

adams kids opts for low-risk web options

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Children's wear specialist, adams kids is using Real TSP to develop its new website in a revenue sharing deal which is already proving a popular option for online newcomers.

by Penelope Ody

adams kids has opted to develop its online offer by using Real TSP to design, build and maintain a transactional website with payment on a revenue share basis so reducing risk for the retailer while using specialist skills and experience to maximise marketing options.

Real TSP was founded four years ago and its operating model starts by agreeing commercial goals for a website with the retail customer. The cost for developing and maintaining the site is then based on a percentage of the sales achieved. Customers already include Racing Green, Fiorelli and Mountain Warehouse and Real TSP usually begins with an initial three year contract that demands a degree of openness and trust on both sides but benefits from a readily identifiable metric – online sales.

“The Internet is very fast moving,” says md Oliver Schönrock “and the ways for retailers to promote their goods on the Internet are also changing and that demands new technology tools. That makes it important to have marketing and technology under the same roof; by combining both in a service model you can be very creative about the offer.”

Typically Real TSP develops a site and then uses latest Internet marketing techniques to maximise sales and drive traffic to the site.

Before opting for Real TSP, adams kids had developed a pilot site in-house which went live last winter. “Our aim was simply to dip a toe in the e-commerce water and see whether the opportunity to buy online appealed to our customers,” says director of product, Jonathan Tillery. “With limited marketing and a very small catalogue the site has demonstrated significant demand – on fact the online shopping basket is nearly double our typical retail store take.”

With limited in-house IT resources, Adams Kids decided to seek help in expanding its online operation so it opted for the partnership model developed by Real TSP. While Real TSP helps to design the back office processes to manage the catalogue and orders, Adams Kids will retain responsibility for these operations. Real TSP also handles all marketing and promotional activity and earns a share of any revenue this generates.

Inspiration for his charging model came, says Oliver Schönrock, in part from “shelfware” – systems sold into businesses but never fully implemented as staff change and the users who initiated the purchase have moved on.

“With this revenue-share agreement in place,” adds Tillery, “Real TSP is highly incentivised to drive as much traffic as possible to the site and to improve it on a constant basis. Evidence from other sires indicates that this partnership approach works extremely well.”

For Mountain Warehouse, the model has already proved highly satisfactory: “There were no upfront costs for us,” says MD Mark Neale. “We agreed the marketing budget with Real TSP, which is linked to sales, and they handle everything – all we do is the fulfilment. It’s a very low risk model for us and we also benefit from specialised support and marketing which is better than we could do ourselves.”

Neale, sees his company as primarily a bricks and mortar business and expects that at best, the online operation will rank as the company’s largest “store”, but will never come to dominate operations. “Obviously if the online operation was massively successful and dominated sales then a company would understandably question the payment model as it would be cheaper to bring everything in house, but we really don’t expect that to happen. We made one deal 18 months ago and we haven’t had to change it or renegotiate since so for us, it’s ideal and proving very successful.”

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