

Stuck on You www.stuckonyou.biz

Case Study 18 of 20 Approaching Export Industry: Manufacturing

>> THE BUSINESS

Established in 1995, 'Stuck on You' manufactures, wholesales, retails and exports quality personalised labels, primarily for children's belongings.

The head office is based in Geelong, Victoria employing up to 28 staff in. Export revenues are generated via a network of international distributors in Canada, Hong Kong, Japan, Malaysia, New Zealand, Singapore, United Kingdom, France and the United States of America.



>> WHAT WAS INITIATED?

A colourful eCommerce website or "virtual shop front" was initiated to cater for busy parents who needed to better organise their children's personal and school labeling needs. The website offers customers the freedom to select and purchase labels for all children's items any time of the day or night.

What is Online Advertising?

Online advertising encompasses many forms of interactive advertising including banner advertisements on websites, sponsorship buttons, keyword and classified listings, links, text within emails, branding chat group and optimising search engine results. Online advertisements can be in a graphic, audio or video format.

The site also has an "extranet" component that caters to an ever-growing network of local and global agents who can place orders directly onto the site via a secure login.

Customers are driven to the site via large advertising campaigns, word of mouth and a strong network of mothers who are referred to as agents.

"The Internet provides Stuck on You with export revenues. We customise website content for international markets which we support by an online marketing strategy to drive global customers to the website."

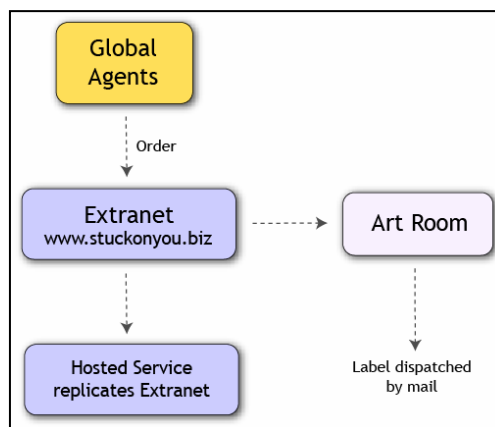
Carrie Felton, Proprietor

>> HOW THE TECHNOLOGY WORKS

1. Customers select the relevant country icon to view product and pricing in respective national currencies.
2. Customers freely browse product range, selecting items before adding to the shopping cart.
3. A secure payment gateway processes credit cards.
4. International shipping details are included in the order confirmation sent to the customer.

Generating Export Orders for International Agents

1. Global agents login to the website via an Agent code, username and password to order product.
2. Ordering software dispatches orders directly to an artroom at head office where labels are printed and dispatched to distributors (for overseas orders) and agents and customers (for domestic orders).
3. An externally hosted server replicates the extranet database for added security.



>> RESULTS

Stuck on You as a group generated approximately \$2.8m annual revenue from direct Internet sales with costs of goods sold at 50%. The business saved \$384,000 in operating expenses by cutting out a major cost of \$150,000 in overseas travel and accommodation.

The return on investment was \$1,664,960 – an outstanding result achieved by a usable website selling a quality product catering to the needs of a well defined market.

>> COSTS

Stuck on You spent approximately \$79,000 on upfront fixed expenses including \$10,000 on website development and a further \$20,000 on technical network and extranet systems. Operational expenses amounted to \$40,040 and \$33,600 of this was spent on staff responding to email and website enquiries.

>> CHALLENGES AND PROCESS CHANGE

One of the biggest challenges for Stuck on You was finding the time to develop an e-Marketing strategy to increase their global customer base. Examples of online marketing techniques that Stuck on You adopted were online advertising and sponsorship, affiliate website marketing programs and permission based email marketing.

Customers provide regular feedback on how intuitive the Stuck on You website is to shop at. Particularly, customers have found the simple non-technical step-by-step eCommerce features useful.

>> FUTURE PLANS

Although the international websites currently display relevant foreign currency, Stuck on You plans to further localise these sites to better reflect conventions, culture and language of the countries they represent.

A localisation strategy is consistent with the strategy of Stuck on You to develop a truly global customer centric website that provides better organisation for busy parents.

>> REFERENCE WEBSITES

<http://www.sensismediasmart.com.au>
<http://www.austrade.gov.au>

>> REFERENCE eNOTES

eNote 8: Effective Email
eNote 9: E-Commerce Marketing
eNote 10: Make Search Engines Work for Your Website.

For further information go to: www.mmv.vic.gov.au/casestudies

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>> E-COMMERCE PROFIT & LOSS ANALYSIS

	2003
Additional Revenue from E-Commerce	\$
Sales via the Internet	<u>2,800,000</u>
Less: Cost of Goods Sold (50%)	<u>1,400,000</u>
Net Profit for eCommerce	<u>1,400,000</u>
Add: E-Commerce Expense Reductions	
Reduced telephone bills	25,000
Reduced postage, freight, couriers and handling	19,000
Reduced paper and printer cartridges	20,000
Reduced customer services costs	120,000
Reduced travel and accommodation costs	<u>150,000</u>
Reduced staff costs for attending meetings	<u>50,000</u>
Total eCommerce Expense Reductions	<u>384,000</u>
Gross Benefit from eCommerce	<u>1,784,000</u>
Less: Up Front Fixed Expenses	
Computer hardware including Modem	20,000
Computer software	25,000
Website development	10,000
Network, intranet & extranet systems	20,000
Anti-virus and Security software	3,000
Telecommunications hardware & connection	<u>1,000</u>
Total eCommerce Up Front Fixed Expenses	<u>79,000</u>
Less: Calculate Operational Expenses	
Hosting and Internet Service Provider	2,640
Staff dedicated to website for customer Service	33,600
Online advertising (banner ads)	2,000
External tech support & maintenance	<u>1,800</u>
Total eCommerce Operational Expenses	<u>40,040</u>
Total eCommerce Costs	<u>119,040</u>
Total eCommerce Benefit	<u>1,664,960</u>

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