dotcom failures
a look at those who tried and failed

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Pets.com

- Big idea: sell pet food online
- Real idea: none
- Attraction:
Big Mistakes

- Attempted to sue Conan O’Brien
- Business model (lack there of)
  "I’m out of dog food and my cat’s box needs new litter. I know what I’ll do: I’ll order Dog Chow and Fresh Step online from a sock puppet, and then I’ll watch the dog starve and the cat shit all over the house while I wait for it to be delivered!"

Source: www.f*ckedcompany.com

Who Let The Dogs Out?

- Most valuable assets:
  - The sock puppet
    - To be in stores soon?
  - The domain name (www.pets.com)
    - Bought by PetsMart.com
Webvan.com

- Big idea: sell groceries online (same day delivery)
- Real idea: none
- Net loss: -$453.3mil
- Formed “strategic” alliance with PetsMart.com on January 22nd

Source: Yahoo!

A Whole Lot Of Selling

Founder Louis H. Borders leaves the board on Feb 14th, 2001

Source: Yahoo!
Priceline.com

- Big idea: name your own price
- Real idea: run accounting loopholes to boost sales
- Attraction: William Shatner *trying* to sing
- Groceries division (WebHouse) has already closed

Name Your Own Loss

- Operating margin: -97%
- Who’s your daddy?
  - Beginning of November Jay cashes in 2mil shares worth $9.39mil
  - Priceline founder Jay Walker quits board December 29th, 2000

Source: Yahoo!
Next Potential Strategy

Name your own price... for the company

Source: Yahoo!

Amazon.com

- Big idea: to be the world’s biggest online store
  - E-tailer that serves over 17mil accounts in over 150 countries
- Real idea: to see how much a company’s stock is worth without making money
- Operating margin: -31.1%
- Net loss: -$1.41bil

Source: Yahoo!
It’s a Jungle Out There

Remember Henry Blodget?

Source: Yahoo!

Etoys.com

- Big idea: to focus on the selling of toys online
- Real idea: to sell toys to infants with their moms’ credit cards
- Sales: $205mil
- EBITDA: -$204.4mil

Source: Yahoo!
Buy While You Can

Announced it will close on April 6th, 2001. Better get your mice clicking to the site.

Source: Yahoo!

Bluefly.com

- Big idea: to sell discounted designer fashion (clothes & furniture) online
- Real idea: to get rid of inventory
- EBITDA: -$20.8mil
- Financed partly by guru Soros

Source: Yahoo!
Almost Squatted

Narrowly escapes delisting by restructuring after converting $20mil in debt to preferred stock

Source: Yahoo!

The Internet: Not An Ideal Medium

Why did everybody think dot-com was the way to go?

- Ease of distribution/cheap medium
  - Why do they fail? – The same reason
  - The internet removes barriers to entry
  - Removes firms informational advantage
Problems with Advertising

- Many dot-coms relied on advertising revenue
  - These same dot-coms did not have online advertising they relied on
  - People have become trained to ignore the current online advertising

Conclusion

- Don’t rely on Suzanne’s hockey stick theory
- Don’t just try to sell “stuff” online
- Have a real business plan

Make Money!!