

# How Our Choices Influence The Future

**Kevin Hillstrom**  
**President, MineThatData**

# 1995: Catalogs On Top Of The World



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# E-Commerce At Eddie Bauer: 1996

**1996: Eddie Bauer**

**Billion Dollar Business**

**Thriving Stores**

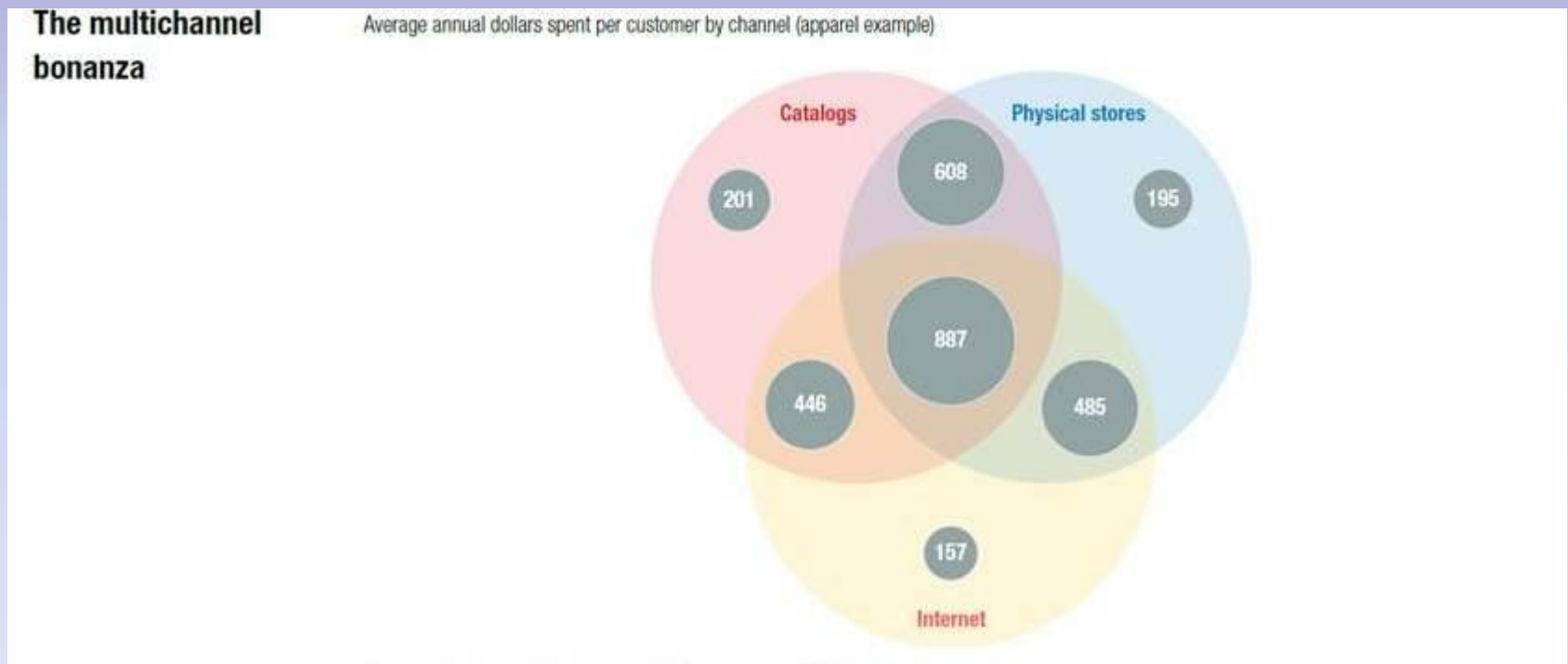
**Thriving Catalog**

**\$1,000,000 Annual E-Commerce Volume**

**Derision from Marketing Leadership ... “*Did you get six or seven orders today? Six? You missed forecast by 14%, let’s try to do better.*”**

# 2001: The Worst Advice We Ever Got

**We chose to believe that customers who bought from multiple channels spent more. We chose wrong. If the thesis were true, then all of our businesses would have grown exponentially. The query failed us, because the query was highly biased.**



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# The Query Format Guarantees The Outcome

**Customers who buy from two merchandise categories are more valuable than customers who buy from one category.**

**Customers who buy using two payment types are more valuable than customers who buy using one payment type.**

**Customers who buy during two seasons are more valuable than customers buying from just one season.**

**Customers who buy from two stores are more valuable than customers buying from just one store.**

**Customers who buy from multiple price point ranges are more valuable than customers buying from one price point range.**

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# Then We Botched Our Matchback Logic

The multi-channel query led catalogers and vendors to create matchbacks ... matchbacks grossly overstated catalog effectiveness.

Mail / Holdout Test Results				
	<u>Mail</u>	<u>Phone</u>	<u>Online</u>	<u>Total</u>
Mailed Segment	\$0.25	\$1.50	\$1.50	\$3.25
Holdout Segment	\$0.00	\$0.30	\$0.75	\$1.05
Lift	\$0.25	\$1.20	\$0.75	\$2.20
Matchback Demand per Book =			\$3.25	
True Lift / Demand per Book =			\$2.20	
Overstatement Factor			47.7%	

# Overstated Demand = Overmailing Customers

Matchbacks tell us that \$2.50 per book or \$2.00 per book works!!  
Reality (mail/holdouts) show us we are actually losing profit. The lost profit opportunity means we cannot invest for growth elsewhere.

Mailing Decisions				
	Matchback Results		Mail/Holdout Results	
Demand	\$2.50	\$2.00	\$1.69	\$1.35
Net Sales	\$2.18	\$1.74	\$1.47	\$1.18
Gross Margin	\$1.31	\$1.04	\$0.88	\$0.71
Less Ad Cost	\$0.75	\$0.75	\$0.75	\$0.75
Less Ship Exp.	\$0.22	\$0.17	\$0.15	\$0.12
Variable Profit	\$0.34	\$0.12	(\$0.01)	(\$0.16)

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# **2000 – 2005 = Short-Term Choices, Long-Term ?**

**We chose multichannel tactics over earned business growth.**

**We chose co-ops over list organizations.**

**We chose to use the website as an order form and not as a demand generation channel.**

**We chose to listen to vendors, researchers, trade journalists, and consultants, when we should have listened to our customers and our merchandise assortment.**

**We chose to market to our core customer base when we should have chosen to grow via customer acquisition.**



# **2005 – 2010: Outsiders Flee Catalogers**

**Catalog Age Becomes Multichannel Merchant.**

**Walter Karl, Edith Roman, Rubin Response, Millard, Mokrynski-Direct, American Church Lists, Jami, Direct Media all folded into infoGroup / InfoUSA – the utter collapse of an industry – and the beginning of a dramatic brain drain in the catalog industry.**

**The final Catalog Conference was held in New Orleans in 2009.**

**Co-Ops dominate prospecting efforts for catalogers, at a time when online marketers learned how to use online marketing to acquire customers. The reliance on co-ops results in an acceleration of a customer demographic feedback loop, a feedback loop that greatly spills over into customer merchandise preferences.**

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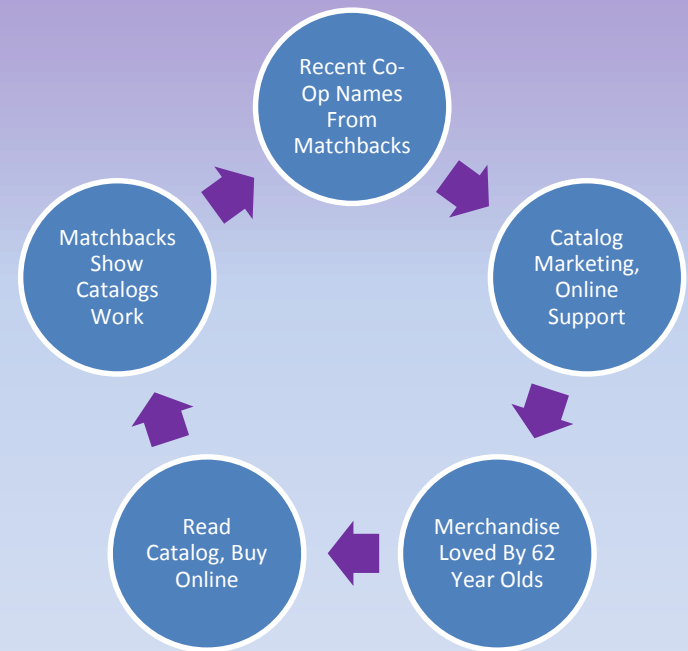
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# 2005 - 2010: The Feedback Loop Accelerates

**Our choices locked us into a feedback loop.**

**Our lust for inexpensive co-op names led to young modelers with no “boots-on-the-ground” catalog experience determining who our future customers would be.**

**Our matchbacks caused us to over-invest in circulation. Circulation was dictated by co-ops. Co-ops over-select 55+ customers.**

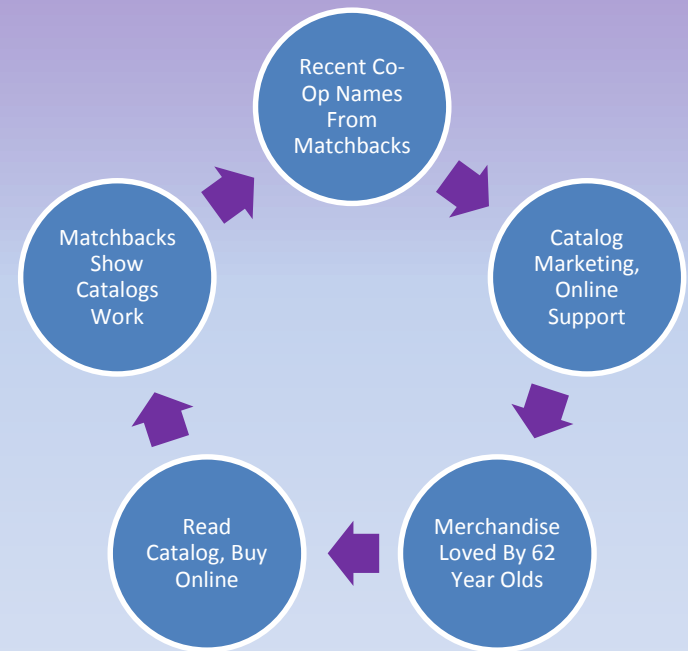


# 2010 – 2015: Stuck In The Feedback Loop

**Catalogers are now locked-in to the feedback loop.**

**The “best practices” and “pro tips” that promised success in 2005 led to major problems in 2015. We chose a path – now we have to deal with the consequences.**

**Countless “multi-channel” and current day “omnichannel” businesses failed after adhering to industry-leading advice.**



# **The Experts Are Wrong ... Often ... Me Included!**

## **Compare 2006 to 2014**

# Coldwater Creek – A 2006 Success Story

*“Coldwater Creek is an example of company that has benefited greatly from going public. The women’s apparel retailer blossomed from \$116 million in sales in 1996 to \$1.1 billion in 2006. Interestingly enough, much of Coldwater Creek’s growth can be attributed to the capital it raised through its IPO and its decision to move to become a multichannel merchant. Coldwater was able to transform itself from the once solely catalog based merchant into a much more quickly growing multichannel merchant with storefront locations and a successful online store. The company experienced a 33% increase in internet net sales in fiscal 2006. With internet sales steadily increasing and catalog sales decreasing over the past five years, Coldwater Creek has launched several successful marketing campaigns to bolster internet sales. Coldwater’s user friendly, attractive, and constantly updated website has allowed for the company to continue its growth via the internet. Coldwater Creek’s transformation demonstrates one company’s successful IPO and willingness to adjust to an evolving market, moving beyond a traditional direct mail cataloger to embrace the power of e-commerce.”*

<http://www.tullyandholland.com/t-h-publications-page/items/changing-times-for-direct-marketers.html>

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# Coldwater Creek – 2014 = Bankrupt

*“Coldwater Creek’s bankruptcy is not a harbinger of anything, nor is it a one-off. There are more reasons for a specialty retailer to fail than there are to succeed: **inability to keep up with the fast-changing fashion scene**, poor locations, weather, **a lousy website** and, of course, **very stiff competition**. Coldwater Creek is just another victim of what was once a successful business model that management didn’t move fast enough to change. That story will repeat itself several more times in the months and years ahead.”*

<http://247wallst.com/retail/2014/04/12/coldwater-creek-bankruptcy-is-not-a-canary-in-the-coal-mine/>

**Turns out that the experts were not right about Coldwater Creek. The very dynamics that seemed to guarantee success sunk the business.**

# If Multichannel Worked, Then ..... ???

**Orchard Brands  
Blockbuster  
Oriental Trading Company  
Coldwater Creek  
Delia's  
Bombay Co.  
The Sharper Image  
Red Envelope  
Harry and David  
Burpee Holding Co.  
Foster & Gallagher  
Borders  
Circuit City  
G.I. Joes**

**Loehmann's  
Linens' n Things  
Mervyns  
Alco Stores  
Love Culture  
Ashley Stewart  
Brookstone  
Dots LLC  
Gottschalks  
Deb Shops  
Silver Jeans  
Betsey Johnson  
Filene's Basement**

**Multichannel Failed Many, Many Companies,  
Not Delivering Riches.**

**What Is The Modern Day Answer To This  
Problem? Omnichannel!!**

**Why Doesn't This Stuff Work? A  
Misunderstanding Of The Interaction Between  
Merchandise And Demographics.**



# A Quote From A Former Co-Op Executive

***“We are essentially recycling the same 10,000,000 customers who purchase from catalogers 0-3 every three months. These customers are generally age 55 and older, and they prefer to purchase over the telephone or via online catalog matchback. That’s what we do.”***

# A Quote From A Catalog Executive

***“I run a nine figure business. That’s a big business. I asked my primary co-op to calculate the percentage of names they gave me that purchased from my product category in the past year. It was 45%. How is that possible? And when I queried my co-op about the low percentage, they told me they were finding names that had affinity to my product line. Some affinity. I spend more than a million dollars with them, and lose \$.”***

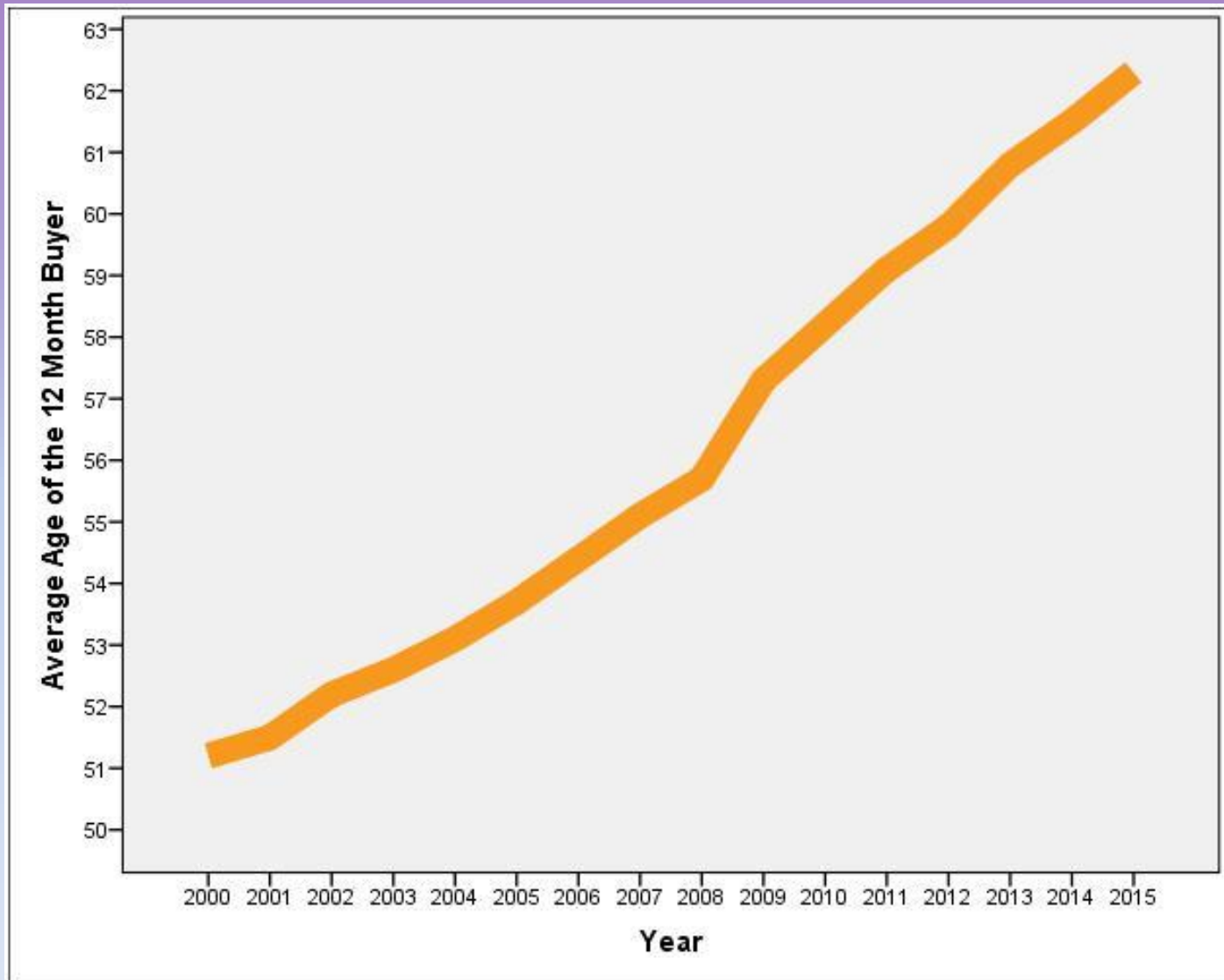
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# We Chose Print, We Chose Co-Ops, We Chose Multichannel. What Did We Get?

# We Earned An Aging Customer Base



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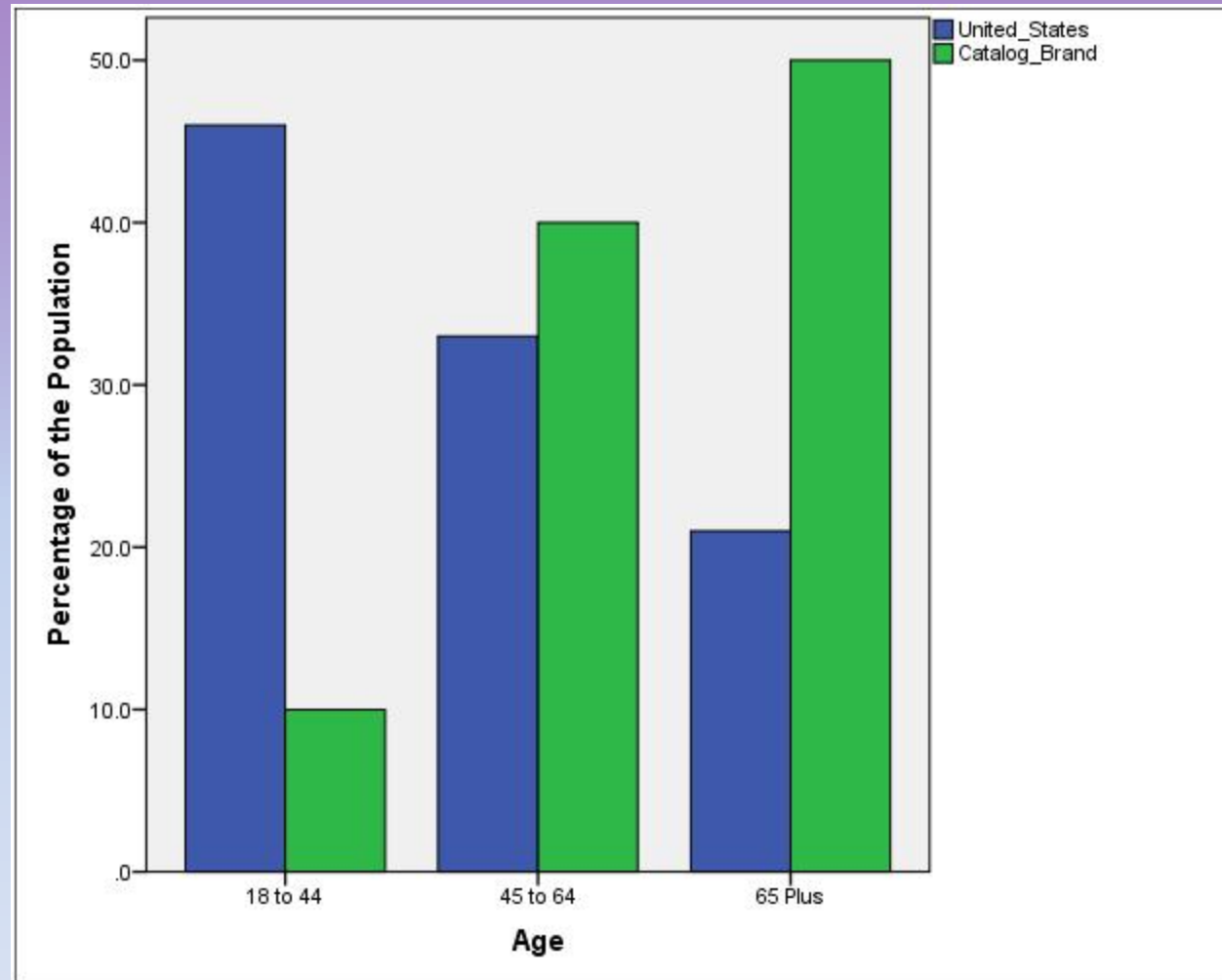
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# Print-Based Customers Are Disconnected

**Today, half of the United States population is under the age of 45.**

**In my projects, it is rare to find a print-based business with more than 10% of the customer base under the age of 45.**

**Think strategically about what this means.**



# Judy Stayed With Us: She Is “Multichannel”

**Judy:**

**Current Age = 62 Years Old.**

**Classic Baby Boomer, Raised On Catalogs.**

**Loves to thumb through the catalog, then is equally likely to shop via phone, or online.**

**75% of her demand is print driven.**

**She is among the 10,000,000 customers the co-ops send to us.**



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# We Ignored Jennifer, She Chose Amazon

**Jennifer:**

**Current Age = 46 Years Old.**

**Gen-X / Amazon shopper.**

**Presented her persona at Spring NEMOA 2012, heard numerous audible groans from the audience (*i.e. the audience did not like this shopper*).**

**40%-ish of demand is print driven, measured via mail/holdout tests. Jennifer makes attribution vendors \$\$\$\$\$\$.**



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# **A Typical “Jennifer” Marketing Life Cycle**

**Awareness via Social Media.**

**Social Media leads to Paid Search, SEO.**

**Paid Search, SEO leads to Affiliates, Discount Seeking, and a Purchase via Desktop / Laptop.**

**Purchase yields and E-Mail Address.**

**E-Mail Address leads to Site Visits. Site Visits generated via Tablets.**

**Tablets lead to Mobile / Apps, Mobile / Apps are where Loyalty is finally realized.**

# We Ignored Jasmine. She Ignores Us

**Jasmine:**

**Current Age = 30 Years Old.**

**Millennial / Mobile / Social shopper.**

**< 5% of catalog customer file,  
usually < 1%. Customer has no  
interest in catalog merchandise  
designed for Mom/Dad.**

**20% to 25% of demand is catalog  
driven, when measured via mail /  
holdout tests.**

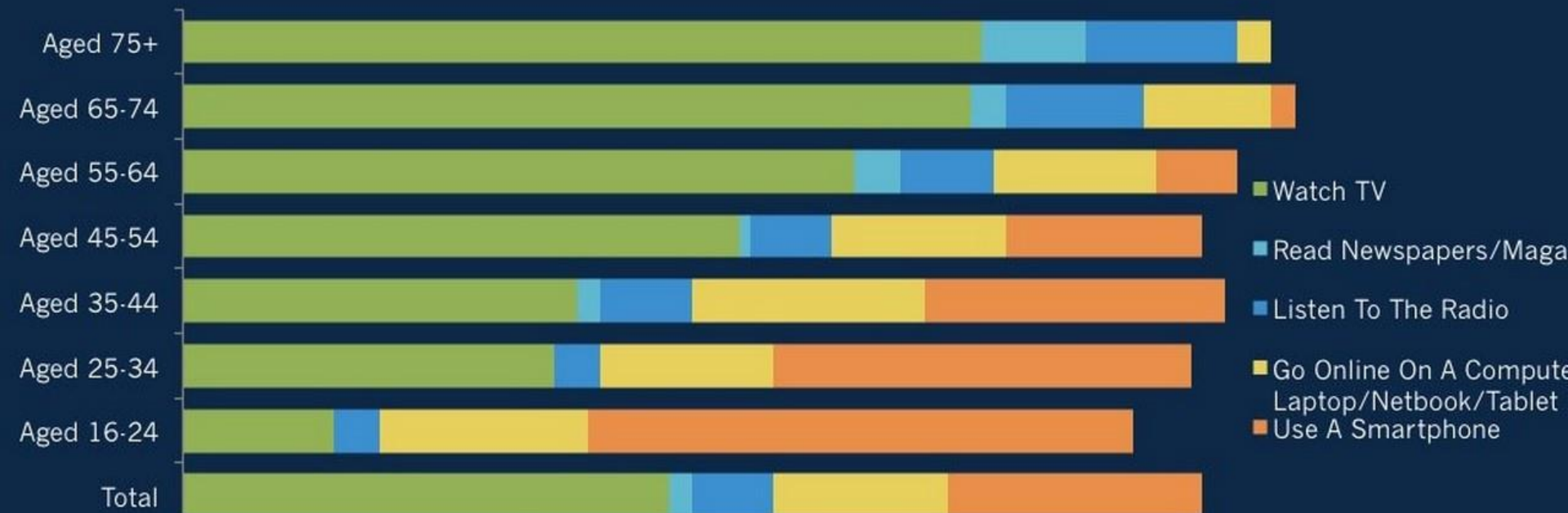




# Business Insider: Mobile ...

is a generational shift

## Digital Is Reaching The New Generation Top Five Media Mentions Among all Adults, 2013



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# Demographics Impact How We Present Merchandise, And Demographics Impact The Merchandise We Choose To Sell.

# An Example? Here's Footsmart



**FootSmart**  
EXPERT RELIEF FOR FEET, LEGS, KNEES & BACK

Home | Catalog Request | Online Catalog | Email Sign-Up | 1 (800) 707-9926 | My Account | Account Sign-In

Shopping Cart (0 items)

Enter keyword or item #

Women's Shoes | Men's Shoes | Slippers | Foot Health | Lower Body Health | Socks | Hosiery | Shop by Brand **SALE** **THE RUNNING SHOP**

**Free Shipping on Orders \$59+** Enter Code in Shopping Cart: ShipNow3 [Details >](#)

**Shoes**  
Women's Shoes  
Women's Boots  
Men's Shoes  
Occupational Shoes  
Slippers  
Shoe Aids / Accessories

**Socks & Hosiery**  
Women's Socks  
Women's Hosiery  
Men's Socks

**Foot Health**  
Foot Supports / Insoles  
Heel Pain / Plantar Fasciitis  
Bunions / Toes  
Corns / Calluses  
Foot Odor / Hygiene  
Sensitive Feet / Diabetes  
Skin Care / Nail Care

**Lower Body Health**  
Ankle / Knee / Leg

**Make your feet merry**  
Cozy Crocs with Croslite™ technology  
[Shop Now >](#)

**Shoe Finder**  
More than 3,500 styles  
☒ Women's ☐ Men's  
Category   
Size   
Width   
Brand   
[Go >](#)

**Shop by Ailment**  
[Find Your Ailment](#)

**We have your widths covered:**

**N** Narrow > **M** Medium > **W** Wide > **WW** Wide Wide > **XXW** Extra Extra Wide >

**softspots**  
PillowTop™ memory foam footbeds to cushion your steps.

**Hello, bunion relief!**  
Find expertly-selected products to help with pain caused by bunions.

# Compare FootSmart to Zappos

The screenshot shows the Zappos.com homepage with a purple header banner. The banner contains the text "Order before 1pm PST for FREE 2 Business Day Shipping on all orders!" and a "LEARN MORE" link. Below the banner is a navigation bar with links for "24/7 Customer Service (800) 927-7671", "Help", "Live Help", "Log In or Register", "My Account", and "My Favorites". The main content area features the Zappos logo, a search bar with the text "Shoes, Clothing, Bags, etc.", a "SEARCH" button, a "Holiday Gift Guide" banner, a "FAST & FREE SHIPPING" badge, and a "MY CART" button. Below the search bar is a navigation bar with links for "SHOES", "CLOTHING", "BAGS & HANDBAGS", "AT HOME", "BEAUTY", "ACCESSORIES", "SHOP BY...", "WOMEN'S", "MEN'S", "KIDS'", and "ALL DEPARTMENTS". Below the navigation bar is an "ALPHABETICAL BRAND INDEX" with a list of letters from A to Z. The main content area is divided into three columns. The left column contains links for "SHOP WOMEN'S", "SHOP MEN'S", "SHOP KIDS'", and "SHOP GIFT CARDS". The middle column features a large Patagonia advertisement with the text "Discover jackets designed to keep you warm." and a "SHOP NOW" button. The right column features a Columbia advertisement with the text "SHOP NOW" and a UGG advertisement with the text "SHOP NOW". At the bottom of the page is a blue banner with the text "ZAPPOS.COM GIFT CARDS: THE PERFECT GIFT FOR EVERYONE ON YOUR LIST!" and a "SEND ONE TODAY" button.

Order before 1pm PST for FREE 2 Business Day Shipping on all orders! [LEARN MORE](#)

24/7 Customer Service (800) 927-7671 Help [Live Help](#) Log In or Register My Account My Favorites

**Zappos**  
POWERED BY SERVICE

Shoes, Clothing, Bags, etc. [SEARCH](#)

[Holiday Gift Guide](#) [SHOP NOW](#)

**FAST & FREE SHIPPING**

[MY CART](#)

SEARCH BY: Size, Narrow Shoes, Wide Shoes, Popular Searches

SHOES CLOTHING BAGS & HANDBAGS AT HOME BEAUTY ACCESSORIES SHOP BY... WOMEN'S MEN'S KIDS' ALL DEPARTMENTS

ALPHABETICAL BRAND INDEX A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

**SHOP WOMEN'S**  
Clothing  
Shoes  
Boots  
Sneakers & Athletic Shoes  
Dresses

**SHOP MEN'S**  
Clothing  
Shoes  
Boots  
Sneakers & Athletic Shoes  
Jeans

**SHOP KIDS'**  
Girls' Clothing  
Boys' Clothing  
Girls' Shoes  
Boys' Shoes

**SHOP GIFT CARDS**

**patagonia**  
Discover jackets designed to keep you warm.  
[SHOP NOW](#)

**Columbia**  
[SHOP NOW](#)

**UGG**  
[SHOP NOW](#)

ENTER FOR A CHANCE TO **WIN** A FREE PAIR OF SHOES

**ZAPPOS.COM GIFT CARDS: THE PERFECT GIFT FOR EVERYONE ON YOUR LIST!** [SEND ONE TODAY](#)


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# Compare FootSmart to Shoemint

**SHOEMINT** | JEWELMINT | STYLEMINT | 888-483-8093 | FREE SHIPPING & RETURNS | KEVIN H

MY SHOWROOM | WHAT'S NEW | SHOES | BEST SELLERS | BRANDS | MINTSIDER | SALE | Q



**WELCOME TO YOUR SHOWROOM**

Discover effortless style and exclusive designs


**FREE SHIPPING. FREE RETURNS. EVERY DAY.**

**THE MINT FIT GUARANTEE**


Designer quality  
Premium materials  
Easy risk-free returns  
Incredible value

**YOUR TOP RECOMMENDATIONS**


**YOUR TOP MATCH**




**SOL SANA KROSS SANDAL**  
\$84.95  
More Colors Available



**SOL SANA KROSS SANDAL**  
\$84.95  
More Colors Available



**SOL SANA AVALON SANDAL**  
\$89.95  
More Colors Available



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More Colors Available

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# Merchandise / Creative / Demographics

## Key FootSmart Themes:

- Foot Health, Body Health, Ailments, Bunion Relief.
- Free Shipping on Orders > \$59.

## Key Zappos Themes:

- Fashion, Brands, Gender/Kids
- Free Two Day Business Shipping, All Orders, Free Returns.

## Key Shoemint Theme:

- Personalization – It's About You.

**Pretend you are age 25-45. Which message resonates?**

**Demographics, Messaging, Merchandise all interact, don't they?**

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# Geography Increasingly Dictates The Audience

**Urban = Retail, Fast Broadband, 4G, Mobile/Apps Drive Business.**

**Suburban = Omnichannel + Amazon. Search. Affiliates.**

**Rural = Print, DSL. Co-Op Sourced Names.**



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# Demographic Cohorts Dictate Channels

Nine year ago, 38% of survey respondents thought it would be hard to give up the internet. Last year, that percentage was 53%.

Conversely – nine years ago, 44% of survey respondents thought it would be hard to give up television. Today, that percentage is 35%. And land-line phone dropped from 48% to 28%.

What does this have to do with catalogs? The numbers are driven by demographic cohorts ... the impact of Jasmine on society shifts the direction of the numbers in the chart. These numbers are also impacting catalog growth in 2015.

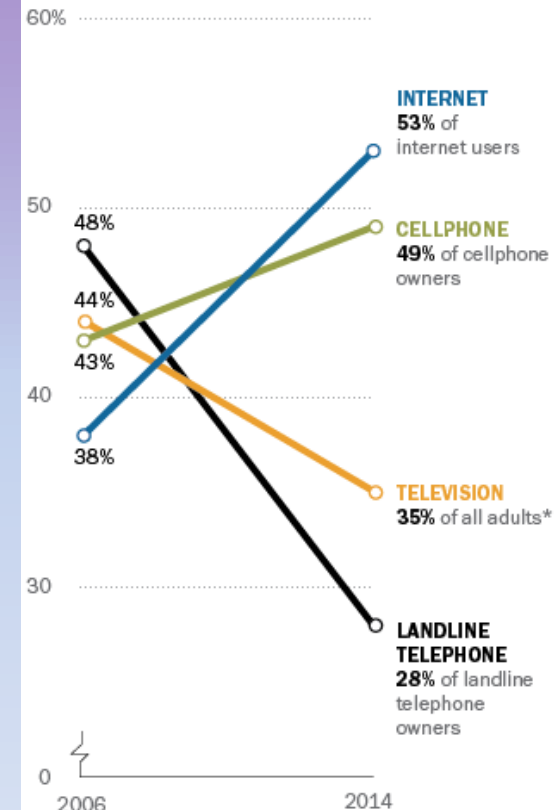
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## Americans More Attached to Internet, Cellphones

*Percent who say ... would be very hard to give up*



\*Only 12% of those ages 18-29 say television would be very hard to give up.

PEW RESEARCH CENTER



# Meanwhile ... Amazon

**On pace to hit one trillion dollars (\$1,000,000,000,000) in annual sales in the next 5-10 years. Current annual net sales are the same as the sum of 1,000 catalogers with annual sales of \$100,000,000. Let that one sink in!**

**Amazon did not use catalogs.**

**Amazon did not leverage retail.**



**Amazon focused on merchandise assortment, price, customer service, devices.**

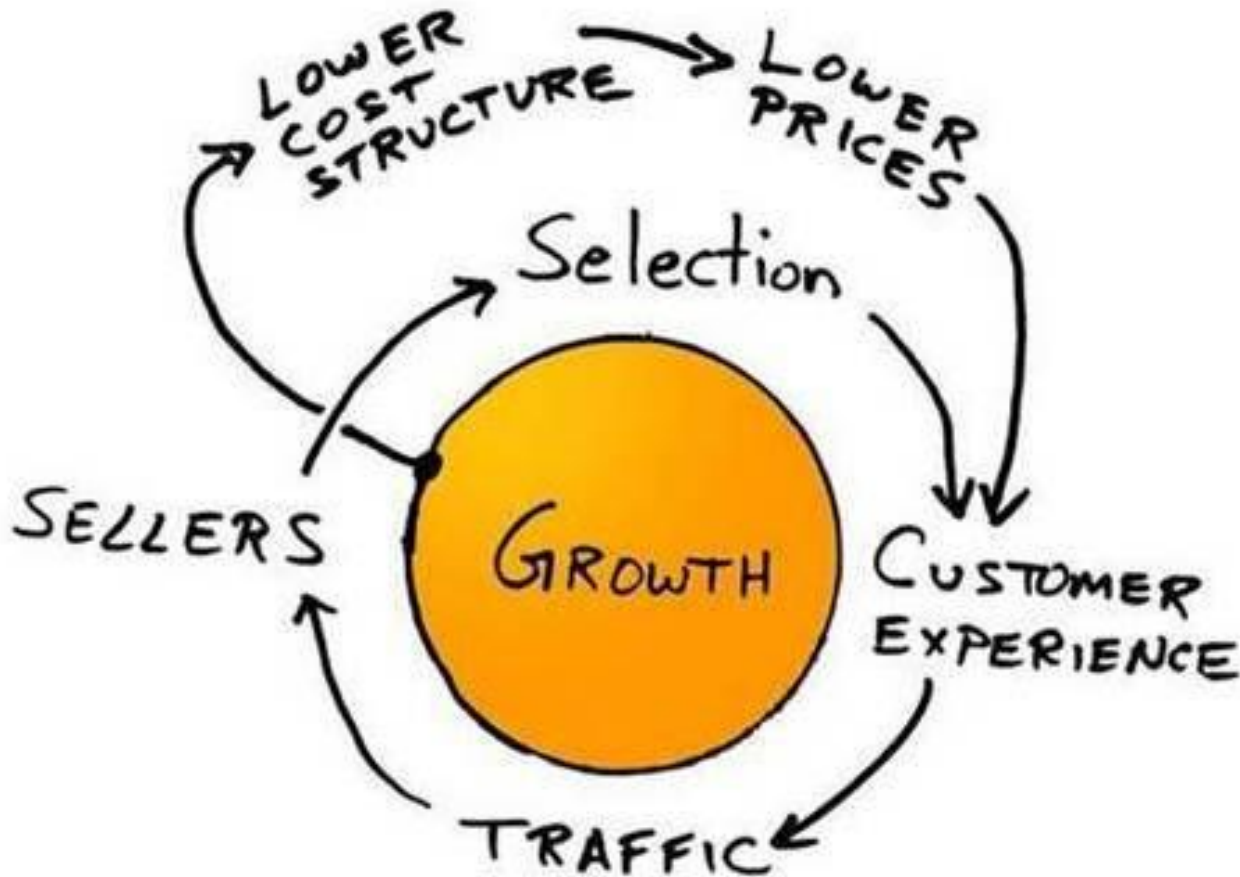
**Could have generated a profit, but folded profits back into the business instead.**

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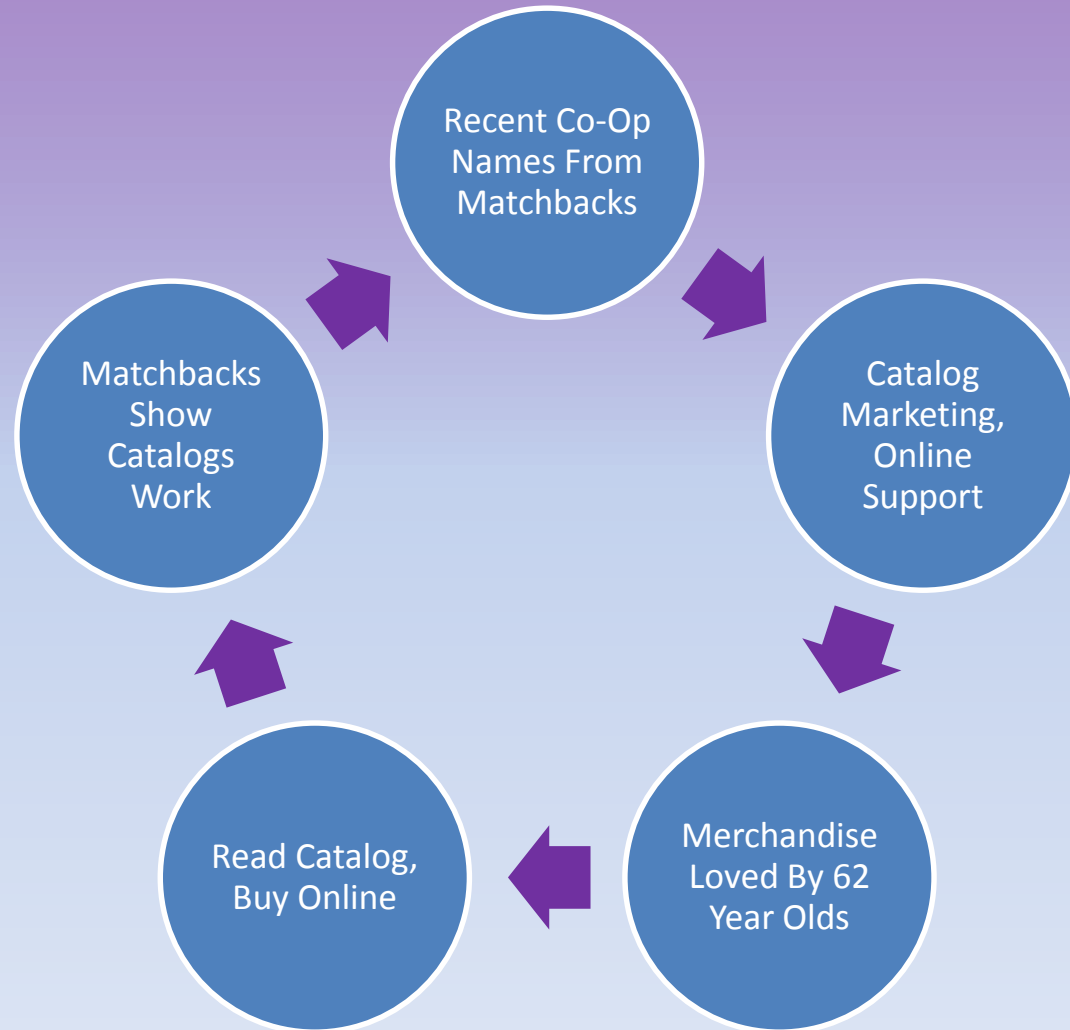
[kevinh@minethatdata.com](mailto:kevinh@minethatdata.com)

# An Actual Graph From Amazon



(Source: Amazon)

# A Graph From A Print-Centric Business



# Others Deliver Merchandise Quickly

Jeremiah Owyang ✓ @jowyang

Just ordered Chromecast via Google Shopping Express, it's nearly 10 am. It says it'll be delivered today. Fast.

**I keep hearing companies under \$500,000,000 describing how they are going to “compete” against Amazon, or Google, or eBay, or any number of large companies.**

**We are not going to “compete”. It’s over. They won. And that is ok.**

**There are different battles to win. It’s time to go win those battles.**

# Mobile / Social / Scale / Ops Excellence

**The current generation of online businesses continue to cut off the customer acquisition opportunities of traditional catalogers (and increasingly, many retailers).**



# Question From A USPS Employee

***“Jasmine has been trained to love Facebook, Twitter, Verizon, Apple, Amazon, Samsung, and Google.***

***Judy was trained to love the USPS, Postcards, and Catalogs.***

***How do we, as classic direct marketers, train Jasmine to love postcards, catalogs, and print? How do we train Jasmine to love what we’ve loved for decades?”***

# Demographic Cliff Hurts Customer Acquisition

Catalogers are really, really struggling to find new+reactivated customers under the age of 45 ... ½ the population ... 10% of the file.

From 2012 – 2014, Retailers became cut off from new+reactivated buyers, too. And e-commerce growth is slowing. This is the challenge of 2015, folks.

Customer File Trajectory - Same Reactivation / Newbie Trends						
	End of	End of	End of	End of	End of	End of
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
12 Month Buyers, Start of Year	106,583	110,454	109,050	104,916	100,229	95,488
Repurchase Rate	38.3%	38.8%	38.5%	38.5%	38.5%	38.5%
Active Buyers	40,821	42,856	41,984	40,393	38,588	36,763
Reactivated Buyers	32,695	30,733	28,889	27,156	25,527	23,995
New Buyers	36,938	35,460	34,042	32,680	31,373	30,118
12 Month Buyers, End of Year	110,454	109,050	104,916	100,229	95,488	90,876

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# Plugging The Holes = Tepid Or No Growth

Demographic cutoffs make it hard to change trends. Even if we plug the holes, our customer files will, at best, level off.

Our multi-channel / omnichannel focus cut us off from a younger demographic ... we are now paying the price.

Customer File Trajectory - Stop The Losses						
	End of	End of	End of	End of	End of	End of
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
12 Month Buyers, Start of Year	106,583	110,454	109,050	104,916	103,324	102,711
Repurchase Rate	38.3%	38.8%	38.5%	38.5%	38.5%	38.5%
Active Buyers	40,821	42,856	41,984	40,393	39,780	39,544
Reactivated Buyers	32,695	30,733	28,889	28,889	28,889	28,889
New Buyers	36,938	35,460	34,042	34,042	34,042	34,042
12 Month Buyers, End of Year	110,454	109,050	104,916	103,324	102,711	102,475

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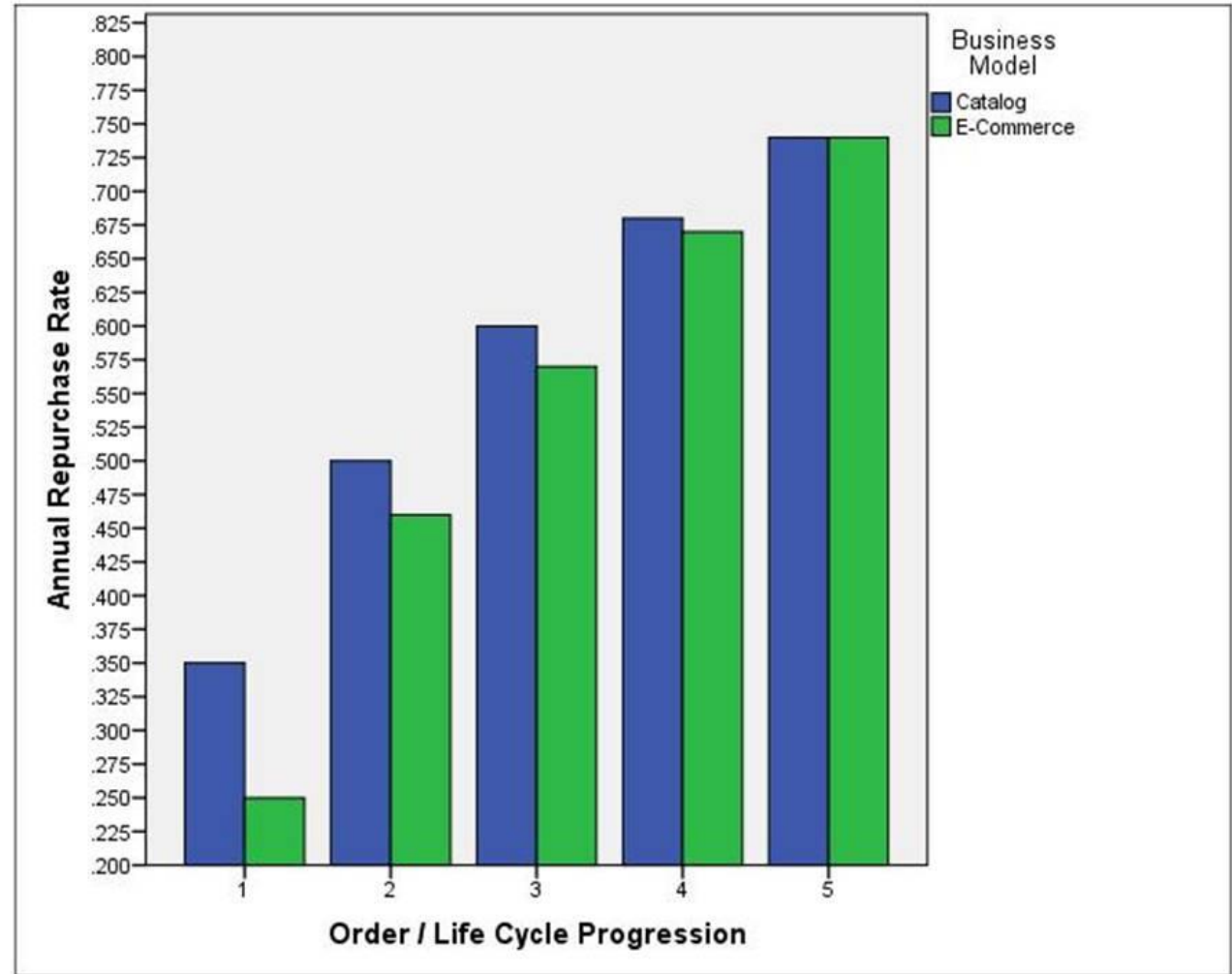
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# E-Commerce Is Starting To Hit A Wall, Too

E-commerce businesses really struggle to convert 1x buyers to 2x ... too few “outreach” tools that are meaningful.

New names are the lifeblood of e-commerce models, when new names evaporate, trouble emerges.



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# Choices In E-Commerce: Conversion

Remember how catalogers made choices, and those choices resulted in an older customer now disconnected from the mainstream of commerce?

E-Commerce businesses spent 15 years making “conversion choices”. These choices are also detrimental to e-commerce.

A lust for “optimizing conversion” results in all sorts of crazy tactics that do not increase annual purchase frequency or annual repurchase rates.

Example: *I analyzed an e-commerce brand where good customers visited the website 120 times per year.* Why demand a conversion today?

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# Choices In Retail: Three Challenges

**In my projects, retail comps are experiencing tepid growth, for three reasons.**

**Reason #1 = Merchandising problems post-Great-Recession (significant). Can easily be fixed.**

**Reason #2 = Movement of retail customers from in-store buying to online buying (very minor). Will not be fixed, sum of \$ is constant.**

**Reason #3 = Not enough new+reactivated customers setting foot in stores (significant). We've trained prospects to not visit stores/malls, and as a consequence, we've cut ourselves off from 10% - 50% of the new prospects available to us.**

# **Our Merchandising Choices Are Killing Us**

**We all know the importance of a healthy customer file. Similarly, it is very, very important to have a healthy merchandise assortment.**

**After the Great Recession, too many of us created self-inflicted wounds by cutting back on the number of new items, starving the customer file of good merchandise.**

## **Common Issue:**

- 2010 = \$9.4 million from new items, \$15.4 million from existing.**
- 2011 = \$8.7 million from new items, \$16.6 million from existing.**
- 2012 = \$8.5 million from new items, \$15.9 million from existing.**
- 2013 = \$7.7 million from new items, \$16.3 million from existing.**
- 2014 = \$6.9 million from new items, \$16.6 million from existing.**

# Choices In Retail: Clicks > Bricks

**We spent 15 years teaching retail shoppers TO NOT VISIT RETAIL STORES – asking them to instead sit at home and click. It's working! Run the query yourself. This is one of the factors that is causing retail comp store sales to struggle – why drive to a store when you can sit and click? Omnichannel!!**

## Share Of Sales Via In-Store Retail

Five Year Trend		
	<u>2010</u>	<u>2015</u>
0 to 5 Miles From a Store	94.8%	94.8%
6 to 10 Miles From a Store	91.6%	85.9%
11 to 25 Miles From a Store	88.3%	82.4%
26 to 50 Miles From a Store	72.7%	64.3%
51 to 99 Miles From a Store	49.3%	38.7%
100+ Miles From a Store	15.9%	11.4%

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# Choices In Retail: Clicks Hurt In-Store Newbies

With 10% to 50% traffic declines in-stores, we're losing out on new + reactivated customers, costing us sales. Secondly, sales are shifting out of Spring-Fall, and are shifting into December (at 30% off).

New + Reactivated In-Store Buyers							
	<u>14 vs. 13</u>	<u>13 vs. 12</u>	<u>12 vs. 11</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
January	-2.6%	2.0%	3.0%	5,975	6,134	6,014	5,839
February	-6.9%	-3.5%	-1.0%	2,273	2,442	2,530	2,556
March	-6.2%	-4.7%	-2.0%	2,679	2,856	2,997	3,058
April	-6.2%	-5.3%	-1.5%	2,810	2,995	3,163	3,211
May	-11.7%	-6.1%	-2.7%	2,695	3,052	3,250	3,340
June	-14.1%	-7.5%	-1.8%	2,401	2,795	3,022	3,077
July	-16.6%	-8.3%	-0.7%	1,772	2,125	2,318	2,334
August	-14.2%	-8.7%	-1.6%	1,754	2,045	2,240	2,276
September	-14.1%	-11.1%	-0.8%	2,221	2,586	2,909	2,932
October	-15.3%	-11.5%	-2.6%	3,475	4,102	4,635	4,759
November	-14.1%	-2.7%	0.4%	8,021	9,338	9,597	9,559
December	11.7%	6.8%	7.3%	11,593	10,379	9,718	9,057
Totals	-6.3%	-2.9%	0.8%	47,670	50,849	52,392	51,998

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# Macy's: America's Omnichannel Store

**What does “omnichannel” buy the recognized omnichannel leader?**

**Generally flat retail comps.**

**E-commerce growth.**

**The closing of 14 stores in 2015, stores that generate \$130,000,000 in annual net sales. If omnichannel worked, why would stores be closing.**

**READ THE ANNUAL REPORTS AND QUARTERLY REPORTS OF LEADING RETAILERS ... THEY ARE TELLING US THAT OMNICHANNEL TACTICS LEAD TO UNDERPERFORMING STORES THAT WILL BE CLOSED. My estimates suggest that 30% of retail locations will close in the near future.**

# Retail's Omnichannel Future

The lower 30% of the store portfolio are generally weakening, in the face of the online channel. In the next 5-10 years, these locations will close, lowering retail net sales, increasing company profit.

Omnichannel Evolution: A Market With Two Stores			
	<u>2010</u>	<u>2015</u>	<u>2020</u>
Store #1	\$1,500,000	\$1,875,000	\$2,394,000
Store #2	\$1,200,000	\$960,000	\$0
Total Retail	\$2,700,000	\$2,835,000	\$2,394,000
Total E-Commerce	\$2,000,000	\$3,000,000	\$3,394,000
Total Net Sales	\$4,700,000	\$5,835,000	\$5,788,000
Earnings Before Taxes	\$835,000	\$1,137,750	\$1,435,400

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# Digital Hates Offline Inefficiency

**40% to 50% of all catalog pages mailed in 2007 are not mailed in 2015. This didn't happen because of "the economy". This happened because e-commerce rendered those pages inefficient.**

**My forecast – 30% of all major retail mall-based store locations will close over the next ten years, as in-store sales are digitized.**

**There will be retail winners – especially those businesses that cater to younger customers.**

**Otherwise ... RETAIL 2015 = CATALOGING 2005.**

# Choices Have Led To Challenges

**Catalogers chose co-ops, print-to-website customer engagement, leading to older customers, leading to an evolution of merchandise catering to an older customer, leading to a feedback loop.**

**E-Commerce businesses chose “optimized conversion”, requiring discounts to close sales TODAY, largely ignoring long-term customer relationships that actually exist, unmeasured.**

**Retailers trained customers to click instead of getting in a car to drive to a store. Customers listened. Now mall traffic is down, driving comps down, with the likely result a full digitization of the business and the closing of 30% non-prime, below-average retail locations. The best retail locations are likely to grow.**

# However, The World Is Not Coming To An End

# Opportunity Exists For All Of Us

# Every Business Model Can Be Successful

# Time To Get Busy!

# Who Is Looking Out For Your Interests?

# Free Data Feeds Do Not Benefit Catalogers

*Mr. Rose: “Do you feel bad that Bing was such a failure?”*

*Mr. Ballmer: “Bing was not a failure. Bing was a major success. Don’t you understand? Without Bing, Microsoft does not have an Artificial Intelligence program! Data from Bing feeds our AI infrastructure.”*

**Your business partners (Adobe / IBM / Google / Microsoft / Abacus – Epsilon / Datalogix – Oracle) use your data, YOUR DATA, which you freely give to them (web analytics via Adobe / IBM / Google), they monetize the freely offered information, and then they sell the data back to you.**



# IBM

**IBM shows repeated commercials on television, talking about how use of their data analysis tools result in untold riches for your business.**

**And yet, IBM has suffered through three years of sales declines, and a decade of flat sales.**

**If IBM's Big Data solutions and analytical offerings were so darn powerful, then wouldn't those same tools/solutions enable IBM to find hidden nuggets of information that allowed IBM to grow at an unfettered rate?**

**You will be asked to contribute your data to an omnichannel world. Do not expect anything of value in return.**

# Listen Carefully – Is The Message Fair / True?

From a conference organizer: *“Kevin, I realize we reached out to you to speak at our conference. I realize we asked you to volunteer your time. And we appreciate that you put in the time to create a presentation. But our sponsors have informed us that they need to deliver a sufficient return on investment, or they will not partner with us going forward. Our sponsors have asked us to grant them access to the attendees via the speaking sessions. Therefore, we will be giving our speaking assignments to our sponsors, because without them, we wouldn’t exist. But thank you for being willing to partner with us.”*

From a conference organizer: **1/3 of revenue comes from sponsors, 1/3 of revenue comes from vendors attending the conference, 1/3 of revenue comes from “brands” attending the conference. “We don’t exist without sponsors / vendors”.**

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# Who Do You Trust? This? Show Us Facts!

*In this age of the consumer, today's hyper-connected shoppers are the driving force behind the need for the digitally connected store and growing omnichannel experience. Consumers are now accustomed to using technology and digital devices to simplify their lives — from wearables to smart-home solutions — and are commanding more control of their shopping experience. They expect their favorite brands to keep pace with their connected lifestyle and offer innovative new retail approaches to maintain their loyalty.*

*To stay relevant, fashion retailers and brands are rapidly evolving their approaches to offer a consistent, high-touch, personalized service, regardless of channel. A seamless shopping experience across channels holds the power to differentiate brands and make a more compelling promise to consumers. Eager to improve customer service and loyalty, especially at the store-level, more retailers are embracing digital customer-facing solutions. Web-based kiosks, digital signage, and proprietary retail mobile apps are quickly becoming the norm. By incorporating digital solutions at the store level, brands can offer a next-generation customer experience with a “connected store” as the goal. Integrating the physical and virtual channels can satisfy consumer demands in new and exciting ways that drive repeat visits and ultimately, sales.*

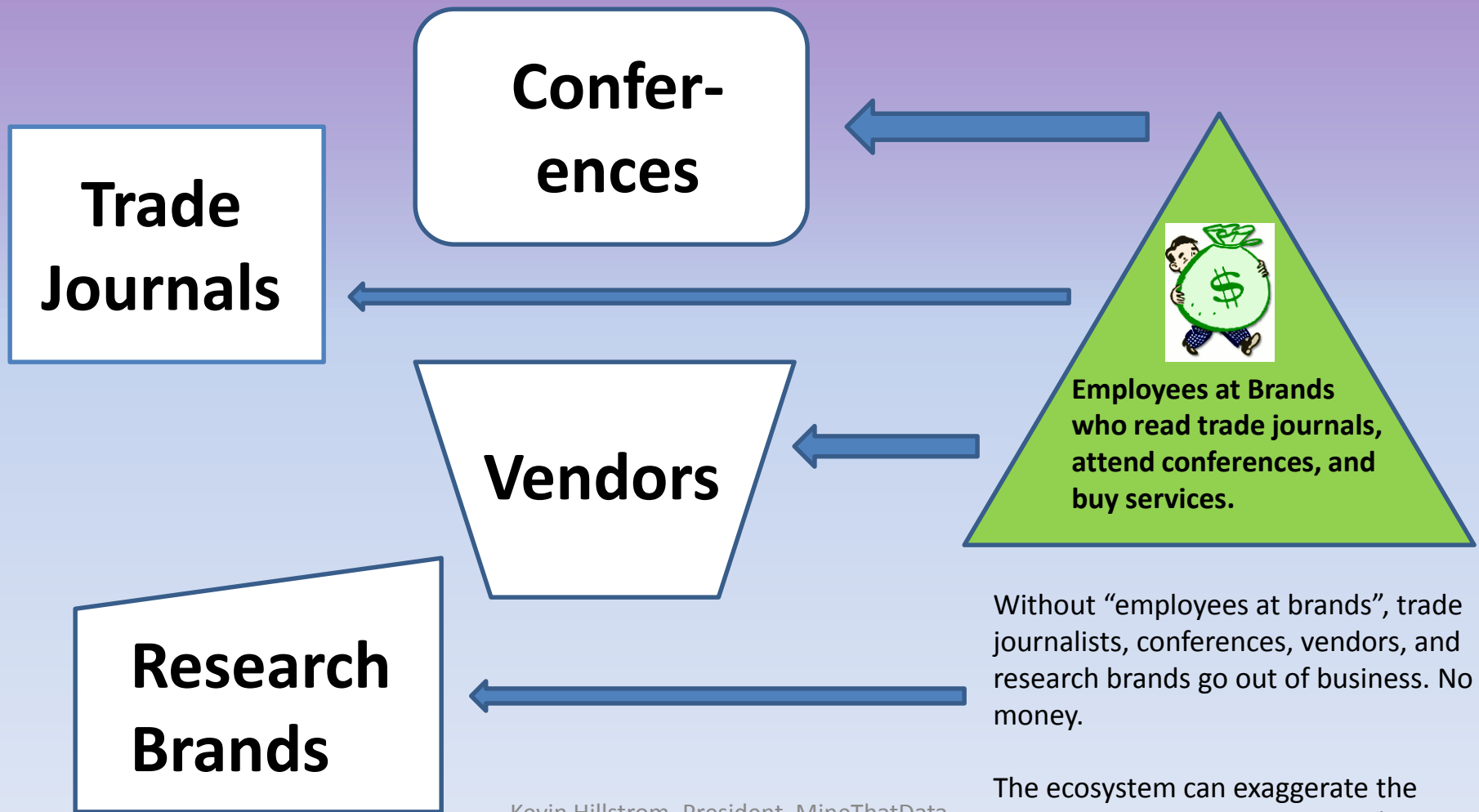
<http://apparel.edgl.com/news/The-Connected-Store-in-a-Digital,-Omnichannel-World97480>

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# The Messaging Ecosystem: “Brands” Fund The Whole Ecosystem – Ecosystem Needs Eyeballs



Without “employees at brands”, trade journalists, conferences, vendors, and research brands go out of business. No money.

The ecosystem can exaggerate the message to generate eyeballs, \$.

**Every Business Model & Every Customer  
Demographic Can Work Profitably.**

**Your Business Is Not “Dead” If You Don’t Do  
What Vendors, Trade Journalists, Researchers,  
And Consultants Tell You To Do!**

**Find Companies And Individuals You Can Trust**

# The Time Is Coming ... Make A Choice

**All business models can succeed ... all customer demographic cohorts can generate profit.**

**But we cannot be all things to all customers. Soon (maybe today), it will be time to make a choice.**

Nostalgia, Need



Convenience



Friendship, Fashion



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# Catalog Future: Follow Judy?

**The current catalog shopper (age 55 – 85) is moving into and through retirement.**

**What are the products needed by this generation? What is the creative message that resonates with a person entering or moving through retirement?**

Nostalgia, Need



Convenience



Friendship, Fashion



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# E-Commerce Future: Ruthless Competition

**E-Commerce is splitting real commerce into two halves.**

**First Half = Commodity Items Shipped Quickly And Conveniently.**

**Second Half = Unique Items That Are Hard To Find.**

Nostalgia, Need



Convenience



Friendship, Fashion



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# Commodity / Convenience And Retail

**A physical store must provide superior entertainment and/or other emotional benefits and/or unique merchandise, in order “have a purpose”. Without a purpose, lower-than-average performing retail locations are under severe financial pressure, and will be closed as the world is digitized.**

Nostalgia, Need



Convenience



Friendship, Fashion



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# Mobile Is Not For Everybody

**If your customer is Judy, mobile is close to irrelevant.**

**If your customer is Jennifer, mobile is not “native” – it’s a piece of the puzzle.**

**If your customer is Jasmine, it’s “mobile first”, all day, every day.**

Nostalgia, Need



Convenience



Friendship, Fashion



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# Mobile: The Assortment Challenge

**Each marketing channel poses challenges.**

**In my projects, the distribution of items sold is dependent upon the amount of real estate and “searchability” available to merchandise.**

**Catalogs: Moderate Head, Short Tail.**

**Online: Big Head, Long Tail.**

**Mobile: Huge Head, Short Tail.**

**In-House Data, Purchased Data, Algorithms will need to create a personalized assortment that ensures that all merchandise is featured to all customers. Think Amazon ... no two home pages are alike.**

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# Data, Data, Data

**Data is not as necessary to market to Judy. You need to satisfy her needs, quite possibly via nostalgia.**

**Data / Social / Mobile are not channels with Jasmine. They “are” the business / experience. The style of marketing needed to partner with Jasmine is unique, different, and rapidly evolving. Think Uber.**

Nostalgia, Need



Convenience



Friendship, Fashion



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# Data + Demographics + Merchandise + Story

**We can combine customer data with demographic customer preferences, the merchandise that a specific demographic cohort cares about. Then, we bundle the message within a story. If we do that, and we do it well, we experience success.**

Nostalgia, Need



Convenience



Friendship, Fashion



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# What Story Do You Communicate?

**We hear pointless tactics, repeated.**

**“The optimal time to tweet for enhanced engagement.”**

**“How to pin your way to Pinterest profitability.”**

**“Instant success via content on Instagram.”**

**“The eight pillars of content marketing performance.”**

**“Snapchat stories – the best way to grow your brand.”**

**The tactics are simply symptoms of something bigger & more important.**

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# What Story Do You Communicate?

**We do not succeed by marketing through channels.**

**Rather, channels are avenues where we choose to communicate our story to customers and prospects.**

**Judy – has been trained to respond to stories told via television, catalogs, newspapers, billboards, magazines, classic retail.**

**Jennifer – has been trained to adore Amazon. Her stories are told online.**

**Jasmine – word of mouth stories via mobile & social, a world Judy simply struggles to understand.**

# What Story Do You Communicate?

**Any business model can succeed.**

**We simply have to align our story with the channels that our customers frequent. We don't have to be in all channels (omnichannel).**

**Most important – and lost in the mindshift from business to channels – is the need to tell the customer a story.**

**Do we even remember how to tell the customer a story?**

**Let's look at several companies. What story are they communicating?**



# What Is Their Story?

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U.S. only. [exclusions](#)



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my bag (0)



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# What Is Their Story?

The screenshot displays the WinterSilks website homepage. At the top, a navigation bar includes logos for Orchard, Appleseed's, The Tog Shop, WinterSilks, Norm Thompson, Sahalie, and The Outlet. A link 'Click Here to shop all 14 of our stores' is also present. To the right are links for 'Shopping Bag' (showing 0 items) and 'Checkout'.

Below the navigation bar, the WinterSilks logo is prominently displayed. To its right, a cardholder reward banner states 'Cardholders get rewards & save all year. APPLY TODAY >'. Further right, there are links for 'Customer Service', 'Order Status', 'Wish List', 'My Account', and 'Sign In'. A search bar with the placeholder text 'What are you looking for today?' and a 'Search' button is also visible.

A secondary navigation bar lists categories: 'New Arrivals', 'Women', 'Men', 'Silk Long Underwear', 'Sleepwear', 'Outerwear', 'Gifts', 'Sale', and 'Clearance'. A 'Font Size' selector is located on the far right of this bar.

The main content area features a large promotional banner with the text 'Hurry, DEALS END TONIGHT' and 'Get all 3 with code U7036 See details'. Below this, three distinct promotional boxes are shown:

- A teal box on the left stating 'ALL ORDERS SHIP for just \$4.99'.
- A red box in the center stating 'EXTRA 25% OFF ALL CLEARANCE STYLES FOR UP TO 80% OFF' with a 'SHOP CLEARANCE >' button.
- A light pink box on the right stating '20% off SWEATERS Excludes Clearance' with a 'SHOP ALL SWEATERS >' button.

Below these boxes, there is a large image of a smiling woman wearing a dark blue jacket. To her left, a list of features is provided: '• Drawcord keeps drafts away.', '• Zip pockets.', and '• Hip-covering length.' A red circular badge over the image indicates a price reduction: '\$54.50 NOW \$42.99'.

To the right of the woman's image, a graphic with a torn-edge effect contains the text '{ Keep Cozy } SALE' and '20% OFF all Microfleece'.



# What Is Their Story?

The screenshot shows the Plow & Hearth website with a winter-themed banner at the top. The banner features the text "ANNUAL WINTER SALE 20% OFF the season's best selections!" in red and white. Below the banner is a navigation bar with links for "Sign In/Register", "Order Status", "Gift Registry", "Help", "Your Cart", and "0 ITEMS". The Plow & Hearth logo is prominently displayed, along with the text "Since 1980" and a phone number "Call us in Madison, VA 800-494-7544". A search bar is also present. A large yellow pop-up window in the center of the page offers a chance to win a \$500 shopping spree by entering an email address. The background of the website shows various home furnishings, including a wooden cabinet and a fireplace. At the bottom, there are more promotional banners for "Holiday Clearance" and "SAVE 20% on Best Selling".

ANNUAL WINTER SALE 20% OFF the season's best selections!

Sign In/Register | Order Status | Gift Registry | Help | Your Cart 0 ITEMS

**Plow & Hearth** Since 1980 Call us in Madison, VA 800-494-7544 Search Type here to search

Hearth | Indoor Living | Outdoor Living | Yard & Garden | Footwear & Apparel | Shop by Room | New & Exclusives | SALE

annual winter

enter for a chance to win a **\$500** Plow & Hearth shopping spree!

No purchase necessary! Just enter your email address, now through March 31, 2015. [View Details>](#)

Email Address  Enter Now!

SAVE 20% on American Made Furniture SHOP

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# What Is Their Story?

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# What Is Their Story?

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Catalog Quick Order  Enter catalog item number (i.e. AB-1234)

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**SHOP IN STORES, BY PHONE OR**  
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# What Is Their Story?





# What Is Their Story?

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# What Is Their Story?

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# What Is Their Story?

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Questions? 855-493-9856 | Email Us Text Size:

Product Finder

» LOG IN » NEW ACCOUNT » VIEW CART  
» CHECKOUT Items: 0  
Cart Total: \$0.00

Shop By Resources

Home Health Conditions All Products Body Part Brands About Us Blog Easier Shipping

**HEAT UP to COOL DOWN the ACHES OF WINTER!**

SHOP NOW >>

SHAPE UP FOR THE NEW YEAR! SAY GOODBYE TO THE ACHES OF WINTER! SHOP RONWEAR PORT-ABLE CLOTHING MASSAGE AND REFRESH EYE PILLOW NO BUTTONING NECESSARY THE HIP SURGERY SURVIVAL KIT!

RECENT ARTICLES  
• Insomnia may be linked to future

Your One-Stop-Shop for Home Healthcare Products!

Caregiver Wellness Home Health News Prepare for Care Favorites

enter email address  
**Sign Up Now** for Exclusive Email Offers  
privacy assured >>

LEAVE A MESSAGE

# What Is Their Story?

The screenshot shows the homepage of the Gardener's Supply Company website. At the top, there is a navigation bar with links for Customer Service, Order Status, Sign In | Register, and a search bar. Below the navigation bar, the company logo "GARDENER'S SUPPLY COMPANY" is displayed alongside the "OUR ORDER-TODAY SHIP-TODAY PROMISE" banner. A secondary navigation bar includes categories like WINTER SALE, GARDENING, OUTDOOR LIVING, INDOOR LIVING, NEW & EXCLUSIVE, OUTLET, and LEARN & SHARE. The main content area features several promotional tiles: a "Green up your home with TABLETOP GARDENS" section showcasing "Viva Self-Watering Tea Cup Planter" in various colors, a "NEW Plant Stands" section with a tiered metal stand, a "Winter Sale! SAVE UP TO 80%" banner, a "Our FREE Kitchen Garden PLANNER" section, and a "NO-FAIL SEED STARTING, EVERY TIME!" section. Each tile includes a "Buy Now" or "Shop Now" button.

Customer Service Order Status Sign In | Register Get special offers, tips & info Sign Up Cart Empty View Cart

**GARDENER'S**  
SUPPLY COMPANY

OUR ORDER-TODAY  
SHIP-TODAY PROMISE

Enter Keyword or Item # **SEARCH**

**WINTER SALE** GARDENING OUTDOOR LIVING INDOOR LIVING NEW & EXCLUSIVE **OUTLET** LEARN & SHARE

Green up your home with  
**TABLETOP GARDENS**

Viva Self-Watering  
Tea Cup Planter \$29.95  
**Buy Now**

**NEW Plant Stands**

New plant stands and terraces that are both decorative and functional.  
**Shop Now**

**Winter Sale!**  
**SAVE UP TO 80%**  
Save on Over 200 Products

Our **FREE** Kitchen Garden **PLANNER**  
Just Got Better!  
**LEARN MORE**

**NO-FAIL SEED STARTING, EVERY TIME!**  
**Shop Seed Starting**



# What Is Their Story?

Request a Catalog | Quick Order | E-mail Signup | 1-877-564-6697

My Account | Wish List | Login

**Johnny's**  
*Selected Seeds*  
An employee-owned company

What are you looking for?

**SAME DAY SHIPPING**  **CART (0)**

**VEGETABLES** **FRUITS** **FLOWERS** **HERBS** **FARM SEED** **TOOLS & SUPPLIES** **ORGANIC SEED** **SALE** **LEARN**

[Seed-Starting Sale!](#) **FREE SHIPPING On Orders Over \$200!\*** [E-mail Signup](#)

[Home](#)

[Shop By](#)  
**SALE!**  
Organic (OG)  
Heirloom  
New for 2015!  
Pelleted Seeds  
Internet Only  
Bred By Johnny's  
Johnny's Exclusives

[Growing Center](#)  
Grower's Library  
Videos  
Interactive Tools  
Seed Calculator  
Hardiness Zones  
More...

[About Johnny's](#)  
Ownership  
Maps & Directions  
Careers

Home Welcome to Johnny's Selected Seeds | Winslow, Maine 04901 | 1-877-564-6697

**NEW! for 2015**

**Over 200 NEW Products**


**New Vegetables, Flowers, Herbs, & More »**

**NEW Vegetable Varieties »**  
Our newest introductions from near & far, selected for your growing success.

**NEW Flower Varieties »**  
Top-performing new flower varieties with the finest features.

**email SIGN UP**  
growing tips  
and more organic  
new products  
[Click Here »](#)

**Johnny's Commercial Sales Team**  
Vested in Your Success  
More Round Crops



# What Is Their Story?

The screenshot shows the Lake Champlain Chocolates website. At the top, there is a navigation bar with the company logo (a deer), the tagline "fresh all natural chocolates from Vermont", a phone number "1-800-465-5909", a search bar, and links for "My Account", "Welcome", "Log In", "SHOPPING CART (0)", and "CHECKOUT". Below the navigation bar is a horizontal menu with categories: "Seasonal", "Truffles", "Assortments", "Caramels, Fruit & Nuts", "Bars & Hot Chocolate", "Gift Ideas", "Business Gifting", and "Wedding & Party". The main content area features a large Valentine's Day promotion: "Take 10% off any purchase!" with a subtext "Shop now for your sweetheart, ship when convenient, and SAVE... Hurry, offer ends Jan. 27!". Below this is a "Shop Valentine Gifts" button. The bottom of the page has three smaller promotional tiles: "Valentine Gifts" with a "Shop Now" button, "Fanatical about chocolate? Join the Club!" with a "Shop Now" button, and "Hot Chocolate Sale!" with a "Shop Now" button.



# What Is Their Story?




SIMPLE PRODUCTS for a SIMPLER LIFE

Call Now to Order  
**800-438-5346**  
» Need Help? «  
Click Here to Chat with Us!



Welcome!  
» Sign In  
» Email Sign Up

 My Cart

Health/Beauty	Garden	Home Goods	<b>Kitchen</b>	Lights	USA Made	Water
Books	Eco-Friendly	Emergency Supplies	Food	Outdoors	Stoves	Tools/Farm
Home	Web Specials	Exclusives	New Products	Free Catalog		

SEARCH: What are you searching for?



**Over 50 items up to 75% off.**  
In-stock items only. Buy now: when the sale's this good, supplies are limited. New items being added - check back often!

**SHOP NOW ▶**

» CLICK HERE TO  
**SIGN UP FOR OUR EMAILS!**

**REQUEST OUR LATEST CATALOG!**  
» Click here for details



**Product Categories**

- » Appliances
- » Books
- » Eco-Friendly
- » Garden

**CLEARANCE**

**CRUMB CAKE COOKIES**

WAS \$5.99  
**\$3.97**

**SHOP NOW ▶**




**BARGAIN OF THE WEEK**

**FIFTEEN PUZZLE**

WAS \$10.95  
**\$5.47**

**SHOP NOW ▶**

Supplies limited!



**NEW ITEM**

**BUTTERCUP BUTTER MAKER**

**\$15.99**

**SHOP NOW ▶**





# What Is Their Story?

The Teachers' Lounge Blog     

Sign In | Wish List | Customer Service | Quick Order | (800) 366-1920

0 Items

## Really Good Stuff

Fun & creative teaching tools for today's classroom®

Search

ELA SCIENCE  
SOCIAL STUDIES MATH

Shop By Subject

Organizers & Storage Teacher Supplies Bulletin Boards & Posters Games & Activities Books & Media Teacher Management Tools Celebrations & Themes Shop by Subject Shop by Standards Outlet

Standards Match Personalized Picks Top Rated What's New Web Exclusives Mix And Match Savings eGift Certificates

### Common Core Aligned And Connected Valentine's Day Activities

Shop Valentine's Day ▶



### Celebrate 100th Day!

Shop Now ▶



### Organization & Storage Solution Headquarters

 Boxes, Bins & Tubs

 Give Me Five

 Plastic Baskets


 Carts


### You'll Love Shopping With Us!

- ✓ Really EZ Pay™  
Take 3 Payments To Pay
- ✓ 100% Satisfaction Guarantee
- ✓ BuySAFE Protection  
3-in-1 Guarantee With Any Purchase
- ✓ Sales, Bids and P.O.s
- ✓ Get Email Savings ▶

# What Is Their Story?

Ross + SIMONS  
Fabulous Jewelry. Great Prices. Since 1952.

Live Chat 800-835-0919 Ship to 


Sign In Your Account Customer Care  0 items in bag [CHECKOUT](#)

Jewelry Diamonds Engagement Gemstones Pearls Bracelets Earrings Necklaces Rings Estate Clearance


Item# or keyword [search](#)

[Valentine's Day Gifts](#) [Today's Daily Deal](#) [Store Locator](#) [Watches](#) [Gifts](#) [Collectibles](#) [Home & Tabletop](#)

[shop JEWELRY](#)

 **70% OFF & MORE!**  
[great values](#)

**Daily Deal!**  
[BIG look](#)

 [shop CATALOGS](#)

**SITEWIDE SAVINGS**  
**25% off**  
code **SAVE25** • thru JAN 25  
[SHOP JEWELRY](#)

**THE Valentine's Day GIFT GUIDE**  
[SHOP NOW](#)

[Shop Featured Items](#)

**SHOP JEWELRY** \* details

**Diamonds**  
[SHOP NOW](#)

**Gemstones**  
[SHOP NOW](#)

**Pearls**  
[SHOP NOW](#)

**Gold**  
[SHOP NOW](#)

**Silver**  
[SHOP NOW](#)

Fine Jewelry Boutiques, Diamonds, Pearls, Gold, and Silver Jewelry

**Estate**  
[SHOP NOW](#)

**Designer Jewelry**  
[SHOP NOW](#)

**New Arrivals**  
[SHOP NOW](#)

**Trending Styles**  
[SHOP NOW](#)

**Closeouts**  
[SHOP NOW](#)

# What Is Their Story?

**\$4.99 Free Standard Shipping** Only on Orders \$50+ [See Details](#)

**SWANSON**  
Health Products  
swansonvitamins.com

America's #1 Rated  
Catalog/Internet Merchant  
Based on Customer Satisfaction†

For Help or to Order  
**1-800-824-4491**  
Call or [Chat](#)

en Español SECURED BY ENTRUST

Sign In or Register **Cart**

Food and Beverage Beauty CoQ10 Herbs Joint Immune Digestive EFAs Heart Sports Nutrition Diet

Home Free Catalog New Products Deal of the Day Web Specials Buy 1 Get 1 Free Brands **Overstock**

Search  All  Item #/Keyword  Sign Up Today For 10% Off  Enter Your Email

# DOUBLE YOUR SAVINGS

Save Up to **70%** with Buy-1-Get-1 Deals!

**SHOP THIS WEEK'S BOGOS**

**Ready to Lose?**

**Month of Healthy Savings**

**SHOP WEIGHT LOSS**

**Order from Catalog**

Item #  Qty

Item #  Qty

Item #  Qty

[Add More Items](#)

**Shop Clearance**

Save Up to 80% Off with

**Web Specials**

Buy Top Products at Secret

**New Products**

Breakthrough Formulas,



# What Is Their Story?

Customer Service | Email Sign Up | Request a Catalog

1-800-547-7849 | Live Help

Sign In / Create Account



*The Vermont*  
**COUNTRY STORE®**

Purveyors Of The Practical and Hard-To-Find

MADE IN THE USA SLEEPWEAR KIDS BED & BATH GIFTS VISIT US



SHOPPING BAG 0

Checkout

Enter Keyword, product name or item# here



WOMEN'S

MEN'S

HOME

HEALTH & BEAUTY

FOOD & CANDY

ORTON SPECIALTIES

CLEARANCE



**WINTER**  
**CLEARANCE**

**SAVE UP TO 65%**  
**Over 250 Markdowns!**

**SAVE NOW**

Kevin Hillstrom, President, MineThatData

<http://blog.minethatdata.com>

[kevinh@minethatdata.com](mailto:kevinh@minethatdata.com)

# What Is Their Story?

The screenshot shows the homepage of the Wind & Weather website. At the top, there is a navigation bar with links for SIGN IN, ORDER STATUS, WISH LIST, LIVE CHAT, EMAIL SIGN UP, and a shopping cart icon showing 0 items. The main header features the Wind & Weather logo, a circular seal with a portrait and the text "WIND & WEATHER SATISFACTION GUARANTEED", and the tagline "At Home With Nature Since 1976". Below the header is a search bar and a horizontal menu with categories: Weather Instruments, For the Home, Garden Art, Yard & Patio, Favorites, Gift Guide, and Sale. A secondary menu lists: HOLIDAY CLEARANCE, WIND SPINNERS, OUTDOOR GLASS ART, BEST SELLERS, SPRING PREVIEW, and VALENTINE'S GIFTS. The main content area is a large banner with a background image of garden art. A dark blue overlay box contains the text: "Who wants \$500 to spend at Wind & Weather? No purchase necessary - just enter your email address for a chance to win, now through March 31, 2015. View Details". Below this text is a form with a text input field labeled "Enter address" and an orange button labeled "enter now!". At the bottom of the banner, there are two smaller promotional boxes: one for "seaside whimsy shop beach" with a beach scene image, and another for "New Markdowns" with a red background.

# What Is Their Story?

The screenshot shows the H&M website homepage. At the top, there is a navigation bar with links for LOG IN, MY H&M, UNITED STATES | USD, SHOPPING BAG, and CHECKOUT. Below this is a secondary navigation bar with the H&M logo, STORE LOCATOR, CUSTOMER SERVICE, ORDER FROM CATALOG, SIGN UP FOR EMAILS, and a search bar. The main navigation bar includes links for LADIES, MEN, KIDS, HOME, SALE, and H&M LIFE. The central banner features a woman in a peach-colored long-sleeved top and black pants, and a man in a light blue button-down shirt and dark pants. To their right, the text reads: "THIS WEEKEND ONLY! DEALS FROM \$5". Below this, it says "Up to 60% off select styles online & in-store. Valid until 1/19/2015." and provides buttons to "SHOP LADIES", "SHOP MEN", "SHOP KIDS", and "SHOP HOME". At the bottom of the banner, there is a small disclaimer: "Offer valid on select items from 1/15/2015 12:01am EST to 1/19/2015 11:59pm EST at hm.com or while supplies last. No adjustments on prior purchases. In-store prices and products may vary and may differ from online." Below the banner, there are three smaller promotional tiles. The first tile on the left shows a woman's face and the text "MUST-HAVES LONG-SLEEVED \$24.95". The middle tile shows a woman's face. The third tile on the right shows a person's face and the text "VOTE FOR YOUR".

LOG IN MY H&M UNITED STATES | USD SHOPPING BAG CHECKOUT

H&M

STORE LOCATOR CUSTOMER SERVICE ORDER FROM CATALOG SIGN UP FOR EMAILS

LADIES MEN KIDS HOME SALE H&M LIFE

Search products Q

THIS WEEKEND ONLY!  
**DEALS FROM \$5**

Up to 60% off select styles online & in-store.  
Valid until 1/19/2015.

SHOP LADIES SHOP MEN SHOP KIDS SHOP HOME


Offer valid on select items from 1/15/2015 12:01am EST to 1/19/2015 11:59pm EST at hm.com or while supplies last. No adjustments on prior purchases. In-store prices and products may vary and may differ from online.

MUST-HAVES LONG-SLEEVED \$24.95

VOTE FOR YOUR

# What Is Their Story?

100's OF NEW STYLES ADDED! **EXTRA 50% OFF CLEARANCE**  
ONLINE ONLY. USE CODE [EXTRA50](#) [DETAILS](#) [GIRLS](#) [GUYS](#)

**AERO** LIVE LOVE DREAM **p.s. KIDS** [email sign up](#) [my account](#) [ship to: !\[\]\(4222901cb0b23d3b20e48e0aa550c263\_img.jpg\)](#) [MY BAG](#) 


**AERO**

[GIRLS](#) [GUYS](#) [ROOM](#) [CLEARANCE](#) [BRANDS](#) [FACTORY](#) [#AERONOW](#)

**50% OFF CLEARANCE**  
100's OF NEW STYLES ADDED!  
**EXTRA**

[SHOP GIRLS >](#) [SHOP GUYS >](#)

USE CODE [EXTRA50](#) ONLINE ONLY. [DETAILS](#)





# What Is Their Story?





# What Is Their Story?

FREE SHIPPING\* // AWARD-WINNING CUSTOMER SERVICE

overstock™ Search Overstock™

Join Now Earn Rewards Sign In My Account

Shopping Worldstock Farmers Market Pet Adoptions O.info Cars Insurance

Email Lists Registry Gift Cards Flash Deals English

FOR THE HOME FURNITURE BED & BATH WOMEN MEN JEWELRY WATCHES HEALTH & BEAUTY ELECTRONICS WORLDSTOCK MORE GIFTS SALE

## Valentine's Gift Guide

2.14 Valentine's Day Is February 14th.

**GIFT FINDER**  
PINPOINT THE PERFECT GIFT

Don't know what to give?  
Choose the perfect gift in four easy steps!

**Occasion**

**Age**

**Gender**

**Price**

Start Now

SHOP GIFTS UNDER \$50

SHOP GIFTS UNDER \$100

SHOP ROMANTIC GIFTS

Waiting for inw-1172.inw-rtb1.rfihub.com...

# What Is Their Story?

The screenshot displays the Gap website's homepage. At the top, a navigation bar includes logos for GAP, OLD NAVY, BANANA REPUBLIC, PIPERLIME, and ATHLETA. It also features promotional text for 'FREE SHIPPING' and 'FREE RETURNS' on all orders over \$50. A user account section on the right offers links for 'Sign in', 'Wish List', 'Orders and returns', and a 'Checkout' button. Below this, a green banner announces a '40% OFF YOUR PURCHASE' sale, valid online only and ending on 1/19. The main header area contains a search bar and links to 'FIND A STORE', 'CREDIT CARD', and 'GIFTCARD'. The primary promotional banner is a dark blue rectangle with the Gap logo on the left. It features a large red 'SALE' graphic and the text 'winter sale now up to 75% off'. A 'SHOP SALE' button is positioned at the bottom right of this banner. To the left of the main content, a vertical navigation menu lists categories: Women, GapFit, Maternity, Men, Girls, Boys, Toddler, Baby, and Gap Factory. The central focus is a large promotional image for a '10 pieces seven days' sale. The image shows a woman in a light green sweater and blue jeans, with a large white '10' and the word 'pieces' inside it. Below the image, the text 'seven days' is displayed. At the bottom of the image, it says 'New year, new wardrobe essentials.' and includes a 'SHOP THEM ALL' button.

GAP

OLD NAVY

BANANA REPUBLIC

PIPERLIME

ATHLETA

FREE SHIPPING  
ON ALL ORDERS OVER \$50.

FREE RETURNS  
ON ALL ORDERS.

Your account | Sign in  
Wish List | Orders and returns

0 items in your bag

Checkout

40% OFF YOUR PURCHASE (includes sale!) USE DEALS ONLINE ONLY. ENDS 1/19. DETAILS ▶

FIND A STORE / CREDIT CARD / GIFTCARD

Search

GAP

SALE

winter sale  
now up to 75% off

Prices as marked online may vary in stores.  
Excludes Gap Factory.

SHOP SALE ▶

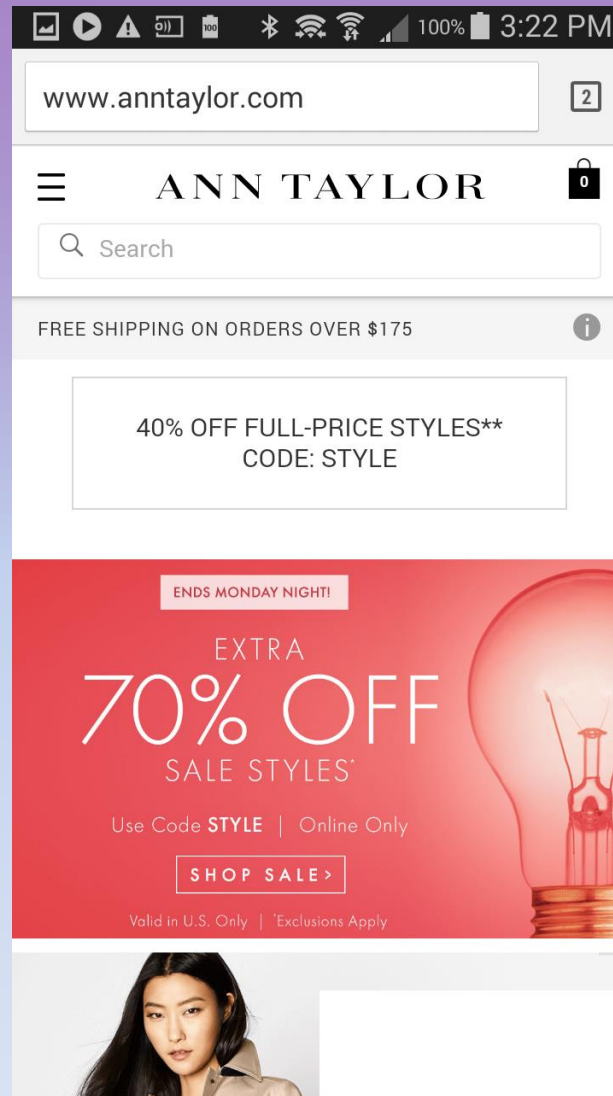
Women  
GapFit  
Maternity  
Men  
Girls  
Boys  
Toddler  
Baby  
Gap Factory

10 pieces  
seven days

New year, new wardrobe essentials.

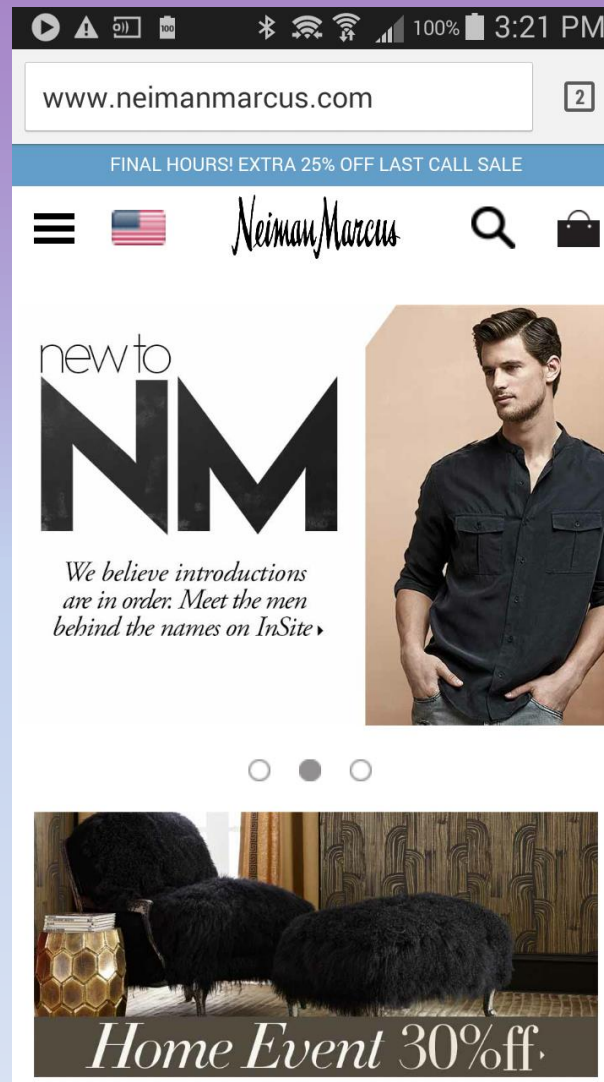
SHOP THEM ALL ▶

# How Do We Tell A Mobile Story?

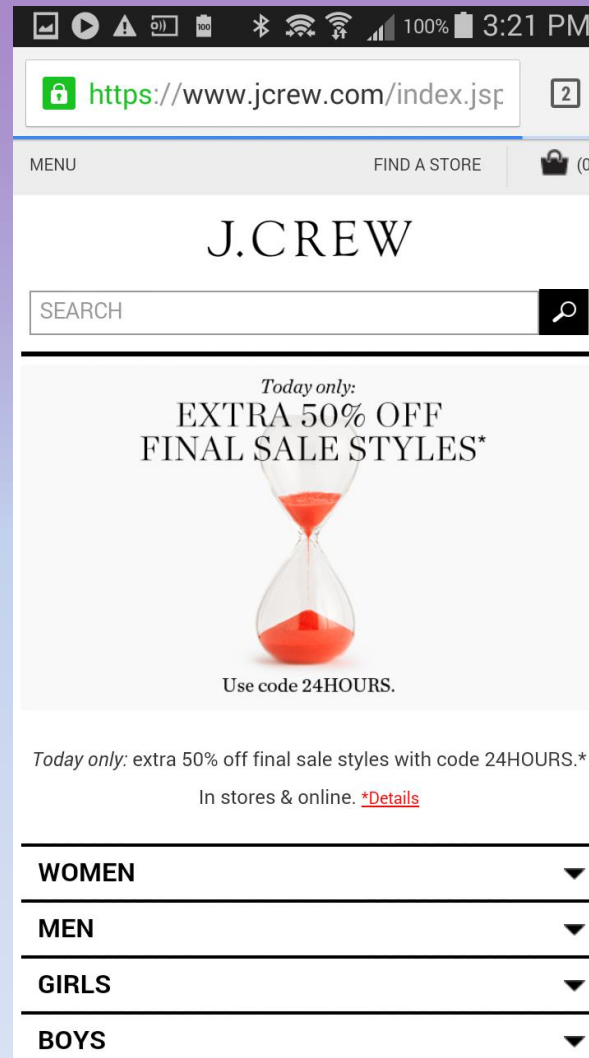


Kevin Hillstrom, President, MineThatData  
<http://blog.minethatdata.com>  
[kevinh@minethatdata.com](mailto:kevinh@minethatdata.com)

# How Do We Tell A Mobile Story?



# How Do We Tell A Mobile Story?



Kevin Hillstrom, President, MineThatData  
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[kevinh@minethatdata.com](mailto:kevinh@minethatdata.com)

# How Do We Tell A Mobile Story?





# What's Coming: Catalogers

**The demographic cliff cannot be overcome, now. It's over.**

**Catalogers should cater to a 55-74 year old customer, giving her what she needs. There is plenty of profit to be had by taking care of the aging Baby Boomer customer.**

**A slow reduction in pages, over time, as digital hates inefficiency.**

**20-35 contacts a year for those age 55-74.**

**1-3 contacts a year for everybody else.**

**Stop competing against Amazon.**

# What's Coming: Retailers

**Retail 2015 = Catalog 2005.**

**Mainstream retailers are being cut-off, demographically, by Jasmine's generation, much in the same way catalogers were cut-off, demographically, from Jennifer.**

**Digital hates inefficiency. As retailers digitize the business, sales online will increase, sales at poor-performing retail stores will decrease, and 30% of the bottom of the retail portfolio will be closed.**

**Merchandising strategy and story are much more important than selling in all channels (ask Apple).**



# What's Coming: E-Commerce Brands

**This is a dangerous time to be in e-commerce.**

**On the surface, business has never been better. But in my projects, new customer acquisition is slowing quickly. We're nearing "peak growth".**

**E-commerce has long been a "sales capture" vehicle. Once we past "peak growth", e-commerce folks will need to learn how to sell. This will be a challenging transition.**

**Most e-commerce experts see mobile/social as an extension of e-commerce. I disagree (my opinion only). Mobile/Social is Jasmine, e-commerce is Jennifer. Big generational differences, folks ... = big risks.**

**“Yes, We Already Know All Of This. Now How About You Help Catalogers Find A Path Out Of The Forest? Give Us Specific Tactics, Now.”**

## Specific Advice:

My projects indicate that growth comes from three areas.

50% = Merchandising Brilliance & New Item Brilliance (fuels customer loyalty & acquisition)

30% = New Customer Acquisition Brilliance.

20% = A Compelling Brand Story.

**Specific Advice:** The catalog customer is Judy. Embrace Judy. Give Judy exactly what she wants.

**Specific Advice:** If your core customer is Jennifer, then you are not a cataloger. You are a direct merchant selling to Jennifer via a website and catalogs. This is an important distinction. Classic catalog strategy is no longer relevant when marketing to Jennifer.

**Specific Advice:** Execute mail/holdout tests, learn your organic percentage, tell your attribution / matchback vendor to incorporate your organic percentage into your reports.

Payoff: \$1,000,000 to \$2,000,000 profit per \$100,000,000 business.



**Specific Advice:** Mail / Holdout tests strongly suggest that phone-centric 0-12 month Judy customers should receive 15 – 35 mailings per year. Those same tests suggest that online-centric 0-12 month Jennifer customers should receive 3 – 9 mailings per year. *There is no longer a “mailing middle ground”, it’s gone.*

**Specific Advice:** Execute mail/holdout tests in email marketing. What happens when you do not email Jennifer? The best catalogers know exactly how to mix email contacts and catalog contacts to Judy and Jennifer. Often, page count reductions are offset by smarter email strategies.

**Specific Advice:** If your customer is a younger Judy and/or Jennifer, then have 5-10 versions of email campaigns ... merchandise centric of course.

Payoff = 20% increase in email productivity.

**Specific Advice:** Increase “winning new items” by 20% this year, next year, and the year after. Too few new items are the #1 weakness for my clients, hands down.

**Payoff:** 5% to 10% increase in net sales, compounded, per year.

**Specific Advice:** Increase carryover of winning products, and have specific criteria for how long to carry over winning items.

**Payoff:** 5% to 10% increase in net sales, compounded, per year.

**Specific Advice:** Partner with your co-ops ... demand that they tell you what your customers are doing elsewhere in the Big Data ecosystem. Many of your co-ops know this already, they pass your data into the Mobile / Social ecosystem. Get a return on your investment, and gain some knowledge.



**Specific Advice:** Immediately increase customer acquisition circulation by 20%.

**Payoff:** 10% increase in new customers, a likely net of \$0 profit increase this year, a likely increase in sales/profit next year. Grow!!!

**Specific Advice:** Do not be afraid to acquire customers via non-traditional methods ... and then limit how many times you mail these customers, moving forward.



**Specific Advice:** If you must go down the free shipping path, then you must fund those free shipping dollars (Jennifer) by reducing catalog contacts. Free shipping mavens are usually in Jennifer's cohort, and they are buying because of deals, not because of catalogs.

**Specific Advice:** The impact of free shipping decreases over time, so try to have a hurdle in order to generate enough profit to offset the cost of shipping (and if the customer is Jennifer ... again ... mail less often).

**Specific Advice:** Be very careful about moving business into December. This is a huge trend right now, and a negative trend. December buyers have lower lifetime value than do buyers in other months, and are less likely to pay full price. (Bad \* Bad) = Really Bad.

**Specific Advice:** Given the choice between mailing a 128 page catalog one time per month, or mailing a 64 page catalog two times per month, always choose the 64 page catalog two times per month.

**Payoff = 10% Sales Increase, Annually.**

**Specific Advice:** Merchandise the first twenty pages of your catalog with proven winners, with the exception of the very best customers, who crave new merchandise – paginate differently for them.



**Specific Advice:** Stop demanding that your customer purchase from you NOW. In most of my projects, best customers (younger Judy, Jennifer) visit the website every 4-7 days. Why give away margin dollars when the customer will visit anyway, a total of 50 – 100 times per year? Why? WHY??

**Specific Advice:** Measure the items that catalog recipients purchase. What percentage of items are in the catalog? If the percentage is 95%, then increased page counts matter. If the percentage is 75%, then you can scale way back on pages, save \$\$, and your customer will still buy online. FYI, Jennifer will buy online anyway.

**Specific Advice:** New creative / pagination performs 30% to 40% better than remail catalogs. Hire more people, talented people, and create exciting content. In 2015, catalogs are content ... for Judy. Give Judy great content.

**Specific Advice:** Share every aspect of your catalog business with a non-competitive partner. There is no reason why PC Connection and Orvis, or Crutchfield and Plow & Hearth should not share every detail of their strategy / measurement with each other. Learn. Grow!

**Specific Advice:** We spent fifteen years teaching customers to click instead of drive to a store. Customers listened. Create exciting reasons for customers to drive to a store – it's becoming a mission-critical imperative.

**Specific Advice:** Traditional Direct Marketers essentially give younger employees a 20 year apprenticeship. Those days are over. Give younger employees responsibility, now, especially in online/mobile tactics you know very little about.

**Specific Advice:** In pure e-commerce businesses, new customers, cannibalized from catalogs & retail brands, are slowly drying up. The next frontier e-commerce experts must master is the conversion of a first-time buyer to a second purchase. Evaluate your business. Independent of catalogs/emails, what tools do you have to convert a 1x e-commerce buyer to 2x status?



# Questions?

**Kevin Hillstrom**

**President, MineThatData**

**[kevinh@minethatdata.com](mailto:kevinh@minethatdata.com)**

**<http://blog.minethatdata.com>**

**206-853-8278**

**@minethatdata**