

Advancing with e-Business

Pro-Angler Fishing Tackle Direct

www.proangler.com.au



The Business

Pro-Angler Fishing Tackle Direct was established in 1993 as a mail order fishing retailer offering equipment, clothing and accessories. Based in Bentleigh, Victoria, Pro-Angler employs three full-time staff and 12 freelance distributors in Australia and New Zealand.



Gavin Hurley

The idea

Gavin, Managing Director, and his Tasmanian distributor, Jack, initiated the expansion to e-commerce three years ago. Initially, Jack designed a static company website using his skills as a former full-time web developer. One year later the website was updated to a more dynamic and interactive version, incorporating Customer Relationship Management (CRM) software and online shopping functionality.



The CRM software is integrated with the online shopping capabilities of the website. This enables Pro-Angler to maintain customer information relevant to future marketing opportunities and enhance product placement.

Customer Relationship Management

CRM refers to the integrated business processes and systems that manage and optimise the business-customer relationship.

A key aspect of CRM is gathering customer data in order to strategically align products with customer needs. This prevents customers receiving marketing material they are not interested in. For example, if Pro-Angler were aware that a particular customer was only interested in fresh water fly fishing and is an expert, they would avoid sending special offers on educational courses and saltwater bait fishing.



The CRM software was bought as a complete package. It maintains a database of customers to whom Pro-Angler sends out emails and newsletters every two months containing specials and new products. When new customers order from the website, they are required to register their name and contact details which are then automatically entered into the database. They can optionally include other information such as age, delivery instructions, and fishing areas of interest (fly, bait, freshwater, saltwater), which further assists Pro-Angler in accurately targeting market segments.

The Investment

Pro-Angler's initial e-commerce investment totalled \$19,965, including \$7,500 in website development costs and \$2,500 for the CRM software. Jack and Gavin spent a total of 300 hours designing the system (\$6,000) and allocated \$3,500 to offline advertising of the website. An additional telephone line was required for Gavin's Internet connection (\$275), and a domain name was registered (\$190).



Hurdles

Gavin and Jack found that initial setup costs were higher than expected and that they underestimated the time, resources and effort required. After spending 300 hours designing the system, Gavin and Jack outsourced the task of web development in order to obtain a higher graphics quality.



Results

Additional revenue generated by Pro-Angler's e-commerce initiative contributed a total of \$50,000 to gross profit in 2001. Coupled with the net cost savings, the net operating benefit of e-commerce was \$52,844 for the year.

Total cost savings attributed to e-commerce amounted to \$16,650 in 2001. Reductions in postage and printing saved the company \$3,000 and \$6,000 respectively due to a significant decrease in the production and distribution of hard copy catalogues. Savings in staff time required to compile, fold and send the catalogues reduced expenditure by a further \$2,000. Communicating via email improved staff productivity, saving \$5,200, and telecommunications costs were reduced by \$450.

The total ongoing cost for e-commerce in 2001 was \$13,806. The majority of this expense was incurred by time spent in system administration, totalling eight hours per week (\$6,400). Thawte authentication services cost the company \$200 annually whilst website hosting costs \$420. System maintenance costs \$400 annually and \$4,991 was allocated to the amortisation of capital expenditure over a four-year period.

The Internet has provided Pro-Angler with a tool enabling online marketing, point of sale, and communication. Brand awareness has increased and the CRM software has enabled the company to accurately target promotional material to existing customers. The convenience and time saved with electronic ordering compared to phone or mail ordering has benefited both Pro-Angler staff and their customers.

Future

Future plans for Pro-Angler's e-commerce implementation involve a continuous development plan for the website to enhance its feel and appearance. Key goals include modification of the layout, a reduction in the amount of writing, improvement of image quality, and newsletter enhancement with a better design and layout.

Revenue and Costs

E-commerce Establishment Costs

		(\$)
Web development	7,500	
Registration of domain name	190	
Advertising	3,500	
System design - staff time	6,000	
Telecommunications	275	
Software - CRM	2,500	
Total Establishment Costs		19,965

Operating Benefit from E-commerce

		2001 (\$)
Gross Profit from E-commerce		50,000
<i>Add: E-commerce Cost Savings</i>		
Postage & Freight	3,000	
Printing & stationery	6,000	
Staff time: Communication	5,200	
Staff time: Marketing	2,000	
Telecommunications	450	
Total E-commerce Cost Savings		16,650
Gross Benefit from E-commerce		66,650
<i>Less: Ongoing E-commerce Costs</i>		
Amortisation of capital expenditure over four-years	(4,991)	
Authentication services - VeriSign, Thawte	(200)	
Website hosting	(420)	
System maintenance	(400)	
System administration	(6,400)	
Telephony - ADSL & dial-up connection	(1,200)	
Telephony - dial-up costs	(195)	
Total Ongoing E-commerce Costs		(13,806)
Operating Benefit from E-commerce		52,844

* Note: Capital expenditure was amortised over a four-year period

For further information on this case study please go to www.noie.gov.au