Industry raises e-commerce concerns

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One sales manager expressed concern over how the transaction fee would cut into already-thin margins. "They are forcing us to sell at a lower margin over the Web, plus they want a three-percent cut? It is absurd and backward," he said. "You need 20-percent margins to stay alive, but on the Web it is 15 percent and then they want three percent more. That takes us down to 12 percent."

INTERNET IS A JOKE

As it stands, Kim Ross, director of marketing and e-commerce for Simplot Turf and Horticulture Group, is wary of putting a lot of money into a storefront that only reaches the 11,000 superintendents that are members of the association. "It does not reach all the superintendents," she said. "It doesn't reach the assistant superintendents, or the greens committee or the general manager, and if the [superintendents] does not happen to be the purchasing manager, its value to vendors is zero."

Some in the industry don't plan to participate in the venture because they have already signed up with another e-commerce site or view the Internet as an insignificant method of distribution. "The Internet is a joke," said one executive. "It has been the biggest waste of our time because superintendents won't point and click. In a year, the GCSAA will be just like us, wondering why in the hell they spent all of their time and money on this."

Other companies, however, are watching and waiting to see where the GCSAA venture goes before determining their level of involvement. "Don't you think there is backlash right now because this is new? Look at what happened when the Professional Development Initiative was introduced. Change is difficult," said Bayer's marketing manager, Jennifer Rensberg. "The end-user is demanding this, otherwise no one would be doing it."

While William Robson, director of marketing for Textron Golf, Turf and Specialty Products, is concerned about protecting the company's distribution network, he said the e-commerce site could be designed to fit their business. "If the GCSAA portal can link into the company's local vendor network and give them an additional support capability, it could work," he said.

RESPONDING TO CONCERNS

The task confronting the GCSAA now is to respond to the concerns of its supplier and distributor members. It hopes to convince enough of them to get on board to make the e-commerce venture viable.

"Industry relations are extremely important to the GCSAA," said association president Tommy Witt. "Only 18.5 percent of GCSAA revenues are from dues. Eighty-two cents out of every dollar comes from outside sources."

Albert said that additional meetings are planned to get companies to sign up. "In addition to launching the pilot, we are recruiting and educating sellers," he said. "Every distributor and manufacturer wanting to participate has different needs, so we have to meet with them to determine their objectives."

Arredondo is also encouraging input from industry members.

"Bring on the criticism," he said. "We'll learn from it, and together we will build something that makes sense."

Once the 60-day pilot program is completed and industry feedback is evaluated, the GCSAA will plot the remainder of its e-commerce course.
dot-coms adjust strategies
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else in the marketplace because we have decided that we are not going to be involved with any sort of auction-type site or anything that does not embrace the existing distribution system."

As result of the change, Golfsat is now in the black. "If we had continued with our first model, we would have run out of money and not been able to raise any more," Scott said. "Instead we changed direction and posted our first profitable month. That was an anomaly because of one deal, but it showed us that we have the right pieces in place."

Going forward, Golfsat intends to launch other community sites in vertical markets such as parks and recreation and cemeteries.

GREENTRAC.COM BROADENS SCOPE

While Greentrac.com has not given up on the green industry, it has expanded its market scope in hopes of expanding its sales. It has also decided to market its services and software more than the site itself.

"Generally speaking, we are steering away from the green industry," said Greentrac.com's Joanne Miller. "We have created a purchasing platform that is not just exclusively for the green industry but for literally anything that can be sold. It is more of a procurement solution than a site that just sells to the green industry."

The system allows companies to conduct business-to-business transactions by submitting requests for proposals. The site's new computer platform went live Feb. 1.

"The site can still be used by the green industry, but it is not our focus anymore because the industry was just not deep enough to sustain us," said Miller.