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STRATEGIES FOR MULTI-CHANNEL RETAILING

Below: An actual listing sample from the **Top 400**.

TOP 400 RETAIL WEB SITES

9. Newegg.com

FINANCIAL

2004 Sales: \$1,000,000,000

2003 Sales: \$500,000,000

Growth: 100.00%

OPERATIONS

Monthly Visits: 10,000,000

Monthly Unique Visitors: 7,000,000

Conversion Rate: 3.00% *

Average Ticket: \$300

Total SKUs (on Web): 15,000

MANAGEMENT

Simon Hsieh, CEO

Howard Tong, VP of Marketing and Business Operations

Stuart Wallock, Director of Marketing

James Wu, GM of MIS

CORPORATE ADDRESS

Newegg.com

17708 Rowland St.

City of Industry, CA 91748

562-271-4106

*Internet Retailer estimate

VENDORS

Site Design: In-house

Web Hosting: In-house

E-Commerce Platform: In-house

Site Search Software: In-house

Content Management System: In-house

Fulfillment: In-house

Order Management: In-house

Payment Systems: NA

Rich Media: In-house

Affiliate Marketing Management: NA

E-mail Marketing Management: In-house

Search Marketing Management: Submit Express

CRM System: In-house

Web Analytics: WebSideStory

Web Performance Monitoring: NA

Content Delivery Network: In-house

On the web since 2000, Newegg reached \$1 billion in web sales in 2004 by doubling its sales in a year. The reason for the fast-track growth is offering a hot customer segment the products and the prices they want.

Newegg's core demographic of younger gamers and IT do-it-yourselfers grew up with computers and the Internet; like the latest in computers and computer games; and often work in IT. "We recognized an emerging segment early on," says Howard Tong, Newegg vice president of marketing. "We sell to the individual who would rather install more memory on their own computer than buy a new one or have some else do the installation."

Newegg serves more than 2 million established customers who buy on average three to five items and spend about \$300 each time, Tong

says. Newegg attributes its 6% to 7% sales conversion rate for some products to customer service. The company processes and ships about 25,000 orders per day. "We operate our own fulfillment centers in New Jersey, Tennessee and California, so we can ship almost 98% of all orders in the same day," he says. "We like to think of ourselves as the Nordstrom of online computer and consumer electronics, meaning we want to offer the best in customer service."

About 80% of Newegg's 15,000 SKUs are for computers and accessories, but the company is expanding into consumer electronics such as digital cameras and flat-panel TVs. "Since we do our own fulfillment and enjoy good supplier relationships, we only sell what's in stock," Tong says. "We aren't going to give a rain check."

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