



As our ConsumerWatch mailbag, forum and inbox testify, poor service is the fastest way for a business to lose custom. Online retailer Jungle.com found this out the hard way. Robert Blincoe asks what it has done to restore its reputation

There can't be a bigger crime in business than really cheesing off your customers through poor service. Once a company has lost its consumers' trust, it will need to pull out all the stops to get its buyers back. It's really hard to get a second chance, but online computer goods retailer Jungle.com lost 10 percent of its customer base and wrote off £10m in sales by knocking customer confidence not once, but twice.

In the run up to Christmas 1999, in its first year of trading, Jungle was kicked off the Which? Online Webtrader scheme set up to give consumers confidence in the new breed of web-based businesses. Founder Steve Bennett was hauled on to the BBC's *Watchdog* programme for Anne Robinson to tell him he was the weakest link in PC retail after customers reported late deliveries and slow or non-existent responses to phone calls and emails.

## Supplier profile: [Jungle.com](http://Jungle.com)

Fast-forward two years to the run up to Christmas 2001. A £5m computer system intended to handle Jungle's entire business had been switched on in September, but it went horribly wrong. Orders got lost in the system and proved nearly impossible to recover. Though the fault was quickly fixed, the older orders proved a nightmare to sort out and, in early December, Jungle.com took the decision to cancel 2,500 of them. CEO David Oldroyd says: "We hacked people off very early on. Then we did it again."

For Jungle.com, 2001 was hell and 2002 has been tough. "This financial year has been about battling to get financial recovery," says Oldroyd. But he's very proud of the way he and those around him responded to the disasters. Speaking of how Jungle.com coped with the system's trauma he says, "I thought what we did was remarkable."

### Catalogue model

Computer retail entrepreneur Steve Bennett started Jungle in 1999, spun out of his successful Software Warehouse mail order and retail business. He saw the internet opportunity and went for it full

blast. From the off he gave Jungle.com a high profile, thanks to a £10m product giveaway at its launch and a major advertising campaign.

But in the haste to get the company up and running, basic business controls weren't put in place. Early 2001 was dotcom mania time and Jungle's backer, investment group 3i, brought in David Oldroyd to groom the company for flotation and make everyone involved rich.

In February 2001 the business had been valued at £700m. But then dotcoms went out of favour and flotation was aborted. Oldroyd said his job "changed from getting ready for market to getting the business to survive".

In September last year GUS (Great Universal Stores) bought Jungle.com for £37m including £12m to pay off Jungle's debts. The business was folded into GUS' Argos Retail Group. Bennett stayed around for a while, but corporate environments and seat-of-your-pants style entrepreneurs like Bennett don't mix and he eventually moved on. Oldroyd was kept on to fix Jungle.com. He's an experienced retail manager who's been on the board of Dixons and run several car dealerships.



↑ David Oldroyd's job at Jungle.com "changed from getting ready for market to getting the business to survive", something the CEO doesn't intend failing at

### Casual labour

When Oldroyd joined Jungle.com the business had around 300 employees and "was actually losing a hell of a lot of money". He outsourced logistics and slashed the head count to 158.

As well as being overstaffed, the right kind of people hadn't been employed and management structures weren't in place. "It was a young dotcom – a lot of people had been recruited who'd been met in bars and restaurants," says Oldroyd.

"Jungle wasn't a good user of people – there wasn't the management strength to challenge Steve [Bennett], so he'd go charging off with a great idea and using resources but then he may well hit a brick wall." There was also no buying director. "There was no-one that knew all the suppliers," says Oldroyd, who now ensures Jungle makes full use of its Argos connections to get close to suppliers.

On top of this, "the computer system was held together with bits of string" and "the old website was written like spaghetti". Little wonder that Jungle was unable to find orders that went astray.

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### Clinical approach

Jungle had planned to redesign its website in the run up to Christmas 2001, but the system foulup meant this had to be delayed. It finally appeared in February this year and is still being tweaked. Oldroyd says the site redesign reflects the new Jungle approach to business. He describes it as antiseptic and efficient. "We're happy to communicate that we're efficient," he says.

The youthful Jungle team had originally brightened up the website with cartoons. But, as Oldroyd points out, the pleasure of waiting 10 seconds while an animated macaw picks up a phone quickly palls.

The original site was also only designed to handle 10,000 products. It now carries 120,000 lines and features half a million music clips. The rollout went without a hitch and Jack Cutts, Jungle.com's development manager, describes it as stable and robust, which has led to "no more customer service issues".

Cutts' philosophy is that you should provide the customer with options and give them a good search engine. "Don't assume everyone wants everything the same way," he says, but a basic demand for users is "I want to find what I want quickly, then buy it quickly."

### Turning over a new leaf

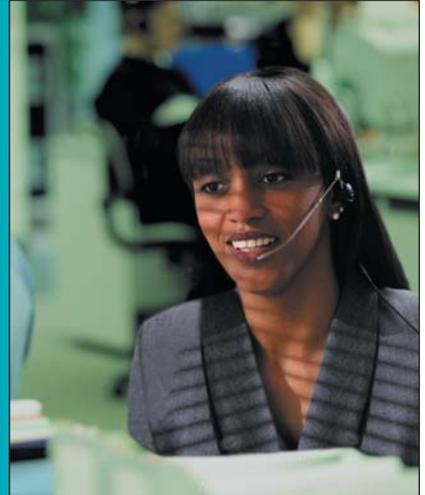
The heart of Jungle's site is its customer reviews, a feature pioneered by online bookseller Amazon. Glowing comments from satisfied consumers are listed alongside highest-rated products and the better the review, the more bananas the product is awarded, up to a maximum of five. Cutts is emphatic that every review is independent and that it's important they remain so. The site currently has 35,000 reviews. Each is

## Jungle.com at a glance

- Founded **1999**
- Ownership **Sold to GUS (Great Universal Stores) in September 2000. GUS also owns Argos and Jungle has been folded into the Argos Retail Group**
- Finances **Jungle's sales target for 2002 is £60m. GUS' turnover for its financial year, ending March 2002, was £6.5bn with pretax profits up 13 percent to £552.1m**
- Customers **Jungle has a database of 1.2 million customers**
- Customer profile **Market savvy consumers; hobbyists sensitive to price and product spec; people with 'high levels of disposable income who want to make their life better'**
- Number of employees **158; the Argos Retail Group employs 49,000**
- Address **Clifton House, Gorse Lane, Coleshill, Warwickshire B46 1SW**
- Telephone **0800 0355 355**
- Website **www.jungle.com**

## Oldroyd's advice: doing business on the web

- Free delivery "[Jungle's] first pioneers really did create a monster – charging 10 to 15 percent less than the high street and offering free delivery. I'm slowly getting my delivery charges back." However, "the customer got conditioned to this and the perception can be that they're being ripped off".
- Pricing "The prices between Argos and Jungle are different. Jungle is cheaper. If I'm not competitive [with the rest of the web] then I'm dead."
- Competition "If you're just about deals, there's always someone around to undercut you."
- Bricks vs clicks "If I'd been involved I would not have allowed the bricks part of the business [Software Warehouse] to be flushed. The smart players are the ones who use all channels."
- Customer contact "I want to become the internet company you can talk to. I want to offer added value and presales [service]."



vetted before it's put on the site and reviewers must be registered with Jungle.

It's easy to be sceptical here and assume bad reviews will be less likely to make it on to the site while enterprising manufacturers' marketing departments might jack up their product's popularity with some bogus positive criticism. In spite of these reservations, it seems to be a useful and powerful service.

But if you've got to make a sales pitch to bring back customers, Oldroyd has one up his sleeve. Jungle is poised to start offering money back to consumers if products are delivered late. Oldroyd believes customers will feel they can't lose: either the order comes on time and they're happy, or it's late, they get some money back and they're still happy. The company is obviously confident it can deliver on time. And if it has to pay out, Oldroyd will make a big PR song and dance about it to get the message across.

"Its self-penalisation," explains Oldroyd. "The customers who used to like Jungle will give us another go." He concedes that

## Jungle.com is poised to start offering money back to consumers if products are delivered late. The company is obviously confident it can deliver on time

it might only be with small orders at first, but he is happy to get the chance and build a relationship.

### Gadget heaven

Once Jungle's infrastructure is sorted out and he starts planning future strategy, Oldroyd intends to move Jungle away from its reliance on the thin profit-margin IT equipment business. At the moment 80 percent of Jungle's sales are of IT equipment, 12 percent are of consumer electronics and five percent DVDs, CDs and video games. The remainder comes from service and warranty deals.

Oldroyd wants to shift this to 30-40 percent splits each for IT and consumer electronics and 15 percent for high profit-margin gadgets like keyring breathalysers. He aims to do this without alienating

the bargain-savvy IT hobbyists who have supported Jungle so far. "They'll still come in on price and product spec," he hopes.

Argos Retail Group has set Jungle a sales target of £60m for this financial year. Jungle under Bennett had achieved sales of £75m, but £15m of this was loss making deals which have been scrapped and Jungle lost another £10m in business through the Christmas 2001 fiasco.

Confident? "No, I'm not confident we'll do it," says Oldroyd. "But it won't be for want of trying. I've never failed at anything and I don't intend to start now." ■



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## Jungle founder: the Steve Bennett story

**S**teve Bennett, the founder of Jungle.com, also launched *PC Advisor*. He started the title while owning and running the computer mail order and retail business Software Warehouse. He sold the magazine in 1996 to current publisher IDG.

Bennett opened the mail order Software Warehouse business in 1992 and developed it into a 30-store retail chain. In April 2000 Bennett sold off the stores to a team of the chains' managers and merged the mail order business into Jungle.com, which he had started the previous year.

He sold Jungle for £37m in September 2001; it had been valued at £700m in February 2001. Bennett has since launched a karaoke website, Singtotheworld.com, and is dabbling in other areas of the music and television business. He was rumoured to be developing a web business with TV's Johnny Vaughan. Other useless facts about Bennett include: he owns a Spanish villa and a yacht and 80s pop star Paul Da Vinci, who sang Tight Fit's cover version of *The Lion Sleeps Tonight*, was best man at his wedding.