intelligent. Empowering.

WAKING UP TO THE WORLD OF ECOMMERCE

When Amazon was founded as a tiny, online bookstore in 1994, the World Wide Web had just been invented. Walmart, mass merchandisers, and big box stores ruled retail. Brand was king, and the key to getting product onto retail shelves and into consumer shopping carts.






Times have changed.



What is Etail?

The Etail platform is a suite of tools specifically designed to support the unique requirements of the ecommerce channel.

Etail includes integrated, fully automated tools for:

-  Order management
-  Listing management
-  Inventory management
-  Pricing management
-  Business analytics

IT'S TIME TO TAKE CONTROL

Ecommerce represented 13% of total US retail sales in 2017. That's a 16% increase over 2016 – or \$62.47 billion – and Amazon accounted for 70% of that growth.

After years of ignoring – or at least under managing – the online channel, brand marketers and manufacturers now are viewing digital commerce as a growth engine.

Most brand marketers couldn't imagine working in a company without a dedicated resources to manage operating in the mass merchandiser, grocery or club channels. Yet that's exactly what they are facing in ecommerce – the fastest growing and dominant channel in retail.

The solution? Ecommerce category management.

ECATEGORY MANAGEMENT

Category management is not a new concept in retail marketing.

For years, category managers have worked in brick-and-mortar stores, managing product placement and merchandising both on-shelf and for promotions, enforcing pricing policies and setting competitive pricing strategies, and ensuring adequate inventory is available to meet seasonal and promotional demands.

In many ways, the tools of eCategory management are the same as those used for traditional category management in physical stores – just updated and enhanced with technology.



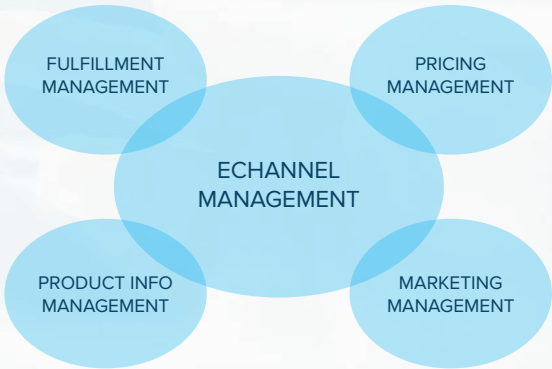
	PRODUCT	PLACEMENT	PRICE	MARKETING
BRICK & MORTAR CATEGORY MANAGEMENT	Inventory Availability	Distribution and Shelf Placement	Static with Occasional Promotional Pricing	Deals, Displays
ECOMMERCE ECATEGORY MANAGEMENT	Fulfillment Management	Product Information Management Listing Creation and Publishing	Dynamic, Market and Competitive Price Management MAP Compliance Verification	Listing and Content Optimization Channel Advertising and Promotional Programs Channel SEO

TOOLS FOR MANAGING ECOMMERCE CHANNELS

Channel management is a key concept for maintaining control of your brand and economic future in the ecommerce channel.

Successful eCategory management requires four types of tools:

- Fulfillment Management Tools
- Pricing Management Tools
- Product Information Management Tools
- Marketing Management Tools



4

brutal truths of ecommerce management

*Four facts that will change the
way you think about ecommerce
category management*

TRUTH
#1

BETTER MARKETING ALONE WON'T WIN

When most brand owners think about category management, they think of tools for advertising, promotion and marketing optimization – in other words, marketing management tools.

But ecommerce is not only a marketing channel, it's also a distribution channel with a whole new set of operational challenges that many brands have yet to face.

Brands are experienced in shipping truckloads and pallets of product, but not individual packages directly to consumers. They've worked around the issue by shipping large quantities to Amazon, 3PLs or distributors who then ship to individual consumers. But this approach can get expensive and sometimes leads to losing control of pricing and brand equity if the product gets in the hands of unauthorized, third-party sellers.

Brand marketers are starting to realize that being in control of their brand means controlling their back-office operations.



TRUTH
#2

THERE'S NO ROOM FOR ERROR

Every marketplace has unique rules, requirements and restrictions. But they have a common response to violations – accidental or not. They come down hard, often suspending accounts with little or no warning and no clear recourse.



Reasons for account suspension include:

- Poor performance such as late shipments
- Violating restricted product rules
- Violating listing policies
- Overselling due to poor inventory management, forcing the seller to cancel the order

Suspensions can largely be avoided through automation to ensure data and listing integrity, reduce human error, and meet shipping commitments.

The good news is that account suspensions are rare – but they do happen. While the suspension is bad enough, the events leading up to it often reflect poorly on your brand.

TRUTH
#3

YOUR STRATEGY STARTS WITH AMAZON

Amazon is the dominant force in ecommerce and its huge presence defines the market.

If you are going to control your brand online, you need to control your Amazon presence.

The brutal truth is that you are probably already selling on Amazon, whether you want to or not.

That's because more than 82% of Amazon's total sales and 50% of total units sold come from third-party (3P) sellers. Third-party sellers are independent merchants who offer a variety of new, used, refurbished and collectable merchandise. Nearly anyone can set up a 3P seller account and hide their identity. These independent vendors – which are often unauthorized sellers – have become a real headache for brands.



82% of Amazon sales are made by third party sellers. Many unauthorized.



HOW THE AMAZON MARKETPLACE WORKS

Amazon offers the largest assortment of products, with the most convenient buying experience, at the lowest price. Three structural components directly affect brands.



Anonymous sellers

Amazon will allow almost anyone who acquires a product legally to resell it on the Amazon marketplace.

These sellers can be completely anonymous outside of Amazon with only their seller name, an email address and their star rating available to the public.

This makes it very difficult to identify product diverters who are acquiring branded product through unauthorized channels. These products might be resold at discount prices, be out-of-date formations or have other product quality problems which can affect perception of the brand.



Winning the Buy Box

The “Buy Box” is how Amazon awards their recommendation to buy from one of many sellers for a listing. All offers are listed, but about 80% of the time shoppers choose whoever “owns” the Buy Box.

This creates intense price competition to “Win the Buy Box”. While that’s good for Amazon and its customers, it creates problems for brands.

Reduced price can affect consumer perception, and damage relationships with other vendors and channels.

A Minimum Advertised Price (MAP) policy may also be in place with other vendors, which might be ignored by a rogue, anonymous seller or by Amazon itself.



Off-brand listings

Anyone with your products in stock in new condition can create a listing for your products in many categories on Amazon.

Sometimes, they may not have the correct product information, not follow brand guidelines or use poor quality photos. This can reflect poorly on the brand image.

If you’re the manufacturer or OEM of a branded product, you can enroll in the Amazon Brand Registry, which provides some protection by preventing other sellers from making changes to your product detail page. However, others can still offer to sell their inventory on your listings.

SELLING DIRECTLY TO AMAZON

For some, the solution may be to sell directly to Amazon as a vendor. This is known as a Direct or 1P relationship. Amazon will buy the products from you, store them in their warehouses, and ship them to customers. This is often attractive because Amazon can place large orders. But Amazon will also demand wholesale pricing, may ignore MAP, and will continue to push for deep product discounts. There also may be clauses in the Amazon Vendor Agreement which will constrain your ability to sell the product in other ways on Amazon.

There is no “one size fits all” solution to the right strategy for selling on Amazon.

In fact, the best strategy may be a blended, hybrid solution utilizing 1P and 3P selling along with alternative fulfillment methods like FBA, FBM and drop shipping.



IT'S AN EVOLUTION, NOT A REVOLUTION

Ecommerce and eCategory Management are just the next steps in the long evolution of retail.

1900–40s	Department stores
1940–70s	Grocery chains, shopping centers
1970–90s	Mass retailers, category killers, club stores
1990s–	Ecommerce, omnichannel retailing

In each case technology – which led to improved logistics, lower costs and more efficient operations – created a new opportunity and challenged existing formats.

And in each case, new brands arose that capitalized on the advantages of the new format and flourished while existing brands struggled to adapt.

Those existing brands that were successful survived and even thrived in the new opportunity. Those that weren't...didn't survive

eCategory management can be your tool to ensure your brand survives – and even better – thrives in the new world of ecommerce branding.

TRUTH
#4

TO CONTROL YOUR CONTENT, CONTROL YOUR BRAND

Content is king. But, most brand owners think of content as the customer-facing, creative side of content such as copywriting, photography and SEO optimization.



There's another aspect to content that is critical to success in eCategory management. That's catalog and listing management.

Listings are the life blood of your ecommerce offering. While the creative content of your listings is important, so is the detailed product information included in the listing such as quantity, size, color and weight.

A product detail page requires marketing-approved descriptions, attributes, multiple images, inventory availability, complex pricing and price parity calculations, attachments such as safety data sheets or spec sheets, shipping information and restrictions, and more. Plus, each listing must be published to meet the unique requirements of each marketplace, and they're constantly changing – often with little notice.

The downside of not managing the details? Disappointed customers. Excessive returns. Rejected listings. Poor vendor ratings and even account suspension.

eCategory managers can protect their brands and cultivate a competitive advantage by automating and integrating management of their product information with other data and systems, like operations management, pricing systems, and real-time data at their warehouses and suppliers.

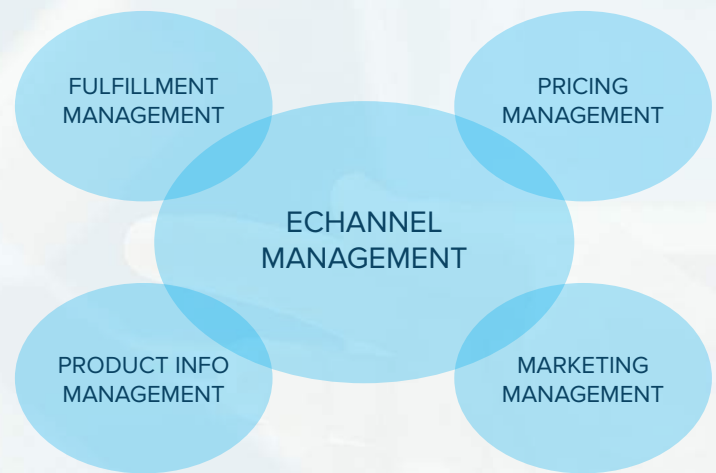
Creating a “single point of truth” for your data allows you to manage and distribute it to meet the needs of various resellers, and to ensure your brand is represented correctly.

TOOLS FOR ECATEGORY MANAGEMENT

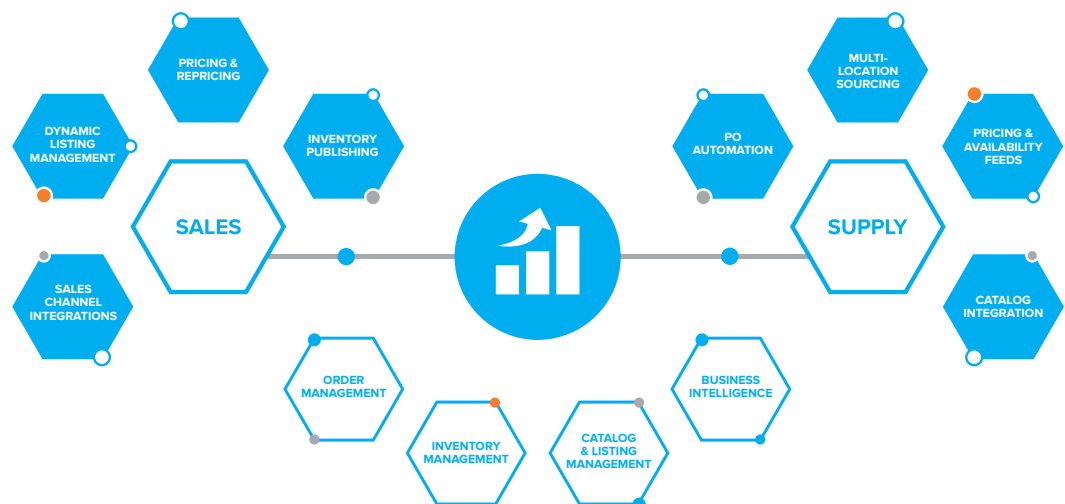
Successful eCategory management requires four types of tools. It's important to note that three of these tools – Fulfillment Management, Product Information Management and Pricing Management – can be implemented either as standalone point solutions or as a single integrated system.

The integrated system approach offers several advantages in eCategory management:

- **Absolute data integrity** – data enters the system once and doesn't need to be reentered into disparate systems.
- **Automation** – routine tasks can be automated to eliminate human error and reduce overhead costs.
- **Cross data sharing** – data generated by one part of the system can be utilized by another part of the system. For example, inventory data might affect how and where a listing for the inventory is published. Cost of fulfillment data might change the way the pricing is set to win the Buy Box.
- **Business analytics** – a system that integrates fulfillment, pricing and product information management can also integrate business intelligence and reporting across all these functions, providing a 360-degree view of your eCategory operations.



Etail is a suite of integrated tools, purpose-built to automate ecommerce operations from sales channels to multiple suppliers.





FULFILLMENT MANAGEMENT

Fulfillment management includes an integrated Order Management System (OMS), Inventory Management System (IMS) and a Warehouse Management System (WMS).

Many companies offer ecommerce management systems that bundle an OMS and IMS. Their native warehouse management systems are usually limited and include only the tools needed to adapt a more traditional warehouse operation to the demands of single package, direct-to-consumer ecommerce.



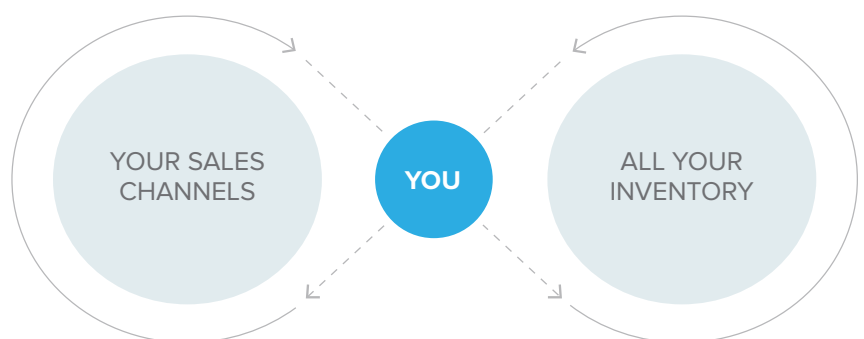
Fulfillment management also requires a shipping solution. Integrations with one of the large shipping software solutions such as DeskTopShipper or ShipStation usually are preferred because they offer advanced features such as rate shopping and negotiated shipping rates that native solutions can't match.

Best-in-class eCategory fulfillment platforms differ from ecommerce order and inventory management systems in a number of ways:

1. END-TO-END INTEGRATION OF SUPPLIERS AND SALES CHANNELS

Many ecommerce order and inventory management systems offer some visibility to inventory at suppliers – including in your own warehouses. World-class eCategory management systems also provide visibility into inventory in the sales channel and in transit and are able to reconcile inventory across the entire sales and supply chain.

For example, when a unit is sold, inventory in stock is decreased by one unit and designated to fill the order, inventory available published to the channel is decreased by one, and a replacement unit can be added to a replenishment order to the supplier. All automatically.



2. ABILITY TO EXECUTE MULTIPLE FULFILLMENT METHODS

Most ecommerce order and inventory management systems are designed to support pick-and-pack operations with limited support for drop shipping or FBA. Best-in-class systems support multiple fulfillment methods – including often offering tools or wizards to optimize the method chosen.

Fulfillment methods include:

- Amazon: Including 1P, 3P, FBA, FBM, Multi-Channel Fulfillment (MCF) and Seller Fulfilled Prime (SFP)
- Drop shipping
- Just-in-time cross-docking
- Pick, pack and ship
- 3PLs



Best-in-class systems support these methods across a variety of established marketplaces (Amazon, Walmart, eBay), emerging marketplaces (Wish, Jet), specialty marketplaces (NewEgg, Reverb), shopping carts and storefronts (Shopify, Magento, BigCommerce), specialty sites (Groupon, Overstock) and on your own website.

Ecommerce is constantly evolving and your e-channel strategy constantly evolves with it. You need the flexibility to adapt and experiment.

3. INTELLIGENT ROUTING

Many order and inventory management systems claim the ability to route and order to the optimal warehouse based on inventory availability, location and shipping time.

More advanced systems can route based on fulfillment costs by location for each line item on the sales order – ensuring the lowest cost of fulfillment along with any other criteria you set.

4. ABILITY TO SCALE

Many ecommerce order and inventory management systems are not designed to scale to support enterprise ecommerce. Many were founded by ecommerce entrepreneurs who built the tools for their own business.

While these businesses may be successful by the standards of small-and-medium business entrepreneurship, these support systems were never designed to process at massive scale.



PRICING MANAGEMENT

The ability to offer the lowest, or at least highly competitive, price is the basis of many marketplace's value proposition. How you make money at that price is your problem.

Pricing strategy is one of the most challenging aspects of eCategory management. You need to be competitive but not cheapen the brand, create conflict with your other channels, or violate marketplace parity requirements. Your pricing tools are the cornerstone of your eCategory management program. Three options are available:



RULE-BASED PRICING

These price management tools allow you to define a set of rules to tell the repricer what to do for a specific product or groups of products. They offer a huge amount of control and flexibility. But they also take a lot of time and effort to decide what the rules should be and then configure the system.

ALGORITHMIC PRICING

With algorithmic repricing, you only need to supply the repricer with the minimum price you are willing to accept for the product. The repricer will use its predefined algorithms and conduct price experiments to find the optimal price that maximizes revenue while keeping the price as high as possible. The problem with this approach is that the repricer is only as good as its algorithms. Different algorithmic repricers will deliver very different results.

INTEGRATED DYNAMIC PRICING

The problem with rules-based and algorithmic repricing is that they do not consider the total cost of selling the product. For example, your product cost or fulfillment cost may have changed since you set up the repricer. So while they may help you win the Buy Box, you could still lose money on the sale.

An Integrated Dynamic Repricing system is integrated into your Inventory and Fulfillment Management Systems and automatically captures vendor price changes and cost changes -- including the use of different fulfillment methods -- in calculating a price. Pricing is based on maximizing margin -- not just winning the sale at any cost.



PRODUCT INFORMATION MANAGEMENT

Product Information Management (PIM) systems handle the complexities of maintaining your product listings including:



- Managing product information from a single source of truth and publishing out to multiple marketplaces while meeting the unique requirements and taxonomies of each marketplace
- Managing static product attributes such as product dimensions, item weight, shipping weight, UPC and category
- Managing marketplace-assigned attributes such as ASINs
- Managing marketing assets like headlines, product descriptions and photos
- Managing dynamic product attributes such as price and inventory availability.
- Managing item variations such as color and size
- Managing product alternatives such as kits and bundles

Best-in-class eCategory PIM tools include several advanced capabilities for product information management.

AUTOMATCHING

The ability to identify and list all listings for your products – not just the listings you or your authorized sellers create – by UPC, ASIN or other information. This is useful for spotting unauthorized sellers, ensuring adherence to brand guidelines, and identifying violations of MAP.

RESTRICTION MANAGEMENT

Automatically remove listings for products restricted by the marketplace or containing ingredients that are banned. Prevent the creation of new listings for the banned items.

DYNAMIC INVENTORY PUBLISHING

Control inventory availability on each channel. Automatically delist when inventory is unavailable and relist when inventory is restocked. Prevent overselling, the need to cancel orders or back orders and potential marketplace penalties.



MARKETING MANAGEMENT

Successful ecommerce strategies are based on establishing and stabilizing a system for listing products, pricing aggressively and fulfilling efficiently.

That creates satisfied customers, five-star reviews and – most importantly – the margin needed to grow and compete more aggressively. Only then are your listings ready for promotion and optimization.

There are many marketing tools available to manage content, optimize listings and SEO, manage reviews, test alternatives and provide analytics.

Unlike integrated fulfillment, pricing and product information management tools – where data integrity and passing and leveraging data across the toolset can create new capabilities and competitive advantage – best-in-class point solutions are often the best route for marketing management.

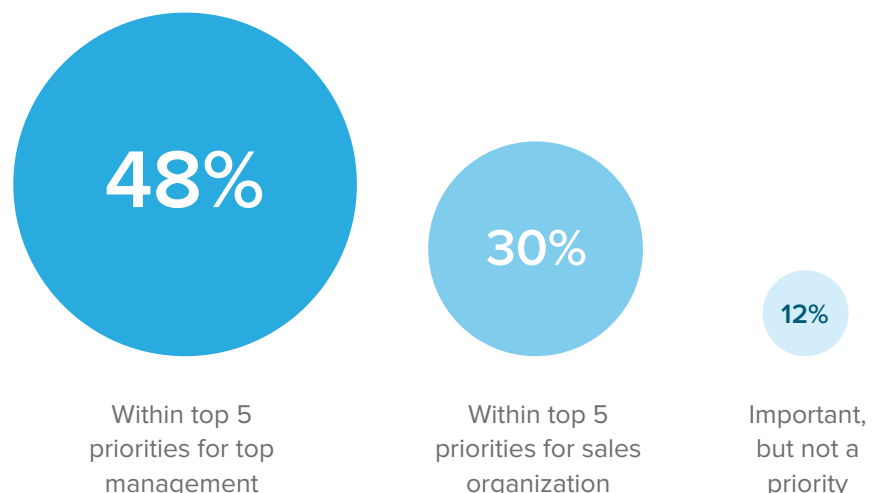
The choice of these tools depends on your category, marketing objectives, and channels you compete on.



DON'T GET LEFT BEHIND

If you haven't started implementing an eCategory management strategy, you should be. In a survey of senior sales, marketing and IT leaders from consumer goods companies, 90% of respondents indicated eCategory management was an important initiative for this year. The good news? Only 22% were already up and running with their eCategory management initiatives. The time to move is now!

How important is improving eCategory management capabilities when ranked with your other channel initiatives for this year?



According to a 2017 study by McKinsey & Company regarding building eChannel Management capabilities

ENTERPRISE GRADE ECOMMERCE

The Etail Sales and Supply Chain Management (SSCM) platform was built specifically for the needs of fast-growing ecommerce businesses which sell across multiple marketplaces and utilize multiple suppliers and fulfillment methods.

The power of the Etail platform comes in its unique capability to connect, integrate and automate your entire sales and supply ecosystem from customer-facing listings on your sales channels to your supply network. No other platform achieves this deep level of integration, automation and absolute data integrity.



Replatforming can be complex and difficult even when everything goes well. But with its unlimited scale, robust feature set, and continuous product development, Etail is a platform you'll never outgrow.

DON'T TAKE OUR WORD FOR IT

Take a look at the data the Etail platform manages for just one of our large Etail customers.

- Nine million SKUs
- 100 million listings on 20 different channels around the globe
- 10,000 new listings daily
- 20-30,000 transactions a day
- Dynamically repricing its Amazon inventory 1 million times per hour

“ I have recommended Etail to a lot of people. If you want an honest company with a good product, go to Etail. Integrity is really important if you really want to consider a company a partner rather than just a supplier. It's important that you find someone like Etail that you can trust.”

Ed Harvey, Co-Owner
National Brands Liquidation

*Multi-channel pick-pack-ship seller of
close out and liquidation merchandise*



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