



Currents and Crossroads

DMA^D
Direct Marketing Association

III. A Real Live Global Long Tail

In 2002, Ty Simpson, founder of Ty's Toy Box (www.tystoybox.com), was searching for Wiggles brand toys for his daughter. This is an Australian TV show that was just gaining popularity in the US, but no Wiggles merchandise was available yet in stores in the US. He finally contacted the Wiggles' licensed toy maker in Australia and was obliged to buy by the case. After serving his most important in-house customer first, he sold the rest on eBay with pretty good results, and began to think he had discovered a business.

Over the next few years, in brand after brand of children's merchandise, Ty has discovered that there is a global market of friends, parents, aunts and uncles, grand- and god-parents for brands that traditional brick & mortar retail may not carry, or carry for a limited time. This is the long tail, where the market continues to exist for a product but is so scattered, no retail chain is interested once the "sold off the shelf" market is saturated.

In fact, the "long tail" is a bit like the market niche catalogers have served for years: Orvis, Omaha Steaks, Damart, Simply Divine Brownies, but with a brand twist. What Ty discovered is that on the Internet, the market finds you, especially when you are selling branded merchandise. This also is a spin-off effect of the rapid growth of the number of television channels around the world. All those channels need family-friendly programming, and thus the shows that lose their magic in their home markets get a second life in syndication abroad, and so does their branded merchandise.

What has TysToyBox learned over the last 3 years? We spoke to George Stolpe, vice president of business development and marketing of TysToyBox, and what he told us suggests that the learning curve has been pretty steep.

Ty's Demographics

The customers are very loyal and are predominantly female and parents and grandparents, from whom they get heart-felt letters of thanks. These customers find TysToyBox because they shop on the Internet by brand. They are looking specifically for the branded toy. This is why the TysToyBox home page is all brand images, and the site is organized by brand, not by age or type of toy as in a retail shop. It is also why they have resisted the desire of some brands to load their Web site with MP3's and video's and other children's content. Ty's is creating an immersive brand shopping experience for the adults, not a playground for the kids.

Apparel is the most popular product line, followed by toys and games. Returns are surprisingly low for apparel, as savvy and experienced parents and grandparents buy big "just in case." The average order is about USD53. Shipping by DHL, they find no border issues.

Orders and Payment

Most orders come over the Web site, but they have an in-house call center that rolls to an outsourcer after-hours. They have had no push-back from customers in providing their credit card numbers online. Fraud experience with overseas orders is no worse than in the US and runs less than 4% of orders. They only accept credit card payments, and don't believe they are losing business because of that choice.

Marketing

Marketing is by continued appearance on eBay in the US, Australia, and UK, and they list in Amazon and with the comparative shopping sites. Search engine marketing and search engine optimization also play a role. Package inserts also are effective in creating repeat purchasing, and thought is being given to a catalog in the next year or 2.

The company was incorporated only 3 years ago, and now has about 30 full-time equivalent employees. They do everything in-house-Web site: merchandise ordering, warehouse, fulfillment.

More is Better

The "long tail" effect hasn't quite reached manufacturers, yet. They tend only to supply retailers in large quantities. So, seeing a profitable niche, TysToyBox is now the licensed producer of merchandise under some of these brands, having product manufactured to their own specifications on a private label basis from key vendors. I gathered from George that they would not be averse to seeing more competition in this niche so more manufacturers would see the market for these brands and get out of the "big box"-only mindset. See the "long tail" live at www.tystoybox.com.