

Amoretti: How a Manufacturer Found Success in Direct-to-Consumer Retail with Amazon Webstore



“Amazon Webstore is defining our retail business. It’s helped us find millions of customers we never knew we had.”

Paul Barsoumian

Director of Customer Services
and Online Operations

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About Amazon Webstore

Executive Summary

Amoretti is one of America's leading wholesale manufacturers of flavorings for Fortune 500 food and beverage makers. After more than 20 years in business, Amoretti's management team decided to expand into direct-to-consumer retail sales, even with limited expectations of profitability.

After several false starts with various eCommerce platforms, Amoretti built its new site on Amazon Webstore, where the company could benefit from Amazon's proven eCommerce infrastructure while building its own Amoretti brand with a retail audience.

The high volume of sales and greatly reduced shipping costs have convinced Amoretti to expand its retail efforts into hundreds of products.

The Challenge: Adding a Retail Sales Channel

About Amoretti

Amoretti is one of the country's leading wholesale suppliers of flavorings, offering 2,500 pastry, savory, and beverage ingredients to major food makers around the world. Customers include Fortune 500 industrial bakeries, as patisseries, chocolatiers, ice-creameries, five-star hotels and restaurants, and even presidential and royal palaces.

Jack Barsoumian, an organic chemist from Egypt with a strong entrepreneurial drive, founded the family business in 1989 in Chatsworth, California. His scientific knowledge and exceptional understanding of flavor relationships have helped Amoretti continue to expand into new areas such as martini mixes and gourmet coffee flavoring syrups.



Even as Amoretti grows, management of the company has stayed in the family. Jack still works as chief executive, his brother Ara is president of manufacturing, and his wife Maral is president of marketing. A nephew, Paul Barsoumian, is director of customer services and manages Amoretti's online operations.

Planning for Retail

Amoretti has always operated as a wholesale supplier, and for more than 20 years saw no need to alter its business model by selling retail, directly to customers. That changed when the executive team decided about three years ago to experiment with direct selling online.

Among the reasons for the new strategy was the potential to bring products to market faster and at less expense than was possible with the wholesale channel. The management team realized that a few hundred of Amoretti's thousands of products were suitable for retail sales, such as premium syrups, olive oil and vinegars, and cocktail mixes. Most other Amoretti products are best suited only for bulk sales to large food and beverage manufacturers or are made-to-order for large customers.

Selling directly to customers is an expensive venture for a company like Amoretti, where its products often are shipped from its warehouse in steel barrels weighing hundreds of pounds. But the Amoretti team knew that its retail branding and packaging for individual products must reinforce the company's reputation as a high-end, high-quality supplier of products to the world's leading food and beverage manufacturers.

Amoretti developed attractive, sophisticated packaging for several products targeted at the retail market and then began implementing the online retail channel.

Shopping Cart Setbacks

Amoretti, for several years, has maintained a corporate website (<http://www.amoretti.com>) for providing information about the company and its products. With the decision to sell direct to consumers, Amoretti began experimenting with shopping cart technologies to enable customers to order products from the corporate site. Adding eCommerce capability to the existing corporate website was a difficult process that failed to meet expectations and was soon abandoned.

The next attempt, according to Paul Barsoumian, was to develop an Amoretti website with eCommerce as its sole purpose, which meant its structure, design, and messaging all reinforced the call-to-action to purchase Amoretti products from the site.

Once more, the shopping cart technologies Amoretti employed proved difficult to operate and manage. Listing products for display on the site was complicated and time consuming, and there were significant problems with processing and tracking orders. The company continued searching for a better shopping cart solution.

The Solution: A Branded eCommerce Site

Amoretti built their new eCommerce site on Amazon Webstore in 2011 with measured expectations of success, according to Paul Barsoumian. The initial sales were encouraging, and Barsoumian recalls that the increase in feedback they received from consumers was an unexpected benefit. In its many years as a wholesale supplier, the Amoretti team had seldom received comments directly from end-users.

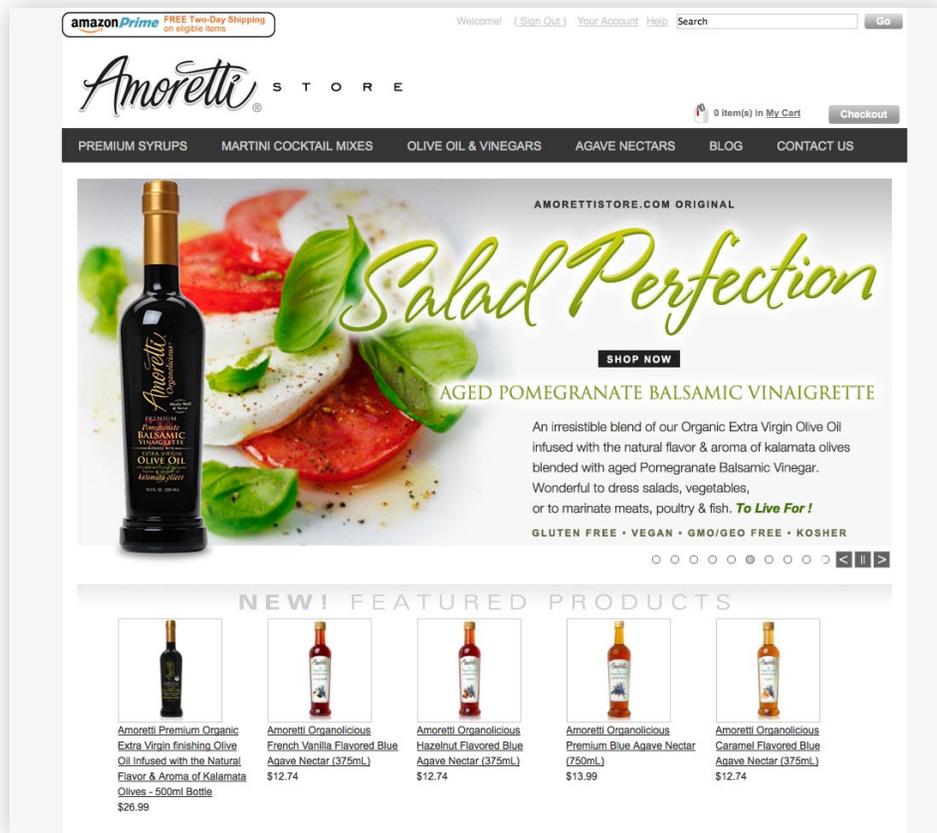
“Getting set up on Webstore is quick and simple. You don’t need to be a genius to do it. I’ve worked with other systems that are messy and clunky by comparison.”

A Quick and Simple Conversion

The success of the few initial listings prompted the Amoretti team to take the next step in the Amazon Services offerings, signing up for the Amazon Webstore program in mid 2011. This provided Amoretti with a fully branded website (www.amorettistore.com) utilizing Amazon’s shopping cart technology, Amazon Prime FREE Two-Day shipping, and other Amazon features alongside their own Amoretti brand.

One of the initial advantages of Amazon Webstore was the ease of establishing the product listings. “Getting set up on Webstore is quick and simple,” Barsoumian says. “You don’t need to be a genius to do it. I’ve worked with other systems that are messy and clunky by comparison.” Products targeted for retail sales are photographed in the Amoretti offices, with images, product descriptions and other pertinent information uploaded in a matter of minutes.

“Within 20 minutes, we can take a photo of a product, list it on Amazon Webstore and have people purchasing it by the end of the day,” Barsoumian adds. “When we originally started on Amazon, we listed only a handful of our products and now we’re up to about 150 and steadily growing.”



Amoretti’s new eCommerce site, at <http://www.amorettistore.com>, is built on Amazon Webstore and has been a key part of the company’s direct-to-consumer success.

New Channel, More Revenue

As Paul Barsoumian explains, because Amoretti had no functioning retail channel until it started with Amazon, statistics related to revenue growth tend to be magnified. “We’ve essentially gone from nothing to six months of exponential growth,” he says. “If I told you we’ve had a 1,000 percent increase in sales, that statement would be accurate and probably conservative. To us, the growth’s been staggering.”

An important metric for Amoretti is the comparison with the company’s wholesale revenues. At the end of just the first six months on Amazon Webstore, sales from the online retail channel amounted to about five percent of the company’s wholesale revenue. “We never thought retail would be a profitable avenue for us, but something we ought to try. In fact, it’s been absolutely profitable and will continue to be.”

The ongoing success of Amazon Webstore for Amoretti has significantly altered the company's distribution by adding an entirely new sales channel. "Amazon Webstore is defining our retail business," Barsoumian says. "It's helped us find millions of customers we never knew we had."

Hearing the Customers

A key benefit for Amoretti of selling on their Amazon Webstore-powered site has been direct customer feedback from the Amazon-powered reviews they've enabled on the product pages, providing the company with a wealth of market research. Even though its wholesale operation has been highly successful, Amoretti has had very little contact with actual consumers of the products.

Consumer experience is critically important in the retail market, where product qualities as diverse as taste, packaging, and price can determine whether Amoretti or a competitor gets the sale. "With Amazon Webstore, I can list an item and by the end of the week not only find out whether people liked it, but also whether they liked the packaging, which is huge for us," Barsoumian explains. "For instance, we package our syrups in a clear plastic tube with a free pump and a brochure – and the whole package has been getting stellar feedback."

The value of immediate consumer feedback is that it gives Amoretti the opportunity to correct potential problems quickly instead of being unaware. "Before, we'd sell a bottle of our French vanilla syrup and it would end up in a restaurant somewhere in Kansas and we'd never really know what the customer thought about our product. Now we know really quickly if we need to change something or if we're headed down the right path."

Reduced Shipping Costs

Amoretti operates a sizable warehouse at its California facility from which it ships its products daily. When the Amoretti team decided to launch a retail channel, the decision was made to fulfill those orders from the warehouse as well.

Shortly after Amoretti began selling direct-to-consumer, however, the New York Times ran a positive review lauding one of Amoretti's olive oil offerings. Thousands of orders began pouring in and the company confronted a shipping nightmare in its warehouse. It was clear to the Amoretti team that the warehouse and staff were not suited to the demands of retail shipping. "In our warehouse, I'd rather ship 2,000 pounds in one 2000-pound container rather than ship 2,000 pounds in 2,000 different containers," Barsoumian says.

"We never thought retail would be a profitable avenue for us, but something we ought to try. In fact, it's been absolutely profitable and will continue to be. But we cannot do it without Amazon, and we're incredibly excited about the future."

"With Amazon handling fulfillment, our shipping-related expenses for retail have come down 800 percent. The numbers are mind-boggling."

The Amoretti team found a solution in Fulfillment by Amazon (FBA), a division of Amazon Services that interfaces seamlessly with Amazon Webstore. “We’re not equipped here to ship thousands of orders a day,” Barsoumian adds. “But that’s exactly what Amazon does.”

Through FBA, Amoretti now stores inventory in an Amazon fulfillment center, and as orders come in, Amazon packs and ships directly to the customer. Amoretti products that are part of the FBA program are eligible to ship with Amazon Prime two-day shipping. “Even though our potential customers may not recognize the Amoretti brand, they sure recognize the Prime logo,” says Barsoumian, “And our data clearly shows that customers prefer to select an item which is eligible for Amazon Prime.”

An unexpected benefit to Amoretti was the dramatically reduced cost of having Amazon ship Amoretti’s retail products, compared to the cost incurred in having them shipped from the Amoretti warehouse. “With Amazon handling fulfillment, our shipping-related expenses for retail have come down 800 percent,” according to Barsoumian. “The numbers are mind-boggling.”

Amoretti is continuing to convert all of its retail line to be eligible for FBA, including replacing glass bottles with plastic ones to ensure safer shipping.

Support from Amazon

The Amoretti experience of selling on Amazon Webstore has been enhanced by the consistent quality of Amazon’s customer support, says Barsoumian. “Whatever issues we’ve had, we’ve had awesome support from Amazon, particularly concerning our web programming. Always within a couple of hours we’ve received a complete response.”

He applauds both the technical support and the account support, which has helped Amoretti to steer an effective and productive course in its online retail channel.

“I’ve been impressed that here we are, working with Amazon, one of the top 10 companies in the country, and at the end of the day it’s still one person talking to another person,” Barsoumian says. “I feel like I have a personal connection with Amazon. It’s just mind-blowing how a company so enormous can provide such phenomenal customer service. We’ve always bent over backwards to please our customers, and Amazon’s bending over backwards to please us.”

Conclusion

The Amoretti decision to use Amazon Webstore as its retail sales channel has proven successful for the company. Retail sales have far exceeded expectations.

Not only has the level of sales activity come as a surprise to Amoretti’s management team, but several other unforeseen benefits are having positive effects on the company’s bottom line.

For example, shipping costs are greatly reduced below the original plan where retail orders would be shipped from Amoretti's existing warehouse that handles the company's large wholesale business. Amoretti executives quickly saw that Amazon's longstanding expertise in fulfillment and shipping was far more cost-effective than handling retail fulfillment in-house.

Another surprise benefit was the immediate consumer feedback Amoretti receives from sales via Amazon Webstore. Amoretti executives can learn almost immediately what is being well received and what could prove problematic in product quality, packaging, and messaging – any of which could prove to be expensive mistakes if not acknowledged and corrected.

Ultimately, Amoretti's executives view Amazon Webstore as part of their team. Working together, Amoretti and Amazon have redefined the wholesale manufacturer's business model and sales-distribution strategy, with increased revenues as the welcome result.

“The success we've been having is really cool and it's something we hope to grow, obviously. Over the past six months it's really skyrocketed and that's solely attributable to Amazon.”

About Amazon Webstore

Amazon Webstore is a complete commerce platform that enables companies to leverage Amazon technology and expertise in building and managing their direct-to-consumer business.

Commerce sites built on the Amazon Webstore platform utilize Amazon's powerful cloud infrastructure and payment processing technology to deliver a scalable, secure online shopping experience to customers. Amazon Webstore also integrates seamlessly with selling on the Amazon Marketplace and using Fulfillment by Amazon, Amazon Prime, and other Amazon Services.

To get started with Amazon Webstore, visit the website at <http://webstore.amazon.com> or [contact the Amazon Webstore team directly](#).