

Building a Brand that Matters

with Clothing, Customer Service and Culture

Aaron Magness – Director of Brand Marketing & Business
Development

amagness@zappos.com

twitter.com/macknuttie

American Marketing Association

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Zappos
COM
POWERED by SERVICE™

A Little About Tony



- 1994-1995: Pizza business in college
- 1996-1998: LinkExchange (online advertising)
Sold to Microsoft for \$265 million
- 1999: Venture Frogs, LLC (angel investment fund)
Invested in Zappos.com
- 1999-Today: Zappos.com
- June 2010: Publishing book “Delivering Happiness”



A Little About me (Aaron)



- Sold trade show space
- Business Development for Williams-Sonoma, Inc
 - Oversaw Operations and Inside Sales
- Business Development & Marketing for Zappos.com
 - Oversee Brand Marketing and Business Development



Zappos at a Glance

Corporate Background

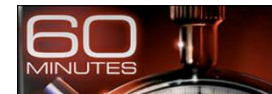


- Founded in 1999
- 1400 employees (half in Las Vegas headquarters, half in Kentucky)
 - #23 in FORTUNE MAGAZINE's "100 Best Companies To Work For" 2009
 - Highest debut for a newcomer in 2009
 - #15 in FORTUNE MAGAZINE's "100 Best Companies To Work For" 2010
- Zappos is "Powered by Service"
 - Providing the best online shopping experience possible.
 - Fast, Free Shipping. Free return shipping. 365-day return policy.
 - Fast fulfillment. Expedited delivery. Fast, friendly & expert customer service.
- Best selection
 - Over 1,000 brands, over 200,000 styles, over 900,000 unique UPCs.
 - 5 million items in warehouse
 - 100% of products inventoried (no drop ship).
- Zappos is a service company that happens to sell clothing, handbags, shoes, accessories, housewares,
- 2009 – Amazon acquires Zappos.com, shares valued at \$1.2B at closing

Recent Recognition:

Nice, but we pay more attention to our customers

- TV Stories
 - Oprah
 - ABC Nightline
 - 60 Minutes
- Fortune “100 Best Companies to Work For”
 - #15 (2010) – Climbed eight spots from 2009
- Fast Company “50 Most Innovative Companies”
 - #20 (2009)
- BusinessWeek Top 25 “Customer Service Champs”
 - #7 (2009)

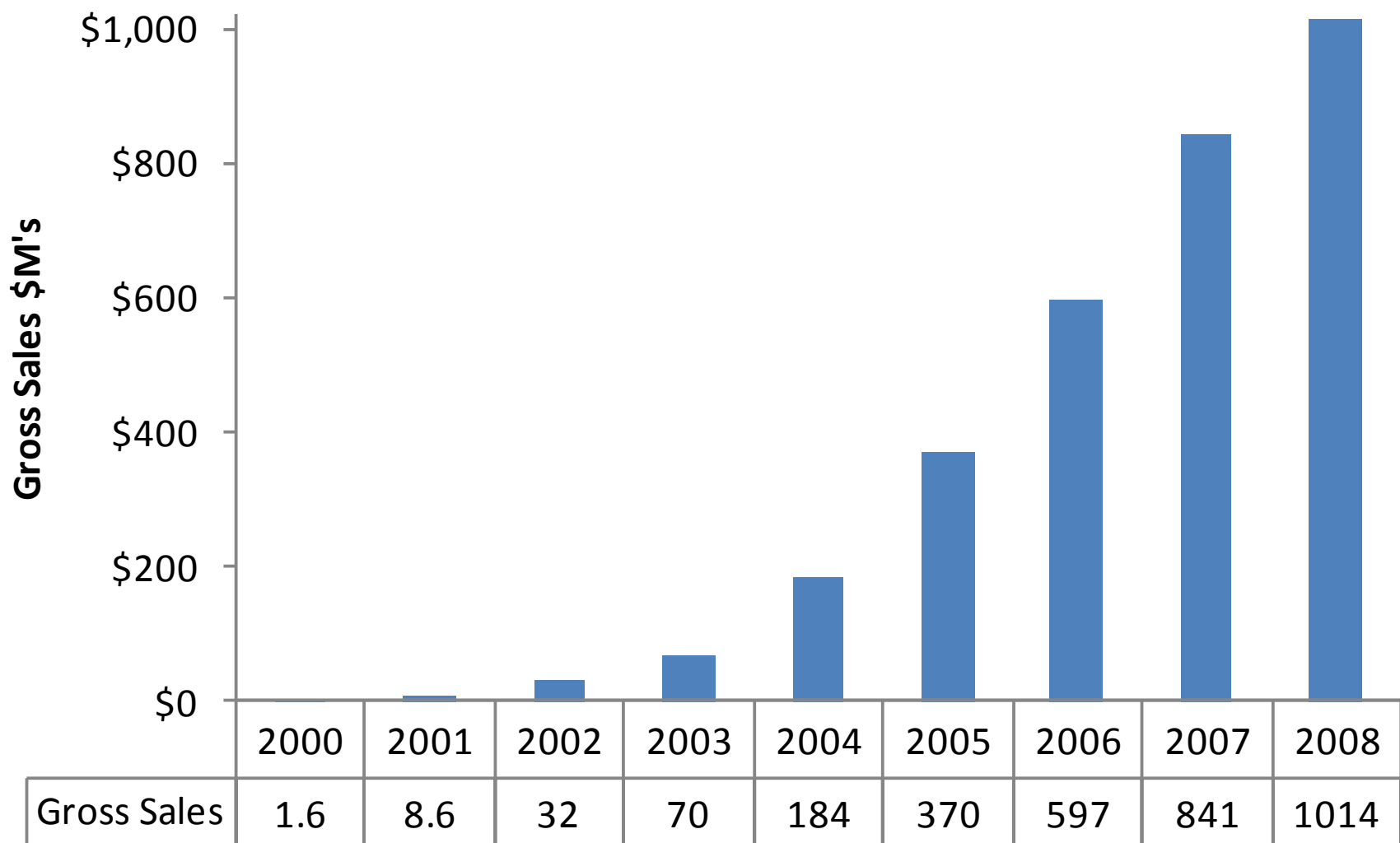


Customer service value proposition in action...

Zappos is committed to WOWing every customer.

- Customers come...
 - Over 10 million total purchasing customers
 - Over 4 million have purchased in the last 12 months
- Customers come back...
 - On any given day, about 75% of purchases from returning customers
 - Repeat customers order >2.5x in the next 12 months
- Customers come back, order more and order more often...
 - Repeat customers have higher average order size
 - \$123.86 – first time customers in Q407
 - \$156.27 – returning customer in Q407

Power of repeat customers and word of mouth...



Customer Service:

What customers first see

- 24/7 1-800 number on every page
- Free shipping
- Free return shipping
- 365-day return policy

Customer Service:

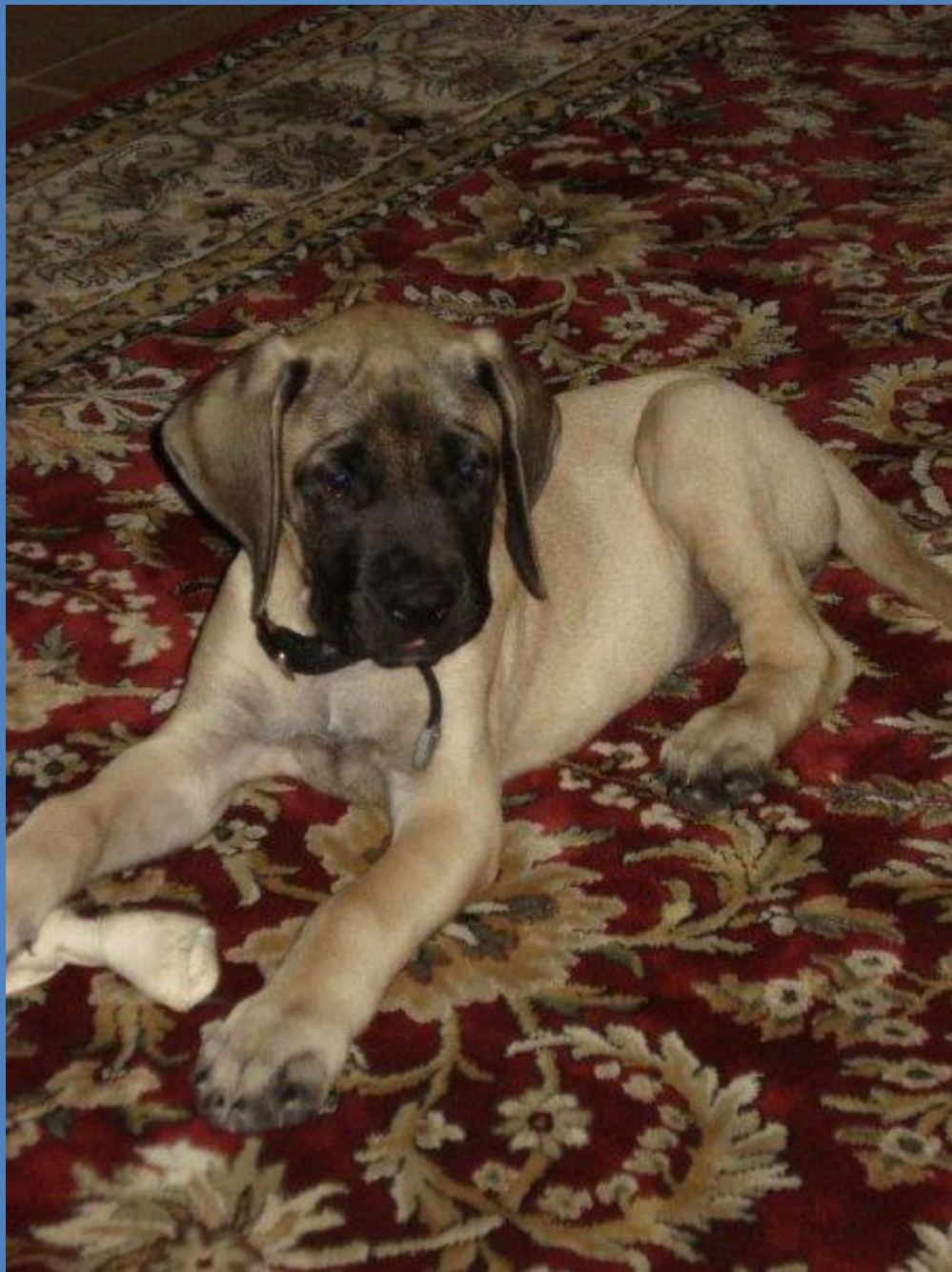
What customers experience

- Fast, accurate fulfillment
- Most customers are “surprise”-upgraded to overnight shipping
 - Create WOW
- Friendly, helpful “above and beyond” customer service
- Occasionally direct customers to competitors’ web sites

Customer Service:

What we do internally

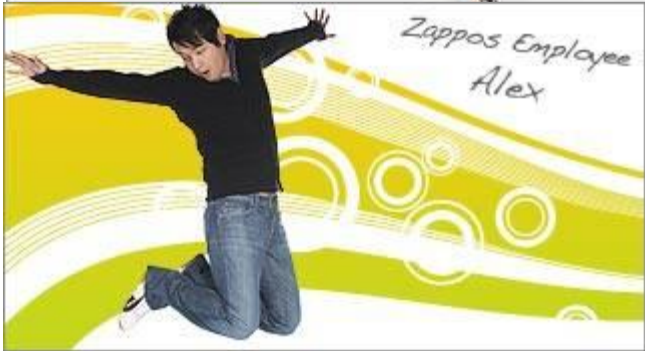
- No call times, no sales-based performance goals for reps.
 - **The telephone is one of the best branding devices available.**
- Run warehouse 24/7. Inventory all product (no drop-shipping).
- 5 weeks of culture, core values, customer service, and warehouse training for everyone in Las Vegas office.
- We'll pay you \$2000 to quit.
- **Culture Book**
- Interviews & performance reviews are 50% based on core values & culture fit.
- Twitter/Facebook/YouTube/Blogs help build company culture.



Owning the 3 C's

Clothing
Customer Service
Culture

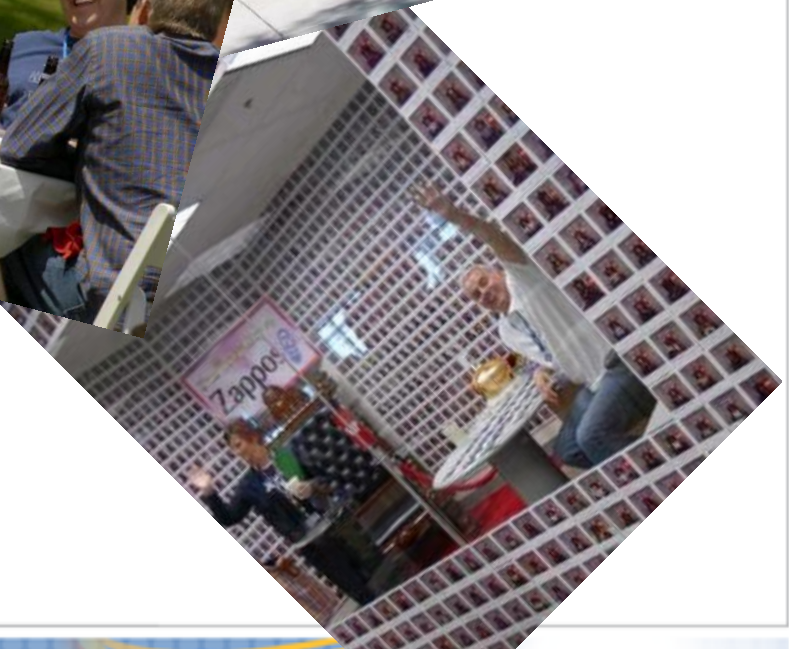
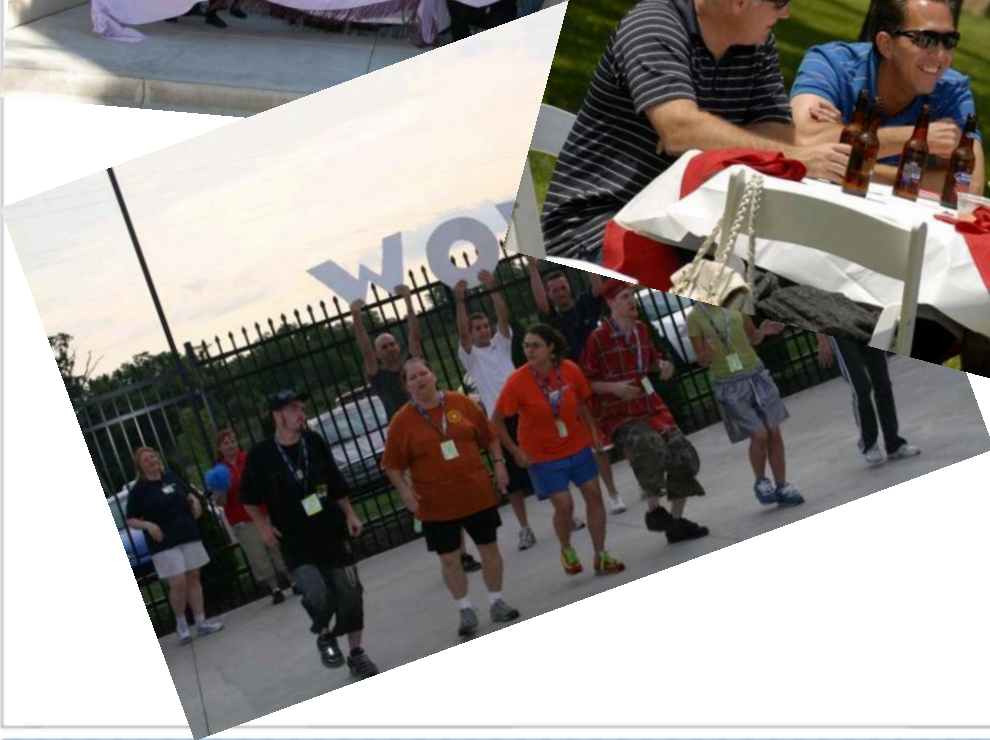
Clothing



Customer Service

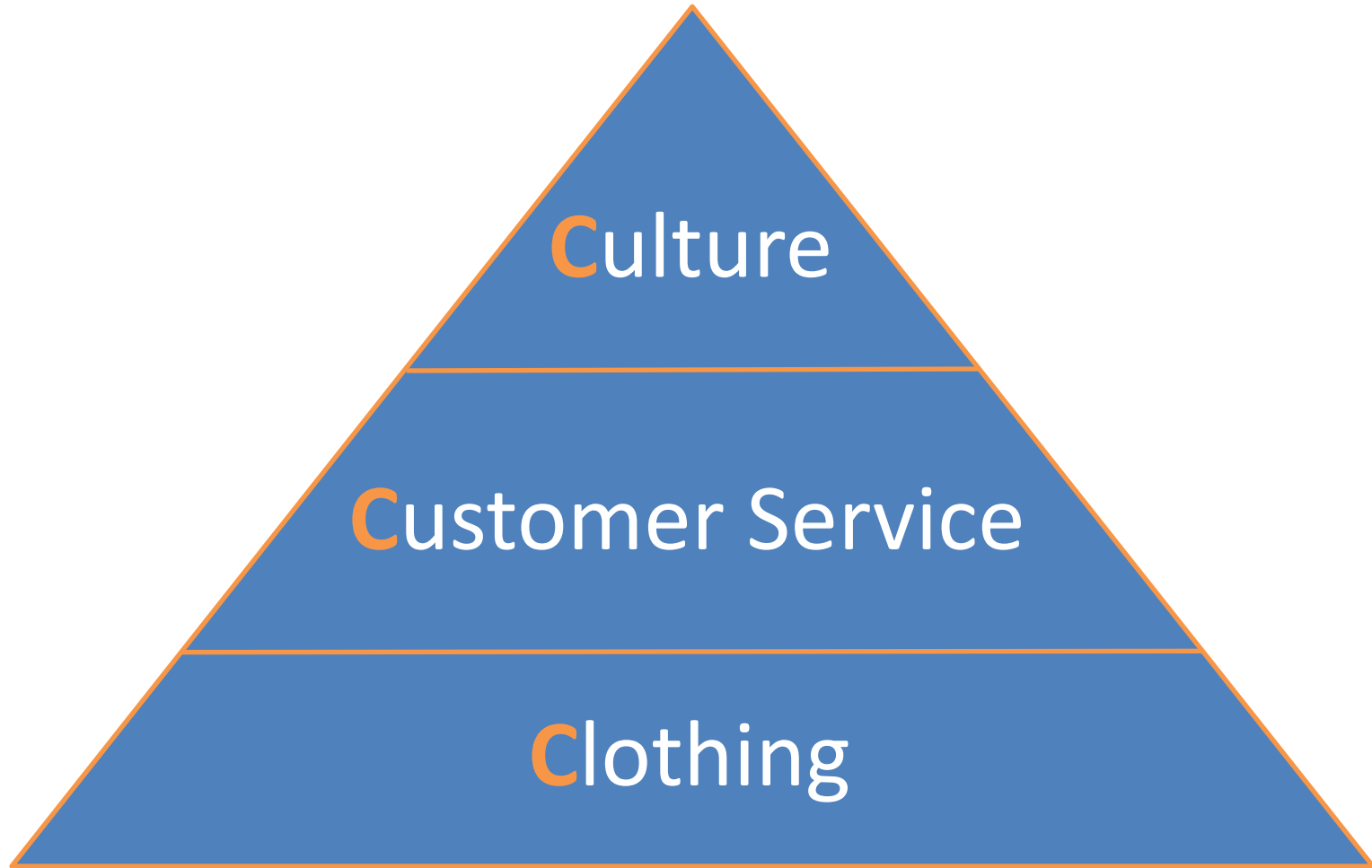


Culture



Owning the 3 C's:

Clothing, Customer Service, Culture



Zappos

Delivering Happiness

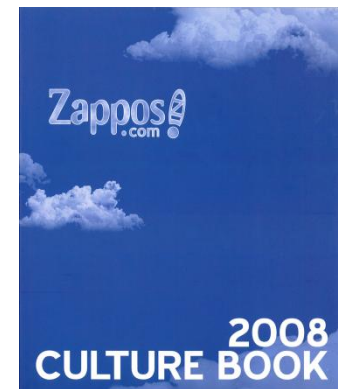
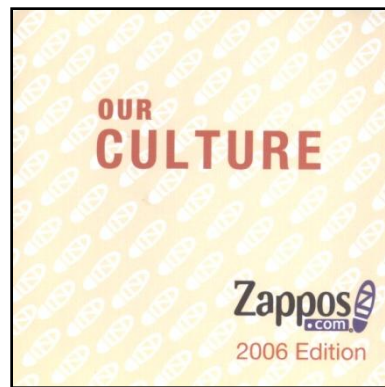
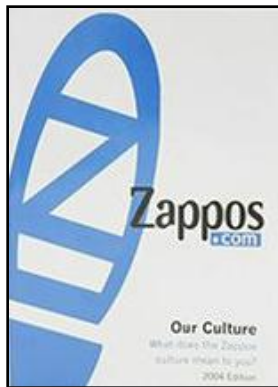
(customers, employees and shareholders)

“People may not remember exactly what you did or what you said, but they will always remember how you made them feel.”

- Kent Nerburn (The Cab Ride)

CULTURE

“Committable Core Values”



Zappos Core Values

1. Deliver **WOW** Through Service
2. Embrace and Drive **Change**
3. **Create** Fun and a Little Weirdness
4. Be **Adventurous**, Creative, and Open-Minded
5. Pursue Growth and **Learning**
6. Build Open and **Honest** Relationships With Communication
7. Build a Positive Team and **Family** Spirit
8. Do More with **Less**
9. Be **Passionate** and Determined
10. Be **Humble**

**“That’s great for Zappos but
it would never work at my
company...”**

**It doesn't matter what your
core values are...as long as
you commit to them.**

ALIGNMENT



7 Steps For Building A Brand that Matters

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Step #1

DECIDE

if you're trying to build a long term sustainable brand

Requires more patience with revenues & profits
in order to lay the foundation

Decide sooner rather than later

Step #2

FIGURE OUT VALUES & CULTURE

VALUES & CULTURE



Figure out values & culture sooner rather than later

- What are your **PERSONAL** core values?
- What are the **COMPANY**'s core values?
- Start **EARLY**.
- It is surprisingly **HARDER** than you think.
- It doesn't **MATTER** what the values are.
- The most important thing is **ALIGNMENT**.
- ...**LIVE** the **BRAND**.

Step #3

COMMIT TO TRANSPARENCY

“Be real and you have nothing to fear”

Your culture is your brand

Don't try to be someone you are not

Commitment to Transparency: Examples

- twitter.zappos.com
- “Ask Anything” newsletter
- Extranet for vendors
- Tours & reporter visits
- [ZapposInsights.com](https://zapposinsights.com)

Step #4

VISION

“Whatever you’re thinking, think bigger.”

Does the vision have meaning?

Chase the vision, not the money...



ENTREPRENEURS:

“What would you be passionate about doing for 10 years even if you never made a dime?”

EMPLOYEES:

**What's the larger vision
and greater purpose in
their work beyond
money or profits?**

VISION

MOTIVATION

VS.

INSPIRATION

Step #5

BUILD RELATIONSHIPS

(not networking or marketing)

Be INTERESTED rather than trying to be INTERESTING

Step #6

BUILD YOUR TEAM

“If you want to go quickly, go alone.
If you want to go far, go together.”

(African proverb)

Hire slowly

Fire quickly

Step #7

THINK LONG TERM

Repeat customers

Customer service

There is no “get rich quick” formula

“Overnight” successes are years in the making
(both personally and in business)

7 Steps for Building a Brand that Matters

1. Decide
2. Values & Culture
3. Commit to Transparency
4. Vision
5. Build Relationships
6. Build Team
7. Think Long Term

Evolution of the Zappos Brand

- 1999: Selection
- 2003: Customer Service
- 2005: Culture & Core Values as platform
- 2007: Personal Emotional Connection
- 2009: Delivering Happiness



Put a little Zappos in your day...

...some links to check out...

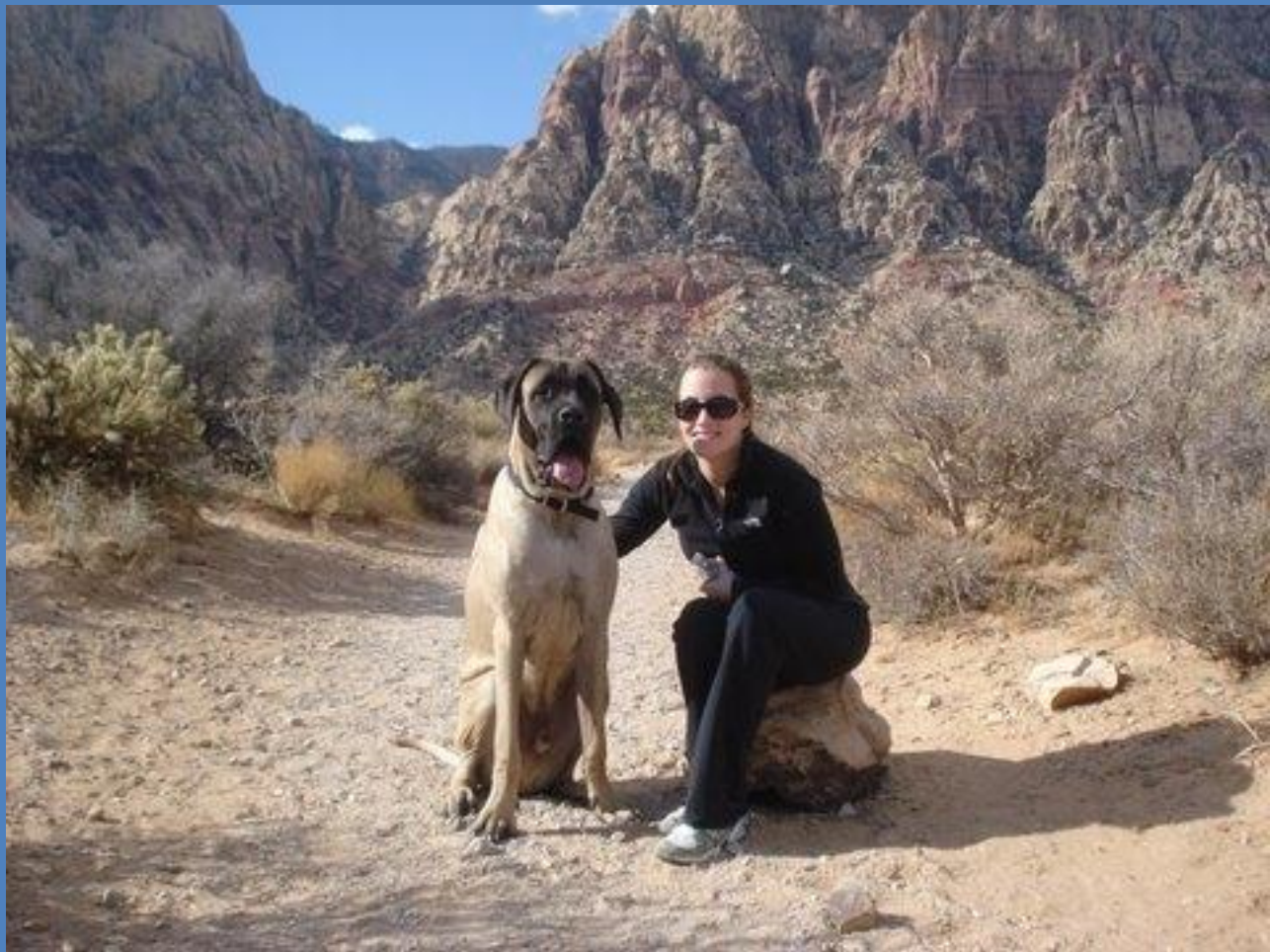
- <http://twitter.zappos.com> (public mentions, employees)
- <http://bit.ly/twitterbetter> - “How Twitter Can Make You a Better (And Happier) Person”
- <http://blogs.zappos.com> (photos & videos of culture)
- <http://about.zappos.com> (more information about us & core values)
- <http://www.zapposinsights.com> (video Q&A, ideas and inspiration)
- <http://jobs.zappos.com> (job opportunities)



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...to contact me or get a tour...

- Email amagness@zappos.com for:
 - A copy of this presentation
 - Copies of our culture book
(physical book = I need physical mailing address)
- Email <http://tours.zappos.com> for:
 - Tour of our offices when you're next in Las Vegas
(takes about 60 minutes)
 - We'll pick you up from the airport or your hotel in a Zappos Shuttle!



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