

ONLINE

You don't have to be a Web giant to sell shoes on the Internet

By Liann Horn

said Debot, who carries footwear from Giuseppe Zanotti, Marc Jacobs and Frye, among others. "Online retailing may be the edge you need to compete in the 21st century. It's kept us alive; because without it, I don't know how we would have survived the last year."

STARTING UP

Retailers have much to consider when going online: how to make the site look good, how to pay for the labor to run it and whether they'll actually make any money.

"You have to be patient," said James FX. Wolfhart, president of Luney Wolfhart, whose brands include Crocs, Danako and White Mountain. "We're in our third year, and it's just steady improvement. Our first two years, the site was heavily subsidized; now we're breaking even and next year might make a nickel. But it's hard to tell when you're making a nickel or advertising. Our customer told us he came into our store because he liked the site so much."

For these merchants, a good site takes time. "People think it's a little extra effort and you'll increase volume, but a Web site is absolutely like having another store," Debot noted. "You upload photos, write descriptions, add items, market it and then you have to process orders. Our online company has 20 employees."

In some cases, the learning curve alone can be daunting. "I was surprised by the amount of backroom work it created—how much time it took to enter all the information into the site," said Rimer,



Stuart Weitzman



Anqi Lu



Beren shoes.com

who carries such brands as Donald J. Piner, Kate Spade and Zala. "When

I started, I played with the idea for a while, and I didn't invest substantially in the Web site at the beginning. That turned out to be a bad idea," he said. Although Rimer isn't sure if he makes money from online sales, he knows the effort pays for itself. Rimer saves money because he's also a photographer and shoots shoes from several angles in his own studio. "But otherwise you have to make that investment, not only in setting up the site, but in getting the right person to run it and getting the store staff involved."

While Rimer used a designer who had previously worked on the Victoria's Secret Web site, Hall said a quality Web site doesn't have to be fancy if your audience doesn't demand it. "My thinking is that the person

who's going to buy Donald J. Piner isn't going to demand lots of bells and whistles," said Hall, who also carries Mark Nason, Kenneth Cole and Chinese Laundry. "As long as the site looks professional, you're fine. I look at Zappos and they have a lot of product, but aren't that sleek. I think your budget is better spent on pay-per-click placement."

Pay-per-click placement within search engines like Google



Crocs

Lerthoes.com





Hall said that, with high-end footwear, it's a negligible expense. "I thought free shipping would cut into my profits, but I don't get any more returns online than I do from regular store customers," he said. "And on a \$350 pair, \$20 in shipping isn't a big deal. But on an \$80 pair of shoes, it's not worth it." Still, he doesn't always find it possible to compete on price. "You can't be the lowest all the time, but sometimes you might have something in stock that other places don't."

"A \$75 cut-off for free shipping made sense for us," said Wellbein, whose shoe prices range from about \$29.95 to \$200. "If you were in the business of selling a pair of Crocs with free shipping and free returns, that would probably be a very difficult business."

The Betts site does not offer free shipping. "I don't think it's necessary," Betts contended. "I think it's fair to share the expense with the customer. Zappos is misleading, because shipping is built into the price."

Retail expert Evans said that price is not the only way to compete with behemoth sites. "If the little guys offer the same product at the same price as the big guys, they're in trouble. But if they have different product or they can differentiate themselves in their merchandising, marketing or service, it gives people a compelling reason to go to them."

THE ONLINE ADVANTAGE

Even with the difficulties of going up against heavy hitters, smaller retailers say the online experience is well worth it. "Our Web business has grown exponentially without our having to make an effort," Betts said. "So we're comp-



Giuseppe Zanotti



Marc Jacobs



BlueBee.com

ing it up. I think people trust the process a little more, and they realize it's something they can buy safely with their credit card."

"The important thing the Web site does for me is, it reduces the amount of product you have to put on site at the end of the season," Reiser said. "It also gives our regular customers, who may be off in

Florida during the wintertime, a chance to be in touch and see our product line."

Still, Belevant noted that, while online can be a great way to unload product, it can also be a disadvantage when an item is red-hot. "That one item can sell our overnight online, and then your local customers don't get it," he said.

Increasing awareness may be the biggest benefit of an online presence. "People tend toward through staff, read newspapers and magazines less, and they spend more time on the Internet," Wellbein said. "It made sense from an advertising perspective alone. And once you're online, why not add retailing?"

Inquirer's Evans agreed. "By 2011, we'll see that 47 percent of all U.S. retail will be either purchased online or influenced by online research," she said. "Seven percent of the sales will be online, but that means 40 percent, or \$1 trillion in sales, will be influenced by online. That's mostly half. Online is a huge marketing opportunity, which people should absolutely take advantage of."

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Endless.com

Read more about online selling at WJAToday.com.



Theshoesalon.com



Wynne Rimer shoots his own photos.

and Yahoo! ensures that a store pops up toward the top of the results list when a consumer searches for certain keywords. "I pay for clicks for brand names I carry, even style names," Hall said. It's paying off: Only five percent of his online sales are from the Chicago area. The rest come from as far as Louisiana, California, New York and the United Kingdom.

Beyon, however, feels that for his fashion-forward boutique business, great design is a must to attract customers. His site features full-length photos of complete outfits and snaps of celebrities in the latest styles. "It's your regular customer who will buy from your site, not someone Googling in Kansas," he said. "At the end of the day, people shop with who they're most comfortable with, not necessarily the cheapest. And I think design is everything. People are buying your personality and your look, and that echoes through everything—from the way you shoot the photos to the way the Web site is designed. Otherwise, you might as well be a Zappos with no personality."

COMPETING WITH THE BIG GUYS

Most retailers don't dismiss Zappos, though. "I really admire Zappos for changing the habits of the consumer," said Beier, whose stores carry Taryn Rose, Anyl Lu and Stuart Weitzman. "They made it better for everybody. You have to compete a little harder, but I look at that as a positive." Beier, who launched a Web site in 2000 but waited until 2004 to start online sales, feels that big players created a common level with nervous consumers. That's only helped his business.

"We expect online footwear sales to grow 10 percent by 2011 to reach \$4 billion, which is 5 percent of total footwear sales."

—PATTI FREEMAN EVANS, JUPITER RESEARCH

"Although the potential is there for the big guys to out-gain the little guys, the little guys can still play," said retail expert Evans.

"It's better that the big retailers sell a lot and we sell some, as opposed to the big retailers selling a lot and us selling nothing," Wellehan pointed out. "Zappos and others like them are doing a great job. It's also validation that e-tailing is a good way for people to make contact with us."

Small retailers now face the entry of Amazon.com, which launched its shoes and accessories site, Endless.com, in December 2006; the new site offers diverse brands from Columbia to BCBGirls. "We were getting a lot of great feedback from our Amazon customers regarding our shoe and handbag selection, but they were saying they'd love to be able to shop for shoes and handbags differently," said Amazon spokeswoman Tracy Ogden. For Endless, that means offering free overnight shipping and a highly specific search and navigation interface—shoppers can seek shoes by color family, width, heel height, brand and price range. Other large sites offer entertainment ranging from celebrity-style commentary to free returns.

Store owners are split on whether they feel compelled to offer the same incentives major companies offer consumers, such as free returns and shipping. "You're obliged to take returns and offer free shipping because companies like Zappos don't charge for it," Rimer sighed. "The cost of shipping is not cheap, probably \$5 or \$9 per pair, and that comes out of your profit. But you have to do it."



Taryn Rose