

This transcript was exported on Nov 17, 2022 - view latest version [here](#).

Albert Chou:

This is IT Visionaries, your number one source for actionable insights, and exclusive interviews with CIOs, CTOs, and CISOs, and many more. I'm your host, Albert Chou, a former CIO, former sales VP, and now podcast hosts.

Stephanie Postles:

Hey everyone, this is Stephanie Postles, CEO of Mission.org, and the host of Up Next In Commerce.

Jeremy Bergeron:

Hey everybody, this is Jeremy Bergeron, Head of Strategy and host of Marketing Trends.

Albert Chou:

What's up, all? My name is Albert Chou, I am the host of IT Visionaries, and I have ... I don't know what my title is. I call myself the VP of Ops, I run operations on the back of the house, that's what I try to do. I want to be back in the house, not on the mic, but I'm on the mic.

Stephanie Postles:

You are. COO Albert, COO, you'll get it one day.

Albert Chou:

I look forward to my promotion, can't wait.

Stephanie Postles:

Yeah, it already happened. It's a secret one, behind the scenes. One day maybe, you got to earn it, buddy.

Albert Chou:

Why are we all on the mic together? Tell us, Stephanie. Grand Queen, what are we doing here?

Stephanie Postles:

Yeah. So today we're doing a special episode, because I cannot think of one time, first of all, that I've been able to sit and talk with both of you.

Jeremy Bergeron:

First time. First time.

Stephanie Postles:

At the same time, bringing our shows together, and so I thought it would be awesome to do an episode around Black Friday, Cyber Monday. I mean, I think after ... At this point, I mean, I've done like 300 episodes with guests. Jeremy, how many have you done?

Jeremy Bergeron:

Close to probably 200, I would think.

Stephanie Postles:

Albert, what about you?

Albert Chou:

I've been hosting this show for, ITV for, I think over two years now, so that's over 200 episodes, but I've also done a couple mission dailies, so you know, probably, let's say two 50. I think 250 might be in the ballpark.

Stephanie Postles:

Yeah. So at this point then I feel like we've got something to say, whether it's true or not we'll see. We will look back on this episode and see if any of us are correct, but I just wanted to go into themes around Black Friday and Cyber Monday, and just see what we're hearing, what we're thinking, and also just personally, if we're even involved anymore in those trends. So maybe, Jeremy, Albert, whoever wants to start first.

Jeremy Bergeron:

Yeah. I mean, this was a ... The whole Black Friday, Cyber Monday holiday marketing thing has been coming up more recently on Marketing Trends. We just had an epic guest, Jen Kretchmar, who's the Chief Digital and Merchandising Officer at Build-A-Bear, really interesting to hear some of the things she was saying, which seems to be consistent with a lot of these experts online. She have a little bit of a, just a quote of hers, and she talked about they're seeing tremendous traffic to their site earlier this year. This happened for Halloween much earlier, and then they look year on year seeing the searches, and guest interests around Halloween, Christmas, same thing. So they are actually seeing a lot of traffic earlier, where it seems like in years past it wasn't as robust, but now people are certainly shopping more, they're planning to spend money according to what she's seeing, and it looks like some retail experts are saying the same thing. So Black Friday, Cyber Monday, definitely not going away, it looks like it's becoming more hot earlier now, is what I'm hearing.

Stephanie Postles:

Did she talk about in-store versus Cyber Monday? Because the one thing I keep hearing is that Black Friday is just not really going to be a thing anymore, and I see a lot of ... I mean, REI has been out of Black Friday, I think for a long time they're like, "Yeah, we're not even doing that anymore, that's lame," and they just focus on Cyber Monday, so I'm like, "Is Black Friday even going to stay around?" I don't ... Albert, it looks like he's got some opinions coming.

Albert Chou:

I'm going to say absolute answers are absolutely wrong, there's always going to be people who want to do this. I don't understand why personally. You already know I don't like being around people, so the idea that I would wake up early or stay up late at night to rush into a retail store to get a deal on a television is not ... I just don't care enough.

Stephanie Postles:

What was the last thing you bought? Let's just start there, because I feel like you told me this one time and I was appalled.

Albert Chou:

For personal?

Stephanie Postles:

Mm-hmm.

Albert Chou:

Not a tool or a need?

Stephanie Postles:

Literally you bought something for fun.

Albert Chou:

I broke a toilet seat and I had to replace that.

Stephanie Postles:

Nope. No, not toilet. No. No. It has to be something that you actually bought it because you wanted it.

Albert Chou:

Okay, so I ... I'm going to take ... Yeah, listen-

Stephanie Postles:

10 minutes later.

Albert Chou:

Let's skip, and if I think of it at the end of the show, I'll bring it back up.

Stephanie Postles:

Okay.

Albert Chou:

But it's been a while since I bought a thing for myself. I do spend money on going out and having good experiences with my kids and stuff like that so I always say the best gifts are tickets. I always tell my mother-in-law like, "Hey, if you're going to buy something for my kids, make sure it's a ticket." A ticket unlocks an experience that you otherwise cannot have, I always say that. So I'm going to have to think about the last tangible good I just bought and said, "I'm going to use this."

Stephanie Postles:

Yup. When you think of it, don't forget to comeback. Okay, so you're saying yes to both, it will still be a thing for someone.

Albert Chou:

So a previous Up Next In Commerce guest, Patrick Coddou, he owns Supply company, which is a really nice razors and men's shaving gear, and he was on Up Next In Commerce, and recently in Twitter he talked about he did this promotion like, "Hey, don't buy anything from us," like an email, "Hey, do not buy from us on Black Friday because we have the deals now," and how well it did. What you're seeing is how competitive it is. So a family has a finite amount of money, and with the given recession and job losses, layoffs, you can see this is all coming, that finite amount of money is smaller, so people can only spend so much in a given holiday season. What's going to happen is this, where the bid or the rush to get you to spend that dollar sooner, is that's what's happening. That's why Black Friday is probably not an event anymore because brands will keep trying to push their promotions sooner and sooner, it will not get to Black Friday anymore, the deals are going to be right out.

Jeremy Bergeron:

Retailers have started having these Black Friday sales earlier. Halloween ended, they were having Black Friday sales, they're still having Black Friday sales. Then Steph, to your question about in-store, Build-A-Bear, their whole experience is in-store so they're driving that, they're seeing a lot of traffic. We went and build a bear with our children recently and just saw ... I mean, we saw and experience that ourselves. So it looks like they're popping earlier, and it's interesting to see that a lot of brands are ... it seems like every year it happens earlier, I'm like, "You're already talking about Black Friday." It seems like they're just bringing it to the front of the scene earlier.

Stephanie Postles:

Yup. Now that you mentioned, Albert, them closing their storefront down, actually two other guests who came on Commerce, same thing. Deciem, which is skincare and stuff, and then I think it was Bearaby, they're a weighted blanket company, but they both shut it down because they were like, "Not only can you buy from us earlier, but we also rarely do discounts, first of all. If we do, you know that we're real. These are real discounts, and they're not actually going to happen all over again." But their thing was more around sustainability, and they were trying to prevent impulse buying, which I thought was really interesting.

You haven't heard of many brands who are like, "We don't want your money because, first, we don't want to deal with returns. We don't even think impulse buying like that is a good thing, and that's our moral standards." It's just like, "We're closing down because we don't want people of that nature, in that mindset, coming and buying our products," which I thought was a really interesting angle that, obviously not everyone's going to do, but interesting for those two companies who mentioned that. I think that was last year they did that too.

Albert Chou:

Yeah, you'll continue to see that. There's already, I'll say in the eco space or the outdoor space especially, where there's brands like Patagonia, Cotopaxi, REI, that encourage the outdoors, they kind of all are on that same ethos, where they talk about Black Friday is really not ... it's not what you should be investing your time in. You should be investing your time in family. You should be going out and doing things, preferably in nature. It's had zero impact as far as anyone can tell on their sales, and I think that's what you'll see in the future. There's going to be more brand loyalty to the products that people love.

I think this is the year, I believe Taylor Holiday from Common Thread Collective, head of CTC, he's on Twitter all the time talking about what's going to really happen in the recession, now that the ad buying or ad tracking has been diminished by Apple. Apple arguably has taken away billions of dollars of Mark Zuckerberg's net worth. You can follow that on the news, because now people can't figure out how

effective their ads are. He talks about how brands that used to rely on cheap traffic, or cheap advertising gimmicks to get people to buy things that probably they don't need, you add the recession, you add the fact that there's trackability now, these direct to consumer businesses that popped up seemingly overnight, they kind of might go away. They might go away pretty quickly as well because they can't run a sustainable business anymore. They even had to.

Stephanie Postles:

They even had to. That's what he was kind of also saying is they were just able to just keep spending a lot of money, and so, "Uh-oh," like your whole method, the whole platform that you built your company on.

Albert Chou:

Well, you add a couple things, like the last two years of pent up online demand because of us being forced to stay in our homes. People had stock market growth during that period of time, so people felt confident with their money so now you have no demand. You have over-ordering because people were scared of these supply chain shortages, so there are people who are going to be overstocked like crazy, and then you have ... The bigger problem is really personal spending, there's just less dollars a family has to buy gifts. I think this year you're probably going to see, I think a lot of D2C brands are going to go out of business.

Stephanie Postles:

I've heard that a lot like, "Yes, people will see what actually has a real business and what does not," but I would love to see a case study of companies who just opt out of Black Friday versus the ones who stay in it, and see what is the growth. Because the one thing I remember is one of my guests is telling me that the lifetime value of a customer who comes in through Black Friday or a deal, or anything like that is so much lower, and takes so much more work to bring them back that I'm just wondering like, "What's the point?" I mean, not what's the point, some people were probably like, "Hey, that's where a lot of my sales come from," but I'm like, "Wait, what's happening with the economy?" Margins are shrinking.

I've had so many people talking about, "We don't have any way to discount because we're already eating so much more of the cost these days to try not to increase the price. So how can I go down when inflation is making everything go up?" I'm like, "I don't know," I just don't know if it can be a thing, at least over this next year or two, while we're in this kind of environment.

Albert Chou:

That would be a flex move. That would be a flex move. Only a couple brands could pull it off. I would love Apple to be like, "Yo, Black Friday iPhones, double the price." You know what I mean? Twice as expensive. iPhone Black, you know what I mean? Where it's all nice and new finish.

Jeremy Bergeron:

Yeah.

Stephanie Postles:

You got matte black.

Albert Chou:

There's a couple brands that could probably flex their muscle, like luxury brands of course could do it. Lambo could launch their Black Friday edition Lambo, it's like a different color or something. It's probably twice as expensive.

Stephanie Postles:

This could work. We should have our own marketing agencies that's just like, "Okay, everyone else is going down, you go up. We're going for the high road. We're going to double the prices of everything."

Albert Chou:

If you can't afford it, you're poor, suck it. You know what I mean? There's probably luxury brands out there that could probably do that, but for the most part, when dollars tighten, people, of course, tighten their own spending, and they look at what they need and what they really, really want. Some of my friends always talk about people only pick their first choice, maybe when you had discretionary income you would buy product two and three, but now that ... you might not, you're only going to pick number one, so twos and threes are going to be really, really hard to move any product this season.

Stephanie Postles:

Albert, I know in your world, which is very different than Jeremy and I for the people that we talk to, you're so focused on a different part of the business. I've listened to some of your interviews, most of them going way above my head. I don't even know what you all are talking about, you try and bring some of these concepts back to me and I'm like, "No thank you." But the big thing that I hear about, at least I have had one guest on my show talk about cybersecurity, and his was more around, I mean, how he tried to explain it to me was around people using the return method, how much scam is in the return method, and being able to buy something and then return, I don't know. But I want to hear, are you hearing anything when it comes to more technical aspects of what people have to deal with, or what companies have to deal with when it comes to Black Friday?

Albert Chou:

It used to be an infrastructure problem where websites and stuff couldn't handle the traffic, but that's kind of been solved. All the public clouds have figured out ways to do load balancing and scale up compute, so that's been solved so it's way less of a problem. The tech guests that we've had on the show, of course they ... when it comes to cybersecurity, they definitely talk more about B2B security, not as much consumer retail security. What's cool is the innovations that are happening in personal finance that are making it much harder to commit fraud, which we see all the time now.

Some of our clients, like Marqeta was on our show, they talk about the ability to create and spin up virtual credit cards, which you've probably seen if you're a Capital One customer or something like that. Where, now when you check out, they can literally create a credit card on the fly for you in this transaction, that links back to your original account, so if it ever got a compromised it doesn't even matter, it doesn't exist anymore. Companies like that are really doing some cool things in personal finance to be, I think fraud preventative, that are pretty darn interesting. But as far as the retailers, I think their infrastructure, I don't want to say it's solved because you never know what threats have emerged, but a lot of the things that they used to worry about, I would say they don't worry about nearly as much anymore. That's probably the biggest change I see from just a couple years ago when people worrying about scale up and, "Will it handle the traffic? Can we do that kind of volume?"

Now to your point, it's more about personal finance protection, credit card protection, not getting defrauded, so that's just getting valid information and validation checks. But there's a lot of companies now that are really in that game to help consumers, and none of us are none the wiser because your Cap One or your AmEx, they leverage these services you don't know. But for anyone out there who's using, because I am a Cap One customer, anyone out there, when you go and get offered a virtual card, you should say yes. You just say yes, they're going to create one on the fly for you for that transaction. If it ever gets boosted like how people get their databases compromised after the fact, a retailer might get compromised and all the PII gets stolen, and they're going to steal a credit card that doesn't exist, it doesn't matter.

Jeremy Bergeron:

Wow.

Stephanie Postles:

That's good. There was one guy on the show, he was basically telling me that oftentimes he will go in the dark web, I mean, it's his space, he was an IT security, cybersecurity type of guy. But he was saying he would go in the dark web, and you essentially can't keep up with what these bad actors are doing, and they're infiltrating everyone's companies. He's like, "It's probably going to happen to anyone over probably 10 million." It could happen, and it made it seem very scary. Is that something that you actually talked about in the show or not really?

Albert Chou:

No, so-

Stephanie Postles:

This is good to find out what you actually talk about like, "What do you talk about in your show?"

Albert Chou:

Most of the people that we've had on cybersecurity is, "Just assume your data's already stolen so it doesn't matter."

Jeremy Bergeron:

Wow.

Stephanie Postles:

Dang.

Albert Chou:

They're like ... You know what I mean? Do you really need to protect your social? It's already out there. So a lot of companies are more about validation and verification now, how do you validate and verify things that are true, so that's pretty fascinating. The different biometric login companies, there's all kinds of companies that are doing much, much more to cross-validate like, "Are you who you say you are?" Whether it's through IP addresses, phone app.

For example, this is an unbeknownst security feature that a lot of retailers might be using that you just don't even know. The credit card companies are now checking where you're purchasing on the web, and where your app is located, and if they're on two different IPs, it'll say one of them is not right, and that's when you get those alerts like, "Hey, did you just try to make a purchase?" There's a lot of false positives, but for me, when I get this purchases request like, "Hey, did you just try to do this?" I appreciate it, and I don't mind pushing Y for Yes. I don't mind that at all, "Yes, I did. Yes, I did," because I'd rather that happen for it to go through.

Jeremy Bergeron:

For sure.

Albert Chou:

Yeah. So you're going to see a lot more, I think PII compliance and verifications, and check type technology, and it's just going to be integrated into your life, so that's going to make it harder for anyone to actually do something. You know what I mean? They might have all your data, but it doesn't matter, they can't do anything about it.

Stephanie Postles:

Yeah, it makes sense. Okay, so I wanted to talk a bit about consumer optimism or sentiment, because you see what's happening in the economy right now, and Jeremy, you, I think have had quite a few conversations with some pretty large CMOs talking about this, but I wonder how you think about how ... I don't even know if we know the trends yet, because I think it's just starting to hit the market. I think we kept hearing about inflation, we see layoffs, it's all happening around us, but I don't think it really hits you until it actually hits your bank account or your job. So I was wondering what you guys, and maybe start with Jeremy, what you guys think about what's happening with the market right now, and how it might affect the holiday shopping.

Jeremy Bergeron:

It's interesting to hear some of these marketing leaders talk about how what they're seeing is, even though, as we know, their consumers are losing their purchasing power, we just know that, so the dollars aren't going as far as they did, yet I saw this really cool report, and some of these marketing leaders have talked about that, like shoppers are still saying that they're going to shop. Parents are still going to buy for their kids. In fact, Build-A-Bear, Jen said that that's the time when parents buy even more for their kids, even going into these economic headwinds. They see people are prepared and gearing up for it.

So it's this interesting balance of they know it's here, they still have some spending power, they're still going to shop and spend, albeit these brands are now doubling down on the customer experience, and doubling down ... because the brands have to do more with less too. They have to do more with less, their budgets are cut, their budgets are flat, we're hearing that all the time, and so knowing that consumers are losing that purchasing power, brands have to make moves too. There's still going to be people spending money, and brands are going to have to do more with less. So doubling down on customer experience, doubling down on the online experience, really doubling down on customer service experience, and things like that to ensure that every interaction with the brand ... Every moment with the brand counts now even more, every interaction with the brand. Brands want to be everywhere, omnichannel, right? Multicultural, and so every chance they get doing it less with more, it has to matter now, and that's what I'm hearing from a lot of these marketing leaders.

Stephanie Postles:

Albert, anything? Any thoughts around that?

Albert Chou:

I think that's exactly what's happening. The bigger challenge for marketing, I'm going to say this right now, the reality is they have very limited, in my opinion, impact, right now. Because if you think about you're only going to spend things on the most, rather it's the most important things to you, or the things you value the most, you probably already know what that is.

Stephanie Postles:

Unless you're a parent. I feel like parents, you can get out of something.

Albert Chou:

Maybe.

Stephanie Postles:

You're like, "Cool, that was a good one."

Albert Chou:

That's true.

Stephanie Postles:

"Okay, I never heard about that before at Instagram. Yes."

Albert Chou:

But for myself, I already know the things I like.

Stephanie Postles:

Yeah.

Albert Chou:

If you're a t-shirt company, you're going to have a really hard time convincing to buy something or my favorite ... everyone knows that listens to IT Visionaries, my favorite hobby is surfing. You will never convince me to buy certain brands. There's no amount of marketing can do it because I already figured out the brands I like the most, I'm most loyal to, and whatever the reason I let you or me, or anyone who likes their brand, [inaudible 00:19:32] convinced otherwise. There are many examples of businesses and companies trying to enter markets, and launching products in hot markets, where they have a hard time convincing people to do certain things. Let alone now when people are more discretionary with their money, convincing someone, it's not going to happen. You just cannot convince someone, in my opinion.

But you are right, Steph, the kid's thing, that's interesting, but I'm, just so everyone knows, I've aged out of the toy zone so I don't need ... those have zero impact on me now that I've aged out of the toy zone. My kids all kind of do their own homework now. One of the things that wasn't for me, so I'm still

thinking about what I bought for me, but I bought one of the things for my son, and he's a Rubik's Cuber, so we're entering a cubing tournament in Gatlinburg. Shout out Gatlinburg if you hear this episode-

Jeremy Bergeron:

Nice.

Albert Chou:

And you're in Gatlinburg.

Stephanie Postles:

Cubing tournament, I love that.

Albert Chou:

Leonard is going to be cubing. He's 10 years old. There's no age, whatever, there's no age division, so he'll be 10 years old competing against, I don't know how old these cubers are.

Jeremy Bergeron:

Oh, that's cool.

Albert Chou:

But he says, "Oh, I need a GAN cube," I'm like, "What's that?" He's like, "It's a brand," and I'm like, "Why is it better?" He's explaining the slide and the glide, and all this other stuff.

Jeremy Bergeron:

Wow.

Albert Chou:

I'm like, "I have no idea what any of this is." So they're at the age now where they're telling me the brands that they prefer to have.

Stephanie Postles:

See, that's a nice place to be in. It'll be interesting getting there because even thinking about, well, Christmas gifts for two and four year olds, they kind of know, but I'm even thinking about asking the twins this year like, "What do you guys want to be for Halloween?" One of them said a trash can, and the other one said a sandwich, "I want to be a sandwich," and we're like, "What kind?" "Just a sandwich." "What kind?" "A sandwich, mom." "Okay." That's the information I'm getting so to me, I appreciate messages on Instagram that are like, "Here's something that your kid will like." However, I still think personalization is missing. You go on Amazon for Cyber Monday, and they're showing me everything and I'm like, "Why are you showing me everything from men's work boots, all the way to just things I would never buy?" So I think that's the biggest thing, if you can't figure out personalization, you won't be able to sway someone very easily, or even convince them to buy something they wouldn't normally.

Albert Chou:

Yeah. I don't even know how personalization is possible really. I really don't. The more I read into it, I mean, there's certain things like life events are related, but most people, the old way of marketing, "Hey, male," I'll just name myself, male, 40, parent, we're not all the same, but hobbies, hobby-based is more interesting. It's easier to figure out that I like this, and what hobbies I buy, or brands I buy in that hobby, I think that's more likely, but the old age of demographics, personalization based on demographics, that's probably ... I just don't think it works, it just can't possibly work.

Stephanie Postles:

I think there are some things coming out now that are using maybe too much data, maybe it's a little creepy, but I've seen some demos where I'm like, "Damn, that's pretty good." They would know a lot of things about someone.

Jeremy Bergeron:

Yeah. You have a lot of brands who got into the first party data game early, and so you have a lot of brands like Build-A-Bear again, who've been capturing first party data for forever, and so you have brands that have these relationships with people. They've got this data, they don't need necessarily additional tools and tech to engage with their customers, and so I think those brands are going to win pretty big, because again, they work at gathering it and collecting it early on.

Stephanie Postles:

Yup. Yeah, I agree. First party data for the win, if you know how to do it, and if you have a reason to even ask for it, which I think is what a lot of people struggle with, they're like, "Hey, just give us your name, email, Social Security number, everything we want," and, "What's the upside for me?" "You'll find out when I send you my first email." You definitely have to have a good reason, but the brands who come on who say they have that, they're the ones who are clearly winning, and able to figure out what their customers want, and what they will want. Their customers are also the ones who are involved in the future product releases, and you can just have a lot closer relationship that way.

Jeremy Bergeron:

I'm curious too, Steph, from maybe some of the stuff that you're hearing around making the purchasing easier, and making ... Some of these econ brands have really done some creative things in just how to buy, how to buy things faster. I'm just curious if you're hearing from some experts around that experience, the buying experience, and how people are, or how some of the leaders you've had on are viewing that, maybe some of the stuff that people are experiencing now. Because I feel like some of the stuff that I see on Instagram or other platforms I'm on, they make it really easy, easier for me now than ever before. I might press two buttons and it's at my house in two days, that wasn't the case last year, "Fill in the information, here's my credit card," all the things, that's evolving fast. I'd love to hear what you're hearing around that, the actual purchase experience.

Stephanie Postles:

I think a lot of my guests right now are all talking about Shoppable TV. The biggest thing for them that they're focused on is, "How can we put our products in television in a way that you can just click on it and buy it right away?" Imagine you're watching your favorite, I don't know, reality TV show and you're like, "Wow, that girl's shirt is awesome," and you could just click it and buy it with one click. That's what a lot of these brands are experimenting with right now. The same thing on Instagram, TikTok, how can you make sure that wherever you are is just a one click experience, and you can get it right there?

Because I remember, I mean, this was something 10 years ago people were trying to build, where you were watching a TV show, and you have a blog over here saying, "Here's the list of all the items that you saw on this TV show."

I feel like it was happening for a long time, but the technology is finally here. We saw that with, I think we had Fox on, a couple like very large media companies saying, "This is the future." Being able to just buy while you are watching, without it disrupting you from the actual experience. So that's super interesting. The other thing that I think they're talking about too, is the opportunity and arbitrage when it comes to these, I can't remember experience what it's called, but basically like ... I think it's called a media network, where it's like Walmart and big players like that have their own advertising network, and how there's a lot more upside when you go and you work with Walmart.

Albert Chou:

That is 100% what Apple is doing. When Apple launches its ad network, it will be the most powerful ad network.

Stephanie Postles:

Oh, for sure.

Albert Chou:

When it comes to conversions.

Stephanie Postles:

Retail media, is that it?

Albert Chou:

Yeah. This is no different from end capping, so now they're saying, "This is basically bringing what used to be in-store to online." So end capping in grocery stores and retail stores is still a thing, whatever's on the end caps, sells more, that's a fact.

Stephanie Postles:

Yeah.

Albert Chou:

What do groceries do or retailers do? They charge you to be on the end caps, right? They're basically saying, "You want the storefront? My storefront, from Home Depot to a grocery store, my storefront is going to move merch. What's on the end cap is going to move even more, and so if you want to be on my end cap, you got to pay me money." So Amazon, Walmart, and those retailers, they've always been selling their footprint, and so this is becoming more effective

Stephanie Postles:

Yeah, in the store. Now Amazon is doing it, Target, even Home Depot, and then Kroger apparently started doing, and it's blowing up. Everyone's realizing, "I've got the traffic," whether it's in foot, and you can have, like you're talking about it, Albert, or online, "There's space that I can sell," so they're talking about it. There's a lot of arbitrage right there, I don't know how long that'll last but-

Albert Chou:

Well, what it's going to do is it's going to bifurcate your dollars. So I got a chance to work with through other business interests of mine with a barbecue pellet company, so barbecue pellets. It's like, "What is that? Is that interesting?" Well, Traeger Grills is a billion dollar business.

Jeremy Bergeron:

Huge.

Albert Chou:

And they sell pellets, if you're not familiar, these are little pieces of chips of wood that are already pre-cut, whatever wood they are, you put them in your barbecue, it helps you control the temperature. Obviously if you're cooking with this, you need to buy the pellets because that's what these things are designed for. You can't make your own, so it's like a trick, it's going to keep you to spend more. They were explaining the bid prices of how much it costs when you click on barbecue to be the banner on Home Depot, and it costs a fortune.

Jeremy Bergeron:

Wow.

Albert Chou:

As you can imagine, and that's just one category. Obviously when you are a retailer like a Home Depot, which I think has a 100 million SKUs-

Jeremy Bergeron:

Geez.

Albert Chou:

It's insane, homedepot.com, 100 million SKUs, Walmart, Amazon, every page, every category basically has an end cap, and it's all for sale. So if you are a wood chip pellet maker, now you got to buy it at every grocery store, every hardware store, possibly on Amazon, your dollars really start to get cut. It's hard. It's going to get harder, so that's going to splinter. It's the tech hype cycle all over again, for everyone who does not listen to IT Visionaries, plug my show. What happens in technology is always the same thing, there's consolidation, then specialization, during specialization phase, different companies come out with individual products that can do certain things really, really well.

Then a big player comes up and says ... gobbles them all up, says, "I want all these things in my house." So they get consolidated because it's hard to say no to the money. You're an individual founder, and someone waves all this money in your face, it's like, "I love my company but I love that money, so here's my company," and so it gets rolled up. Then during the roll up phase, the product gets less good, it doesn't have all the features that meet current market demands, and some guy says, "I'm going to start specializing," and starts splintering out again. This consolidation, specialization phase always happening, so that's the new specialization, which is going to be happening right now, which you already know, is every retailer's going to offer the end cap equivalents in ad networks. So now there's going to be ad buying tools to figure out how to place ads and all these things, because without it you can't do it, you can't manage it.

Stephanie Postles:

The retail media network, and to me, they already have a case study of what they should do to not ruin search, because you saw how with Google it eventually did kind of ... You stopped trusting what was shown because you knew just the highest bidder would end up showing up the highest, whether it was good or not, and there's too many results. So I think there's already a pretty good case study over there like, "Ooh, we went a little too far, and we just let the highest bidder win instead of figuring out who's the best, and who doesn't have bad reviews." Make an algorithm that actually works, and that's what I think these retail media networks are going to struggle with next is, "How do I actually make an algorithm that works, not only for us where we're making good money, but our customers are actually happy with what we're showing them?" They're not only wanting to buy it, but they're not returning it and complaining about it.

Albert Chou:

If you think back to what advertising and consumer spending used to look like, it was whoever had the most dollars, typically. If you go to the Mad Men era, whoever the most dollars just won, because you as a consumer really didn't hear about any other brands. So if it talks about drinking soda, Coca-Cola ... there is only two sodas to choose from, so if you saw another soda [inaudible 00:30:09] I don't even know what that is. If ad buying gets out of control, that's back to what it will be, which is like Tide will always be, or P&G or whatever is going to be at number one all the time, and every other brand is going to be ... you'll never hear from them again.

Stephanie Postles:

Yeah.

Albert Chou:

By the way, to what you were talking about, plug one of my guests, Stephan Pretorius, who is the, Pretorius, he is the CTO of WPP, which if anyone hasn't looked up, WPP is the, I believe the largest advertising agency in the world. Fun fact of what he spilled on our show, 75% of their billables are in technology, only 25% advertising. I asked him to explain, and it's like, "All these brands are trying to figure out new ways and experiences to get consumers to experience their product or service because ad buying is so hard." So only 25%, and I checked their revenue right now, WPP revenue, are you ready?

Stephanie Postles:

Yeah, I'm ready.

Albert Chou:

£12.8 billion British pounds a year.

Jeremy Bergeron:

Wow.

Albert Chou:

Okay?

Stephanie Postles:

Okay.

Albert Chou:

Over \$8 billion, \$9 billion possibly is of dollars spent at WPP, is to invest in technology to get closer to the customer, which is crazy. They're basically a technology shop now.

Stephanie Postles:

Did they tell you about what kind of technologies is the hottest right now, or what people are trying to solve?

Albert Chou:

He mentioned Shoppable TV as things people are trying to figure out.

Stephanie Postles:

Oh, did he?

Albert Chou:

Yeah. But that's the thing, these are things to be built, they don't exist yet. You're talking about brands who have whatever dollars they have available to them, or asking an advertising agency to, in some cases subcontract, because they have to subcontract technologists to build tools and experiences that consumers can have.

Stephanie Postles:

That's why the Rokus of the world will be winning in this space because they're like ... I mean, someone like that, it might not be Roku, but they're the ones who have the most advantage right now because they're like, "These are our shows. We have the technology backing it."

Albert Chou:

Yeah, Roku power Smart TV, that's right. Roku's already got brand relationships with the TV manufacturers to be the, effectively the OS of their TV. By the way, mad smart case history, if anyone wants to read about Reed Hasting's decision to split Roku out of Netflix, because he knew, he knew Steve Jobs would never allow Netflix to have access to his ... like an OS inside of an Apple device so he said, "Okay. Well, we're going to split up the OS portion of it." Roku's basically an OS for TV now.

Stephanie Postles:

You know who just partnered with Roku?

Albert Chou:

Who's that?

Stephanie Postles:

Walmart, to feature their products in there and make them Shoppable. They're the exclusive retailer with Roku right now so that any of the products that are shown can be Shoppable through Walmart.

Albert Chou:

There's three major players in Smart TV, I think we all know them. Apple TV, which we know is going to do the same with their ad network, Apple TV. Amazon Fire, we already know they're going to do the same thing. So if you buy an Amazon TV, some of them are ... or a Fire Stick, for people who run Fire Sticks on their dumb TVs, they're basically using the Fire Stick OS, and then of course Roku, that's the biggest players. Then some of the Smart TV maker, or some of the TV makers like Samsung and LG, they have their own OS, but I could see Roku kind of infringing on that pretty quickly.

Jeremy Bergeron:

Yeah, we had Roku on Marketing Trends. Jordan Rost, or Jordan Rost is the Head of Ad Marketing at Roku, brilliant marketer, brilliant brand marketer, again, talked a lot about Shoppable TV, and the future of streaming and shopping streaming slowing down. Roku is so positioned well, to your point Steph, I'm watching them closely too because they've got some really interesting things coming down the pipeline.

Stephanie Postles:

What else do you guys think we should talk about? Anything?

Albert Chou:

Yeah, I still haven't thought of ... No, I still haven't thought of what I bought for myself.

Stephanie Postles:

Not even one? You can't even-

Albert Chou:

I bought a surfboard recently, but that's only because my other one broke.

Stephanie Postles:

That was the one thing I was going to be like, "You have to have bought a surfboard in the past 10 years at least."

Albert Chou:

Yeah, but only because they break, you know what I mean? I don't buy because I like one, I don't ever do that.

Stephanie Postles:

What did you tell me, like you don't even have an Amazon Prime account?

Albert Chou:

I'm one of the holdouts, no Prime.

Jeremy Bergeron:

That's impressive. That's impressive.

Albert Chou:

No Prime. Why would I pay for that?

Jeremy Bergeron:

Does your wife? Does your wife?

Albert Chou:

I believe she does not have Prime either. No, she does not.

Jeremy Bergeron:

That's epic.

Stephanie Postles:

What?

Jeremy Bergeron:

We got to confirm that.

Albert Chou:

We keep our money separate, but yeah, she doesn't use Prime either because she's made comments about it. I know she doesn't because we've attempted to watch Thursday night football before, I was like, "Oh, log in your Prime account," she's like, "I don't have Prime." "Okay."

Jeremy Bergeron:

Wow.

Stephanie Postles:

Then you just gave up? You were like, "Oh, well, I'm just not going to watch it."

Albert Chou:

Yeah.

Stephanie Postles:

That is you. I'm not even surprised. Okay.

Albert Chou:

I'm still working on the thing I bought for myself.

Stephanie Postles:

I know, think about it. What should it be?

Albert Chou:

Okay. Okay, I did not need this, but I do like American Giant. American Giant, if you guys are listening, American Giant is a textile brand that makes hoodies, sweatshirts, things like that. Their brand promises

everything is made in America, and one of their textile companies is in North Carolina, I like supporting the state so I will pay extra for an American Giant article of clothing. I did buy what's called, they're like middleweight hoodie, just out of sheer marketing, got a promotion and said, "Hey, you should check this out." I said, "Okay, I'll get," but I already knew the brand. I like American Giant, I like Marine Layer products, I like Vuori's, I like Patagonia, outside of those handful of brands I don't really buy anything. Listen, I am a buyer of ASICSs, but ASICS, you guys hate me as a customer. I only wear ASICS shoes, but I only buy them on eBay, and I buy three pair.

Stephanie Postles:

Man, you're that kind of person.

Albert Chou:

Yeah, I buy them three pairs that are last seasons models, three pairs, and then I won't buy shoes for another six years or so, because I only wear them workout so I don't put no wear and tear on them.

Jeremy Bergeron:

Why eBay? I'm just curious why you do it on eBay.

Albert Chou:

Because they're last year's models, and I'll be able to get them for 30 bucks.

Jeremy Bergeron:

You're not doing Facebook Marketplace or anything like that?

Albert Chou:

No, because I don't want to deal with people or knowing people.

Stephanie Postles:

"I don't want to talk to anyone."

Jeremy Bergeron:

There is that people thing.

Albert Chou:

Most brands, those of you guys that don't know, so eBay, as you probably both know, does quite a bit of GMV. It's one of the largest marketplaces still. Most people remember eBay, if you're like me, a product the 80s, you probably think of eBay as an auction place, but by far their direct party sales is actually their number one category, and eBay, a lot of brands have their secondhand stores on eBay, so if you're not sure ... So Nike will sell, ASICS will sell, Dyson will sell last year's stuff. I'm one of those people that does not believe that shoe technology changes that much. It doesn't evolve every year where I have to have-

Jeremy Bergeron:

Right, right.

Albert Chou:

When it's 2022 and someone tells me that 2020 has never been worn, it's available on eBay for 20 bucks, I'm like, "That's me, baby. That's me."

Jeremy Bergeron:

That's a smart tip. I like that tip. I don't do a lot of shoe shopping, but I do like to get the brands that I like, and I just wouldn't consider going to eBay and getting last couple years. That's smart, I'm taking that one from you. I like that.

Albert Chou:

Every brand, as far as I can tell. There's a lot of brands, they have their last year's stuff on eBay, as far as I can tell. So yeah, I do buy a lot of used, or excuse me, it's unused, but not current things, that's how I buy things.

Stephanie Postles:

Now that I feel like we settled it, and we finally got your answer, I feel like that's a perfect place to wrap this awesome episode. Before we do, maybe we each can give a shoutout to our amazing shows, to maybe influence some listeners to come and check us out in the different places. So Albert, you want to give your shoutout first?

Albert Chou:

Yeah. So if you're interested in technology and how it came about, how the problems even were discovered, IT Visionaries is a great show for you. We have CIOs, CTOs, co-founders of different tech companies joining us on ITV. Probably the most interesting part, to me, is a lot of people are solving problems that you just don't know exist, and so hearing their stories of how they found the problem, what they thought about, how they went about solving it is, in my opinion, quite fascinating.

I'll give an example. This is an episode to be released. His name is Danny Fields, he's the CTO at Avalara, one of the biggest software companies that probably you'd never heard of. I am a shareholder. He talked about ... I busted his chops like, "There's no way the recruiter called you, and you thought that was interesting, tax," he's like, "No, it wasn't interesting at all." He wanted to hang up on the person, but the CEO reached out personally, "No, you have to talk to me. I want to talk to you and pitch to you this idea." But for anyone who's not familiar, what they do is they handle sales tax compliance software, which you're like, "Who cares?"

Stephanie Postles:

I fell asleep.

Albert Chou:

To give you an idea of how big of a problem this is, let's imagine you're a convenience store. When you buy goods to resell to Stephanie, you don't have to pay sales tax on any of that, but you have to have a certificate that validates that. Now think of every single product that's in that store has to have a sales tax exemption certificate.

Stephanie Postles:

Got it.

Albert Chou:

That's one store. Now imagine your 7-Eleven, you have 40,000 locations, this becomes quite hard to manage, so that's what Avalara does. Fascinating fact. Also, you'll only learn about these things if you listen to IT Visionaries. He told us straight up that only 4% of the United States of sales tax exemption certificates are handled by Avalara. So go look at their market cap, and recognize that there's 96% left to go.

Jeremy Bergeron:

Wow.

Albert Chou:

This is a massive company.

Jeremy Bergeron:

That's cool.

Stephanie Postles:

That's awesome. Oh, yeah, I see them. All right, very large. Jeremy, how about you? Let's give a shoutout to your show.

Jeremy Bergeron:

Yeah. So if you don't know, you should know that Marketing Trends is the leading, leading marketing leader podcast on the planet. I get the privilege of interviewing these trailblazing marketing leaders like CMOs, and Heads of Marketing. You're going to hear war stories from these marketers that, like Albert said, you won't hear anywhere else. We've got brands like ESPN, Panasonic, Avery Dennison, Morgan Stanley, all the who's who brands in the Fortune 500, they're all coming on my show, and I get to speak to the brilliant marketing leaders that are at the helm of driving revenue in these amazing brands.

There's best practices and lessons, and for me, just hearing about these people's stories of how they got to where they are, to get to be the CMO of Morgan Stanley, or Head of Marketing at ESPN, you have to navigate some really interesting territory to get to that level of marketer. So I find myself very inspired, learning lots of things, high level and low level of like, "What are some of the strategies that are being used today? How are they building higher performance teams? What are some of their favorite failures that position them to be so brilliant as a marketing leader today?" So check us out, [marketingtrends.com](http://marketingtrends.com). We've got some epic brands coming on so check us out, [marketing trends.com](http://marketingtrends.com).

Stephanie Postles:

All right, cool. Thank you, Jeremy. All right, last and the best is Up Next In Commerce, the show that I host, where I am talking to the most amazing CEOs, founders, and it can be digital leaders, or top executives at companies like Pepsi, and Walmart, and North Face. But my favorite are some of the brands that are smaller that I'm talking to, where you get to hear the war stories of what it looks like to grow really quickly, and actually create a business that's profitable.

A recent one that was really cool that I talked to was Liquid Death. I don't know if you guys know Liquid Death, or the water that's in the can. I recently discovered them when I was at Austin City Limits Music Festival, where they had just taken over the water there. You could not get any other water than Liquid Death, and it was in this metal can, it looked like it was beer. I was like, "Okay, we need to know who this company is. We need to have them on the show because I've never seen someone do a takeover like this of a whole music festival."

Albert Chou:

The best commercial is, "Water is dangerous," and then it's a video montage of people getting killed by water, it's people getting hit by waves, floods and tsunamis, they're very aggressive marketing. It definitely stands out.

Stephanie Postles:

Oh, yeah. So I just had a whole conversation with them about their marketing strategies, and how wild and ridiculous they are, and how quickly they've grown the company because of this. So I get to talk to some of the best brands from small to big, and it's super fun, so check UP Next In Commerce, you'll get to hear all the fun, the silliness, and the great guests that I have on the show.

Jeremy Bergeron:

On that note, Stephanie, you told me you were going to get Liquid Death on my show, so I'm still waiting on an introduction to Liquid Death, because I need to talk to ... Whoever leads marketing at Liquid Death, I got a slot for you. Thank you in advance. Then also, I want to give a shoutout to our sponsors for this show, and I'll just say a couple of things. Since taking over this show almost two years ago, I've worked pretty closely with Salesforce, Salesforce Marketing Cloud, and they sponsor Marketing Trends. If you want to talk about a brand that is at the intersection of what's really happening in the trenches and what's to come it's Salesforce. These folks are really positioned well for any industry really, to serve industries, and their technology is ridiculous. Shoutout to Salesforce, it's really, really cool working with you, and some of the brands we get to interact with because of you is exceptional, so shoutout to Salesforce.

Stephanie Postles:

Yup. Thank you, Salesforce, our OG sponsor since 2018.

Jeremy Bergeron:

Yeah.

Stephanie Postles:

We love them. All right, and with that, you guys, that's a wrap. Happy holidays.

Jeremy Bergeron:

Happy holidays, everybody.

Albert Chou:

Go outside.

This transcript was exported on Nov 17, 2022 - view latest version [here](#).

Stephanie Postles:

Do work.

Albert Chou:

That's what I have to say. Yeah, go outside. Don't be lining up to get some dumbass deal.

Jeremy Bergeron:

That's awesome.