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feature article

June 2006



The Fidelity Factor

Via absurd content and pioneering technologies, Moosejaw goes all out for customer loyalty

By Bill Siwicki

Conventional wisdom does not count idiocy among the optimal ways to earn customer loyalty. Executives at Moosejaw Mountaineering, however, beg to differ. And they proclaim it loudly with their company motto, "Love the madness."

"People routinely return to our site to see what idiocy we've posted today," says Robert Wolfe, founder of the multi-channel retailer.

The idiocy can be found in a large, content-driven area of Moosejaw.com dubbed Moosejaw Madness, which offers shoppers myriad absurd amusements and games. This kind of entertainment is one piece—the largest—of a novel customer loyalty strategy the company has been implementing. The plan also includes the use of three technologies rarely found in e-retailing today: text messaging via mobile phones, podcasting, and e-commerce via mobile phones and PDAs.

What to do on a first date

Moosejaw has tied the madness and technologies together in a way it believes will keep its customers, the largest segment being in their teens and 20s and fond of games and ubiquitous connectivity, returning to the site. Entertaining customers as well as enabling them to use the technologies they prefer boosts their desire to make the site a regular destination, Wolfe says. "We have the youngest demo in our industry. Their phones are in their pockets, they're always text messaging and they like being entertained," he says. "The business angle is plain and simple—to create loyalty."

The company's primary strategy to engender customer loyalty is the ongoing expansion of Moosejaw Madness. Ironically, this section does not include any products for sale. Instead, it's a screwball online meeting place for customers to post pictures from mountain peaks of them planting the Moosejaw flag, listen to "Grandma's Podcast," play Rock-Paper-Scissors to win products, ask for dating advice and participate in movie trivia contests—among many other things.

In Moosejaw Mountaineering stores, it's easy to have fun interacting with customers; the company believes it's this kind of easy-going and sometimes ridiculous interaction that compels a customer to return as well as tell others about Moosejaw and its products. "In the stores people are dancing on the counters, turning up the music and screwing around," Wolfe says. "That's the attitude we like to project."

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To win customer loyalty online, Moosejaw decided it needed to recreate that bricks-and-mortar atmosphere on the web. The result was Moosejaw Madness.

"I used to think cultivating customer loyalty on the web was virtually impossible," Wolfe says. "Now, the madness home page gets the second highest number of clicks on our site, second only to the North Face product page."

The Internet and other technologies enable the company to entertain its customers in ways it never could in a store. Most customers can't visit a store everyday to be amused, but they can visit the web site, download a podcast, play movie trivia on their mobile phones, post pictures of their climbing feats and interact with the company at any time through the Internet or mobile devices.

"In the stores, for example, we post pictures of customers on mountaintops with the Moosejaw flag. It's expensive to have all these photos printed and mounted and then have multiple framed prints sent to all our stores. And once there, there's a limited amount of space to hang pictures," Wolfe explains. "On the Internet, though, we only have to do this once per picture. It's much less expensive. And we have an essentially endless amount of space to post countless customer pictures. You just can't do this in the stores."

Customers' pictures are only one piece of the bigger picture. "Overall, we've been creating an online community that customers want to regularly visit because it's fresh and funny and they enjoy it," Wolfe says. "And today, I think we're better with 'the madness' online than we are in the stores."

All the right moves

Given the younger demographic of its customers and the highly competitive product category, Moosejaw appears to be doing all the right things to develop loyal relationships with customers, says Jim Okamura, senior partner at J.C. Williams Group Ltd., a global retail consulting firm.

"That's a challenge with the fickle young consumer. However, Moosejaw's tactics seem to be right on," Okamura says. "This effectively differentiates the company and positions it to be a young, cool brand vs., for example, Recreational Equipment's serious authority figure."

Founded in 1992, Moosejaw Mountaineering sells apparel and gear for numerous outdoor activities and operates seven stores, three catalogs and the e-commerce site. (Wolfe describes one of the catalogs, which keeps with the madness theme, as "total nonsense. It's so dumb that when I'm dealing with suppliers face to face I want to walk away from them.")

This fall the company will begin expanding into action sports, which include snowboarding, skateboarding, surfing and other "extreme sports" that appeal to the company's primary demographic—young adults in their teens and 20s. "We did not tailor our company to people in this age group, our demographics simply evolved that way," Wolfe says.

Moosejaw—whose competitors include Recreational Equipment Inc., Backcountry.com, Mountain Gear Inc., Summit Hut Ltd. and US Outdoor—launched its site in 1995, the antediluvian days of e-commerce; first-year web sales totaled \$13,000. Fast-forward a decade: Online sales last year climbed 61.3% to \$12.5 million compared with \$7.8 million in 2004,

according to Internet Retailer estimates. Moosejaw anticipates at least 50% online sales growth this year.

“The company should have a strong growth curve for many years to come,” Okamura predicts. “The challenge to sustained growth, though, could be expanding the number of customers outside its younger demographic.”

A Bluefly in the ointment

In April the company launched a completely redesigned web site, which it does on an annual basis. It changes the home page every week and tweaks site design throughout the year. “We look to other sites for inspiration, especially Bluefly, which is awesome,” says Jeffrey Wolfe, Moosejaw’s COO and CFO, and Robert’s brother.

The redesigned site offers newly added features including customer reviews and alternate product views, and newly upgraded elements including site search and product information, images, comparison and zoom. Routinely redesigning and upgrading an e-commerce site is another strategy to help build customer loyalty—shoppers always can expect something new and different at such sites, whereas static sites can drive shoppers away, Jeffrey Wolfe adds.

Today Moosejaw’s customer loyalty strategies are paying off. Moosejaw Madness has increased repeat visitors by 30% and the average time spent on Moosejaw.com by 70%, according to company analysis. Further, 70% of customer feedback includes positive customer comments on their experience in the madness section. What’s more, sales of Moosejaw brand products, talked up by customers in the madness section, have markedly increased—year-to-date Moosejaw brand sales are up 67%. The house brand now ranks second in online sales to North Face, a well-known, national consumer brand.

And on a lighter note: “We get hundreds of responses to our online trivia question every day,” Jeffrey Wolfe adds.

While the Moosejaw Madness online community is the focus of its customer loyalty efforts, the unconventional company has implemented or is implementing other strategies and tools to bolster loyalty. These include a customer rewards program (MoosejawRewards.com) and a sharp focus on the lowest prices and price-matching. It also is pioneering marketing tactics and technologies including podcasting and mobile phone-based e-commerce and text messaging.

“It’s our goal to be first to market in our industry with new ideas,” Robert Wolfe says. “Anything we can do we go after. Some things take a week, others take a year.”

One ringy-dingy

Charging far ahead of the pack, Moosejaw three years ago began using opt-in text messaging via mobile phones as a marketing technique. In 2003 it started by transmitting abridged versions of the madness section’s daily remark. However, the limitations of the technology overcame the aims of the company.

“We went with it because so many Moosejaw staff members, who also are customers and know the product better than anyone, were text messaging all day long, and because the phone companies were heavily advertising

the technology. Ultimately, if our customer is doing it, we need to do it," Robert Wolfe says. "So we tried it, but at the time it was very expensive; also, it limited messages to only 30 characters, which made it difficult to create meaningful text."

Today, though, the cost of text messaging has decreased while the number of characters per message has increased. As a result, last month the company resurrected its text messaging program. It now sends occasional messages of up to 500 characters.

"It's a convenient form of communication—not just one-way, but two-way," Jeffrey Wolfe says. "We send out our daily remark or a daily sale item. And on an individual basis, we convey customer service information like order status. On the other side, it's practical and fun for customers to use. They send us service-oriented questions as well as participate in the madness section, doing things like answering the daily trivia question."

Just prior to the resurrection of its text messaging tool, Moosejaw Mountaineering began using another technology uncommon in Internet retailing: podcasting. The company considers regular podcasts, which launched in April, to be another tool to create tighter bonds with customers.

High school and college students love podcasts; the combination of the company's leading demographic with one of that age group's favorite new technologies will prove valuable, Robert Wolfe calculates. "Every kid working at Moosejaw listens to podcasts. At first I couldn't understand why anyone would listen to these little broadcasts. So we did a survey online and customers overwhelmingly said they wanted a podcast."

The Neil Diamond factor

As the old chestnut goes, the customer is always right. Moosejaw now offers 60-second podcast versions of its madness section's daily remark, though sometimes the remark is usurped by a Moosejaw employee singing songs by Neil Diamond or Bread. It also produces "Grandma's Podcast," a daily show hosted by company grandmother "Grandy." The podcast also features guest hosts—customers' grandmothers. In addition to listening to Grandma's Podcast on the Moosejaw site, shoppers can have it automatically downloaded via Apple's iTunes.

With podcasting and text messaging up and running, Moosejaw is looking to blaze other trails. Next up: E-commerce via mobile devices. The retailer is working with mPoria Inc., a mobile technology vendor, to create a version of Moosejaw.com that's easily accessible via mobile phones and PDAs, enabling retailing on handheld devices. No launch date has been set.

Some industry analysts believe this technology will be key to e-commerce. In the future, online shopping will become more interactive between retailers and customers, says Mandy Putnam, vice president at Retail Forward Inc., a research and consulting firm specializing in retailing and consumer products marketing. "New technologies such as smart phones will further drive the convergence of shopping across venues," she says.

And it will further customer loyalty, Moosejaw predicts. As with everything else it does, the company plans to inject its own brand of madness into mobility.

"Fun is our business—it's one and the same for us," Jeffrey Wolfe says. "And for us it leads to sales at the end of the day. But of course, you have

to be growing as a business to have fun in the first place.”

bill@verticalwebmedia.com



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