

Cebu Business Summit Series

Event Date: 14 March 2007
5-8pm, Formo Bar
Banilad Town Center
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Version 1.1

Topics

Leadership, entrepreneurship, finance and management the retail industry way.

Length of speech is 30 minutes.

Working Title

Wagging the Long Tail: How the Web Changes the Retail Landscape

Outline

1. Overview of Trends. Screenshots and discussions of online retail stores.
 - It began with Dell, Amazon and eBay. Dell – customize your own PC and have it delivered. Virtually zero inventory.
 - Amazon – search, preorder, back order. Biggest inventory of books, gift items, etc. Put your inventory online.
 - Ebay – find and buy anything. Put your junk online, someone may buy it.
 - iTunes – 1.95 songs, from hits to most obscure.
 - Wikipedia and crowdsourcing – the rise of the amateur experts.
 - Super-automation. Loyalty cards, POS, RFID – tracking customer behavior. (Minority Report scenario). MRT G-cash Chip lets me pay MRT conveniently, without lining up.
 - Local online bookstores – interesting to find out how they are performing.
 - Retail stores versus Online stores – expanding your market reach through web/mobile.
 - Scenario: the future of selling in an online world. Database of intentions – observable clicks allow computers to tell what you intend to buy.
2. Trends and What They Mean
 - Customer-centered world – Ads like FedEx, DHL, TNT all signal a trend: customers rule. Customers have choices: if a customer is not happy with your service, s/he can bring her business somewhere else.
 - Customer delight - We change our business processes so that customers don't

have to lift a finger to get our products and services.

- Economies of scarcity (old paradigm) – The analog, industrial world forced us to work with constraints like space (factory and display space) and time (tv, radio and movie constraints). This encouraged preference for bestsellers (and discriminating against non-bestsellers).
- Selling more of less (new paradigm: economy of choice) – In the internet, you have no space-time constraints so you can put obscure items (non-bestsellers) and they will most probably sell. Compare TV with TiVo. On TV, you need to choose the most likely hit – please everyone, hurt no one. You get mass programming. In the internet, you can find your TV show and download it. No need to wait for a sked. You view your show at your convenience, via PC, TV or even iPod.
- Niches, micro-niches, mass customization. You don't have to produce mass quantities to be able to sell. If you open a website that is easy to find, they will find it.
- Prosumers - The market has changed into a hybrid target market who is both producer and consumer: the prosumer.
- Electronic transactions – G-Cash, Smart Wallet, PayPal
- Global reach – The world is flat. Implications: in Philippines, distance is getting less and less of an obstacle. You can open an online store to serve all islands, thanks to delivery services.

3. Obstacles and Options

- Payment – Restrictive laws and anti-money laundering policies make it difficult to transact. Options: Xoom, Mobile Cash, EasyPay
- Delivery – 2Go, FedEx.

4. Lessons

- Changing face of the market. Customer-centered world. Self-helpers. Prosumers.
- Online and mobile. Virtually no physical and geographic limits. You can go global without the old costs. Suitable businesses: retail,
- From scarcity to choice. Sell more of less.
- Super-automate. Observe your customer behavior. Enhance tracking with tech (smart cards and RFID).
- Put your inventory and your business online. Make your products easy to find.