

# Making money online

# Michael Ross and eCommera

## eCommera

- Two core services:
  - End-to-end technology platform
  - Intelligent Trader. SatNav for ecommerce.
- 170 people in London, Sofia, and Paris blending technical and retail ecommerce expertise from companies including: Dell, Sky, Harrods, Debenhams, Burton, BT, Tesco, Sainsbury

## Selection of our clients

ASDA direct

T.M. Lewin

coast

GARDENING DIRECT  
AFFORDABLE AND EASY GARDENING

SPACE.NK

glasses direct

Miss Selfridge

BURTON

HOUSE OF FRASER

GOLDSMITHS

Magasin



Hamleys



USC

warehouse  
express  
.com

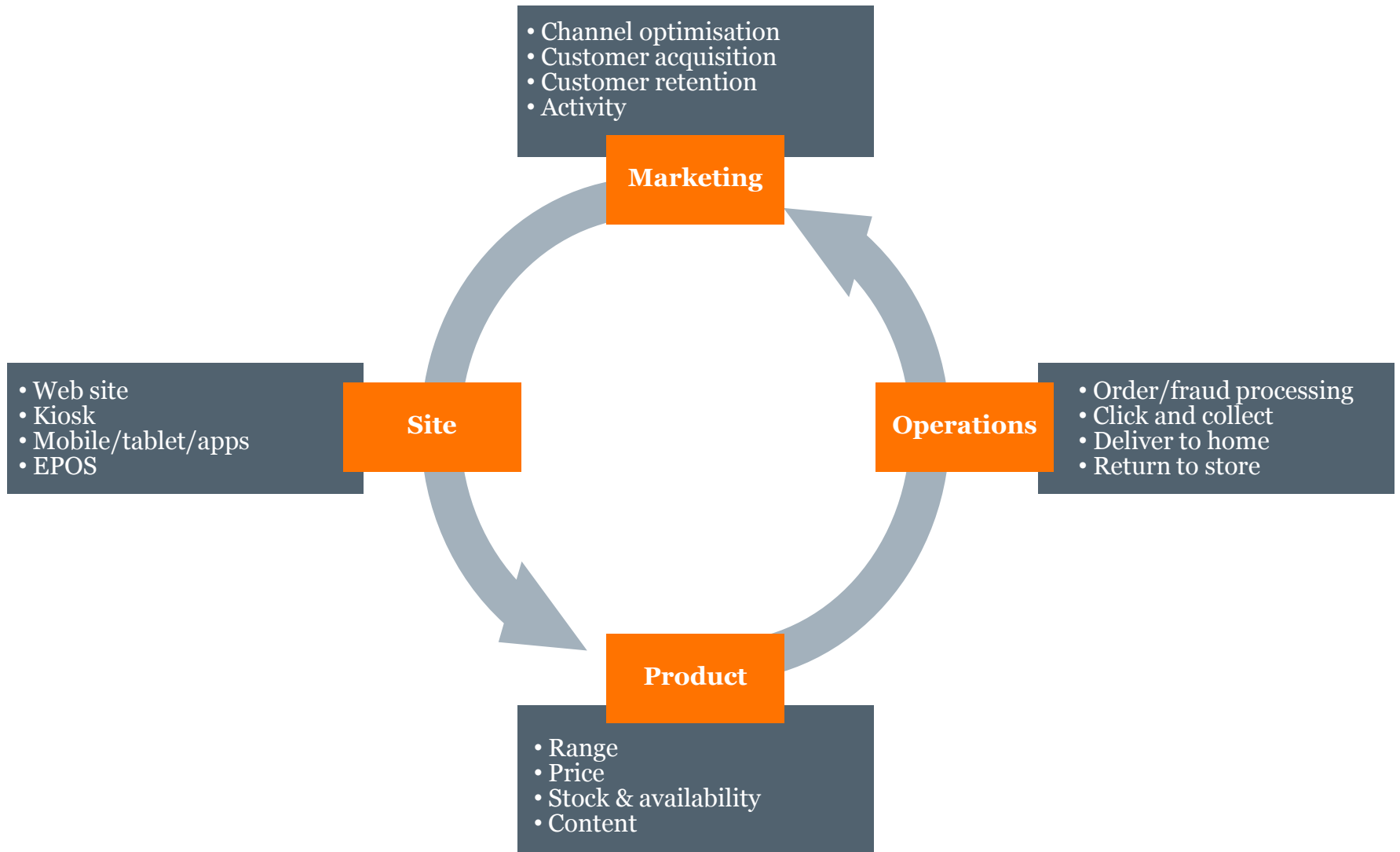
horze  
It's a lifestyle.



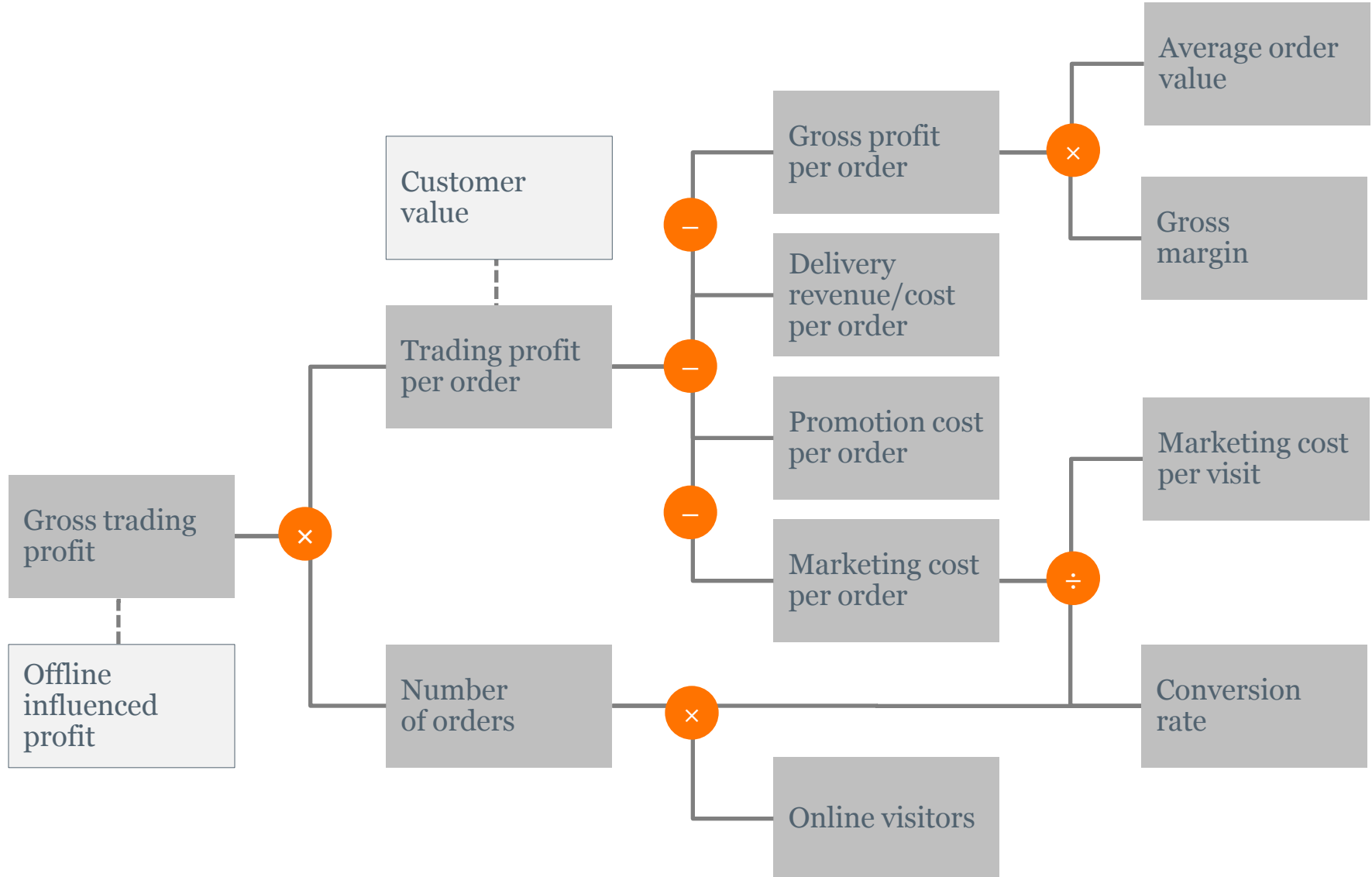
# Physical retail vs. ecommerce

	Physical retail	Online retail
Activities	<ul style="list-style-type: none"><li>• Simple – store/product</li><li>• Weekly</li></ul>	<ul style="list-style-type: none"><li>• Complex – interrelated</li><li>• Increasingly real-time</li></ul>
Making money	<ul style="list-style-type: none"><li>• Per store</li><li>• Like-for-likes, new stores</li><li>• Stock</li></ul>	<ul style="list-style-type: none"><li>• Per order</li><li>• Customer acquisition, retention</li><li>• Stock and traffic</li></ul>
Management	<ul style="list-style-type: none"><li>• Walk the store</li><li>• Can manage based on outcomes</li></ul>	<ul style="list-style-type: none"><li>• Opaque – hard to monitor</li><li>• Need to understand inputs</li></ul>

# Activities



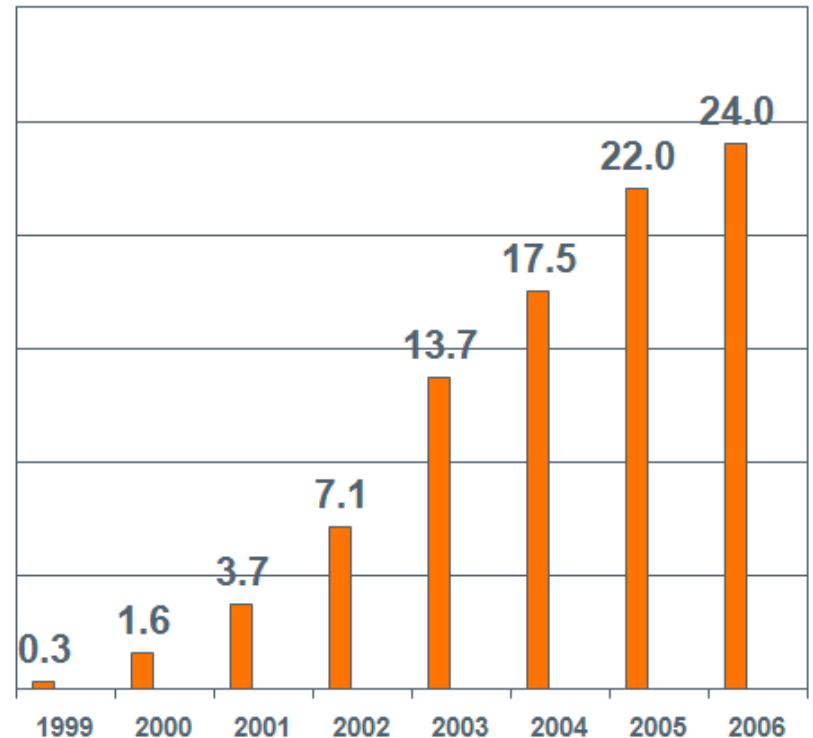
# Making money: a new model



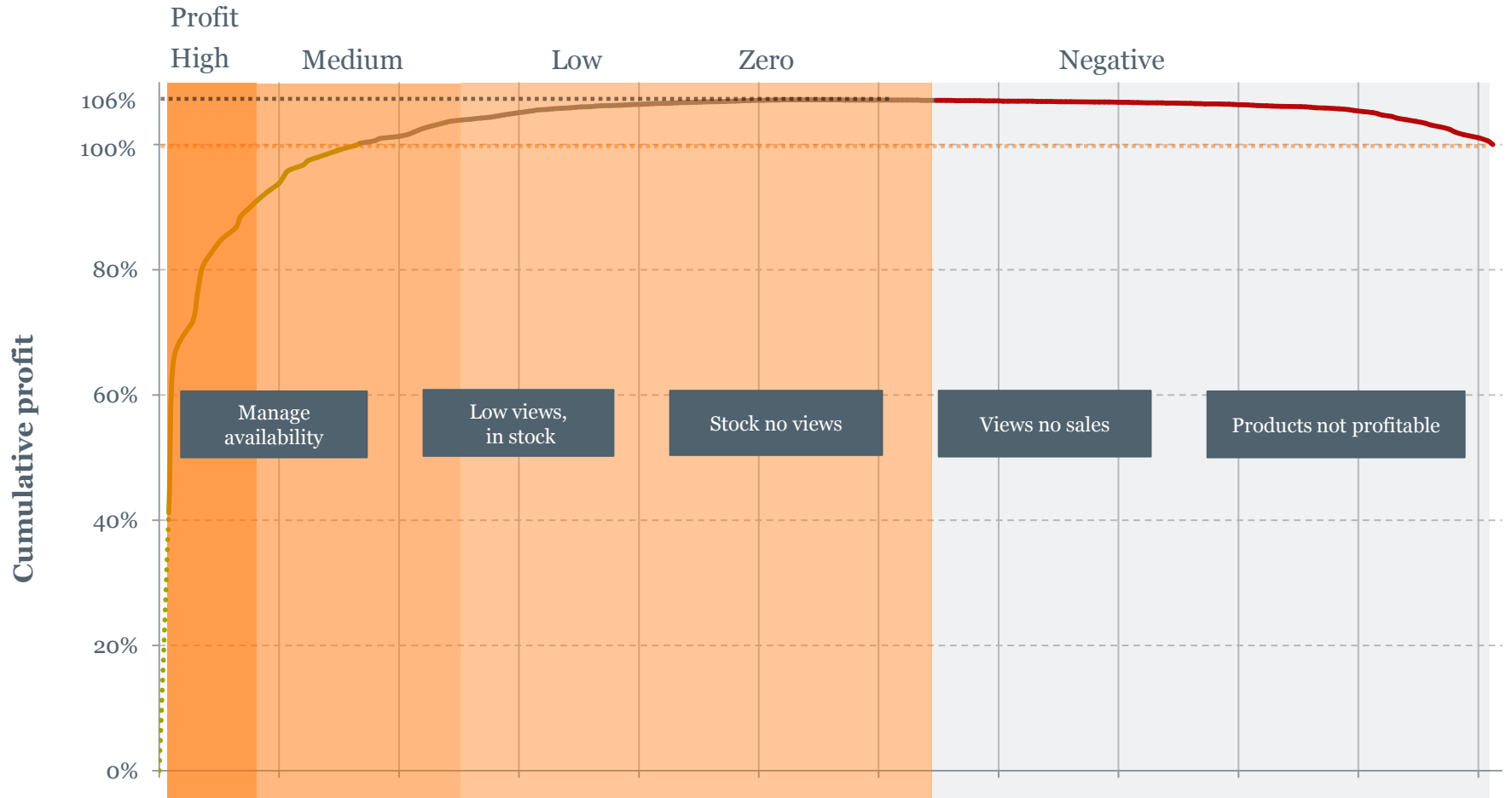
# Growth: driven by customers

Month	recruited in month (count of customers by first order)					
		3 Months	6 Months	12 Months	15 Months	18 Months
Aug-04	9,477	15%	23%	33%	35%	38%
Sep-04	8,724	17%	24%	33%	36%	38%
Oct-04	9,539	17%	24%	33%	36%	38%
Nov-04	13,225	17%	24%	32%	35%	37%
Dec-04	17,734	12%	18%	29%	31%	32%
Jan-05	12,013	16%	24%	33%	36%	38%
Feb-05	13,597	16%	23%	33%	35%	37%
Mar-05	11,990	18%	25%	35%	38%	
Apr-05	14,604	18%	24%	32%	36%	
May-05	16,196	15%	22%	31%	34%	
Jun-05	15,762	14%	22%	31%		
Jul-05	14,886	14%	22%	32%		
Aug-05	12,893	14%	22%	31%		
Sep-05	9,974	16%	23%			
Oct-05	11,558	16%	22%			
Nov-05	15,166	15%	21%			
Dec-05	20,182	11%	17%			
Jan-06	13,445	14%	22%			
Feb-06	11,295	15%	22%			
Mar-06	12,246	15%				
Apr-06	11,398	16%				
May-06	13,823	15%				
Jun-06	14,194					
Jul-06	15,528					
Aug-06	12,273					
<b>Total UK</b>		<b>15%</b>	<b>22%</b>	<b>32%</b>	<b>35%</b>	<b>36%</b>

Why most ecommerce businesses stop growing



# Trading: product profitability



Products arranged by profitability (descending)

# Management: the trouble with data

Category	Number of SKUs	Views	Order / Order value	Order / sku	Order value last 4 weeks	Availability weighted by views	Availability weighted by demand	Session Conversion	Items ASP	Items on Backorder (>3 days)	Promotional spend	Sales - full price	Margin - full price	Sales - markdown	Margin - markdown	Free Stock	On order	Spot Cover			
Category 1	33,932	1,117,820	£269,769	£0.24	£7.95	£1,234,303	45.52%	53.66%	48.08%	4.51%	52,939	£5.10	1,588	£8,093	£215,815	£32,372	£53,954	£3,777	370,573	37,057	7.0
Category 2	9,012	436,053	£121,416	£0.28	£13.47	£576,032	49.22%	57.95%	46.58%	4.38%	2,329	£52.13	70	£3,642	£97,133	£14,570	£24,283	£1,700	20,961	2,096	9.0
Category 3	3,125	116,459	£32,401	£0.28	£10.37	£138,672	49.48%	57.49%	48.65%	5.08%	812	£39.90	24	£972	£25,921	£3,888	£6,480	£454	6,740	674	8.3
Category 4	450	90,679	£29,461	£0.32	£65.49	£197,694	35.22%	53.40%	38.20%	3.76%	698	£42.21	21	£884	£23,569	£3,535	£5,892	£412	6,003	600	8.6
Category 5	1,270	49,991	£17,622	£0.35	£118.27	£82,774	46.78%	48.14%	4.99%	51	£345.53	2	£529	£14,098	£2,115	£3,524	£247	306	31	6.0	
Category 6	662	36,482	£8,555	£0.23	£12.93	£34,635	52.97%	60.81%	55.79%	3.42%	32	£267.34	1	£257	£6,844	£1,027	£1,711	£120	17	5.3	
Category 7	576	30,171	£4,281	£0.14	£7.43	£19,443	38.39%	60.26%	56.69%	3.85%	22	£194.57	1	£128	£3,424	£514	£856	£60	53	5	2.4
Category 8	692	23,296	£5,105	£0.22	£7.38	£17,157	50.68%	51.94%	47.77%	5.29%	9	£567.18	0	£153	£4,084	£613	£1,021	£71	63	6	7.0
Category 9	490	19,591	£5,748	£0.36	£11.73	£17,270	58.56%	61.93%	60.27%	4.12%	342	£16.81	10	£172	£4,598	£690	£1,150	£80	684	68	2.0
Category 10	270	14,641	£3,578	£0.24	£13.25	£16,864	40.68%	56.14%	50.09%	3.48%	560	£6.39	17	£107	£2,862	£429	£716	£50	3,360	336	6.0
Category 11	125	12,306	£2,163	£0.18	£17.31	£7,343	77.18%	98.81%	74.88%	4.70%	141	£15.34	4	£65	£1,730	£260	£433	£30	1,692	169	12.0
Category 12	154	9,103	£1,789	£0.20	£11.62	£4,733	56.68%	67.90%	57.37%	3.78%	115	£15.56	3	£54	£1,431	£215	£358	£25	1,380	138	12.0
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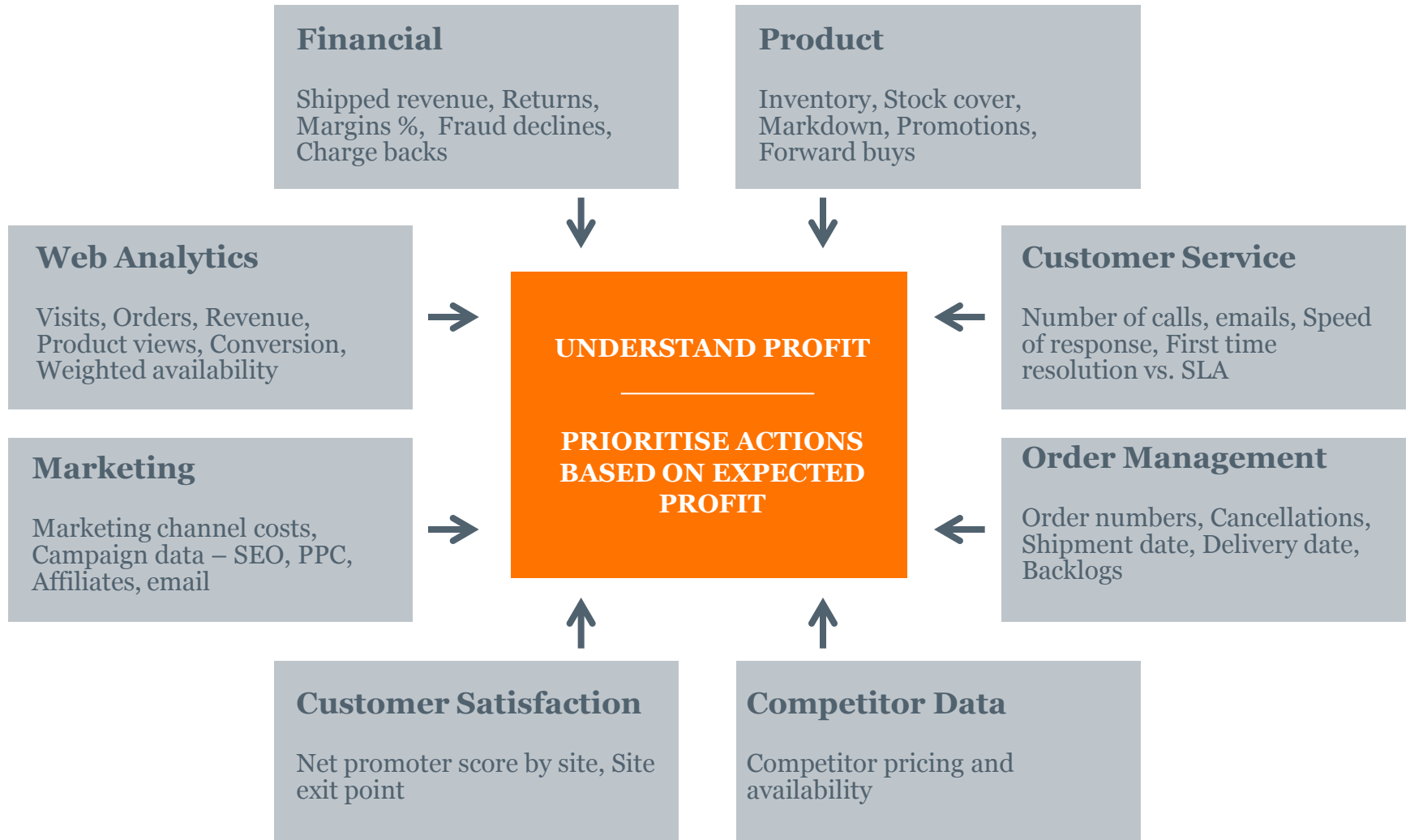


# Amazon

Senior leaders that are new to Amazon are often surprised by **how little time we spend discussing actual financial results** or debating projected financial outputs. To be clear, we take these financial outputs seriously, but we believe that **focusing our energy on the controllable inputs to our business** is the most effective way to maximize financial outputs over time.

*Extract from Jeff Bezos, Amazon CEO,  
Letter to shareholders 2010*

# From profit to action



eCommera. Trading intelligence