



THE 'AMAZON VARIANT'

Remain healthy with minimum advertised pricing policies.

BY RON SOLOMON



In an attempt to insert a bit of levity to the COVID-19 pandemic, our company made some masks that read, "MAPP Trap: Protection from the Amazon Variant." As I walked down the aisles at SuperZoo in August, people laughed and thought the mask was clever. Mission accomplished.

After working with hundreds of pet brands over the past seven years, it's become clear that this specific strain could be viewed as a virulent business disease. Unabated, its symptoms can be debilitating and cause permanent damage and possibly even the death of a brand.

It's called the Amazon Variant because it typically starts on the Amazon platform before spreading throughout the e-commerce body. You can't run to Walgreens to find out if you can get it. Quarantining would make it worse. If you have it, you probably already know. Here are some of the symptoms:

Heavily discounted products

A brand's product will see consistent and dramatic price reductions. This causes an unlevel playing field with brick and mortar, consumer confusion and larger sellers either dropping lines or asking for credits or discounts to cover lost margin.

Opaque sellers

The marketplace gets inundated with merchants (both 3P and dedicated e-commerce sites) wanting to sell the products. However, the brands don't know how most of them got the inventory. Sadly, contact tracing isn't an option.

Loss of legitimate retailer business

If a retailer can't make money selling a product, why would they want to sell it?

Loss of competitive advantage

Consumers and retailers like predictability. If they can't find it with one brand, they'll list a competitive product that has more stability.

Decreased brand equity

All of the above equates to not just a loss of brand equity, but also to a loss of impact across entire lines of products.

Bankruptcy

Uncontrolled, this can lead to a business with no sales. There is no ventilator in the

world that can help with that.

Pretty nasty virus, don't you think? So, what causes the Amazon Variant? While physical diseases are caused by germs, this virus is caused by a number of negative market conditions:

Antiquated distribution strategies

Many companies adhere to older, pre-e-commerce strategies. It's no longer a matter of controlling how many doors stock the product in the physical world. Specialty versus mass market accounts are blurry distinctions in the world of e-commerce.

Lack of adequate relationships with distributors and sales reps

Brands that are beholden to wholesale distributors and/or sales representatives have not updated agreements to include receiving information about their customers and honoring do-not-ship lists. Without this, the brand has no idea where the online sellers got their product and therefore can't shut them down.

Poor e-commerce visibility and knowledge

Many brands try to manually search for their products and allow service providers to control their entire online sales and marketing. This is more dangerous than they can imagine because they're not improving their marketing and sales skills. In addition, shifting employees away from their main jobs, to do tasks that should be automated, is a loss of productivity.

No registered intellectual property

When brands don't have patents, trademarks and copyrights they lose an asset that not only adds value to its products, but can also be used to get sellers taken offline.

No MAP, authorized reseller policies

Without setting rules, brands are tacitly approving any behavior a seller wants to engage in, including hyper-discounting, multi-platform selling, poor product images and bad descriptions.

Now you have a way to check if your business is ill. The smart play is to never get sick in the first place. The following preventative measures will help you avoid contracting the Amazon Variant:

Vet all new customers

You can ask new customers to swab themselves all day long, but it will never tell you if they'll give you the Amazon Variant. Make sure you know who they are. Transparency is key. Have them fill out an Online Disclosure Agreement so you know all the places they sell and include as much contact information about them as possible.

Evaluate your existing customers

Take a hard look at your current clientele. Do they sell online? If you don't know, ask them. There's no reason they can't fill out an Online Disclosure Form as well.

Inform your sales people

Whether you use distributors, inside salespeople or independent reps, it's important that they understand you're trying to keep your brand healthy and strong. They need to accept and disseminate your objectives and policies to their customers. They also need to help you figure out who the unknown online sellers are.

Tighten up wholesale margins

When it comes to healthy online pricing, deep discounts and free freight are like germs. The more discounts a merchant gets, the greater the discounts they can offer consumers. For many online sellers, smaller margins with higher volume are their entire business model.

Understand your market conditions

Before deciding on a prevention regimen, it's important to understand what symptoms you may already have. To do this, we can monitor your products in e-commerce against specific, desired retail price points. A few searches will show you if you have any issues. Many companies think they're in trouble, but a few searches can set their minds at ease. Search consistently so you can see if anything is on the horizon... don't wait to get sick.

Determine strategies based on market conditions

Once you understand the actual online

prices of your products, you can set a realistic MAP price. Additionally, a few searches will show you how many sellers you have and where they are listing your products. If you don't know all of the sellers, you may want to think about implementing an Authorized Reseller Policy.

Plan the dive and dive the plan

Determine your objectives, create policies to reflect them and begin monitoring daily to make sure the market conditions don't decline.

There you have it. The Amazon Variant is real and it's dangerous. It can hurt your brand, your retailers and cause your customers to turn their backs on you. If you don't have it yet, you now have some steps to help prevent getting it. If you're not sure, I've given you a way to self-diagnose your business. If you find that you've already come down with it, don't panic; MAPP Trap has a prescription for getting better. That, however, is a topic for another article. **PA**

Ron Solomon has written novels, television shows and created, and ran, a successful toy company. Flowing from the needs of his own business, in 2012 Solomon founded MAPP Trap in order to help companies protect their brands from the equity erosion caused by uncontrolled e-commerce. MAPP Trap is currently in use by manufacturers in a range of industries spanning pet, gift, nutrition, beauty, outdoor, sporting goods and more.

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