Let's Buy It in the Net

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Disposition

- Business idea
- Business model
- Perfect competition
- Communities
- Marketing
Business Idea

Vision

“To provide the strongest purchasing power in the world and add more value to our customers than any other community on the Internet.”
Business idea

“To Help People Get Together In Order To Create Co-Shopping Power and To Offer Our Members Convenience, Trust, Best Price & Added Value.”

Perfect competition - the definition

- “The most efficient market form possible”
  - Many buyers
  - Many sellers
  - Homogenous goods
  - Perfect information

Source: Macroeconomics by Dornbusch & Fischer 1998
Perfect competition - vs co-shopping

• Many buyers
  Via the Internet Letsbuyit gathers - all over Europe - thousands of shoppers for a specific product at a specific time

• Many sellers
  The Letsbuyit purchasing organization have access to all brands, directly with the manufacturers
Perfect competition - vs co-shopping

• Many buyers
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• Many sellers
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• Homogenous goods
  The co-shopping model is best suited for homogenous goods with many suppliers, but can bring down prices markedly on strongly branded products

• Perfect information
  Letsbuyit will provide the best possible purchase information via third party sources. Letsbuyit also provides up to the minute information about suppliers and prices
Yet another strange Internet venture?

- A purchasing cooperative - not an Internet retailer
- The business idea is over 100 years old
- The Internet - enabling efficient execution
- Easy to copy - difficult to develop

Business Model
1) The Member Suggests a Product...
2) LetsBuyIt Responds Immediately Through the Data Mining System...
3) Negotiation With Suppliers...
4) The Co-Buy Starts...
Co-Shopping

The Product Is Offered On the Site!
The Member Buys...
The Co-Shop Deal Closes...
The Member Receives...

Co-Shopping Price Model
Co-Shopping Price Model

Traditional value chain

- Manufacturer: 10-30%
- Importer: 10-30%
- Distributor: 10-30%
- Retailer: 20-60%
- Customer
Our value chain

Manufacturer → LetsBuyIt.com 6% → Customer

Co-shopping vs auctions

Auction:
- one or a few products
- predetermined products
- buyer against buyer
- successively raising price
- creating one or a few winners

Co-shopping:
- member driven selection
- buyers uniting purchasing power
- successively bringing down price
- the more buyers, the more winners
Communities

What’s in it for communities?

Increased interaction between community and member and between members = increased loyalty

Communities
- Providing a high value experience to the members
- Understanding member’s online behaviour
- Increasing traffic through community website
- Add on revenue on existing customer base

Members
- Low prices
- Wide range of products
- Unique products
- Selection input
- Peace of mind
Communities

Letsbuyit.com has already established 40 partnerships and set up community sites, examples:

- Kolumbus - telecoms operator and major Finnish ISP
- TV4 - largest national TV channel
- Telenordia - telecoms operator and major ISP
- Ericsson - intranet Zopps
- kvinnor.net - magazine publishing group, Bonnier
- British Telecom - Intranet
- TeleDanmark - telecoms operator and major ISP
- Storebrand - Internet bank Norway
- Duuni.net - major Finnish portal
- Yahoo - In Norway and Sweden
- Redseven - Online Community in Germany
- Etc...
Marketing
Marketing challenge
Breaking through the invisible barriers

- Letsbuyit.com an relative unknown brand
- Shopping on the Internet
  - Retailer responsibility
  - Product warranties
  - Customer service
- Using credit cards on the Internet
- Deliveries

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