



Lenovo Sets Their Sights on **Becoming the #1 PC Company in the US, with Newegg's Help**

“Lenovo considers success on Newegg’s marketplace a strategic imperative to meet our overall Lenovo Direct Sales aspirations. [Being the] #1 PC company in the United States is our ultimate objective and sales growth via the Newegg marketplace is critical to achieving this.”

- Norman Lang, e-commerce Marketing, Lenovo

Services Used:



[Enhanced Content](#)



[Promotional Vehicles](#)



[Seller Store](#)



Joining Newegg

When Lenovo was established in Beijing, China in 1984 by 10 engineers, they could have hardly expected that in 2019 they would be the world's largest PC manufacturer. While the future was unclear then, having held that title for five of the last six years running it is apparent their success is built upon a sturdy foundation.

With the momentum building year after year since its inception, Lenovo carved out a foothold in the personal computer market with a variety of target demographics, among them gamers, prosumers, SMBs, and students. In 2005 Lenovo acquired IBM's personal computer business, and the Intel-based server business in 2014. With tendencies towards a higher income audience with more technical knowledge and a firm grasp on the business market, the e-commerce market is bright for Lenovo, but it is not without its challenges.

Before tapping into the world of online marketplaces, which held great potential for them, Lenovo faced their fair share of obstacles. According to Lenovo, their systems are designed to support Channel, Enterprise and Public Sector/Government/Education business segments, which account for a large portion of their sales. With that structure, the order handling, demand planning, fulfillment, and CRM systems do not typically have the features, functionality, or flexibility necessary to support an automated, efficient marketplace business.



The Marketplace Solution for DTC

While their system structure presented an obstacle for Lenovo to enter marketplaces, their strategic goals of driving profitable revenue increases that outpaced the rest of the industry and meeting aggressive growth targets in their Chromebook line, student, and gaming segments were critical to the company. With the objectives set the team at Lenovo was eager to find new methods for generating sales. In the changing e-commerce landscape, the growing trend of manufacturers going direct-to-consumer (DTC) via online marketplaces to access a wide customer base had become a fact of life to realize new revenue streams, and the team constructed a plan of attack.

“ Marketplaces in general were a strategic imperative for our B2C online sale route. Newegg’s marketplace and customer set are considered to be the most aligned with our own. With Newegg’s history of DIY, their customers tend to be more technically savvy. ”

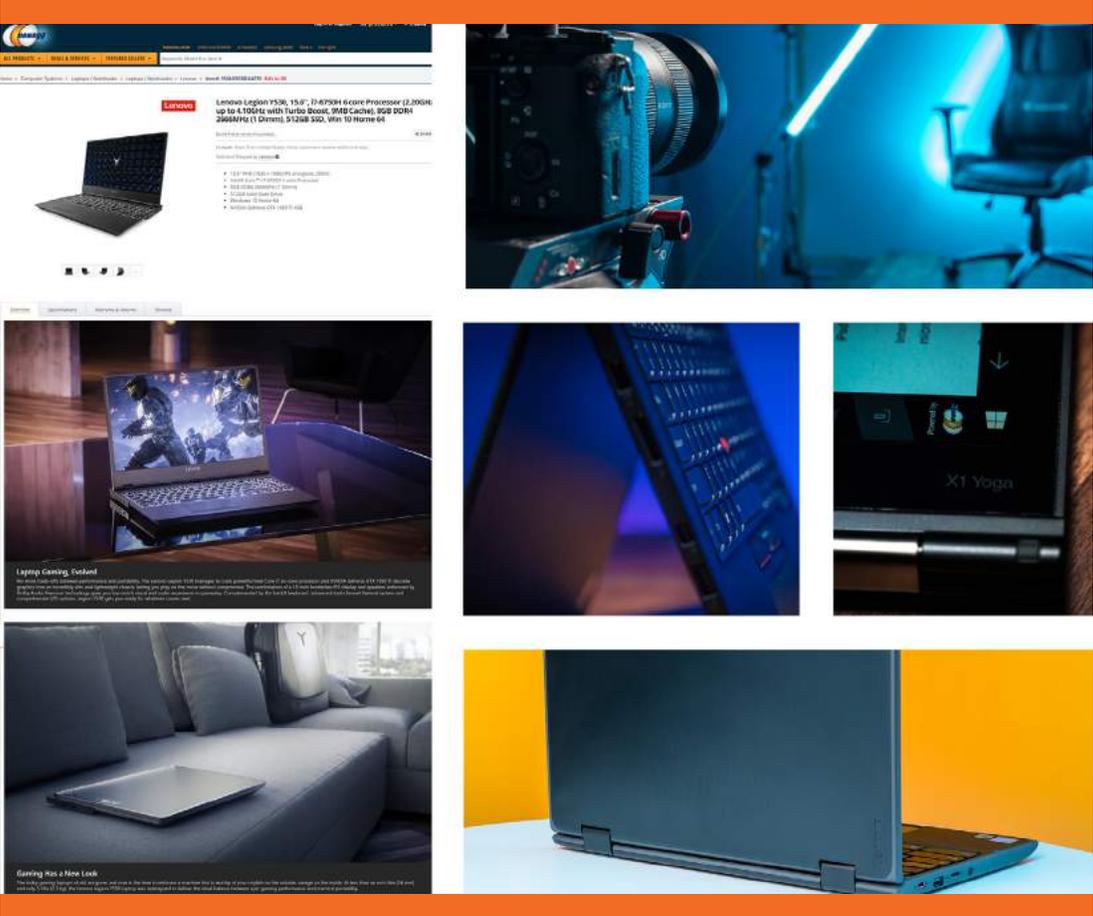
- Norman Lang, e-commerce Marketing, Lenovo

Lenovo recognized the power of the Newegg audience segment, being the leading global marketplace for everything tech, and their prime rationale for joining the marketplace was to drive direct sales growth. Their strategy was to use Newegg as an extension of their public website product assortment, gaining exposure for the key growth categories in their catalog.

Blending Business Models for Success

When Lenovo joined Newegg they deliberately chose to leverage a hybrid approach, designating some products for the traditional distribution channel while others were listed directly on the marketplace. This allowed them to have the flexibility to control the flow of their products and manage all their channels profitably.

The team at Lenovo decided to continue using Newegg as a distributor for their tried-and-true products that had always performed well, while leveraging Newegg Marketplace to go direct-to-consumers, to get exposure for the other portions of their product lines that did not compete with these. A calculated approach such as this allows brands to protect their current channels, by regulating the different products that go out on each and enabling greater control of their product lifecycle.





The Art of the Promotion

The learning phase started out with aggressive promotional pushes through targeted emails and on-site vehicles to capitalize on the holiday season, and gain exposure for the brand on Newegg. This tactic was successful in driving explosive out-of-the-gate sales, but drove an overall high 70% promotional-to-organic sales ratio. This short-term strategy was coupled with a long-term sustainable plan, and the pricing objective reset down to 23% promotional sales in the new year.

This shift back to a healthy balance of promotional and organic sales was achieved by optimizing their product exposure within their brand pricing calendar. By leveraging the expertise of the Newegg category management team, Lenovo was able to execute a game plan that both captured market share and allowed them to take into account their profit goals, averaging 54% month-over-month sales growth.

Recognizing the need early on for optimal product content, Lenovo utilized Newegg's Enhanced Content services to ensure their product pages had all the necessary specifications, photographs, and features for customers to help informed decisions and convert more frequently. This is especially helpful for the Newegg tech demographic, who often seek out additional product features that are not included on the typical e-commerce spec sheet.

Lenovo is still fully realizing the power and potential of Newegg Marketplace, and seeks to increase the adoption of Enhanced Content as well as fulfillment services to optimize their performance. By working hand-in-hand with dedicated account managers, Lenovo seeks to leverage Newegg's product and technical expertise to capitalize on the more than 38 million tech customers.



Results

Through the first five months of being active on Newegg Marketplace, Lenovo has seen an average month-over-month revenue growth rate of 54%, with an expectation to grow more than 1,500% by 2020. The strategic hybrid approach to designate specific product lines for the direct-to-consumer marketplace listing and retain the traditional distribution model through Newegg has allowed Lenovo to expand their catalog visibility and gain traction for a diverse group of products, while maintaining channel symbiosis. By capitalizing on the Newegg Enhanced Content services and creating their own seller store, Lenovo has been able to deliver their branding to the Newegg customers for increased growth. As a repeat title-holder for the world's largest PC manufacturer, Lenovo has big plans to become the #1 PC company in the US, and going direct on Newegg Marketplace plays a critical part.