

## Internet companies switching strategies to fit industry needs

By ANDREW OVERBECK

After two years of struggling to gain a foothold in the turf and ornamental market and withstanding the massive investor retreat from dot-coms, two e-commerce companies are altering their strategies to become profitable.

Both Golsat.com and Greentrac.com have revamped their original business models in recent months, after failing to attract enough green industry buyers and sellers to their sites.

### \$10 MILLION IN DEVELOPMENT

"We built a membership of 5,100 and even with a sweepstakes that signed up a lot of new members, the number of superintendents that were ordering was really low, which told us that we were going about it all wrong," said Golsat CEO Mike Scott. "Superintendents were concerned that if they ordered from us they would hurt their distributor. Or they didn't order because their supplier was not on the site yet."

Scott has taken this experience and used it to tweak Golsat.com. It is now taking its technology and letting sup-



Mike Scott

pliers either integrate it into their own Web sites or provide a link from their site into a private commerce site at Golsat.

"In building the technology and content, we know that we are sitting on a tremendous asset that is unaffordable to 95 percent of the distributors in this market. We have invested \$10 million developing it," he said. "The jury is out on any kind of community site or net market, but there is a strong interest in the technology and content that we developed."

By allowing distributors and suppliers more control over the use of the technology and the site, Scott is confident that the model will work. "We have just started, but we have signed up Lesco and expect to make more announcements in the next month," he said.

UHS chose Golsat.com because it utilizes current distribution channels. "We have done our own thing with Golsat," said marketing manager Brian Payseno. "We have rejected everything

*Continued on next page*

## Industry raises e-commerce concerns

Continued from page 3

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 he [the superintendent] 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 Remsburg. "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. ■



## Superintendents weigh in on GCSAA plan

Continued from page 3

association will be formed," Cook said. "The atmosphere is perfect for that to happen. The GCSAA's recent moves, as well as their attitude toward dissenters, are only helping to lead us in that direction."

### TOMMY WITT'S VIEW

Here at The Kiawah Island Club, even GCSAA president Tommy Witt has reservations about purchasing products online. "It's my responsibility to manage my employer's money the best way I can, but that doesn't mean buying the cheapest thing I find," he said.

"If vendors I've had relationships with are available on the service, then I'd entertain the idea of buying products online," said Witt. "But I don't think I'll order anything from somebody I don't know. That's not the way I do business. Here in South Carolina, am I interested in buying products from Maine, Oregon or Washington? No."

However, Witt thinks e-commerce may force distributors to be more competitive. "I may take that to my vendor and say, 'You're 25 percent higher. I know you need to keep your doors open and pay service people, but let's see if we can get this a bit closer.'"

### 'ONE-STOP SHOPPING'

Superintendent Scott Cybulski at Falmouth Country Club in Falmouth, Maine, will cautiously approach this new GCSAA offering.

"I use the Internet for product information and comparison shopping right now," he said. "I prefer to discuss pur-

chases with the distributor. He knows what's working in the field. If it doesn't work, some superintendent will certainly call him.

"Also, when I'm in a jam, having a good relationship with a local distributor gets me same-day service lots of times or early next-day service," Cybulski said. "I don't know if the Internet can do that yet."

Service is a big concern. "Right now, there are 10 different fertilizer suppliers coming to my course," Cybulski said. "Not all of them have all of the same products. There are also a lot of obscure and specialized products out there that I need. Can the GCSAA stock it all in a one-stop shopping center? I doubt it."

### 'TEST THE WATERS'

The GCSAA, likewise, is taking a slow but steady course toward its e-commerce initiative.

"We're just providing a conduit between superintendents and industry partners, just like we do with the trade show," said immediate past president R. Scott Woodhead, superintendent at the Valley View Golf Course in Bozeman, Mont.

Woodhead also is chairman of the GCSAA's Internet Strategy Committee. "We won't know if it's a viable alternative until we test the waters," he said, "which is the purpose of the pilot. It was never envisioned that e-commerce would become the major avenue for making purchases. However, in some cases, the 24/7 access might become a helpful and convenient option." ■



Tommy Witt

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**dot-coms adjust strategies**

Continued from previous page

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. ■



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