



# DCKAP eSessions For B2B/B2C Brands, Manufacturers, & Distributors - Aug 11, 2020

## Main Session: Digital Transformation For Quality Farm Supply

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**Catherine:** Hi Blant. Are you hearing me okay?

**Blant:** Yes. Yes, I can hear you.

**Catherine:** So just really quickly, I wanted to go through and, you know, make the official introduction here for you. So you are Blant hurt co-owner of quality farm supply. You're going to be taking us through some of the eCommerce solutions and products that DCKAP provided, the experience for quality farm supply over the competitive advantage of digital transformation, and then, you're the co-owner of quality farm supply, which is headquartered in Jonesborough, Arkansas. It is a division of one of the largest providers of parts for production, agriculture, farm supplies, tractor parts, and enterprise brands like John Deere case H Adco and Macy Ferguson are some of their associated manufacturers to give a little bit of background.

Blant, thank you so much for just being here and taking some time to go through your presentation with us and the audience. We appreciate it. So I'll let you go ahead and start and we'll have the sites come up for you.

**Blant:** Sure. Yeah, Cathy, thanks for inviting me. And I'll just say this before I started, I had to have a little dental procedure late last week and I'm wearing a retainer so I can take it. So I may stumble a little bit. I could take it out, but I'm based in Arkansas. If I take it out, I'll be snaggletooth and I'll look like even more of an Arkansas hillbilly than I sound, so bear with me. So yes, Kathy said quality farm supplies is a B2B effort, a B2B company we're a division of a much larger B2B company, quality farm supply is a B2C company.

I may have misspoken there. We use an ERP system by Epicor called profit 21, and that's a distributor centric software. That's kind of the backbone of the business. We

sell nationwide, and we have four warehouses across the United States to support us. I mean that we view quality farm supply as a kind of a test kitchen, a way to disrupt our core business, our core B2B business.

We're trying to forge relationships with consumers. It's a little bit of a hedge against the future. I'll just highlight, you know, the difficulty that every company has in disrupting its core business, you know, and the famous example is blockbuster video. And, I don't know if y'all remember, but, you know, I used to go to blockbuster videos all the time. I used to have locations everywhere and they were kind of the thing, the place to get videos there aren't any of them around anymore. You know, at the time Netflix got in that business and I remember subscribing to Netflix, when you would, would've ordered the skits by mail and they'd send you movies by mail.

So, you know blockbuster, the point is blockbuster couldn't really make the shift. It was trapped by its core business, trapped by its real estate, trapped by what they were doing, and they couldn't really get outside the box and think differently about their business. So. Anyway, that's a little bit about what quality farm supply is for our core business, it's a way to try to become a little bit of a disruptor for our own business and hopefully save us from the fate of blockbusters should things change in that way.

I know, at this point, our B2C effort is relatively small-scale when compared to our core business so that's another difficulty of disrupting yourself when you have just a small effort in the context of a much larger core business, it tends to suck up all the resources.

So, that's a bit about quality farm supply. Yeah, you know, we've been around, this is 2012 and we've been through several incarnations. I mean, as such, I've used a little bit as a poster-child for the way eCommerce has evolved over the past 10 years.

We went through an iteration and, 2012 to 2014 is what I call the Wild West era, where there were many companies offering purporting to specialize in eCommerce. And some of these were even ad agencies and fledgling outfits. We got hooked up with one of those that served as well for a while, but, eventually as things evolved, we outgrew that solution and needed something more robust. So then we kind of morphed into this, what I call the era of custom solutions, where there are fewer but larger eCommerce companies out there. Some of them were providing their own soup to nuts experience I call it with customized coding.

Yeah, they had their own search engine, their own checkout, their own user experience. And really a lot of these mimic the functionality of what we now call the standardized plugins, they become more widely available. So yeah, we went down that path.

All of these were kind of the best options out there at the time. Things out there, to a degree. We've morphed into really what I consider now, I call it the era of platforms, in B2C commerce. And, I'm going to talk a little bit about how we've evolved into platforms and going there, what it means for our business.

In the next slide, I'll just talk about our challenges. As of late last year, you know what, we're using one-off proprietary eCommerce software. When I say proprietary, it had a user group, but the user group wasn't very big. So, you know, too often we're on the bleeding edge of software development.

And again, much of that software just was available as plugins on these platforms that I'm going to speak about in a minute, we had an unstable user experience, a lack of internal confidence in our website and I'll point out too, it was 2018 when we started selling on Amazon and I'm gonna explore that in depth and talk about why we did that, but no, the situation of 2019, like we were selling almost as much on Amazon as we were selling on our own website.

I'll talk about why that is as we go along here. So those were our challenges like last year, and going forward in my presentation, I'm going to rely heavily on the next slide if you would on some concepts that I have been advocated by next slide, that have appeared in a publication called Stratechery and it's a newsletter put out by a thinker named Ben Thompson, and I think that's a really good newsletter. I've learned a lot from it, and I'm going to be relying on concepts and talking about some concepts that I've learned from Stratechery. So I don't want anybody to say you're just plagiarizing ideas. I am plagiarizing Ben Thompson's ideas and I want to credit him because he's really thought this out.

I've learned a lot and going forward Ben talks a lot about the Amazon experience, and you know what Amazon is, Amazon is an aggregator. And what that means is it controls the relationship between suppliers and customers. And you can say this has Ben's diagram, but how the customer is kind of just trapped in this, not trapped, but, encased of this Amazon experience and suppliers out here on the side and the merchant is on the side, on the left part of the spring, you see, they have no contact with the customer. So what you have in that environment is you have a commoditization of products, meaning, you can't really differentiate the products very much in Amazon. You can't really control the product content. They control that and you don't have any control over the customer relationship.

You're competing a lot on price. Amazon also charges suppliers (i.e.) quality farm supplies is a supplier, they charge a fee for serving as an aggregator. And this fee is up to 15%. So further, Amazon starts collecting all this data on what people want. It collects data on our sales of every merchant that's on Amazon, every supplier that's dealing with Amazon. So some people have been shocked that Amazon has started

their own in-house brands based on this data. They're not doing that against Quality Farm Supply, but they're all doing it against other brands.

That's kind of what Amazon does and we like doing business on Amazon because it brings us sales and frankly, I was a little surprised at the volume that we have done on Amazon and that's why we felt like we need to get in the Amazon game despite its drawbacks.

Okay. On the next slide, the other reason people are drawn into the Amazon web, not just us, but many people is just the dominance of Amazon and e-commerce retail and this shows it's pretty staggering; they have 47%. eBay, which we think is a lot you know, Walmart and Apple, the others, are small.

Comparatively speaking, the secure retail group you see down here is QVC and brands like Zuli and Front Gate and Garnet Hill and others. But, all of them are divorced by Amazon. That is why we decided to sell on Amazon. Ironically our decision to sell on Amazon and everybody else's decision on Amazon is making Amazon bigger.

I'm not suggesting that we're a big part of that. We're a tiny piece, but, everybody else that's in that world, that's selling on Amazon is making them bigger. The other reason that Amazon captures you is so many of the shoppers start their internet search. When they're looking for products, our products in particular, they start their search on Amazon. Only 22% start on Google. We tend to think that Google is the dominant search brand. Well, Amazon's become a big search engine for shoppers. Not for people looking for information necessarily, but for shoppers it's a big deal.

The other thing is just the explosive growth of Amazon fulfillment centers in the last 10 years. And in the period Quality Farm supply has been in business you can see the fulfillment centers growing from a small number in 2010 to a shockingly high number in 2019. And now in 2020, I noticed today in the news that Amazon is talking with Simon properties, who is a larger mall owner and operator of mall locations, MTM mall locations in the Amazon distribution center.

That's what you got going on, and that's why people that call quality farms supply, get in the Amazon in the Amazon world. It comes down to how do we compete with this? That was the question that I asked myself and we began to ask ourselves - quality farm supply; we're seeing this scale up in our sales on Amazon, it's rivaling what we're selling on our own platform and outside. How does any company compete with this? This has disrupted brick and mortar retail. This has affected distributors. It's affected manufacturers, and affected so many businesses.

It's been a major disrupting factor across the landscape of American business. I had a question here, how many distribution centers do you think Walmart has? And I

asked this because, you know, walmart.com is seen as a competitor to Amazon, and I like Walmart because it's an Arkansas based company, but you know, Walmart has 20 distribution centers compared to Amazon. So Ben Thompson has pointed out in his Stratechery, that they're going to have a hard time, Tom competing with 20 distribution centers now, they have a lot more stores, but a store is not a distribution center. A store is a store. So in terms of pure distribution centers, they're way behind many companies that are trying to figure out how to cope with the Amazon phenomenon and how to deal with it. This has brought into being what Ben Thompson said in his Stratechery, called the anti Amazon Alliance.

And who's in that is its usual Amazon company editors, Facebook shops is a competitor, but Facebook shop is largely used for what he calls discovery, finding products, not necessarily buying them so much. Not yet anyway. Walmart has started their Walmart marketplace where they've been enlisting suppliers on walmart.com as suppliers and distributors.

There's Google and Google search and Google ad words and Google shops, all that is a competitor to Amazon to a degree. Not all forms of social media are really competitors or a part of this anti Amazon Alliance. I say that because social media, Facebook, yeah, Instagram, Pinterest, Twitter, all of it give brands and companies like quality farm supply, or any other like Nike, or you name it, a chance to forge a relationship with their customers and a dialogue with their customers. That they're not able to have on Amazon and in Amazon you can't have a dialogue with your customers. They control that dialogue. And I had facilitators like PayPal and Stripe and square. Even all these three PL companies that enable small B2C companies to get in business.

The other big piece of the Anti Amazon alliance and what I want to talk about going forward is platforms and, Ben Thompson calls this The Age Of Platforms and those platforms are Shopify and Shopify plus, Magento, BigCommerce, Woo commerce, WordPress, Wix stores, Presto shop, there are a lot of others, but you know all of these are out there. It's what I call the Anti Amazon alliance. And I want to talk about one of the platforms in particular. This again is another Ben Thompson slot. It's called the Power of Platforms, but you can see what platforms do. Shopify is basically in here and it's in between. It has merchants and quality farm supplies is just a merchant that sits on top of the Amazon platform. And you can see our customers up there and a lot of merchants on the Shopify platform. About eight months ago, I had never really heard of Shopify or if I had, I really didn't know what it was.

One reason for that, down here on this graph, you see developers, and DCKAP fits in as a Shopify developer. So I'll circle back to that. Shopify has 820000 3rd party merchants on that platform. And we're just one of them. We're a speck in the Shopify world, 218 million people bought products on the Shopify platform, really,

without even knowing that the company existed. I didn't know it existed. To compete with Amazon, all of these 820000 3rd party merchants that are on Shopify shall have to stand out in some way, really not so much on price, which is the Amazon game, but on Google search on social media, on content, on the overall shopping experience.

So that's what Shopify is enabling these merchants like quality farm supply to do. I mention Shopify but any of the platforms do that. But. I'm just singling out Shopify and I'm going to talk about a little bit more. So, everybody else, except Amazon, whether they realize it or not is really in the B2C world is really in this anti Amazon Alliance and they're trying to figure out a way to survive and thrive.

If you believe that this is the age of platforms and I do for us and quality farm supply came down to the two most prominent platforms, you know, Shopify versus Magento. And, I started looking at these and I'm not a programmer, I'll say, but the difference is, Shopify is a standalone e-commerce company, where Magento is owned by Adobe. To me, Shopify has more of a focus on e-commerce and I say, perhaps, Because that, I'm speculating here, could they be more innovative in the years ahead because they're singularly focused on e-commerce.

Adobe has three divisions, digital media, digital experience, and publishing, and, a quote over here, a wall street analyst who says, we think that Adobe has positioned itself at the center of the exploding market for digital video content and advertising creation and management. I ask myself, Where does Magento fit in this? And how much resources is Magento going to get from within Adobe, if they're really positioned in the exploding video content and advertising creation world? Hey, Adobe has great products. So, you know, I also looked at just Shopify as growth and I pulled up some numbers and just the revenues have just exploded in the last year and projected into 2021.

The stock price has had explosive growth as well and if any of you are trading on an E-Trade or a Robin hood or anything like that, I mean, the stock has just had a phenomenal run up. So, I'll say that other platforms are faring well as well. You know, BigCommerce went public recently in the last month or so, and their stock has had a good run up. I think what you see is just a lot of these platforms have a great amount of mojo right now. I mean, they're just, Particularly in this COVID world, where a lot of them people are going, oh my gosh, I've got to get on the eCommerce game and they're just stampeding to these platforms. And, that's what I see. Whether it's any of these platforms, probably enjoying explosive growth, but we decided to make a bet on the future of the Shopify platform and it's not a perfect platform.

I'm sure I will be picking apart in years. It may be something that we look back on and say, boy, we were too bullish about that. But right now we had to make a choice

on a platform and that's the direction that we went to get on that platform. We needed a partner, we couldn't do it ourselves. And really, our big challenge was our ERP system, our prophet 21 ERP system. Yep. The core product, it's the backbone of our core business.

What we liked about DCKAP is they understand the P21 environment and have a good grasp of that, and know how that works. That was a big attraction. They have this middleware product called CLORAS, which is really integral to that. And, Magesh, I might just let you weigh in on CLORAS and you might talk about what CLORAS is and how it works, I'm not an expert on it, but you are.

**Magesh:** Yeah. Sure Blant, thank you for this. As you said, CLORAS is a middleware which will be playing between, not only P21 environment but any other environment as an integrator with Shopify, Magento or any platform. In CLORAS, you can create a dynamic flow and map all the fields and you can set up the sending times based on whether it should do dynamic calls or it should be done every five minutes or every hour or every day.

Cron jobs are run parallelly. If there are any errors in syncing, you can figure out using the logs and then correct it in the platform itself and redirect to the directories. In these places CLORAS plays an important role. When it comes to integration in quality farm supply, we have integrated inventory pricing with the different warehouses and these play an important part here.

**Blant:** Right. Thank you, Magesh. Again, that of course was a big piece of why we were attracted to DCKAP. First of all, we had to get all of our stuff integrated into the Shopify platform. I was also attracted to DCKAP because they have a user group and support. I think they did a good job with that. I was attracted to the ongoing education that they offered. I planned to attend one of the conferences that was in Los Angeles last spring, that obviously didn't get off the ground because of the COVID situation, but all that was attractive to us, to quality farm supply.

So we partnered with DCKAP. Let's talk a little bit about the specifics of the quality farm supply.com site and what we're doing to differentiate ourselves from Amazon. We had some unique homepage needs and one of those is we wanted to tout our customer service. And one thing we offer is, if you go to our site and you don't know what to buy, you have questions. We're selling some fairly intricate parts and some things, and customers do want to talk to somebody and they can talk to somebody, they can order a Frank catalog.

You can't do that on Amazon. We also had a large inventory of products, that was a challenge. A lot of product details for many of our SKU and Product descriptions, photographs, line drawings, all that specs, dimensions, all that is critical to

differentiating our products. That's something that Amazon experience doesn't provide. We had a multi-tiered search option, including a make model finder where you could go on and look up specific tractors and see what parts we have that are offered for that tractor. That was a critical thing.

That, again, not on Amazon. We wanted to tout our brands and we have some proprietary brands and we wanted to feature those. We also wanted to feature our blog content which we put a lot of effort into. So those are some things that we used as differentiators. And those are some things that DCKAP helped us highlight on our homepage and in our selection of our theme and setting it for side.

I want to talk a little bit about the story of our PIM and quality farm supply, and really the story about PIM in our core business. We were elated to party on, getting into the business of a PIM and PIM product information management system. That's another buzz word that I hadn't heard of until a few years ago but we would publish something in print and it would be different from what was on the web. And we just had a scattered experience in terms of the content for our 15,000 products.

And really our core business has doubled that 30,000 products. So yeah, we struggled for years with coming up with a PIM solution that didn't break the bank and something that was user friendly and we could get our arms around and that integrated with our core ERP system. We were not aware that DCKAP had a PIM product until we found another. DCKAP was able to integrate data from our proprietary PIM that wasn't theirs, so to speak. So that was a big plus with DCKAP who were able to make all those folks work and pull data out of the PIM. And we're just stuffing more and more information in that PIM and trying to really work on attribute filters, work on really making our content saying and getting that data out of there was, that was a big plus that a DCKAP was able to do. Magesh, I don't know if you want to talk a little bit about your PIM product right now. Uh, I'll yield the floor and let you talk about, uh, the DCKAP PIM, because I don't know anything about it.

Magesh: Yeah sure Blant. DCKAP also has a PIM solution like what we have used in Quality farm Supply. So like you can create multiple channels and with the multiple terminals, we can create content based on each language, you can map between different systems using our PIM as well as categories, products and attributes and what we did for filters and all others from QFS. Our PIM supports all the platforms like Shopify, Magento and BigCommerce and we have apps for that, and it can be installed to integrate it with those systems.

It can be plugged and played. If you install that and import all the products in your PIM, then it can be transferred to those particular systems, our PIM, has those features as well. And it is like a SAAS based product. You can give some user roles under your company you can manage content and one can approve the contents

and one can publish the contents. Once the content is published, they need to be transferred from the PIM to the appropriate platform. These are some of the features of our flexiPIM.

**Blant:** Yeah, thank you Magesh. Again, I'll emphasize it. If you have your own PIM, DCKAP will be able to work with your PIM. They were able to do it in a pretty nifty fashion.

I want to just close by talking about where we stand today and, we still have a few things to iron out, you know, on, we just only launched about six weeks ago, you know, I'll say this, DCKAP was flexible about meeting our needs, stick with it until it's fixed. And it can be anything, whether it's a technical issue, whether it's ERP issues, whether it's core software, all that, they're really good about just staying on things until they get it right.

They're pretty dogged about that. And we appreciate that. We are more confident in the eCommerce platform that we are on. With that confidence comes more of a willingness than vest and lean forward. That's a big plus of getting on a more sound footing here with the platform.

I had an area of small things out there, we've been able to automate our returns, which cuts down some back office paperwork and pointing and clicking and just frustration. We have better visibility to shipping. We have better analytics. We have more speed, which is not to be underestimated these days in e-commerce, all in all, we have a more stable shopping experience. I'll also point out that we're using best in class products like Klaviyo for email marketing. I know Matt talked just a little bit about that and, we're trying to just line up a good portfolio of products that we use. So, you know, my last slide into close, I'll just point out the tools that we have in our arsenal and our anti Amazon arsenal or firstly, a big tool we have is the Shopify platform and how it evolves. I'm kind of excited to see where it goes with Shopify, with the capital they have and the momentum that they have. It's up to us for us to optimize this platform for our business.

We have to learn how to use it. We have to engage. We have to get involved in the user groups on Shopify. We have to learn what's out there and how to maximize it. They're not going to do it for us. We have these DCKAP for support as a critical middleware partner. We think that's important. We have the content or PIM, which needs to be continuously improved. And we are committed to continuously improving that content. We have our own distribution footprint. I talked about Amazon's distribution centers. We have assets, I mean, four warehouses, that have our specific products.

We're not helpless, we have ways to fight back and really potent ways. We have soft skills to offer, like product knowledge is conveyed through some phone support to our customers and that's critical. We have all this suite of social media that we can use to engage our customers and to form relationships with them and to promote our brand.

I stayed on the end, you know, really have no excuse now, not to be successful. It's kind of the pressure on us since we are in a better position with this latest iteration later stepped up to a new platform. And I'll say five years from now, I'm sure the landscape will no doubt be changed. I mean, we'll be sitting here and who knows how things will evolve, but I think it's going to be an exciting time in B2C, for digitization, and e-commerce, and how that fits with traditional retail and traditional distribution and manufacturing, all that.

It's going to be grounds for a lot of farming and a lot of innovation and an exciting time where we're going to have to be chained, receptive to change, have your head on a swirl looking out for the next thing unless you become like a blockbuster. So with that, I'll yield the floor. Thank you, Cathy.

**Catherine:** Great. Thank you so much Blant. I mean, I think everyone in eCommerce has the kind of questions that you post, you know, how do we compete with Amazon, how to differentiate, and you brought some really great insights, taking the time to make the right decisions for the business and certainly some good thoughts behind that. So thank you so much.