# **Mini-Assortments!**

# **The DCA Annual Summit**

# Kevin Hillstrom President: MineThatData

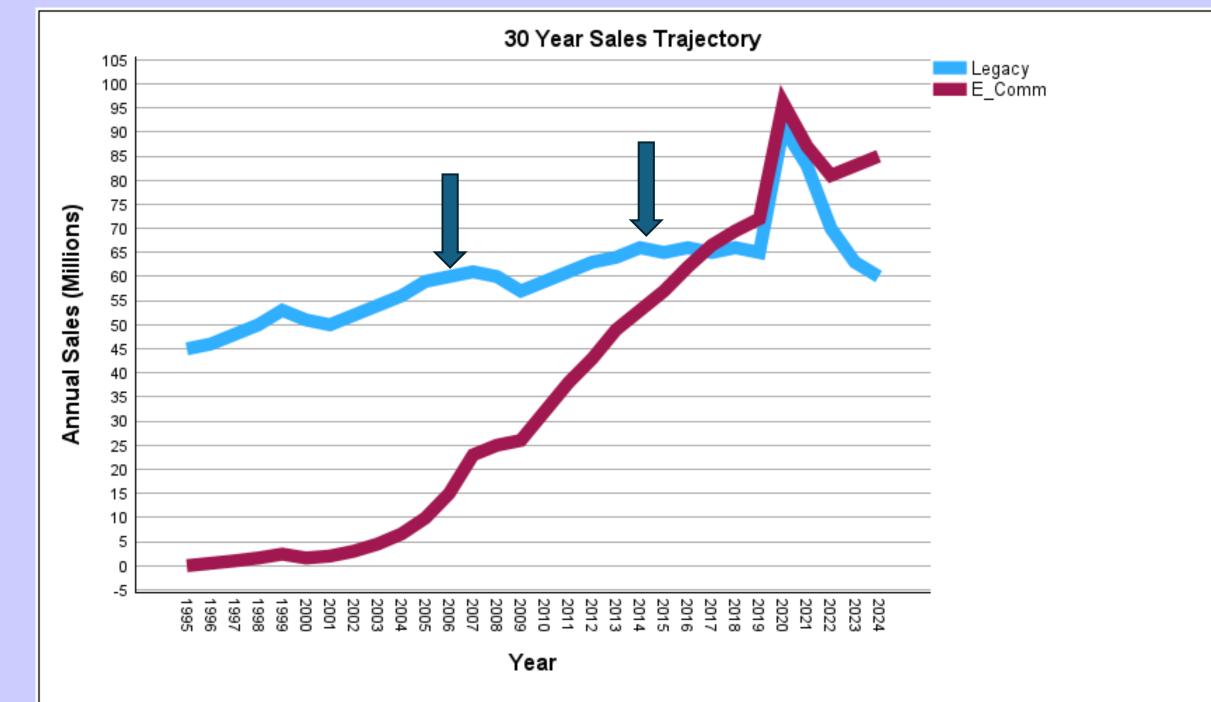
# **Two Different Business Models**

- **Legacy Brand**: Existed Prior to 1995. Has the DNA of marketing prior to 1995 within the genes of Leadership and Employees. Generates most of annual sales via ecommerce, but is not an e-commerce brand due to the DNA the brand possesses.
- **E-Commerce Brand**: Founded after e-commerce revolution. Does not have marketing DNA from pre-1995 tactics.

# **Different Business Challenges**

**Legacy Brand:** Increased catalog marketing costs paired with an aging customer base (i.e. lower response). Used to broadcasting a "product assortment" or "merchandise assortment".

**E-Commerce Brand**: Facebook / Google costs have increased as well. It's a similar challenge to a legacy brand, but it presents merchandise differently. More likely to leverage what I call "mini-assortments".



### What Is The Impact of 15% Paper/Printing/Postage Inflation Over Time? The Legacy Brand Challenge.

2020 Cost	= <b>\$0.55</b> Each	1								
Ir	nflation>	1.00	1.05	1.15	1.30	1.45	1.60	1.75	1.90	2.05
	<u>\$ per Book</u>	2020	<u>2021</u>	2022	2023	2024	2025	2026	2027	<u>2028</u>
10,000	\$5.53	\$1.66	\$1.64	\$1.58	\$1.50	\$1.42	\$1.33	\$1.25	\$1.17	\$1.09
20,000	\$3.91	\$1.02	\$0.99	\$0.93	\$0.85	\$0.77	\$0.69	\$0.60	\$0.52	\$0.44
30,000	\$3.20	\$0.73	\$0.70	\$0.65	\$0.56	\$0.48	\$0.40	\$0.32	\$0.23	\$0.15
40,000	\$2.77	\$0.56	\$0.53	\$0.47	\$0.39	\$0.31	\$0.23	\$0.14	\$0.06	(\$0.02)
50,000	\$2.47	\$0.44	\$0.41	\$0.36	\$0.27	\$0.19	\$0.11	\$0.03	(\$0.06)	(\$0.14)
60,000	\$2.26	\$0.35	\$0.33	\$0.27	\$0.19	\$0.11	\$0.02	(\$0.06)	(\$0.14)	(\$0.22)
70,000	\$2.09	\$0.29	\$0.26	\$0.20	\$0.12	\$0.04	(\$0.04)	(\$0.13)	(\$0.21)	(\$0.29)
80,000	\$1.96	\$0.23	\$0.21	\$0.15	\$0.07	(\$0.01)	(\$0.10)	(\$0.18)	(\$0.26)	(\$0.34)
90,000	\$1.84	\$0.19	\$0.16	\$0.11	\$0.02	(\$0.06)	(\$0.14)	(\$0.22)	(\$0.31)	(\$0.39)
100,000	\$1.75	\$0.15	\$0.12	\$0.07	(\$0.02)	(\$0.10)	(\$0.18)	(\$0.26)	(\$0.35)	(\$0.43)
110,000	\$1.67	\$0.12	\$0.09	\$0.03	(\$0.05)	(\$0.13)	(\$0.21)	(\$0.30)	(\$0.38)	(\$0.46)
120,000	\$1.60	\$0.09	\$0.06	\$0.01	(\$0.08)	(\$0.16)	(\$0.24)	(\$0.32)	(\$0.41)	(\$0.49)
130,000	\$1.53	\$0.06	\$0.04	(\$0.02)	(\$0.10)	(\$0.18)	(\$0.27)	(\$0.35)	(\$0.43)	(\$0.51)
140,000	\$1.48	\$0.04	\$0.01	(\$0.04)	(\$0.12)	(\$0.21)	(\$0.29)	(\$0.37)	(\$0.45)	(\$0.54)
150,000	\$1.43	\$0.02	(\$0.01)	(\$0.06)	(\$0.14)	(\$0.23)	(\$0.31)	(\$0.39)	(\$0.47)	(\$0.56)
160,000	\$1.38	\$0.00	(\$0.02)	(\$0.08)	(\$0.16)	(\$0.24)	(\$0.33)	(\$0.41)	(\$0.49)	(\$0.57)
170,000	\$1.34	(\$0.01)	(\$0.04)	(\$0.10)	(\$0.18)	(\$0.26)	(\$0.34)	(\$0.43)	(\$0.51)	(\$0.59)
180,000	\$1.30	(\$0.03)	(\$0.06)	(\$0.11)	(\$0.19)	(\$0.28)	(\$0.36)	(\$0.44)	(\$0.52)	(\$0.61)
190,000	\$1.27	(\$0.04)	(\$0.07)	(\$0.12)	(\$0.21)	(\$0.29)	(\$0.37)	(\$0.45)	(\$0.54)	(\$0.62)
200,000	\$1.24	(\$0.06)	(\$0.08)	(\$0.14)	(\$0.22)	(\$0.30)	(\$0.39)	(\$0.47)	(\$0.55)	(\$0.63)

# Mini-Assortments: Each Channel Possesses Customers With Specific Preferences

# Topic: It Can Be Expensive To Acquire Customers Via Digital Channels

	<u>Print</u>	<u>PLA</u>	<u>Paid Social</u>
	( ቀ 1 ር 0 0 )	(\$45.00)	(#45.00)
Acquisition	(\$15.00)	(\$15.00)	(\$15.00)
Year 1	\$22.00	\$15.40	\$11.00
Year 2	\$17.00	\$11.90	\$8.50
Year 3	\$13.00	\$9.10	\$6.50
Year 4	\$10.00	\$7.00	\$5.00
Year 5	\$8.00	\$5.60	\$4.00
Total Profit	\$55.00	\$34.00	\$20.00
Year 1-5 Value	\$70.00	\$49.00	\$35.00

# Topic: What The Customer Purchases (i.e. the skus the customer chooses) Dictate Long-Term Customer Value.

	Paid Social	Paid Social	Paid Social
	<u>Email Items</u>	<u>Print Items</u>	<u>PLA Items</u>
Acquisition	(\$15.00)	(\$15.00)	(\$15.00)
Year 1	\$16.50	\$13.20	\$8.80
Year 2	\$12.75	\$10.20	\$6.80
Year 3	\$9.75	\$7.80	\$5.20
Year 4	\$7.50	\$6.00	\$4.00
Year 5	\$6.00	\$4.80	\$3.20
Total Profit	\$37.50	\$27.00	\$13.00
Year 1-5 Value	\$52.50	\$42.00	\$28.00

Tactic: For Every Item In Your Product Assortment, Record The Primary Marketing Channel That Item Sells In, And If You So Desire, Record The Secondary Marketing Channel That Item Sells In.

Use The Information To Market "Portions" Of Your Assortment That Appeal To Customers Purchasing Within A Marketing Channel.

## Merchandise Residual Value: The Ability Of An Item To Build Customers Who Become More Valuable Than Average.

Tactic: Determine If An Item Has Positive Merchandise Residual Value (i.e. helps a customer spend more in the future) Or Determine If An Item Has Negative Merchandise Residual Value (decreases customer spend in the future).

Give preferential treatment to items that cause customers to spend more in the future.

#### **Merchandise Residual Value in Action**

### **Some Items Cause Customers To Buy More**





Meze 109 Pro Dynamic Open-Back Headphones

\*\*\*\*

\$649.00 \$799.00

You Save 18% (\$150.00) Starting at \$73/mo or 0% APR with all and See if you quilify

Introducing Meze Audio's first dynamic open-back headphones, a demonstration of their commitment to go beyond the faithful reproduction of sound to deliver pure emotion.

#### Want it Tuesday, Apr 30?

Order within 1 day 4 hrs 4 min and select One-Day Shipping.



1 item left



### Some Items Signal A Customer Is Done Buying





\*\*\*\*\* 6 Reviews

\$89.00 Starting at \$31/mo with affem See if you qualify

#### Now Shipping

A breath of fresh Air! The ZEN Air DAC is here to help you get the best audio quality from your phone, tablet, or computer. All at an unbeatable price.

Want it Tuesday, Apr 30?

Order within 1 day 4 hrs 3 min and select One-Day Shipping.

#### Condition



CONDITION

ADD TO CART

#### **The Mini-Assortment**

#### Rank-Order Sales, Divide Sales by Channel

#### **Mini-Assortment Analysis**

	<u>Totals</u>	<u>Print</u>	<u>Website</u>	<u>Email</u>	<u>Search</u>	<u>Social</u>	<u>Digital</u>
ltem #1	\$108,000	\$24,000	\$52,000	\$11,000	\$10,000	\$6,000	\$5,000
ltem #2	\$101,000	\$48,000	\$36,000	\$10,000	\$3,000	\$2,000	\$2,000
ltem #3	\$100,500	\$6,000	\$88,000	\$3,000	\$2,000	\$1,000	\$500
ltem #4	\$82,000	\$10,000	\$18,000	\$32,000	\$5,000	\$9,000	\$8,000
ltem #5	\$74,000	\$15,000	\$40,000	\$7,000	\$5,000	\$4,000	\$3,000
ltem #6	\$73,000	\$10,000	\$29,000	\$21,000	\$4,000	\$5,000	\$4,000
ltem #7	\$72,000	\$6,500	\$24,000	\$9,000	\$20,000	\$8,000	\$4,500
ltem #8	\$71,750	\$9,000	\$18,000	\$8,000	\$23,000	\$10,500	\$3,250
ltem #9	\$67,000	\$13,000	\$24,000	\$5,000	\$8,500	\$6,500	\$10,000
ltem <b>#10</b>	\$66,000	\$22,000	\$19,500	\$6,000	\$8,750	\$8,750	\$1,000

#### **Determine Mini-Assortment Assignment**

#### **Mini-Assortment Analysis**

Mini-

	<u>Totals</u>	<u>Print</u>	<u>Website</u>	<u>Email</u>	<u>Search</u>	<u>Social</u>	<u>Digital</u>	<u>Assort.</u>
ltem #1	13.2%	14.7%	14.9%	9.8%	11.2%	9.9%	12.1%	Core
ltem #2	12.4%	29.4%	10.3%	8.9%	3.4%	3.3%	4.8%	Print
ltem #3	12.3%	3.7%	25.3%	2.7%	2.2%	1.6%	1.2%	Website
Item #4	10.1%	6.1%	5.2%	28.6%	5.6%	14.8%	19.4%	Email
ltem #5	9.1%	9.2%	11.5%	6.3%	5.6%	6.6%	7.3%	Website
ltem #6	9.0%	6.1%	8.3%	18.8%	4.5%	8.2%	9.7%	Email
ltem #7	8.8%	4.0%	6.9%	8.0%	22.4%	13.2%	10.9%	Search
ltem #8	8.8%	5.5%	5.2%	7.1%	25.8%	17.3%	7.9%	Search
ltem #9	8.2%	8.0%	6.9%	4.5%	9.5%	10.7%	24.2%	Digital
ltem <b>#10</b>	8.1%	13.5%	5.6%	5.4%	9.8%	14.4%	2.4%	Social
Totals	\$815,250	\$163,500	\$348,500	\$112,000	\$89,250	\$60,750	\$41,250	

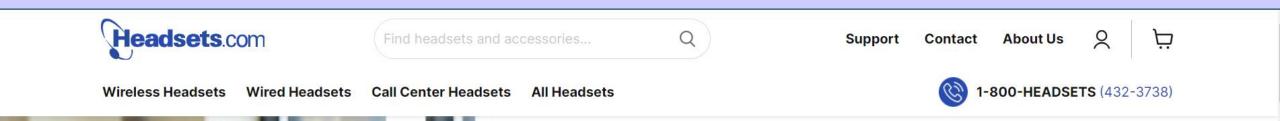
#### **Add Merchandise Residual Value**

#### **Mini-Assortment Analysis**

Merch

								Mini-	Resid.
	<u>Totals</u>	<u>Print</u>	<u>Website</u>	<u>Email</u>	<u>Search</u>	<u>Social</u>	<u>Digital</u>	<u>Assort.</u>	Value
ltem #1	13.2%	14.7%	14.9%	9.8%	11.2%	9.9%	12.1%	Core	Positive
ltem #2	12.4%	29.4%	10.3%	8.9%	3.4%	3.3%	4.8%	Print	Neutral
ltem #3	12.3%	3.7%	25.3%	2.7%	2.2%	1.6%	1.2%	Website	Negative
ltem #4	10.1%	6.1%	5.2%	28.6%	5.6%	14.8%	19.4%	Email	Negative
ltem #5	9.1%	9.2%	11.5%	6.3%	5.6%	6.6%	7.3%	Website	Positive
ltem #6	9.0%	6.1%	8.3%	18.8%	4.5%	8.2%	9.7%	Email	Neutral
ltem #7	8.8%	4.0%	6.9%	8.0%	22.4%	13.2%	10.9%	Search	Neutral
ltem #8	8.8%	5.5%	5.2%	7.1%	25.8%	17.3%	7.9%	Search	Positive
ltem #9	8.2%	8.0%	6.9%	4.5%	9.5%	10.7%	24.2%	Digital	Negative
ltem <b>#10</b>	8.1%	13.5%	5.6%	5.4%	9.8%	14.4%	2.4%	Social	Neutral
Totals	\$815,250	\$163,500	\$348,500	\$112,000	\$89,250	\$60,750	\$41,250		

### Legacy Brand / General Merch Style = Headsets.com





#### \*\*\*\*

"I love the products and really appreciate the excellent customer service that I have always received. You are an A+ company to deal with."

Donna Pantzer American Water Treatment | Sebastopol, CA

#### \*\*\*\*

"Your company should get an wonderful your Customer Ser to change anything."

Bonnie Reighard First National Ban

### Legacy Brand / General Merch Style = Headsets.com

#### **Us vs The Other Guys**

We couldn't resist adding a cheeky chart showing how we compare to "them."

	US	The Other Company
Warranty	5-years	1- or 2-years
Shipping	Free 2-Day	Not clear
Support	US-Based (and it rocks!)	Sent overseas to save a buck
Average Support Time	Phone: 6 sec avg answer Email: 11 min avg response	Phone: 3 min avg answer Email: 24 hr avg response
Returns	365 days. Yes, really!	Who do I send it back to?
% of Company solely helping end users	50%	3%
Free Trials	Yes! Always 60 days.	Not clear
Love Quotient	We love you. There you go, we said it,	They'd probably find it quite awkward to say



#### Legacy Brand / General Merch Style = Headsets.com

#### **Common Headset Questions**

#### What are the perks of using a wireless headset for an office phone?

Wireless headsets for office phones offer the advantage of mobility, letting users move around their office while staying connected to their call. This freedom of movement is great for tasks that require multitasking, typing, or collaborating with colleagues during a call. Also, the absence of cords reduces clutter!

#### How does a DECT headset work?

DECT headsets work by establishing a wireless connection to a base station or a DECT-enabled device. The base station is connected to the user's phone or computer, and the DECT headset communicates with this base station wirelessly. This technology provides a stable and secure connection, ensuring clear audio quality during calls.

#### What is noise cancellation when it comes to a wireless headset microphone?

Noise cancellation in a wireless headset microphone refers to the technology designed to reduce or eliminate unwanted background noise. This is especially useful in workspaces with multiple people.

#### What are the advantages of using a headset for phone calls?

Using a headset offers hands-free convenience, allowing users to multitask while on a call. It's particularly useful for tasks like leaving your desk, typing, or working out. Additionally, headsets provide better call





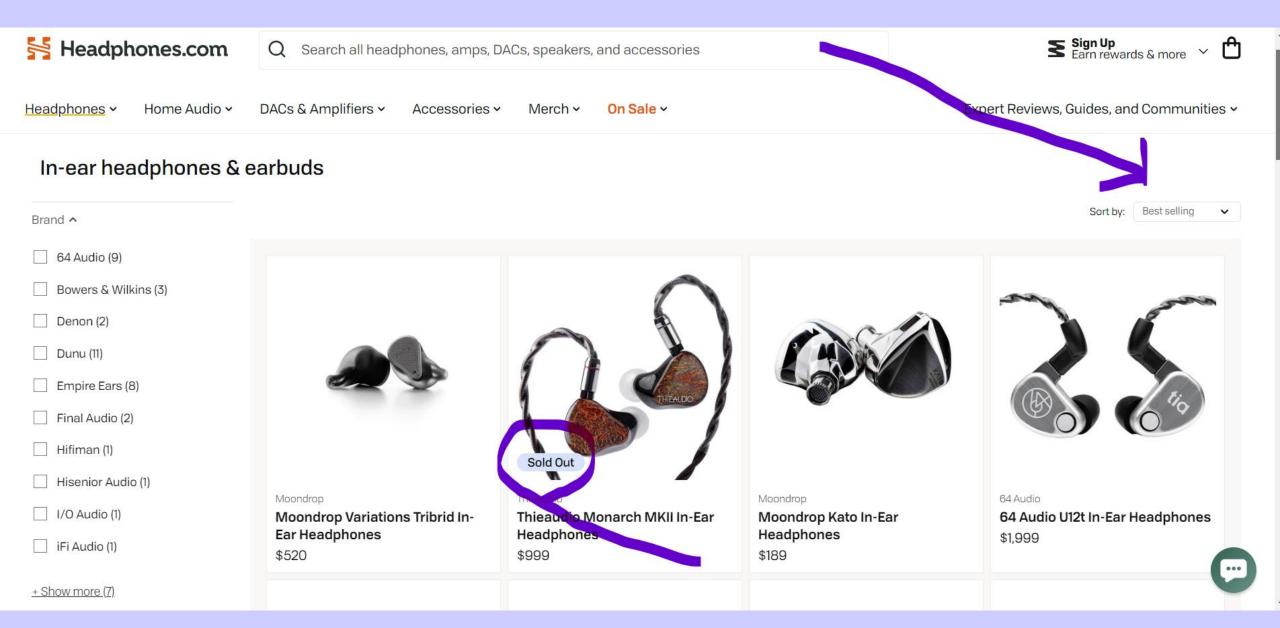
### Headphones.com

365 DAY RETURNS AND FREE SHIPPING ON ORDERS OVER		About Track Order Contact Us		
Headphones.com	Sign Up Earn rewards & more ~			
Headphones - Home Audio - DA	ACs & Amplifiers - Accessories - Merch - On Sale -	Expert Reviews, Guides, and Communities ~		
Focal Azurys & Hadenys				
Two new spectacular headpho in France from Focal have arriv Pre-Order Azurys		Hadenys		

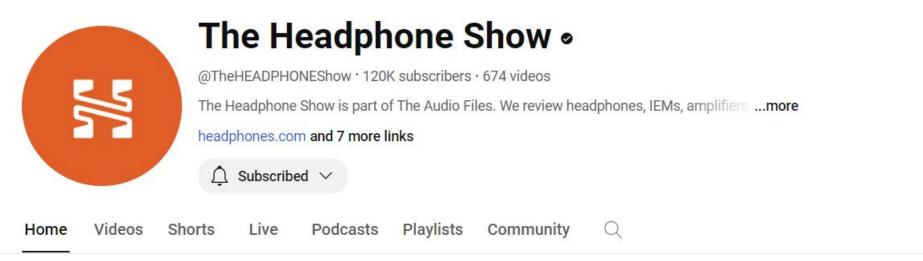
### Mini-Assortment at Headphones.com

<b>10 Day Weather</b> - Goodyear, AZ As of 4:38 pm MST					<mark>筹</mark> Headp	Advertisement
Thu 09   Night <b>59°</b> Clear skies. Low 59F. Winds WSW at 10 to 15 mph.			<b>⊰</b> WSW12	mph	IFI AUDIO ZEN AIR DAC AMPLIFIER \$99 CLICK	FOCAL CELESTEE HIGH-END HEADPHONES \$999 CLICK
<ul> <li>Humidity 15%</li> <li>Moonrise</li> <li>6:27 am</li> <li>Waxing Crescent</li> </ul>	<ul> <li>UV Index</li> <li>0 of 11</li> <li>Moonset</li> <li>9:36 pm</li> </ul>				MEZE AUDIO 109 PRO HEADPHONES - OPEN BOX \$649	SENNHEISER HD 599 HEADPHONES \$119.95
Fri 10 <b>92°</b> /62° 🧩 Sunny		✔ 0%	⊰ SSW 9 mph	~	CLICK -10%	
Sat 11 <b>94°</b> /63° 🧩 Sunny Sun 12 <b>97°</b> /66° 🔆 Sunny		/ 0%	⊰ WSW 14 mph	~	FOCAL CLEAR HEADPHONES	TOPPING DX3 PRO+ DESKTOP DAC & HEADPHO \$199
Mon 13 <b>100°</b> /68° 🔆 Sunny		/ 0%	🗳 SSW 11 mph	~	CLICK	СЫСК

### **They Signal FOMO To The Customer**



### **Use YouTube To Speak About A Mini-Assortment**



#### For You



New Focal headphones for 2024! Azurys & Hadeny Review

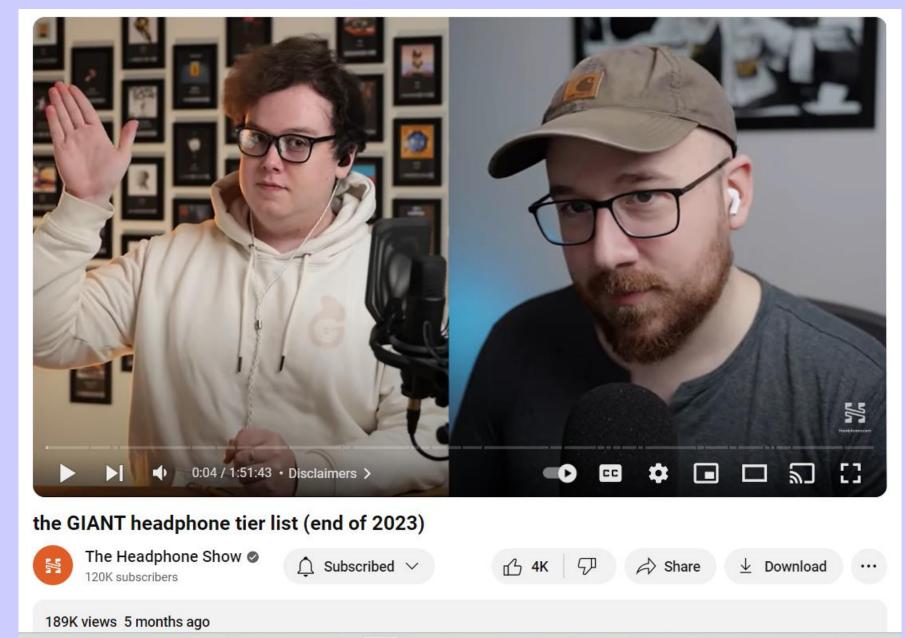
189K views • 5 months ago

and Friends

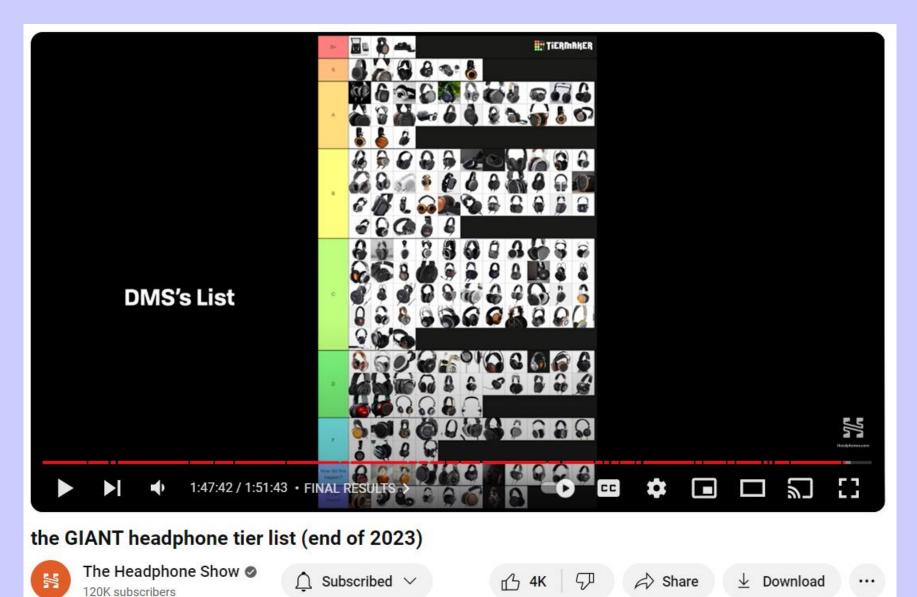
8.8K views · Streamed 1 month ago

29K views • 2 days ago

#### **They Created Their Own Influencers**



### Influencers Rank Headphones (Not Just Their Units)



### **They Promote Subsets of Their Product Assortment**

#### Resolve's Technical Analysis Play all

What sounds good? How we measure that? And how sure are we of the results? The audio industry is full of awesome products, contradictory research, strong voices, and endless questions. Resolv...



New Focal headphones for 2024! Azurys & Hadenys...

The Headphone Show ⊘ 29K views • 2 days ago



The world's best IEM? Subtonic Storm Review

The Headphone Show 18K views • 2 weeks ago



Kiwi Ears x Crinacle Singolo -Proof of concept

The Headphone Show ♥ 23K views • 1 month ago



How IEMs are BETTER than over-ear headphones!

The Headphone Show ⊘ 34K views • 2 months ago



How in-ears are OBJECTIVELY worse than...

The Headphone Show 41K views • 2 months ago

#### CanJam Interviews & Show Coverage Play all



LOTS of NEW headphones, familiar faces, big hints for...



The BEST things we heard at CanJam NYC 2023 Headphones that melted our brains

GOOD



These headphones made me

cry... Sennheiser HE-1 (mini...



Resolve & Crinacle talk SCIENCE with Dr. Sean Olive...

### They Invite The Competition To Talk About Mini-Assortments



## They Interact With Their (Sometimes Angry) Fans

← 🧑

r/headphones • 4 mo. ago

Elpreto2 Search bar=KING/SRH840a/Hip DAC 2/K240 mkii/Zero:RED/May/Zero 2

#### Why is Andrew testing the HE-1 with Spotify??? Is he stupid???

Meme Monday

/s because the flair is not enough



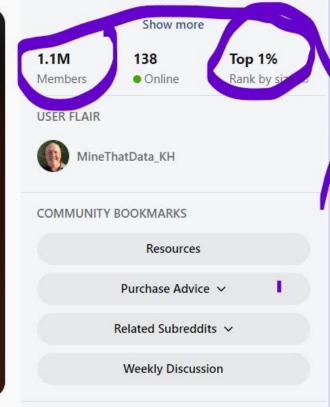
#### r/headphones

...

#### Joined

#### headphones: cans for nerds, stuff that matters

A place for discussion, news, reviews and DIY projects related to portable audio, headphones, headphone amplifiers and...



# They Host Their Own Forum (500,000 Members, Approximately 1 in 30 Purchase per Year)

The Headphones Community		Sign Up 🚨 Log In 🔍 📃
HEADPHONES.COM is proud to support this outstanding community of audio lo	vers.	VISIT HEADPHONES.COM >
categories		
Category	Topics	Latest
The Headphone Show This is the location to find all "The Headphone Show" content moving forward. It will be a series of locked threads for The Headphone Show to post in for easy access for forum members	1	New Here? This Is The Spot To Introduce4.6kYourself2h
to locate past and upcoming shows. Forum Announcements	8	What headphones do you have in your 381 collection and why? 3h
This is the spot to get the latest announcements for the forum to include Demo tours going live or any major announcements for the community.		Munich High-End 2024 10 Headphone News 5h
The Audio Files Discussion and comments on articles from the Headphones.com blog The Audio Files.	66	S Munich High-End 2023 55 7h
Official Gear Tours Hello everyone! Demo Tours will be placed here under their own categories. These tours will be limited to 5-10 people at a time	3	The world of Dongles3General DAC/Amp/DAP Discussion7h
with a maximum of 3 days of having the item(this may change as		Tuning EQ to your personal HRTF 29

### **They Review Headphones & Equipment**

#### Reviews

CATEGORIES:

#### ALL POSTS HEADPHONES IEMS DACS AMPS DAPS



#### Moondrop x Crinacle DUSK: An Inconvenient Truth

Crinacle's new DUSK was an IEM that was uniquely positioned to fulfill the wishes of consumers asking for an IEM tuned with the Brüel and Kjaer Type 5128 in mind. However, due to the reliance on the DSP cable to grant that wish, saying "Buy DUSK" isn't quite as simple this time around.

GRIFFIN SILVER · APRIL 14, 2024



#### Sennheiser IE 200 Review: Affordable, but is it good?

The Sennheiser IE 200 is the most affordable in-ear monitor in their IE line-up. At \$150, it's meant to bring the Sennheiser sound to the masses. But how much has changed from its bigger brothers IE 600 and IE 900 and is it any good?



#### Ferrum WANDLA GoldenSound Edition Measurements & Discussion

The WANDLA GoldenSound Edition features several changes over the original, and slightly different measured behaviour. CAMERON OATLEY · MARCH 26, 2024



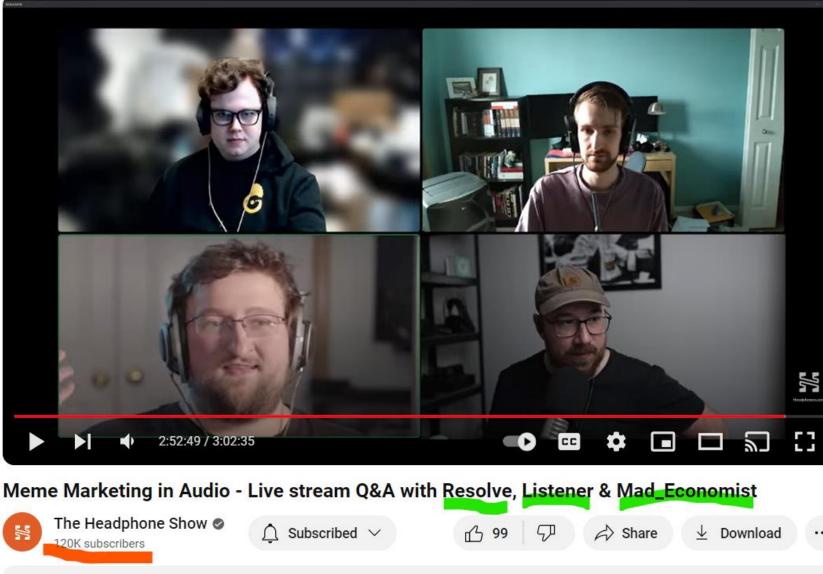
#### Tanchjim Origin: Back to Basics?

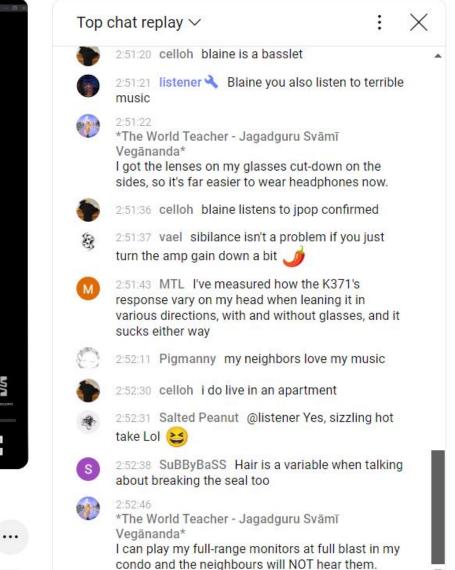
The Origin is Tanchjim's latest flagship DD IEM. The brand last struck gold with their Oyxgen IEM – almost five years ago. Does the Origin capture some of that original magic?

THEO LEE · MARCH 20, 2024

CALEB LOO · MARCH 30, 2024

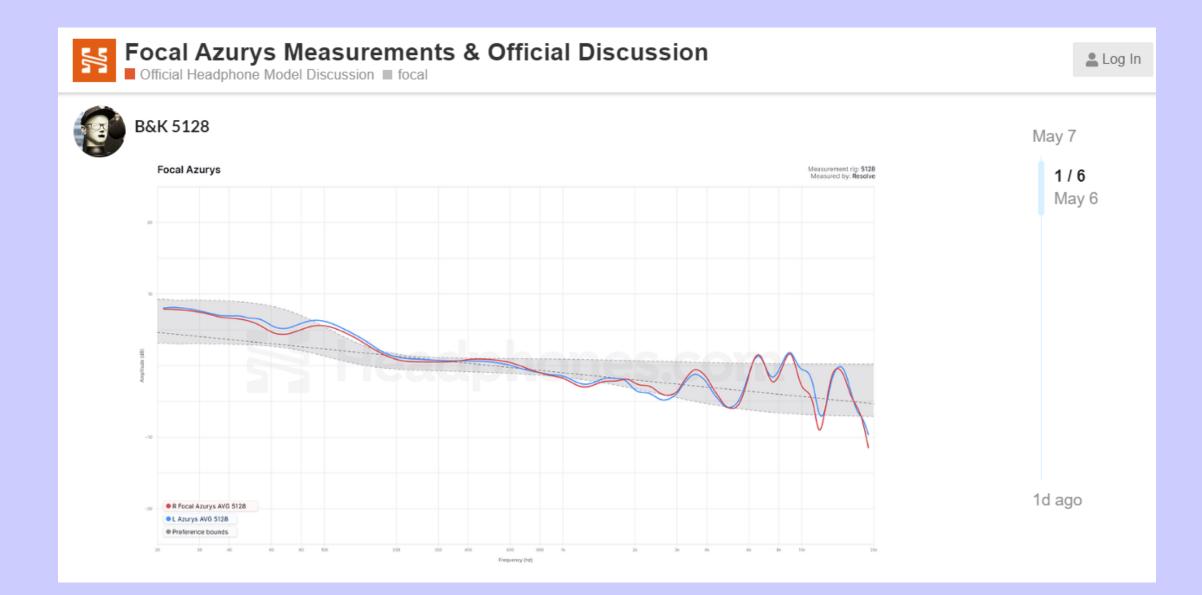
### **They Host Live Streams With Fans**



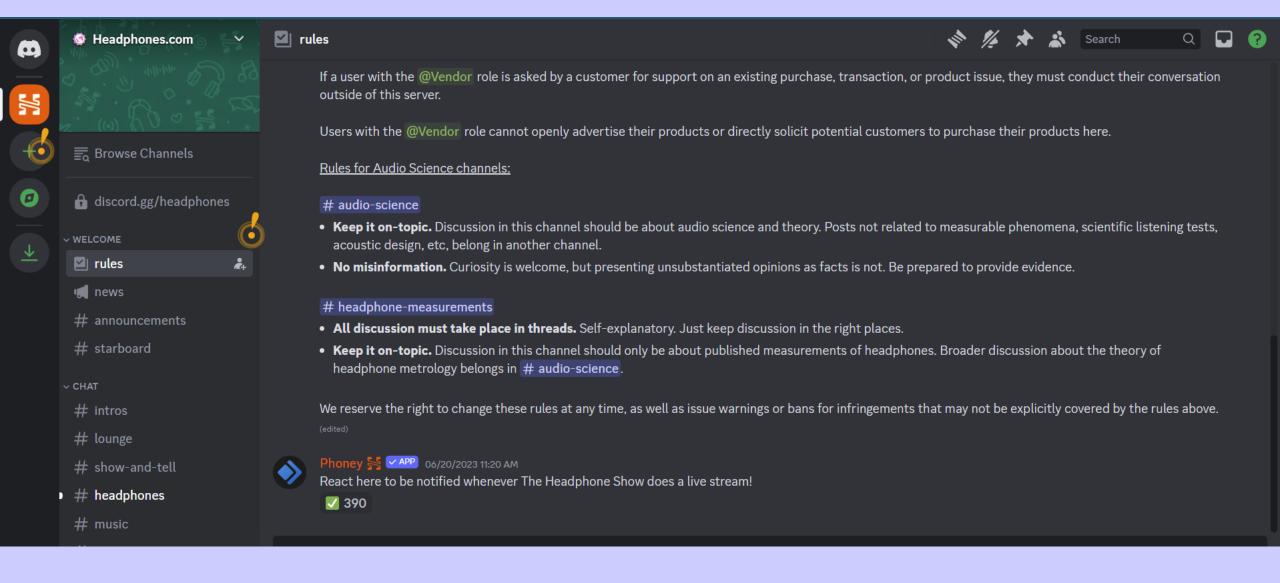


4.4K views Streamed 12 days ago The HEADPHONE Show Live Streams

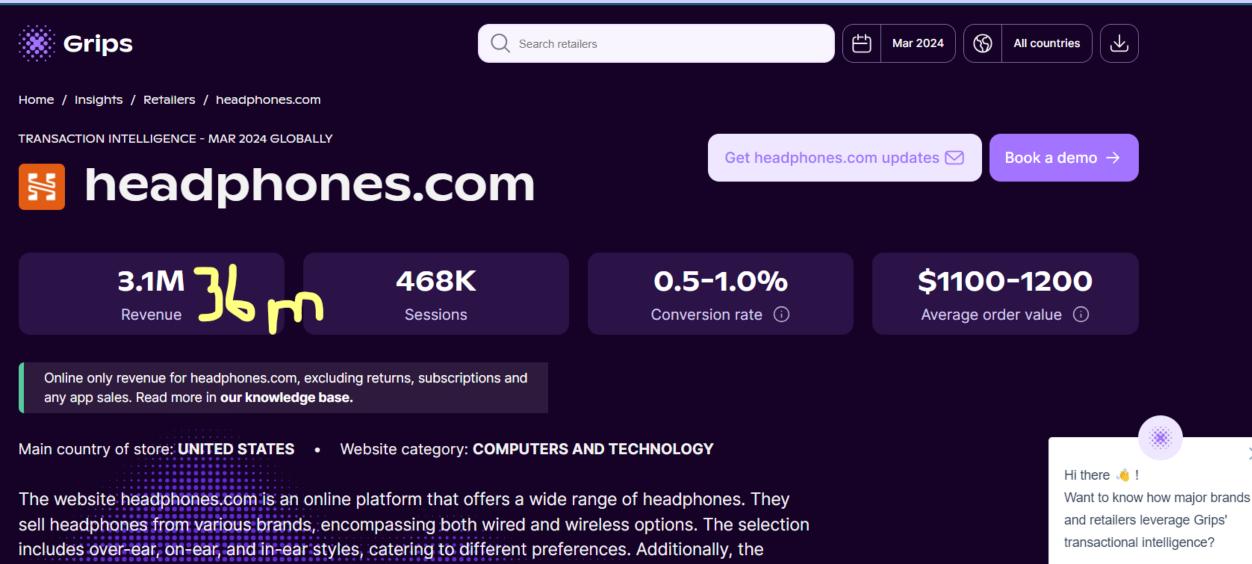
### **They Perform Scientific Measurements**



### They Follow Their Customers Off Platform (Discord)



## Not A Huge Brand: Probably Drive More Business To Amazon Than To Their Own Website



Х

website also provides headphone accessories such as cables, earpads, and cases.

### It Is Time To Be Creative

For an estimated \$36,000,000 annual net sales brand, Headphones.com has creative employees working ridiculously hard to build a community that will (hopefully) choose them over Amazon (I chose Amazon, sorry) for their purchasing needs.

They don't hire influencers ... they ARE the influencers!

They leverage mini-assortments within their community to generate purchases.

# Kevin Hillstrom Twitter: @minethatdata Blog: blog.minethatdata.com 206-853-8278