



Channel Mastery Podcast, Episode #58a: Kristin Carpenter-Ogden Interviews
Ecommerce specialist, John McCoy

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**This is the first episode in a 3-part series asking the question, "Why is Amazon OK for the outdoor markets but Walmart is not?" In parts two and three, Kristin interviews Carter Jensen and Mike Massey. Also check out Episode 56, where Kristin interviews retailer Wes Allen for his take on premium outdoor gear being sold via walmart.com.*

- Kristin: [00:00:00](#) Hey there everybody. This is a special episode of the Channel Mastery podcast. You're gonna get two shows this week, and this first show basically comprises three interviews that I have pulled together to bring the other side of the equation with the walmart.com and Moosejaw news that dropped on August 27th. And, the corresponding article that ran in the Wall Street Journal after that.
- Kristin: [00:00:23](#) Many of us have been living in a crazy zone with all of the press that's been happening. Some great stories have appeared in SNEWS and Outside Magazine. All of the links will be below this video on the Channel Mastery podcast YouTube channel, as well as at channelmastery.com. And, Verde Brand Communications is the presenting sponsor of the Channel Mastery podcast. So, thank you everybody at Verde.
- Kristin: [00:00:46](#) Okay. So, the reason I wanted to pull this show together is I feel like it is really important for us to get re-centered together on the fact that we are here to serve the [inaudible 00:00:58] consumer. We have to put our consumer first. And, I do have some notes here that I'm reading from. We've had ... oh, about, four hours worth of recording today. So, a little glazed over

here. But, I wanted to make sure that I really nailed this and explained what you're about to get in this episode.

Kristin: [00:01:14](#) I want to enable you to understand that when I first covered this, the Friday after it broke on Monday, August 27th, I had Wes Allen with Sunlight Sports, a regular guest on the Channel Mastery podcast. And, Wes, obviously, has 10 years experience at REI, owns a specialty retail shop that's award winning in Cody, Wyoming, and then also spent time as a VP in a very prominent footwear brand in our industry. So, he brings a lot of insight around specialty retail, specialty branding, and understanding our ecosystem.

Kristin: [00:01:47](#) And, we definitely talked about the effect that having a premium brand on walmart.com, whether it was Moosejaw curated or not, was very, very much a challenge for specialty retail. And, brands in our markets, the premium brands that tune into Channel Mastery, thank you, have spent decades building brand equity for their brands. And, ultimately, this show here today is designed to give you another side of the story. Because, I feel like as we're going into this key planning window of Fall 2018, and the key selling windows comprising Q3 and Q4 in retail, it's really important that we understand what walmart.com can actually turn into, or evolve into, in relatively short time in terms of a viable retail marketplace.

Kristin: [00:02:35](#) And, also, just how Walmart is changing their branding. The re-skinning and re-launch of walmart.com, and the Walmart app. And then, talking about Amazon and Walmart and how the outdoor brands fit it, and what's going on right now. But, obviously I hit the specialty angle with Wes, and I really wanted to bring three more voices to the table so that you could have all sides of the equation to consider as you're creating your plan going forward.

Kristin: [00:03:04](#) So, know that, I wanted to make sure that I introduce you to the three guests you're gonna meet today. So, there's three segments. One of them is pretty long, and that's with John [McCoy 00:03:13]. He is a global director at [SAPC4 00:03:18], and that means he's a retail industry value engineer, and also travels the world as a consultant on behalf of SAPC4, which is a global digital commerce software company. And, John's career track was in sporting goods and outdoor prior to that.

Kristin: [00:03:31](#) So, we're so lucky to have somebody like him who's out on the global scene working on this level with major market places and big brands, as well as smaller brands, and also has a lot of fluency in our spaces. So, he's the first interview. And, he's talking about the capability of disruption, and also the speed with which walmart.com can evolve to become a viable retail

marketplace. You don't have to sign up and say, "Yes, I agree." It's just good to understand what's happening out there and how quickly it's evolving.

Kristin: [00:04:01](#) He also talks about being careful on Amazon. While it seems like Amazon is okay to be on right now, 10 years ago that most certainly wasn't the case. We talk about the perception of Amazon and how brands really need to have their eyes wide open around that market place and platform as well. So, that's our first guest, John McCoy.

Kristin: [00:04:20](#) Then, I go into Carter Jensen, who's also a regular guest on my show. Carter's a digital educator and a modern-day ad-man. I love that about his bio. His focus is on emerging media and platform innovation, and he has a passion for the newest and most technical parts of the advertising industry and the retail industry. He's also a co-host on the Omni Talk podcast, and that is one of my favorite podcasts. So, all of the links will be in the show notes at channelmastery.com and under this YouTube video. So, keep your eyes out for that.

Kristin: [00:04:49](#) So, Carter is gonna talk with us about the digital component of this journey. He talks about the Walmart business strategy, and he talks about just how Walmart is also evolving toward a convenience facet in its branding. He also is an Amazon marketing services expert and talks a lot about the evolution of that as well. That's a shorter segment. It's about 15 minutes, if I remember. So, that follows John McCoy, and I think he brings an interesting millennial viewpoint, Carter Jensen does.

Kristin: [00:05:20](#) And then, the third person I'm interviewing is Mike Massey. And, Mike is somebody I think most of you all know. Third generation owner of Massey's Outfitters, a chain of four physical specialty stores in and around New Orleans. And, also, the co-founder of locally.com. So, Mike is a very well quoted, well spoken, out on the sharp end big time with channel convergence. He is gonna close this grouping of interviews up by just reminding us, again, this is all about your end consumer, which is how I started this intro. And, I'm not gonna have an outro, 'cause there's just too much content.

Kristin: [00:05:59](#) But, please know that Massey's interview is super important to anchor what John McCoy and Carter Jensen say. It really is about serving your consumer and converging channels, because, ultimately, at the end of the day, there's only one channel, and that is your sales channel.

Kristin: [00:06:15](#) And, everything that has just happened with the walmart.com news, and with everything we've been living through with

Amazon, and Instagram, and other emerging technologies, marketplaces, etc., all of this is here to remind us that yes, things are fragmented, yes, change is happening, but if we always align ourselves with the North star of our end consumers' experience, we try and take out all the friction we possibly can, make it convenient for them, make it memorable, make it branded and fun, do what we do best in these markets. We know how to brand, right? We know how to build these experiences. If we're able to keep our eye on that North star, most of the decisions we're gonna put in place will be right. And, I say most because all of us are gonna be failing if we're taking risks and trying new things, which is really important to do right now.

Kristin: [00:07:02](#) So, I hope you enjoy these three interviews designed to give you the other side of the story on the Walmart Moosejaw story. There's all kinds of things we can all it, movement, awareness ... But, basically, everything is never gonna be the same again. And, I think that's really good. Change is here to stay.

Kristin: [00:07:24](#) All right everybody. I'd love to hear what you think of this show. And, I hope you get a lot out of it. Please share it with your friends and colleagues, give us a rating on iTunes, and also be sure to interact with us here on this Channel Mastery podcast YouTube channel. Thank you so much.

Kristin: [00:07:39](#) Welcome everybody to a special edition of the Channel Mastery podcast. Kristin Carpenter-Ogden here, and I wanted to put a show together that basically provides the other side of the story to the whole walmart.com Moosejaw news that dropped on August 27th, and that we covered that following Friday. And, that the Wall Street Journal picked up the following week. Outside Magazine, SNEWS, lots of coverage around this.

Kristin: [00:08:03](#) And, my guest today is John McCoy, who is the global director for a small little company called SAPC4. Welcome John.

John McCoy: [00:08:11](#) It's great to be on the show again.

Kristin: [00:08:15](#) Yeah. Can you give a little background, maybe what you did prior to getting to SAP, and then also talking about your role at SAP? And then we can drop into our insights on the walmart.com marketplace.

John McCoy: [00:08:29](#) Yep. Sounds great. So, prior to joining SAP, it's been two years now, actually, in July, ran digital practices for organizations, primarily directing consumer retail. Also was a general manager of an ad agency. So, been PNL accountable, sat in the hot seat. Had to juggle both the relationship with vendors all the way

down through our margin, margin dollar rate. All the typical and fun stuff that we talk about just trying to build businesses in today's very frenetic commerce world. So, that's past life.

- John McCoy: [00:09:03](#) Here at SAP, I'm global director of what's called the CXA [00:09:07], or Customer Experience Advisory. We visit with brands, brand manufacturers, retailers across the world and work with them on trying to help them build and grow their business. Just a service that SAP provides to its customers in that respect. And, it's been a lot of fun. Seen a lot of different things all over the world, different challenges. Some of them are the same, which has been fascinating. Whether you're a retailer in Central America or right in the heart of New York, a lot of the conversations have similar threads. So, it's been a great learning experience for me, and I'm excited to share some of that out, what I've picked up and learned so far, with the audience today.
- Kristin: [00:09:50](#) And, we're really fortunate to be able to have you on as a guest here, John. This is your third show. We did a big show back at the beginning of Channel Mastery podcast that we broke into two episodes. And, we'll have links to that in the podcast notes page at channelmastery.com, as well as underneath this video here on the YouTube channel for Channel Mastery.
- Kristin: [00:10:09](#) So, I wanted to go ahead and just start by asking ... Factually we know about walmart.com's growth strategy, the fact several brands were bought in February of 2017. And, I thought that, maybe from the view that you have, from the position you have globally, and a little bit outside of our market, but also familiar with our markets and industries, if you could talk a little bit about what you know about the walmart.com growth strategy?
- John McCoy: [00:10:37](#) Yeah. So, really when I cut my teeth, it was in sporting goods. And, we dealt with, and competed directly against, Walmart. One of the closest companies that we would watch to see what they were doing. And, it was always a challenge to compete with them. They were just always the 800-lb gorilla and did what they wanted. When they acquired jet.com, that was pretty eye-opening. That actually, initially, surprised me.
- John McCoy: [00:11:09](#) Again, just a little bit of background, I ran commerce for a sporting goods and retailer. Actually, the first sporting goods retailer to sell on jet.com. Worked with that organization quite a bit. Great group out of Hoboken, New Jersey. And, their whole pitch at the time was, "We're gonna compete with Amazon. We're gonna do it in a more Costco-ey type of a way. It's going to be a membership. And, we're going to sell products and goods that Amazon can't sell, because we are this club membership program." That was really interesting. And, we watched them grow.

John McCoy: [00:11:45](#) And then, up until that acquisition with Walmart, it was interesting to see that path. When they acquired them, that obviously raised a lot of questions. Again, we were competing against Walmart. Now we're partnering with Walmart because they own jet.com. We had lots of questions. And, we were reassured at the time that Jet would stay true, and that really the acquisition was just to acquire the talent.

Kristin: [00:12:16](#) Interesting.

John McCoy: [00:12:17](#) Which was interesting, yeah. Mark [inaudible 00:12:18] done some really amazing things, interesting, brilliant as far as strategy. And, maybe this is a little bit where your question's going, is, if you looked at what Walmart had been known as prior to this point, and what types of games they would play with different brands, how they would try and strong-arm them, really, to do their will, and because they were the 800lb gorilla, to now really entering a new space and generation with that acquisition, and then the subsequent acquisitions. Of course, Moosejaw, Bonobos, which I was just actually educated on. It is Bonobos, I guess, not Bonobos, which is how I always said it.

Kristin: [00:13:00](#) Good to now.

John McCoy: [00:13:02](#) And, some of these other organizations and how they've really started to shift their strategy as a whole. So, it's been interesting to watch. And, having somewhat of a role in watching that progression, and being directly effected by it in the businesses that I ran before, it's been fascinating to see.

Kristin: [00:13:21](#) I bet. And, I guess the meat of the matter, of the question, is, looking at the fact that we're talking about a business growth goal of a very large retail company, a retail company that has very strong leadership, and one that I think knows how to evolve, which you obviously just shared some insights about the leadership and the strategy, but I wanna just make no bones about it. The moves that were made in February of 2017 were obviously to lay the foundation for a growth strategy for walmart.com. And, I thought it was interesting that the premium outdoor storefront curated by Moosejaw was the first trick out of the bag. Do you have any insights, or a take, on why maybe that was prioritized?

John McCoy: [00:14:07](#) I think that our industry, and I say our industry just because that's where, again, I spent a lot of my time before, is ... there's just more passion. And, we talked a little bit about this before, I think, previously. There's a lot of passion. There's a lot of technical elements in the goods that are sold. And, there is this cult-like following with brands.

John McCoy: [00:14:28](#) And, Walmart's strategy, to the point that you were making before, really isn't so much to be the low-price leader anymore, is they're trying to be this platform and this central location for where you buy your goods. And, they're really, directly ... They bought Jet. Because, Jet had set out to compete against Amazon. They set out to compete against Amazon, saw alignment within some of that strategy ... And, there's a whole reason for it. And now, they are openly, I mean, it is open warfare between the two different organizations. And, they're just really trying to outdo each other and become, really, the center of all commerce. It's really a platform play at this point, moreso than you would think the traditional Walmart and/or Amazon is.

Kristin: [00:15:15](#) I just think it's also so interesting, a couple of the people that I interviewed and talked with about this when everything was breaking that week, really decided that this was the moment when our industries were being held hostage, or as a pawn if you will, in that warfare that's happening. The street fighter of the cage fight.

John McCoy: [00:15:35](#) Yeah.

Kristin: [00:15:36](#) So, I just think, again, it's so interesting that they would go out of the gate with this storefront first, this digital presentation first. And, maybe it's indicative of what they plan to do. Or, maybe it was a test piece to see what happened with luxury. I'm not really sure. Obviously, we're pontificating here. But, I just figured I would ask and see what your thoughts were on that.

Kristin: [00:15:56](#) And, everything about these brand, giant retailers, Amazon and Walmart, is a test and learn, test and learn, gathering data.

John McCoy: [00:16:06](#) No, and they're fantastic at that. I don't ... You can't start with true luxury. You can't go from being known as the low-price leader to going right into luxury. But, given the brands that exist, and the following that is there, I think they're hedging their bets to say, "You know what? These people just love their brands. And, if we're providing their consumers with an easier way to get those brands, to consume those brands, they will still follow those brands, regardless of what Walmart had been known for as far as a mind share perspective and a brand from before."

John McCoy: [00:16:48](#) So, they're bet is, "Hey. These are loyalists. These people love these brands. And, we're gonna see if they'll follow by leveraging Walmart in this particular way." So, I think that was very strategic. Everything that Walmart has done has been very, very strategic. It's almost frightening a little bit. Now that I think

many of us realize that this has been part of their end game from the beginning, we just didn't quite see it happening, or at least I certainly didn't, now to this announcement with a premium outdoor store, it's like, "Oh. That's what you've been up to." And, it's been years in the making. Years in the making.

Kristin: [00:17:28](#) Right. And, that leads me to my next point. Let's talk about the re-skinning of walmart.com within a backdrop of the years in the making and the quiet before the storm, right?

John McCoy: [00:17:39](#) Yeah.

Kristin: [00:17:39](#) So, would you share ... When we, obviously, did our pre-call, you had some really interesting insights about the walmart.com presence and how it was re-skinned and repositioned recently. I'd just love for you to share your insights on that first before we dive into this next little set of questions I have for you.

John McCoy: [00:17:57](#) Well, you said it just a minute ago. They are very good. They're analysts. And then they have teams of analysts, and they are quite good. I know some of them. Great, great individuals. And, not that they've shared anything with me, but looking at what they've done, they have, obviously, their homework, done a lot of research here, and have realized that they're core consumer is changing. If you look at demographics, psychographics, and really customer segments, the most powerful ... And, we've done our own research as well. The most powerful consumer, and consumer segment, is the millennial mom. She has lots of money. She has more discretionary and disposable income than any customer segment in history. She has all of the things, so to speak, that she wants, except for one thing. She doesn't have time.

John McCoy: [00:18:59](#) And so, if you look at what Walmart's done with the evolution of how they've really focused on that ... If you look at Amazon and its two day prime, and some of these things that they've done to try and satisfy that millennial mom, their core customer, and Walmart in doing the same, is you look at their app. I think it's a perfect example of some of the brilliance of what they've done. They've now built out an app, and this correlates to site. So, I'm gonna share all of this in one piece. But, the app, at this point ...

John McCoy: [00:19:29](#) And, my wife's a millennial mom. She fits that mold. And, we would've never bought from Walmart. Sorry Walmart fans. That wasn't us. But, had some friends here, went out to dinner here just in Denver, and they talked about this program Walmart was doing with their app. And we're like, "Okay. Well, we'll try it." So, we tried it and fell in love with it. So, now, my wife and I, we

can go through, pull up the app, build out what we want to buy from Walmart, hit the submit button, schedule it, we leave the home, it starts tracking where we're going, letting the associate who's picking the goods and are responsible for our particular order to know that we're on our way. They can watch us just like you watch an Uber coming to your house.

- John McCoy: [00:20:15](#) And, by the time we pull up to pick up the goods, they're there waiting. And, actually, most of the time with a smile on their face, believe it or not. Walmart associate actually happy. And can give us the goods. And that has saved ... My wife and I calculated this. It was between four and six hours, depending on the week, as to [inaudible 00:20:31] time that saved us.
- Kristin: [00:20:33](#) Wow.
- John McCoy: [00:20:34](#) Now, look at their site. Three months ago they revamped their site. It's changing all the time. But, you don't really see "low-price leader" on their site anywhere anymore.
- Kristin: [00:20:46](#) Right.
- John McCoy: [00:20:46](#) And, if you look at everything from the imagery that's there, the lifestyle imagery that they're using, the architecture, what fits in where ... It will change based upon the different segments and so on, but if you go and Google search it in incognito mode so they're not tracking everything quite as closely, you'll be surprised to see that there is no mention of a low-price leader. It's all about convenience. The app is in the front, typically top, above the fold, or above the page break, and how that's ultimately shaping the way that they communicate with their consumer.
- John McCoy: [00:21:20](#) So, it's all about convenience. It's all about lifestyle. It's all about catering to that millennial mom and saving here where her heart is at the moment, and that's time with her kids, right?
- Kristin: [00:21:31](#) Right.
- John McCoy: [00:21:31](#) Being [inaudible 00:21:32]. Being a parent and enjoying life to the fullest, as opposed to saving a couple bucks here and there.
- Kristin: [00:21:38](#) Right. And, that's basically ... The imagery that their showing on the site definitely showcases a different demographic.
- John McCoy: [00:21:45](#) [crosstalk 00:21:45].
- Kristin: [00:21:44](#) So, if he or she can see it, they can be it, right? I always say that, and it's so-

John McCoy: [00:21:49](#) Yep.

Kristin: [00:21:49](#) They're doing a pretty masterful job with that as well. So, let's talk about what you just brought up here. 'cause, you mentioned convenience several times. And, in the preparation I've done for the series of interviews that I'm doing around this follow-up to the Wall Street Journal story, is basically trying to ask, why is it okay to be on Amazon and not Walmart, right? And, you just basically mentioned one of the key facets of what everybody that I interviewed before we, obviously, were putting this show together, talk about is Amazon stands for convenience. And, there's a trust there. And, they even have a little bit of a higher-end feel to them, right?

Kristin: [00:22:25](#) But, now that I hear you talk about the walmart.com site, and the app and the tech, and the strategy that's being deployed over there, maybe, if you're looking at ... right now your perception is, "Amazon is convenience, Walmart is the low-price leader," Walmart is obviously going after convenience now too. So, let's look at the span of time that it took to get us to trust and become prime, and literally buy from Amazon over anywhere else. My daughter needed new soccer cleats and I was like, "Well, find them on Amazon 'cause I don't wanna set up an account on another marketplace and ..." you know?

John McCoy: [00:23:05](#) Yeah, yeah. Right.

Kristin: [00:23:06](#) But, point being is I think that Walmart has the capability to do that. And, what I wanted to have you share is your purview into how quickly that can happen. I'm a brand person. I've been in marketing for a long time. And, I feel like today, digitally, you can change the perception of a brand. And, if you're driving people to change their experience with the feel of a big box store that they don't even have to step into anymore, that's just basically a fulfillment center, I just thought it would be really good for our audience here on Channel Mastery to go into this with eyes wide open. Because, so many have talked about, "It was 10 years ago," about Amazon, "and I feel like I'm living a lot of this again."

Kristin: [00:23:42](#) And, I don't think it's gonna take 10 years. What do you think?

John McCoy: [00:23:46](#) Yeah, no. I think that that's already changing. My own personal experience, even if it was just the Walmart app ... I wouldn't have set foot in the Walmart parking lot before. They're winning the hearts and the minds of their core audience and their core segments day by day, by just making life easier for them.

- John McCoy: [00:24:11](#) But, if you look at that journey, to your point, Amazon ... I'm more scared, to be honest, of Amazon than I am of Walmart, and what I think Amazon's doing to brands. And, we can talk a little bit more about that later. But, I just ... I'm scared of any real true monopoly. I think Amazon's almost there. And, their ability to strong-arm brands ... I mean, they've done it to me.
- John McCoy: [00:24:39](#) Okay. Personal experience. I remember it was Fitbits. And, we were selling Fitbits at Mapped [00:24:46]. Again, past life. This was a few years ago even. And, we saw that Amazon broke Map [00:24:53]. And so, we called our vendor, our rep. "Hey, Amazon's breaking Map." "Oh my goodness," they said. "Oh, well, we'll jump right on it. We'll fix it. We'll figure it out. Don't worry about it." A couple days go by, still breaking Map. Called them back, "What's going on?" "Haven't been able to get ahold of them. This that and the other." Long story short, it turned into a couple of week affair, and in the end, Amazon just told them no. "We're Amazon. We do what we want."
- John McCoy: [00:25:23](#) And, it's the same thing that Walmart used to be, and still is to a certain extent with certain brands. But, it's that, "We are so big that we can just do whatever we want." And, that's frightening to me. I don't think that Amazon cares about brands. I actually don't know that Amazon really even considers ... really even takes a look at brands, per se. I see Walmart as being actually eager, and very aggressively pursuing this particular market. And, I think the council that I would just give to brands from that perspective is just be smart about how you engage with either group, either partner. Because, if you're not careful, before you know it, they're going to be 20-30% of your total sales. And then they gotcha.
- Kristin: [00:26:16](#) Right.
- John McCoy: [00:26:17](#) So, as you go through and you're chasing the dollar, just make sure that you're very strategic. I actually don't think that Amazon ... There's a lot of third party resellers on Amazon that are selling brand stuff already anyway. Nike fell right into that trip. I know we talked about this a little bit before as well, but look at Nike's journey on Amazon. I'm [inaudible 00:26:40] trying to say Amazon's the devil or anything. I'm just saying you just gotta be smart.
- John McCoy: [00:26:45](#) But, if you look at Nike's journey, Nike went to Amazon saying, "Hey. There's a bunch of third party re-sellers on here. What are we gonna do about it? This, that, and the other." Amazon's going, "Well, you guys could be selling your stuff on our platform." Nike debated, debated, debated, finally decided to pull the trigger, started selling their stuff, and for one reason or another, they were under the impression that Amazon was

going to pull the third party goods. In other words, the gray market goods that were being sold on that marketplace, their platform. And, Amazon said, "No. No, we're not gonna do that."

- John McCoy: [00:27:19](#) And, Nike's found itself in a very awkward position to where they're now on Amazon trying to sell their goods, but they're anywhere from 10-30% more expensive than the gray market third party sellers that are on there.
- Kristin: [00:27:31](#) Wow.
- John McCoy: [00:27:33](#) It's tough. Walmart's actually ... [inaudible 00:27:36] some of the fascinating things about this whole marketplace scenario. Say you're a buyer, right? You go through, and you're working for an organization. You're buying your goods. You're working out the best deals that you can so that you can sell them at the highest margin you can. The right amount of inventory, all that kind of stuff. And then, your organization decides they're gonna sell marketplace items and goods. So, they open that door up. And, now you have other people that are somehow selling the same goods that you are selling on marketplace for cheaper.
- Kristin: [00:28:11](#) Yeah.
- John McCoy: [00:28:11](#) Now what do you do? Who do you call? It's this guy or gal in their basement who somehow got these goods, hopefully legitimately, and is trying to sell them lower than you can. And yet, you're still on the hook for trying to move through your inventory, get your turns, do all the typical buyer type metrics. And then you have Joe Shmo out of their basement who's selling these goods for cheaper than you. What do you do? Do you call your own marketplace department and say, "Hey, he can't do that. He's breaking the rules. I need to sell my stuff. We make more margin on my stuff. You're just making a 10% commission."
- John McCoy: [00:28:49](#) Think about all the dynamics that are happening, and the internal conflict that these organizations like Walmart's gotta be dealing with.
- Kristin: [00:28:56](#) Right. And, as I explained to you, and I know you saw in the coverage around this, that was part of the offer that Walmart and Moosejaw made to the brands in our markets, the more premium brands, was, "We'll clean that up for you." And, that's something that is ... it's almost too hard to say no to.
- John McCoy: [00:29:12](#) Yeah.

Kristin: [00:29:12](#) And, I think that there's been empathy from both brands and retailers around that. And, I'm hoping that something that will come from this will be an industry-wide call to action. Because, some of those specialty retailers that are raising their hands, and so upset about the news about walmart.com and brands showing up there, are also these anonymous third party sellers. And, I feel like there has to be some sort of truce or [inaudible 00:29:40]. I have no idea how to ... In today's era, where there is no ... It's not hard to have an entry point here, at all.

Kristin: [00:29:50](#) I have so many clients that struggle with this on a day to day basis. And, that is something that we're actually gonna be looking into next week, is a series of workshops on how to handle the anonymous 3P problem. Because, I feel like that's something that's just been completely unearthed and like, "Here it is. Let's attack this too while we're all so pissed off about what's happening with these marketplaces."

John McCoy: [00:30:14](#) Well, and that's the hard part with some of these organizations, right? I don't think ... And, this is where I would really look to Walmart as a potential opportunity. So, whereas Amazon I feel just doesn't really care about brands, that they are brand ambiguous for the most part. It's just, can they sell the good, can they do it? Versus, Walmart to where they're trying to pull in bigger brands, and trying to work with brands that normally in the past wouldn't have worked with them. I think the strategies are a little bit different.

John McCoy: [00:30:48](#) It's interesting, you listen to Scott Galloway, and some of his take and his team at L2 and [inaudible 00:30:56], what they're perspective is on what's happening with Amazon and where they go to next, and you look at what they've done with ... conversational commerce and how they have become ... once a bookseller, now the largest hardware technology provider for voice activated technology and AI with Alexa, and how they've completely cornered the market there. And, how much of the future of commerce analysts believe that is headed in that direction is fascinating. You can go through and you can order goods from the Alexa. You don't even have to tell it a brand, and it will ship you goods. Oftentimes, your Amazon's open.

Kristin: [00:31:40](#) I was just gonna say.

John McCoy: [00:31:42](#) Yeah, it's frightening. You look at Amazon, they go into ... And, this isn't an interesting industry or anything per se, at least, not to me [inaudible 00:31:51]. It was when I had kids in diapers. But, diapers and wipes, they entered that market. And, within a year or less ... Oh, maybe is it ... Just under two years, actually, I think it was, the stat. They cornered 18-20% of the diapers and wipes market with their own private label diapers.

Kristin: [00:32:11](#) Yeah.

John McCoy: [00:32:11](#) If I was Procter and Gamble or Unilever, I would've been scared out of my mind. And, I'm sure they were and are. These are the kinds of things that I'm mostly concerned about when I look at specialty retail, and some of these different brands in the outdoor space, is, what is Amazon's next move? What is Walmart's next move? What is their end game? What are they trying to accomplish? Understand that these are great revenue opportunities. But, don't sell out your brand to these organizations. Leverage them as a platform, being very strategic and smart about what types of goods that you do sell through those, and give yourself some guardrails to protect yourself from just chasing the dollar.

John McCoy: [00:32:59](#) Again, the moment that they've got 20% of your total annual sales or plus, and then there's a lot of retailers out there, there's a lot here in Denver that have fallen into that particular trap. Once they've got you, that's a tough one to get off of.

Kristin: [00:33:18](#) Right. And, we will be covering marketplace only brands. We did cover that a couple times, but I think going more in depth there is important too. Because, you're right. Looking at what they're doing, Procter and Gamble, but what about The North Face? And, what about some of our brands that are on there that Amazon's collecting data around?

John McCoy: [00:33:38](#) Yep.

Kristin: [00:33:38](#) And, the old way this used to look was Prana would be in the Title Nine catalog. It's a great partner. The very next year they knocked off their best capri. I worked with them for seven and a half years and saw that happen every year.

John McCoy: [00:33:50](#) [crosstalk 00:33:50].

Kristin: [00:33:50](#) And, I think there's a version of that that will be in our future. And, I know that some of the people who watched the Facebook live that we did a couple Friday's ago, that was the main point they brought up, was like, "This is all fine and good. But, what about the marketplace only brands and the threat that that brings?" So, we will cover that. And, as I said, we are gonna be going in to more 3P.

Kristin: [00:34:08](#) But, let's talk ... While I have John McCoy here, I wanted to talk about the opportunity from a fulfillment standpoint. You've already talked about this app, and the walmart.com up-leveled experience. I also want my audience to just be aware of what could be a possible fulfillment play that is, maybe, an answer to,

or some sort of ... Maybe there's work in progress right now. Because, I think most of the audience has maybe heard about the 20,000 Mercedes sprinter vans that Amazon's gonna be deploying in Q3 and Q4 of 2018. And, because we're in a street fight, or a cage fight, with Walmart and Amazon, what's the reaction gonna be? And, is that something that they need to be eyes wide open on?

- Kristin: [00:34:51](#) In our pre-call the way that you phrased it was, "Don't be on a high horse," right?
- John McCoy: [00:34:57](#) Yeah. Yeah, you gotta get over the past. And, I think this is a little bit to your point about how quickly Walmart's changing things. They've invested so much money, and we talked about this, whether it's shedding their skin or molting into something else, with the site redesign, with the investment in the apps. The look, in particular, is so different. Just the symbol. It doesn't even say Walmart as much as you would think it should on the website itself. There's just so many different things that they're doing to try and be relevant to today's consumer.
- John McCoy: [00:35:29](#) And, I would look at them as a great opportunity. I think that marketplaces are continuing to be a little bit of the Wild West, but this new opportunity has been a land grab. Really think about your brand. Think about how you can leverage that distribution channel. Because, you can ... You can make a lot of money in partnering with them and leveraging that intelligently, especially during the holidays. Amazon bought the post office. You're getting your Sunday mail because they're now Amazon trucks for the most part, right?
- Kristin: [00:36:06](#) Mm-hmm (affirmative).
- John McCoy: [00:36:07](#) They've done it in interesting ways. They're continuing to do it. You conspiracy theorists out there, they already own the government to a certain extent from that perspective ... and are just changing the game. So, just look at that as an opportunity. And, I wouldn't let the days of yesteryear with Walmart being through of as just that low-price leader ...
- John McCoy: [00:36:29](#) I mean, they've even come out and talked about this openly, how in order to compete with Amazon, they're not going to be as [inaudible 00:36:35] were before. Because, Amazon's not. They've openly come out and said this. They are specifically going after market share, just like Amazon has now done so successfully, and are trying to compete with that head to head. And, that means that they are more willing to offer, and to partner, then they have been before in the past.

John McCoy: [00:36:53](#) So, I would look at some of these different changes that they are experiencing as opportunities. Be smart about it. Look at what that investment would mean for you, what that would potentially do for your sales, for your business, for your livelihood and for your brand. And, hedge some of your bets. Just do so with some guardrails. Take advantage of this, 'cause I think this is, again, a bit of a wild, rustic, gold rush at the moment. And, I think if you're smart about it, you can definitely strike [inaudible 00:37:22].

Kristin: [00:37:23](#) And, one last thing before we wrap up here. I wanted to get your take on store within a store, because we've seen premium brands, like Apple, have a pretty successful run with that in Best Buy. And, I wanted to see if you had anything to share with my audience today around how that might pop up here. No [crosstalk 00:37:41].

John McCoy: [00:37:40](#) Yeah. [inaudible 00:37:41]. Good one. Yeah. I really see this as being a great way for some of these brands to still have some control, and to build out an experience digitally within a store, right? So, to your point, you've seen Best Buy adopt this more Asian model of these store within a store concepts, kind of doing it quite successfully. I see that as being a great opportunity. Organizations in the past have often built out a brand page, or a branded landing page that's in their eCommerce experience with their customers.

John McCoy: [00:38:18](#) I see this store within a store concept as a brilliant way to go through and still have some control. And, I think it is the future, actually. But, still have some control within how their brand's being communicated. The lifestyle pieces and components, you can write these things into contracts. Work through some of these things. Really focus on a partnership to ensure that the messaging that is there is the right kind of messaging, and that Walmart just doesn't ... and/or whomever I guess at that point, just doesn't have the ability to go in and just say no, like some of these organizations have been doing so in the past.

Kristin: [00:38:52](#) Right.

Kristin: [00:38:53](#) Okay. Well, I really appreciate your time. One of the things I'd like to wrap up here is, you mentioned in our pre-call that Amazon now owns, did you say 60% of commerce? And, they definitely looked very different five or 10 years ago. So ...

John McCoy: [00:39:08](#) Yeah. Yeah, yeah. I'm not [inaudible 00:39:10] the exact number. It's a big number, though. And, again, The Gardner Group has come out and has predicted that the government will break them up, here, within the next year or so. So, it's just ...

Just be smart out there guys. Don't sell out. But, definitely get off that high horse. Look for some opportunities. There's plenty to be had out there. Brands aren't dead, at least they're not dead yet, to quote Monty Python. And, I think that there is definitely some great opportunities out there, just be smart about them.

- Kristin: [00:39:46](#) I love that. Not dead yet.
- John McCoy: [00:39:47](#) "I'm not dead yet." Yeah. I don't think we're just torsos at this point either, like the [crosstalk 00:39:54].
- Kristin: [00:39:53](#) Oh my [crosstalk 00:39:54].
- John McCoy: [00:39:55](#) There are so many great things that are happening from a brand perspective, and this would probably be a conversation for another day, but the fragmentation of commerce channels is probably one of the best things that have happened to brands, insomuch that you can communicate directly ... And, I'm talking specifically in [inaudible 00:40:16] at this point, but specifically catering to a very targeted niche group and audience, working with influencers, leveraging them and some of the star power that they have to get your brand out there, and just ... There's some great platforms out there.
- John McCoy: [00:40:32](#) So, I'm actually more excited about where some of the doors have been opened from a technology perspective. And, if I were brands, I would really be focusing on innovative ways to capture that audience. More so than worrying so much about this particular issue with Walmart. I would look at that as an opportunity as well, but ensure that I'm protecting my brand by really having a direct line of contact with some of these different influencers and their core audiences on social media channels as well. [inaudible 00:41:03] conversation for another day.
- Kristin: [00:41:05](#) Yeah. And, I would welcome that. And, you've just been a great help here today, John. Thank you so much, and I appreciate you being part of our community here at Channel Mastery.
- John McCoy: [00:41:13](#) Yep. Always a pleasure. Thank you very much for your time.
- Kristin: [00:41:16](#) All right. Thanks.

Tune in to parts two and three of this special series with Carter Jensen and Mike Massey.