

#### 25 Years on the Digital Rails: Lessons I've Learned in Ecommerce

Richard Davies ex-MD & Owner of Media HQ & Hattons



### From Customer to CEO to



# Customer to CEO to

Closer

Todays talk

- 8 lessons I wished I'd learnt earlier..
- Focused on my mistakes (more interesting to learn from!)
- Also done a few things right ;-)
- Questions invited please ask them "as & when"
- Friday PM slot keeping it brief 😔

## My

### journey

1990 - spending pocket money on model trains as advertised in printed magazines

1997 - start degree in Computer Science Liverpool University

1999 - used MS ASP to build a "shop in a box" ecommerce platform - charged 3% commission to participating retailers

2000 - reached £1m of annual sales across 7 retailer websites (mostly in Cheshire & Merseyside)

2001 - Hattons £2m annual web sales - my best client

2008 - sell the "shop in a box" software and buy Hattons

2014 - start manufacturing Hattons own products in China

2018 - hit £20m total Hattons annual sales (team of 70)

2023 - liquidate & close Hattons

# 1a. Annual unique customers

#### **Growth of Preowned**

Big talking point in the company - lots of energy, positivity & focus



Pre-Owned	Unique Customers	Revenue
2013	595	£46,000
2014	5128	£734,000
2015	7980	£1,323,000
2016	9798	£1,685,000
2017	11520	£2,123,000
2018	14270	£2,684,000
2019	12034	£2,271,000
2020	11069	£2,183,000
2021	11169	£3,002,000
2022	12303	£3,681,000
2023	12225	£3,914,000

1b. Brand new items - £5.5m decline during the same period

Focused on (accepted) the impact of this, far too late

	Unique Customers	Revenue
2013	44774	£9,135,000
2014	44507	£7,777,000
2015	40375	£7,022,000
2016	44482	£8,196,000
2017	45292	£8,590,000
2018	47683	£10,239,000
2019	40440	£6,730,000
2020	42071	£6,168,000
2021	33151	£4,674,000
2022	29152	£3,859,000
2023	23739	£3,723,000



#### 1c. Unique Customer Numbers - tells you a key truth

	Pre-Owned Trains Brand New Trains				
Year	Unique Customers	Revenue	Unique Customers	Revenue	Approx Net Profit
2013	595	£46,000	44774	£9,135,000	£450,000
2014	5128	£734,000	44507	£7,777,000	£470,000
2015	7980	£1,323,000	40375	£7,022,000	£245,000
2016	9798	£1,685,000	44482	£8,196,000	£400,000
2017	11520	£2,123,000	45292	£8,590,000	£700,000
2018	14270	£2,684,000	47683	£10,239,000	£975,000
2019	12034	£2,271,000	40440	£6,730,000	£840,000
2020	11069	£2,183,000	42071	£6,168,000	£455,000
2021	11169	£3,002,000	33151	£4,674,000	£625,000
2022	12303	£3,681,000	29152	£3,859,000	£23,000
2023	12225	£3,914,000	23739	£3,723,000	£50,000



#### 2. Relationships before Technology & Perfection





2018: Hattons duplicated their top selling item leading to getting "cut off"

Flew too close to the sun







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#### **3. Focus on customer expectations**

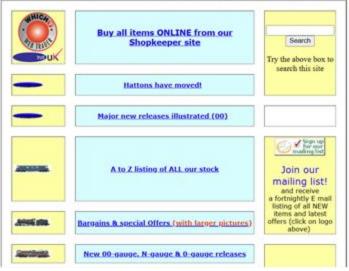
**5 STAR REVIEW** 

 $f_{12} f_{12} f_{12}$ 

"Hello from sunny Sydney, I love your fantastic internet site! Looking at the photo's deciding what to buy :)" - January 2002



#### We sell a large range of mostly British outline Railway, Tram, Bus & Lorry models by Mail Order and at our Shop





#### 4. Keep in Touch: Personal Contact is Best



Go where your customers are. Meet, talk & connect with them.

For us this meant exhibitions and retaining our brick & mortar shop.

Now it could (maybe) include digital content e.g. live video & TikTok etc...



#### 5. Shipping options - a huge differentiator..

**Clarity of** courier options provides peace of mind and sets expectations

	HOW WOULD YOU LIKE TO RECEIVE YOUR ORDER?
	Collect in person from Rails of Sheffield shop
0	Delivered to my billing address
	Delivered to a separate delivery address
	EXPEDITED DELIVERY: I would like to upgrade to expedited delivery at extra cost if available when dispatched

Vague

1. <u>SH</u>	IPPING INFORMATION		
	LIVERY METHOD		
unoose o	ne or the deuvery methods listed below.		
Delivery r	nethod		Costs
• @	UPS 2nd Day Air + more info	¢	7,99
a 😅	UPS 3 Day Select > more info	¢	7,99
a 🗸	UPS Next Day Air I more info	¢	7,99
Fed	Ex. FedEx Ground +more info	¢	7,99
	USPS > more info		7,99

Clear (er) - could say when it's arriving



### 6. Own your email audience

#### Build an email list from day 1



Email is the only marketing channel you own - social media or purchased advertising depends on others



#### 7. Handle your HR

#### It's not only knowing your customers, but also your own team....

#### In high growth periods it can be easy to increase your workforce without really knowing them

# Make sure you have robust processes in place PRIOR to growth.



Derek Williamson, 34, of Birkrig, Digmoor, Skelmersdale, was jailed for a total of 58 months after admitting two fraud offences involving Hattons and possessing cocaine with intent to supply to acquaintances

A model railway shop manager stole £76,000 worth of goods from his employers to fund his £200 a day cocaine habit.

Derek Williamson joined the firm, Hattons, in November 2017 and four months later he was promoted to stock production manager.



#### 8. Prepare an Exit Strategy



Jeff Bezos says even Amazon won't last forever.

Know when your beat...

Kenny Rogers, The Gambler "Know when to hold them, know when to fold them"

#### **To Summarise:**



- Over-reliance on a shrinking number customers & suppliers...

- Risks without diversification or exit strategy
  - Focus on avoiding a culture of complacency

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