▶ **SPEAKING OUT**

How to Vet New Retail Accounts to Avoid Online Disaster

Before you open a new account, follow these crucial steps.

By Ron Solomon

Before e-commerce was born, vetting new retailers was a relatively straightforward process. First and foremost, you wanted to know if the account paid its bills on time. To that end, a potential new account would provide a signed credit sheet that listed corporate information, trade references, bank account numbers and sometimes information about their financials. A couple of calls, faxes and mouse clicks later, and you knew if you'd give them net terms.
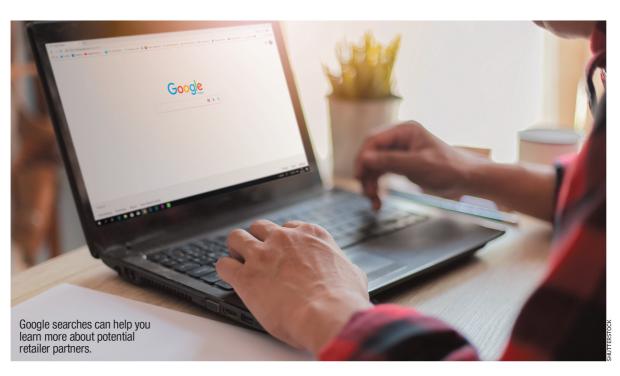
But those days are over. Vetting new accounts in the age of Amazon disruption is about more than creditworthiness. It's about brand equity, channel control, level playing fields (with brick-and-mortar), product diversion and more. Today, every time a brand opens a new account, it risks having products sold by unauthorized and unknown merchants on unapproved platforms at hyper-discounted prices. And while the brand can call, fax and click, what exactly are they looking for?

Google searches can help you learn more about potential retailer partners.

SHUTTERSTOCK

As a company that works with hundreds of brands and is the market leader when it comes to finding the true identities of hundreds of thousands of online sellers, MAPP Trap has helped many clients with this pre-screening process. Over the years, we've seen brands get deceived far too many times, so we've become very good at spotting red flags and assisting in the presales process. Here are some tips for vetting new wholesale accounts:

STEP 1: Ask if they sell online. This might seem obvious, but many brands don't inquire. Either the salesperson doesn't want to get in the way of closing a deal with "ugly" questions, or it's just not in the company's business model. Not only *must* you ask the question, but you need the account to fill out and sign an online disclosure form that lists *all* of its e-commerce stores by name and platform.

STEP 2: If they answered "No" in Step 1, don't believe them. Proceed to Step 3. This might seem harsh, but given the growing desire to limit online sellers, brands are being lied to more frequently. A sales executive in the toy industry was working with a gentleman who swore up and down that he had no online stores. After running his information through our MAPP Trap database, we found that he had nearly a dozen online stores, all of them MAPP violators.

STEP 3: Ask for proof of their brick-and-mortar location. Retailers are opening 2,000 stores a day on Amazon alone, so the odds of being strictly brick-and-mortar are decreasing. But some stores really are still physical, or are bricks and clicks, so be smart. Ask for "current" photos that show both the exterior and interior of the store. Perhaps even something with a date on it because the physical store may have closed. Additionally, not only should you make sure to get more than a P.O. box for an account, you should search addresses on Google Earth to make sure they are not residential.

STEP 4: If they answered "Yes" in Step 1, be dubious that they told you about *all* their online stores. A short statement should be on the online disclosure form that says if the account does not reveal (and continuously update) all stores, it can become deauthorized to sell your products.

STEP 5: Whether they answered "Yes" or "No" in Step 1 is beside the point. You still need to check it out yourself. Besides reviewing the online stores they admitted to having, use a search engine to look for more. Type the name of the account in various ways. Type a ".com" at the end to see if a website comes up. If their email address has a registered domain after it like ron@mapptrap.com, check the domain portion (mapptrap.com).

STEP 6: Now that you've found the online store, what do you look for? Besides determining if the account was truthful in its disclosure, you need to look at the following areas:

• **Transparency.** This is essential. Is there a way to contact the store? Do they list working customer service numbers, websites, addresses, etc., on their profile or contact us page? On-line sellers that don't provide contact information tend to be high-risk sellers. Not only could it affect a consumer's ability to ask questions about your products, but if the seller changes its store name, the brand won't know it's them—unless they track seller IDs like we do.

• **Product Mix.** Today's retailers have the greatest access to product in the history of retail. They can buy direct from you and from your distributors, drop shippers can provide data feeds, etc. Check to see if they primarily sell the type of products you have. Are they in the same industry, or do they have a product mix that spans a dozen categories? Our advice: Stay with companies that don't sell a diverse portfolio of products. Not only is it costlier and more time-consuming for them to optimize product searches, but it's an indication that they are unfocused and/or have a hard time getting products from your peers.

> TIP: Here's a great way to do more targeted searches: Use Google and type in the name of the account following exact strings like "Amazon ID": Account Name, "Walmart ID": Account Name, "eBay ID": Account Name. Try the account name both with and without spaces. Check multiple marketplaces because in today's space, multiplatform stores are growing fast (e.g., having stores on Amazon, eBay and Walmart).

- **Seller Ratings.** Anything less than 4 out of 5 stars should be an issue that you ask them about. You might even consider making 5 stars a requirement.
- **Buyer Feedback.** Read reviews to see if consumers have complained about issues such as customer service, slow shipping, damages, etc. Although this is usually the seller's fault, consumers still equate brands with where they were purchased.
- **Bonus paranoid tip about emails!** Be suspicious of any account without a professional domain-based email address. Personal email domains (e.g., @aol. com, @yahoo.com, @gmail.com) for a business are

red flags because they are easily (and frequently) changed to avoid detection.

From our perspective, too many brands don't spend enough time pre-screening customers for their online footprint, and that gets them in trouble. Because of this, they come to us with hundreds of unauthorized and unknown online sellers and spend a lot of time and money cleaning the online channel. The key is to be proactive, not reactive. Think of the vetting process like you would think of your health. Eat right and exercise to avoid getting sick in the first place.

ABOUT MAPP TRAP

A proprietary search engine designed by ex-manufacturers, MAPP Trap tracks products on Amazon, eBay, Chewy, Google Shopping and thousands of other e-commerce merchants to find MAP and MRP policy infractions, intellectual property violations, unauthorized sellers and more. The company then identifies the merchants' true identities and automatically sends and tracks emails for policy compliance. According to its many customers, MAPP Trap is the industry leader in merchant identification.

For more information about MAPP Trap, visit mapptrap.com, call 303-670-5111 or email ron@mapptrap .com. •

In addition to founding MAPP Trap, a cutting edge, B2B enterprise-level software as a service (SaaS), Ron Solomon has written novels and television shows, created award-winning children's products, and run a commercially successful children's toy and game company. In order to protect his toy company, Swingset Press, in 2006 Solomon started The Creditors Network, a unique crowdsourcing platform that allows vendors to exchange credit information on shared customers. In 2012, the company added MAPP Trap to its portfolio to help companies keep track of how their products are being represented by online merchants and to assist in brand-value threats caused by over-distribution, hyper-discounting, gray-market sellers and policy compliance. The system is currently in use by manufacturers in a variety of industries spanning pet products, toys, games, juvenile products, gift, housewares, auto parts, sporting goods, health, beauty and more.

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