

Entrepreneur.com

840 Million Reasons to Celebrate

Fresh off his mammoth deal with Amazon, Zappos.com CEO Tony Hsieh shares the secrets of his online empire.
July 23, 2009

URL: <http://www.entrepreneur.com/ebusiness/successstories/article202710.html>

On the heels of Amazon's \$840 million acquisition of Zappos.com, Zappos.com CEO Tony Hsieh spoke with [Collective-E](#), a worldwide collective of women entrepreneurs, and some of its members.



Tony Hsieh
Bryan Haraway/Getty Images

If you had to explain why you believe Zappos.com has been so successful, what key reasons would you attribute it to?

I think it's because of our focus on customer service and company culture. Our whole belief is that if we get the culture right, then most of the other stuff, like delivering great customer service or building a long term enduring brand, will happen naturally on its own.

We've grown from almost no sales in 1999 to over \$1 billion in gross merchandise sales in 2008. The No. 1 driver of that growth has been through repeat customers and word of mouth. On any given day, about 75 percent of our orders are from repeat customers. Our philosophy is to take most of the money we would have spent on paid advertising and marketing, and put that into the customer experience instead, including things like free shipping both ways, our 365-day return policy, and staffing our call center 24/7.

How do you feel businesses of all sizes should respond to the recession in order to thrive?

I think the true test of a company's character (or even a person's character) is how they behave when times are tough. For us, we've continued to focus on providing the very best customer service and developing our company culture. My advice to businesses of all sizes is to figure out what you want to stand for (i.e., what your core values are) and continue to make decisions based on that.

How important are social media outlets such as Twitter, Facebook, and

YouTube to Zappos.com?

Our primary focus has been on Twitter. We have over 400 employees on Twitter, and you can view their tweets at: http://twitter.zappos.com/employee_tweets

As you can see, most of the tweets are not about business or marketing, but it's a great way for us to connect on a more personal level with both employees and customers. It gives people a glimpse into our company culture, which is ultimately what our brand is all about.

What is your favorite thing about entrepreneurship?

I enjoy that there are always new challenges and that you have to be creative in figuring out how to attack those challenges.

What is the biggest challenge you face as an entrepreneur?

I think the biggest challenge is that there are so many great ideas but not enough time or resources to do all of them. The hardest part about being an entrepreneur is figuring out what not to do.

How have you created such a powerful and positive customer service force in Zappos? Even scheduling this interview, the level of positive and quick feedback was notable enough to talk about after we hung up the phone. How do you keep that spirit alive and thriving?

It's a combination of making sure that everyone understands our vision of having the Zappos brand be synonymous with the very best customer service as well as making sure that we hire people that are a fit for our company culture. Our culture is defined by our 10 core values:

1. Deliver WOW through service.
2. Embrace and drive change.
3. Create fun and a little weirdness.
4. Be adventurous, creative, and open-minded.
5. Pursue growth and learning.
6. Build open and honest relationships with communication.
7. Build a positive team and family spirit.
8. Do more with less.
9. Be passionate and determined.
10. Be humble.

Entrepreneurs seem to be very good at starting and developing projects. I've found one of the most challenging things for me is to figure out and then decide what to stop doing, whether it's because the market is changing, it's not profitable, or I'm just not good at something. Can you give an example of something you stopped doing and include how you made the decision, how long it took you to make, and the outcome?

We are always open to experimenting with ideas we get from customers and employees. For example, we had some customers that suggested that we try selling dog collars, and others that suggested that we try selling sunglasses. Neither of those categories have very much to do with shoes, but we decided to experiment with both.

As it turns out, the dog collars did not sell very well, but the sunglasses did. So we decided to stop selling dog collars and invest more heavily in sunglasses. Today, we have one of the best selections of sunglasses available anywhere, online or offline, and they continue to sell well for us.

How often do your Tweets turn into actual sales? Do you measure that in some way?

We don't measure that because we don't think of Twitter as a direct marketing channel. Twitter allows us to be more personal with our customers and build relationships with them over time.

What was the most effective thing you did to maximize web awareness?

Most of our awareness online or offline has been generated by word of mouth. We really just focus on WOWing our customers, and let our customers do the marketing for us.

More with Tony Hsieh**[Build a Billion-Dollar Business](#)**

It starts with strategic thinking and thoughtful growth. Here's an inside look at how two successful businesses went from zero to \$1 billion.