CONTROL YOUR BRAND WITH MAPP TRAP

BY RON SOLOMON, THE CREDITORS NETWORK

Consumers are flocking to the internet to shop. According to the U.S. Department of Commerce, third quarter 2012 online sales reached $56.99 billion, which is up 17.3 percent from the same period one year ago. Those numbers are increasing with each passing day. While that is good news, there is also bad news. Any manufacturer will tell you that selling through an online merchant can be a double-edged sword. While having distribution through Amazon.com, eBay.com, and other retail websites can certainly increase gross sales, there are challenges.

Two of the biggest online sales challenges for manufacturers are channel control and brand management. As of January 2012, it is estimated that there are more than two million third-party sellers on Amazon.com alone. When you add in the number of merchants on eBay.com and others, that number grows exponentially. Most of these merchants are small businesses or sole proprietors that purchase product from distributors then hide their identities by outsourcing their warehousing and fulfillment to Amazon.com. So when it comes to channel control, how can a manufacturer possibly know who is selling its product?

Another growing concern for manufacturers is brand management. The vast majority of online shoppers use the internet not only for convenience but for price comparison. According to Grant Thornton International, an advisory, tax, and audit firm, more than 78 million Americans currently use smartphones; 40 percent of those use it to compare prices before shopping. E-commerce merchants know this and therefore employ systems that automatically find and match the lowest price. Such practices have created a virtual race to the bottom. This discounting works for online merchants because their cost of doing business is much lower than standard brick-and-mortar stores.

One response to the decline in channel and brand control, and an important one to those manufacturers that value their brick-and-mortar stores, is the adoption of minimum advertised pricing policies (MAPP). Not to be confused with MSRP, and not an illegal price-fixing strategy, manufacturers have created policies that tell their customers at what price they may "advertise" products. Advertising encompasses listings on online stores, print mailers, and in-store signage.

Of course, every solution presents new challenges. Now manufacturers using MAPP are faced with not only finding out who is selling their products online, but with knowing the advertised prices. This leaves manufacturers with one impossible option—search the internet daily to find offenders. With all the online sellers, this task would be equal to digging a hole in water.

In response to this dilemma, The Creditors Network has created a system that helps children's products manufacturers maintain online channel and brand control. MAPP Trap, a proprietary search engine, automatically monitors the internet to find advertised-price violations. The system not only identifies violations, but it then "traps" the links to those violations as images for use in policy enforcement. Additionally, and perhaps more important, MAPP Trap provides the true identity of the eMerchants so manufacturers know who to contact for policy enforcement.

To get started with the service, MAPP Trap users simply provide a document with their product list, the prices they'd like monitored, and an account list for cross-referencing. The information gets uploaded into our system and the searches begin. Based on user feedback from an extended beta-testing period, users can view the search results anytime by logging into their online, pass-word-protected accounts where they can see either standard or customized reports. Users can view search results from the past 24 hours, the past week, or the past month. A Top 10 Merchant Violator and Top 10 Product Violation page allows companies to get a quick start.

In order to assist users in the enforcement of MAPP, all MAPP Trap reports are exportable. Users can easily create reports for a specific merchant, export the information to Excel, and then email the reports along with whatever policy points they need to communicate. Because MAPP policies must be created unilaterally by each manufacturer, there are no boilerplate letters or emails. And very importantly, in order to protect themselves from claims of collusion, manufacturers instituting MAPP should never confer with their competitors. Lastly, in order to avoid potential disputes and/or litigation, retail accounts need to be treated equally.

"MAPP Trap allows us to monitor violations and correct them with a minimum of time and trouble," says Lea Culliton, president of HABA USA, who has been using MAPP Trap since its launch in November. "It provides a convenient location to collect, view, and act on this information in one organized place, and the additional information The Creditors Network provides to help us contact violators is invaluable."

The Creditors Network is the service that ASTRA, CTA, JPMA, NSSEA, and TIA manufacturers and distributors use to grow and keep their businesses financially fit. For more information on the organization or on its MAPP Trap service visit www.creditorsnetwork.com.

Ron Solomon, founder and CEO of The Creditors Network, developed MAPP Trap service. He's the former CEO and founder of Swingset Press, which recently licensed its products to Schylling Toys.