



Inspired Incentives

3 Ways Amazon Is Taking Your Business

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The Amazon Problem.

Amazon's fast-growing presence in the online marketplace is no secret. The company is marked by its aggressive expansion into any and all areas it deems ripe for the taking. The once strictly online store is even going brick and mortar for the first time since its founding.

Thanks to Amazon, finding the product you want is easy. The company is even innovating *easier* ways to get that package to your door. That's all well and good for Amazon customers. But what about its competitors?

We've heard about some problems that Amazon is causing in the HVAC industry. In this first addition of the three part *Amazon Problem* series, we're going to lay out three issues that you may be having and our insight into them.

1. Gobbling Up Commodities

The HVAC industry works with the sale and installment of commodities. Unfortunately for the distributors and the manufacturers of these commodities, Amazon has started to get its hands on them and offer them up at low prices. A quick glance at Amazon's HVAC section shows thousands of products, from thermostats to venting. Now these parts are available to everyone, but many of your end users might not know what to do with them if they simply ordered from Amazon. It's not these end-users you need to worry about: it's your dealers, the contractors who buy those commodities. The problem lies in your dealers or distributors being able to purchase the products you offer more easily from Amazon than from you. Amazon can provide quick turnaround, and sometimes even provide the product at a lower cost than you can buy it from the manufacturer, or make it yourself. This is happening to a lot of businesses, no matter what industry.

2. The "Hire an HVAC Specialist" Problem

Here's the scenario. My AC just kicked out, and I don't have the ability to fix it myself. However, I just found this really useful page on Amazon's website called Hire an HVAC Specialist. On this page, I can hire a contractor to fix it. Great! I'll read some reviews of a couple companies and go with the one I feel is best. Unfortunately, your dealers didn't even show up on the list of recommended specialists.

As Amazon increases its standing in every industry it can, it becomes a one-stop-shop for people. Offering recommendations for services can be very helpful for both customers and the companies that are part of the recommendations. The trouble comes when your dealers aren't part of these aforementioned programs. In the scenario above, your dealers missed out on your business and will miss out on *all* the business afterward by not being a part of that service solution program. This lack of business is trickling up to you because your dealers aren't utilizing all their opportunities to sell the products you sell to them.

3. Pricing

Amazon Prime: great for customers, not so much for competitors. With lower rates from Prime, dealers can get *even lower* prices, along with the free shipping, which probably costs a bit less than what you mark up for your products. Even without Prime, Amazon still provides some of the lowest prices on products on a daily basis. Amazon's pricing strategy has it underselling even the big retailers like Walmart, Target, and Best Buy.

So how do you combat these undercuts? The retailers that have to compete head on have turned to price matching. But being such giants, they can afford that kind of margin. The question is – how can you sustain your margin while still holding on to your market share? We've got some insights coming later in this series, but it mostly boils down to adding value.

You Can Compete With Amazon...

But not head on. The logistical machine is too much for even the biggest. Amazon is riding a tide, which may never break upon the shore. Through changing market environments and the insertion of technology, it has ridden this wave by amplifying its logistics.

Because of this, Amazon is taking your business. It's gathering up fleeting loyalty and undercutting pricing. You probably don't have the same resource surplus, though, so what can you do to compete?

You need to add value, not only to your business, but for your customers as well. You have the ability to improve *your* business by improving the business that your resellers, dealers, and customers do. Become a valued partner to them and you will inspire loyalty that will beat out Amazon every time.

Interested in what you can do to stay ahead of the game? Stay tuned for more details on how to win against this giant.

Or

Contact TIMBR - HMI to learn more about how you can add value to your business.