

## THE VALUE OF ARKDOM<sup>SM</sup> COMMERCE AFFILIATE

Arkdom<sup>SM</sup> Commerce Affiliate (ACA) is a patent-pending, new-to-the-world marketing tool to maximize 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<sub>ICS</sub> is defined as the value of increased customer satisfaction.** Many brand owner's websites do not offer customers 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 pop-ups, distracting ads, and navigation challenges. 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<sub>RR</sub> stands for the value of retailer relationships.** ACA strengthens retail relationships because brand owners use their marketing budget to drive sales to online retailers' websites, not to compete at the retail level, thereby alienating retail partners.

**V<sub>IME+OE</sub> 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 sales and product fulfillment are carried out by already existing online retail channels. 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<sub>BE</sub> 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 online 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 customers view branded products from retailers all over the Internet. ACA's functionality enhances and strengthens brand equity.

**V<sub>IR</sub> 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. Direct online marketing through ACA will increase online revenue. Because today's shoppers purchase online and in brick-and-mortar stores, the increased brand equity ACA provides online also delivers increased brick-and-mortar 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 below 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**
  - Decrease frustrations by allowing customers to buy easily
  - Surround customers with the brand through final product selection
  - Avoid distracting customers with alternatives
  - Avoid frustrating customers with less than world-class feature activation or website performance
  - Minimize the frustration of product unavailability
- **Strengthen retailer relationships**
  - Avoid or remove the risk of retail partner alienation
  - Build retailer loyalty by delivering new sales traffic
  - Leverage the value of ACA to win accommodations against merchandising expectations
  - Decrease retailer frustration with automated product information updating
  - Maintain present on-line sales relationships
- **Increase marketing effectiveness and operational efficiency**
  - Control costs of deployment in infrastructure, applications, and personnel
  - Control costs of ongoing operations
  - Eliminate internal fulfillment and transaction operations
  - Improve visibility of stock at retail by product and by retailer
  - Combine holding company operations, while allowing brands to control image and content
- **Increase brand equity**
  - Preserve the brand's environment all the way to check out without exposure to competitive products
  - Present the brand's products uniformly regardless of differences between retailers
  - Enable marketing programs to drive specific sales at retail and to measure results
  - Create a collection of all products of the brand & compatible brands
  - Lock out unapproved retailers and products
  - Assure authenticity of branded products sold on-line
- **Increase revenue**
  - Sell online via virtual operations, with quick online deployment
  - Increase the number of retailers associated with the brand's website and the number of products sold on it

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