

THE VALUE OF ARKDOMSM COMMERCE AFFILIATE

ArkdomSM Commerce Affiliate (ACA) is a patent-pending, new-to-the-world marketing tool that maximizes brand power and retail relationships to satisfy online customers. It is sold as a managed service on an annual contract basis.

This valuation model provides guidance to companies in determining the value of ACA to their specific strategy and operations. ACA's value can be empirically determined as the company evaluates ACA's impact on business using five value drivers: customer satisfaction, retailer relationships, marketing and operational efficiency, brand equity, and revenue generation. ACA can also put processes into service that provide data for measuring the increase in these drivers following implementation.

In order for a company to accurately assess the value of ACA, the corporation should estimate the annual value of each of these drivers:

V_{ICS} is defined as the value of increased customer satisfaction. Many brand owners' websites do not offer shoppers the opportunity to purchase online, or they provide links to shopping venues that are difficult to follow and submerge shoppers in a frustrating experience full of navigation challenges, competitive offers, price comparisons, and other distractions. ACA ensures that branded products are sold on a clutter-free, easy-to-navigate website where shopping is uncomplicated and controlled by the brand.

V_{RR} stands for the value of retailer relationships. ACA strengthens retail relationships because brand owners use the power of their brand to drive sales to online retailers' websites, not to compete at the retail level alienating retail partners.

V_{IME+OE} corresponds to the value of increased marketing effectiveness and operational efficiency. ACA provides business intelligence that enables the brand owner to correlate marketing expenditures to actual sales generated through the brand website. Knowledge gained enables brand owners to refine future marketing efforts. Operations become more efficient because already existing retail channels carry out sales and product fulfillment. Furthermore, ACA's managed service model allows brand owners to obtain these efficiencies at a high value/cost ratio with little impact on existing operations.

V_{BE} represents the value of brand equity. Brand equity is the customer's subjective and intangible assessment of the brand, above and beyond the customer's objectively perceived value of the product. When consumers use shopping portals and comparison engines, online sales of branded products can lead to brand equity degeneration as shoppers receive competing offers at various price points and view products presented by on-line retailers in less-than-optimal conditions. ACA allows the brand owner to control the shopping environment in which online shoppers view branded, genuine products from authorized retailers all over the Internet. ACA's functionality enhances and strengthens brand equity.

V_{IR} is identified as the value of increased revenue. Increased online customer satisfaction leads to the two greatest drivers of sales: new customer acquisition and customer retention. ACA helps deliver both. Research shows that today's shoppers buy more when they have the opportunity to shop for the brands they prefer online and in a nearby store. ACA's ability to engage the shopper with a store in their area delivers increased brand revenue through higher online and in-store sales.

Having estimated these values, the value of ACA is approximated by the following simple equation:

$$V_{ACA} = V_{ICS} + V_{RS} + V_{IME+OE} + V_{BE} + V_{IR}$$

Further explanation of ACA's value drivers confirms its strategic capabilities for brand owners seeking to increase brand equity and enhance the brand's positive Internet exposure.

- **Increase customer satisfaction with the brand**
 - Increase customer satisfaction with the brand by allowing customers to easily select products at the brand website and sell them virtually by leveraging retailers' online order and fulfillment operations from assured stock.
 - Make all brand owners' products available for sale from an online showroom when even their largest retailers do not carry the whole line.
- **Strengthen retailer relationships**
 - Avoid or remove the risk of retail partner alienation.
 - Build retailer loyalty by delivering new sales traffic.
 - Decrease retailer frustration by automating product availability and linking information.
- **Increase marketing effectiveness and operational efficiency**
 - Increase marketing efficiency and effectiveness by correlating individual promotional campaigns to sales generated by retailer and by product in near real-time.
 - Gain visibility to inventory movement at the retail level in near real-time.
 - Enable brand owners to enforce price floors by striking any items priced below them.
 - Eliminate internal fulfillment and transaction operations completely. Alternatively, if the brand owner is compelled to sell direct online to make the whole line available, the cost of operating fulfillment operations can be reduced by fulfilling only those items not available from retailers. Sales results can be passed to appropriate retailers encouraging them to stock more of the line.
- **Increase brand equity**
 - Control the shopper's brand experience and product presentation all the way from the brand website to retailers' checkout, without exposure to distractions and competitive products.
 - Present the brand's products accurately and uniformly regardless of differences between retailers.
 - Assure authenticity of products sold online by locking out unapproved retailers and products.
- **Increase revenue**
 - Couple the online and in-store shopping experience, providing consumers with synergistic buying opportunities and more personal client care.
 - Increase the number of retailers associated with the brand owner's website and the number of products sold on it.
 - Enable adjustments to promotional programs on the fly with new business intelligence detailing retail sales results by retailer and product in near-realtime.

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