

zone

Process to Profit:

How to double your business while reducing your costs

SME Category
FreestyleXtreme

Executive Summary

This paper shows how the skilful nurturing of a community, combined with a series of technical process improvements, can deliver transformational sales effects for an e-commerce website.

FreestyleXtreme (FX) is a Motocross apparel and clothing e-commerce site started by a group of friends who shared a passion for freestyle and extreme sports. In 2010, it had a small Facebook presence and a website whose functionality was found wanting in a variety of different ways.

By the end of 2011, the FX Facebook community had quadrupled and garnered some impressive engagement statistics. We implemented a series of back-end changes to the site that revolutionised how orders were processed and fulfilled – a system that could previously handle 200 orders a day could now handle 600.

The result: 49% year-on-year revenue growth whilst simultaneously reducing operating costs by at least 10%. This has allowed the business to effectively double without the need to recruit a single additional staff member. Even more impressively, customer lifetime value has improved by 20% thanks to back-end efficiencies.

As FX looks to 2012, the strategy is already expanding to new markets to make the year even bigger and better than 2011.

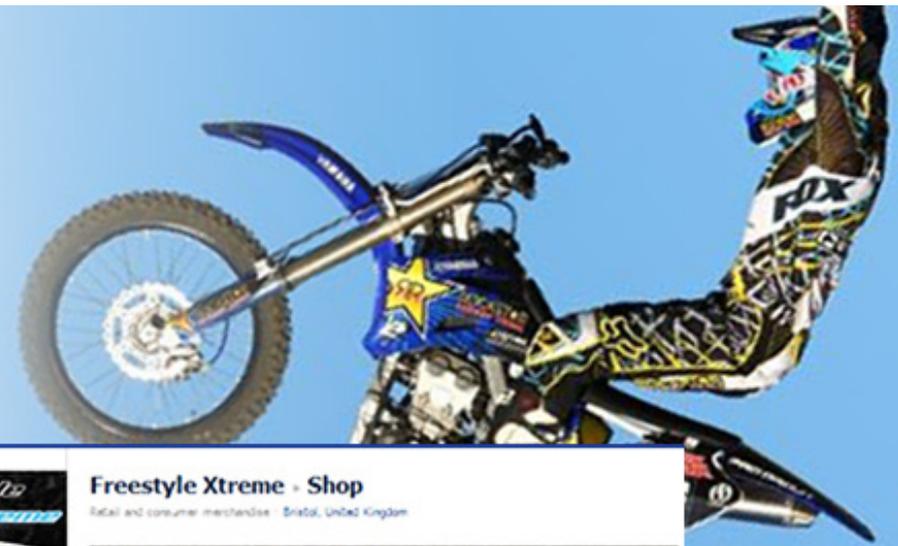
The screenshot displays the Facebook page for Freestyle Xtreme's shop. The page header includes the brand name and location: "Freestyle Xtreme Shop" and "Retail and consumer merchandise · Bristol, United Kingdom". The main content area features a grid of images showcasing various apparel items, including t-shirts, hoodies, and jackets, some with prominent logos like Fox and DC. Below the grid, there are sections for "Etnies" and "Apinestars" with images of riders and their gear. The left sidebar shows navigation options: Well, Info, Friend activity, Shop, Photos, and Videos. The "About" section provides the website URL and identifies the shop as a retailer for Fox, DC, and Etnies. Engagement statistics are shown as 68,378 likes and 5,874 people talking about the page.

Background

FX was founded in 2003 by a group of good friends who all shared a passion for freestyle extreme sports, with a focus on Freestyle Motocross. We provide casual wear, apparel and protection gear for all forms of two-wheeled sport but specifically motorsports Freestyle Motocross, Motocross and Superbike to passionate fans around the globe, via multilingual sites across Europe and a new site launched to the Australian market in January 2012.

Today, four out of the five original members are still leading the team and continue to work to ensure the ongoing growth of the FX brand globally.

The FX website is the one area that we felt let us down. It was old and slow, made mistakes and was lacking in many areas. We knew with a little bit of TLC and some minor tweaks there were some easy wins that could make a big difference to our business. We had high hopes for the impact of these new developments, alongside our marketing push, but the results far exceeded our expectations and hopes.



The collage features several elements:

- Freestyle Xtreme - Shop:** A screenshot of an online store showing various clothing items like t-shirts and hoodies, with a large white Fox logo overlaid.
- Facebook Page:** A screenshot of the Freestyle Xtreme Facebook page, showing the profile picture, cover photo, and a post about a car.
- Merchandise:** Images of t-shirts with the 'FAMOUS' logo and other branded apparel.
- Apine:** A logo for 'apine' with a red motorcycle below it.
- Other:** A small image of a car and a person's face.

The logo consists of a dark blue circle with the word "zone" written in white, lowercase, sans-serif font. The circle is partially overlapping a light grey background element.

zone

Objectives

Our goal is to become the market leader in casual wear, apparel and protection gear for all forms of two-wheeled sports.

As well as becoming a market leader, we're looking to increase sales, improve user loyalty, increase new visits and streamline our back-end processes to develop a more efficient workforce. This is the only way we can challenge gigantic competitors such as ASOS.com.

Encouraging new and unique visits was crucial and retaining loyal customers a high priority for our brand. This forms a key strand of the FX business model. We also wanted to attract new customers and make them into loyal fans too.

Scale of the Task

The two core questions at the heart of our marketing strategy were:

- 1) How do we increase our fan base, whilst retaining existing fans? And
- 2) How do we improve our internal processes to improve the fan experience?

FX has only a handful of competitors globally and a very loyal fan base localised across Europe. Our strong social media presence and following stood us in good stead to build the business, but we needed to utilise every tool at our disposal without interrupting the flow of the business.

The internet is where FX fans convene. Gaining access to them on their turf in the channels that they already operate (Facebook, Twitter etc) is how we planned to meet our business growth goals.

Supercharging Facebook

We observed that in 2010 we had approximately 15,000 Facebook fans, 19,583 of our site visits were from Facebook and we had 236 sales conversions from Facebook generating revenue of €22,117.21.

This insight revealed Facebook as the natural option for marketing focus. But there were a few barriers that could potentially hamper the customer journey. Although FX fans are on the internet, are they on Facebook? And how are they going to react to a flurry of FX activity? Would a change of tack put them off? How could we engage with these fans and persuade them to visit the site and make a purchase?

We looked at our whole web presence and started with the areas in which we had complete control.

Freestyle Xtreme
Retail and consumer merchandise · Bristol, United Kingdom

Wall Freestyle Xtreme · Everyone (Most recent)

Share: [Post](#) [Photo](#) [Link](#) [Video](#)

Write something...

Freestyle Xtreme
Ken Block's 2012 Monster Energy H.P.M.V. #radicalus

[Like](#) · [Comment](#) · [Share](#) · 3 hours ago · 6

575 people like this.

[View all 48 comments](#) [70 shares](#)

Write a comment...

Freestyle Xtreme
Yes, this is official nubs.

world first 720 double tailwhip - PISE Costa Rica vimeo.com

PISE Costa Rica world first on contact Daniel Sandoval 720 double tailwhip

[Like](#) · [Comment](#) · [Share](#) · 3 hours ago · 9

65 people like this.

Winning Formula

The overall strategy was to focus marketing on our core loyal audience on Facebook. We wanted to mobilise and build the Facebook community of FX fans. Simultaneously, we would improve our ordering and stock-control systems to service them as best we could to drive sales on the site efficiently.

Talking to fans directly and giving them what they wanted was, and is, key to building our fan base. Luckily we can relate easily to them, as our staff and business leaders are the demographic we target. Our team lives and breathes the FX brand. With this in mind, our plan of action for building the fan base fell into place. We began to:

- Post relevant videos of freestyle sporting celebrities
- Interact with the fans by responding to posts and comments they've made on our page
- Promote freestyle sporting events via our Facebook page
- Attend freestyle sporting events and post live commentary from them
- Run competitions
- Showcase products from the shop asking for feedback on what items were most liked
- Implement a shop app within Facebook

Addressing Back-End Processes

There were a few system changes that could be implemented to improve the back-end processes. These included a new order-processing system (OP System) and a new stock-control system (SC System). Both systems are vitally important to the business and were holding back business growth in their previous state.

We made these items a priority in the hope that some simple improvements would make a big impact on the daily running of the business, ensuring a better user experience.

A new automated stock-control system was faster and easier to use. It meant out-of-stock items would no longer appear on the website, so back-office staff could spend less time manually removing items from the site, disappointing communications with customers telling them their choice was unavailable, and processing refunds. It also allowed for cost price to be assigned at 'batch of stock' level, delivering more accurate profit and loss calculations.

The addition of a new screen in the order-processing system also meant we could quickly identify the orders that were running low on stock from external suppliers, and those orders fulfilled by the warehouse. The stock-control management system was addressed by improving functionality to make the system faster and easier to use. We also:

- Reduced the number of clicks needed to process orders (not only to speed up the process but to simplify it, thereby reducing mistakes and missed orders)
- Streamlined the work flow by separating complete and ready-to-be-sent orders from other channels that are in progress
- Introduced an allocation system that ensures packing stations receive an equal amount of items to pack
- Introduced a currency conversion tool on order basis so that sales reports in pounds sterling take account of variations in the exchange rate

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- Assigned cost price when booking in stock batches
- Introduced direct banking payment for Germany, helping us to globalise the business. This is key to the FX business model and an important aspect in encouraging growth
- Introduced new sorting and filtering options to the product list, so that product details can be updated quickly

These changes meant we could process a higher volume of orders more efficiently.

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Career Highlights

No one was prepared for the results these changes brought about. The combination of back-end changes and the Facebook marketing push made 2011, a year of economic decline, a blinding year for us.

The OP and SC system changes reaped unprecedented rewards that positively impacted the whole business. The OP system improvements meant that we could deal with significantly more orders with a requirement for less staff, instantly **cutting running costs by £60,000 per year** (a whopping 10% of our operating costs).

In the short term, this meant losing our loyal staff that had helped us to build the brand. But, luckily, the **100% business growth** meant we could re-hire these employees to service other areas of the business that were growing.

What's more, **customer lifetime value has improved by 20%** as orders are dispatched faster and fewer customers find that their desired items are out of stock.

A review of Facebook comparing 2010 and 2011 activity shows how quickly our fan base has grown:

	2010	2011	% Increase
Visits from FB	19,583	58,485	> 199%
Sales Conversions	236	775	> 228%
Revenue	€ 22,117.21	57,729.20	> 161%
Percentage of total site traffic	0.82%	1.44%	> 75%

- 2010 **website visits** were **2,390,195**. In 2011 this rose to **4,064,485**: an increase of **70.04%**.
- 2010 **unique visits** were **1,610,386**. In 2011 this increased to **2,465,754** a rise of **53.11%**.
- 2010 **transactions** were **37,744**. In 2011 this surged to **54,697** an increase of **44.9%**.
- 2010 **products sold** were **81,079**. In 2011 this grew to **107,937** a rise of **33.12%**.
- 2010 **average order value** was **€69.09**. In 2011 this grew to **€71.27** an increase of **3.15%**.
- 2010 **sales revenue** was **€2,607,576.36**. In 2011 this soared to **€3,898,076.68** an increase of **49.49%**.

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Après Ski

The implementation of the OP and SC systems are directly responsible for 2011's spectacular progress, increasing profitability, staff processes and fan retention.

As well as the back-end improvements, the marketing push had significant effects on delivery of sales, improved site traffic, increased the number of fans and daily interactions with them, and increased FX discussion online.

Streamlining processes has revolutionised our business and allowed it to double without the need to recruit a single additional staff member.

With the prospect of further improvements and bigger marketing strategies for 2012, we are well in sight of our ultimate goal of becoming the market leader, expanding to new markets to make this year even bigger and better than 2011.