

Alfred Lin: branding happiness

Zappos exec finds success through customer service

By Leslie Mladinich

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SAN FRANCISCO — Figuring out your company's culture and deciding when it's necessary to change are two key steps to building a successful company and keeping it alive with a strong brand, said Alfred Lin, chief operating officer and chief financial officer of Zappos, arguably one of the best branding companies to use the Internet as its sales door.

At the Real Estate Connect conference on Thursday, Lin outlined many steps and values that all companies — whether it's shoes or real estate — should follow. With a culture focused on building a dream team of visionaries, scientists and artists, and where customers are happy because the employees are happy, Zappos's success has been largely driven by repeat customers. Customers will make 10 million Zappos purchases a month, and repeat customers will make 2.5 more purchases in the next 12 months.

Even with these proven methods and going from zero profits in 1999 to \$1 billion last year, Zappos has been and continues to embrace its own change. It canceled a drop-ship method of delivering inventory that dealt too heavily with outside vendors not living up to its standards — even though it translated in a 25 percent decrease in revenue — and it wants to diversify its stock to appeal to a wider customer base and people who know Zappos solely for shoes.

Lin calls Zappos a customer service company that “just happens to sell shoes,” but Zappos will concentrate more heavily on clothing in the future. Its familiar motto, “powered by service,” is evolving into “delivering happiness.” New Zappos advertisements show consumers getting happiness in a box with a transforming wardrobe.

Lin spent part of his address dissecting and analyzing happiness, from what he called “rock star,” or quick-lived, happiness to a middle, more even flow to finally a higher purpose and more meaningful form.

“Finding higher meaning for us will be about delivering happiness,” he said. “There's a science behind business: get to happiness more quickly.”

In an interview with Inman News, Lin said in his personal dealings with real estate — his wife happens to be a Realtor — the happy, pleasant, customer service-oriented part seems to be the showing of properties.

“But when it comes time to getting the deal done and getting it closed, sometimes it's rushed and sloppy with a lot of passed documents.” Realtors are often too harried to explain thoroughly and succinctly, leaving Lin to ponder: “What about the documents? What do they say?”

In a swirl of competition and repetition among the backdrop of a recession, real estate companies may look at what Zappos did in order to stand out.

“You have to do something different from other companies. When the company was founded in 1999, we decided not to compete on price but on customer service,” he said.

Now is the perfect time for real estate and related companies to sit back and excavate ideas they've been too busy to get to in order to grow.

“In any downturn, it's the best time to start new initiatives,” he said.

Another business known for its customer service, Amazon.com has reached an agreement to buy Zappos.com in a deal valued at \$847 million. The two companies are in a quiet period now because of the announced deal, so Lin was mum on the subject, but he did relate the probable acquisition to another tenet of building a strong business with branding: forming relationships with partners as opposed to solely networking.