Ethical Ocean

Canada

Chad Hamre

Organization type:
for profit

Budget:
$50,000 - $100,000

Website:
http://www.ethicalocean.com

- Animal rights
- Conscious consumerism
- Child labor
- Fair trade
- Ethics
- Green business
- Green consumerism

Project Summary

Elevator Pitch

Concise Summary: Help us pitch this solution! Provide an explanation within 3-4 short sentences.

Ethical Ocean is an online marketplace where shoppers find the top ethical brands in North America, allowing them to buy products that align with their values. Ethical Ocean meets the needs of both buyers and sellers of ethical goods. For buyers, we provide a single trusted shopping portal for goods assured ethical. For sellers, we are a unified online-hub for the sale of their goods.

About You

Organization:
Ethical Ocean

Website
http://www.ethicalocean.com

Country
How long has this organization been operating?
15 years

Your idea

Country your work focuses on
ON

Innovation

What makes your innovation unique?

THE PROBLEM

Several problems currently affect the ethical market.

1) Terrible Inconvenience

In a large urban center, when a person wants to buy fair-trade coffee, organic baby clothes, and sweat-shop free running shoes, they have to travel to three independent stores. Even worse, in smaller cities, these goods and services are simply not available. While several brick and mortar enterprises have tried to consolidate the market in one place, nobody has been able to do it well.

2) Lacking Awareness

A second challenge is that the majority of the already committed ethical consumers are only familiar with a handful of brands. This is why a few product categories dominate the market. Most people know about fair-trade coffee and organic foods. Less widely known are fair-trade FIFA soccer balls, designer cork hand-bags, vegan high-tops – thousands of ethical products in high demand.

3) Desperate Dispersion

The pain, however, is not reserved for buyers alone. Today’s ethical market is still widely dispersed, and ethical brick and mortar sellers struggle to generate sufficient traffic and sales to scale their distribution channels.

The clever vendors launch their own online sales sites, but quickly learn the difficulty and expense of running a successful online store.

OUR INNOVATION

1) Market Consolidation

Through a proprietary, custom-built selling platform, we provide companies that produce ethical products the opportunity to load, market, and sell their products to hundreds of thousands of ethical shoppers in one place.

2) Shopping by Ethical Categories

For ethical buyers, we provide a relevant shopping experience that allows them to search for, learn about, and purchase products that are aligned with what they believe in. Furthermore, by grouping products according to ethical claim, ethically-minded consumers will expand their understanding of the ethical marketplace and find more products that fit their shopping values.

Do you have a patent for this idea?

Impact

Tell us about the social impact of your innovation. Please include both numbers and stories as evidence of this impact

In just three months of operations, Ethical Ocean has helped over 100 ethical providers bring over 700 products. Start up vendors like AfriCAN (a social enterprise seeking to rebrand Africa in Canada through western clothes made from African fabrics) have found in Ethical Ocean a marketplace to make their first sales. Large established sellers like Kicking Horse Coffee (Canada’s leading fair trade coffee retailer) are using Ethical Ocean as their first trusted ethical online outlet.

Problem: Describe the primary problem(s) that your innovation is addressing

Several problems currently affect the ethical market. In a large urban center, when a person wants to buy fair-trade coffee, organic baby clothes, and sweat-shop free running shoes, they have to travel to three independent stores, often geographically disparate. Even worse, in smaller cities, these goods and services are simply not available. A second challenge is that the majority of the already committed ethical consumers are only familiar with a handful of brands. The pain, however, is not reserved for buyers alone. Today’s ethical market is still widely dispersed, and brick and mortar sellers struggle to generate sufficient traffic and sales to scale their distribution channels.

Actions: Describe the steps that you are taking to make your innovation a success. Include a description of the business model. What might prevent that success?

ADDRESSING MARKET SHORTCOMINGS

Ethical Ocean is an online marketplace where shoppers find the top ethical brands in North America, allowing them to buy products that align with their values.

1) Offering for Sellers

Through a proprietary, custom-built selling platform, we provide companies that produce ethical products the opportunity to load, market, and sell their products to hundreds of thousands of ethical shoppers. We create a unique opportunity for vendors to showcase the ethical characteristics of their products to buyers who care.

2) Offering for Buyers

For ethical buyers, we provide a state of the art shopping experience that allows them to search for, learn about, and purchase products that are
aligned with what they believe in.

3) Our Role

We see our role as creating the platform for interactions between buyers and sellers. To facilitate this relationship, we will use our expertise in online marketing, social networking, and ethical consumerism to bring ethical buyers and sellers together and help them communicate and transact.

OBSTACLES AND STRATEGY

1) Slow Market Growth

Risk: It is possible that the online ethical market will grow more slowly than our projections estimate. Mitigation Strategy: Our technology, brand, and business model are built. We have successfully loaded over a hundred top ethical retailers. While the growth risk is real, the purpose of the next phase is to test the market response, to spend money carefully, to learn, and to optimize our marketing expenditures. As the capital expenditures and cash burn rate for our business is quite low, if sales are drastically slower than expected, we can easily scale back our expansion plans to refine our approach and maintain our cash flow requirements.

2) Large Retailer Entry

Risk: It is possible that a large online retailer with more resources than us will enter and dominate the market. Mitigation Strategy: While this is a possibility, these entrants are not always best suited to compete in every niche market segment. Etsy was able to out-compete eBay and Amazon in the handmade craft market despite being at a resource disadvantage. Many large retailers will face brand authenticity challenges as well as troubles learning to understand the new market and translating their current model to fully meet its needs.

Results: Describe the expected results of these actions over the next three years. Please address each year separately, if possible


With a refined technology platform, a large supply of products, and a proven model, Ethical Ocean will expand its presence in Canada and make final preparations before entering and rapidly growing in the US market.

The Canadian expansion and final US preparations include:

1. Utilizing our initial market testing knowledge to invest in more targeted SEO and marketing to scale our traffic and presence on the web;
2. Developing a well-recognized and a well-regarded brand that is known to both buyers and sellers of ethical goods;
3. Developing additional site functionality to enhance user experience, continuing to build our online community to increase retention, and building brand trust through both online and offline marketing channels;
4. Developing a deeper understanding of the products that are in highest demand, and continuing to improve our product offering until we have consolidated the majority of the market, including offering the most internationally recognized brand names;
5. Hiring a second full-time employee, a VP of Technology, to prepare for launching the US focused version of Ethical Ocean; and
6. Registering Ethical Ocean as a US corporation and preparing the corporate governance structures to support the expansion.

To fund this growth and expansion, Ethical Ocean currently seeks an angel investor. By Q1 of 2011, Ethical Ocean will rapidly deploy in the USA. This will involve our President of Operations moving to our chosen location, either Silicon Valley or Seattle, where we will headquarter Ethical Ocean USA.

2) Stage 4 – Scale & Innovate (Q2:2011 – Q1:2013)

With a successful deployment of Ethical Ocean’s brand and technology in the US, our team will focus on growth and innovation. This will include:

1. Conducting a targeted consolidation of the US ethical market, starting in the largest growing ethical regions of the US,
2. Leveraging a larger pool of marketing dollars to compete in both the SEO and traditional marketing spaces, and
3. Utilizing our understanding of top selling ethical products to evolve our business model to include inventory, allowing for higher margins, reduced shipping costs and more control over end-to-end operations.

To support this rapid growth and innovation, Ethical Ocean will seek Venture Capital funding around Q4 of 2011 to rapidly secure our position as the market leader in online ethical shopping.

How many people will your project serve annually?

More than 10,000

What is the average monthly household income in your target community, in US Dollars?

$1000 - 4000

Does your innovation seek to have an impact on public policy?

No

If your innovation seeks to impact public policy, how?

Approximately 150 words left (1200 characters).
Does your organization have a non monetary partnerships with NGOs?  
No

Does your organization have a non monetary partnerships with businesses?  
No

Does your organization have a non monetary partnerships with government?  
No

Please tell us more about how partnerships could be critical to the success of your Social Enterprise

The Ethical Ocean Management Team recognizes that we have certain limitations in knowledge, capabilities, and experience. As such, we have formed a committed advisory board to provide guidance and advice from leaders and experts in key areas of our business. The Advisory Board meets quarterly to discuss high-level issues. Additionally, advisors are approached individually to provide input in areas of their expertise.

1) Patrick Pichette, CFO of Google  
As the current CFO of Google, past President of Operations at Bell Canada, and former partner at Mckinsey and Co, Patrick brings tremendous knowledge in the areas of online business and corporate strategy.

2) Don McMurtry, Past VP of Sales and Marketing at RIM  
As one of the earliest employees at RIM and eventually the VP of Sales and Marketing as RIM grew to scale, Don brings great insight in the process of turning a start-up into a huge corporate success. Furthermore, his expertise lays in sales and marketing, a key corporate competency for Ethical Ocean.

3) Adria Vasil, Best Selling Author of ‘Ecoholic’  
As the author of the bestselling books ‘Ecoholic’ and ‘Ecoholic Home’, Adria is without a doubt one of Canada’s most informed evaluators, writers and experts in ethical consumerism. In her regular column with NOW Magazine, Adria explores the most current topics relating to ethical consumption, providing not only expert advice on our ethics system, but also a valuable connection to the ethical consumption community.

We would like to learn more about how your initiative is financially supported. Please explain your business plan/revenue model

Capital Injection

The staged growth plan of the business and can be summarized as follows:

Stage 1 – Development (Q4 2008 – Q4 2009)  
Mechanism: Shareholder loan

Stage 2 –Seller Loading and Market Testing (Q1 2010 – Q3 2010)  
Mechanism: Shareholders capital call

Stage 3 – Scale Canadian Market / Initial Expansion into US (Q3 2010 – Q1 2011)  
Mechanism: Angel / Seed investor through offering of common equity

Stage 4 – Scale US Market / Hybrid-Inventory Model (Q2 2011 – Q1 2013)  
Mechanism: VC funding round through offering of common equity

The Story

What was the defining moment that led you to this innovation?

In 2007, a group of travelers were packed like sardines into a small car en route to Montreal from Toronto. As they bounced down the highway, they bounced around ideas for businesses that would help to improve the world. Many ideas were thrown around, and one stuck - make it easier for people (like us) to buy ethical products. By the time the car trip was over the Ethical Ocean logo and a business plan has been scrawled down on a napkin.

The idea that started small has grown in to a fully-functioning online ethical marketplace. Our seven team members come from various backgrounds, but have come together under a common belief: that trade and ethics need not be separate; rather, the future of commerce will require the integration of ethics. It will be consumers who demand these type of products and services, and the businesses who combine economic and ethical motivations will flourish.

Tell us about the person—the social innovator—behind this idea.

Two of the seven directors involved in building Ethical Ocean were in the car-ride where the idea was first hatched.

Chad Hamre works for a climate change consulting company that advises companies, international institutions and domestic governments on creating greenhouse gas reducing systems. He’s slowly figuring out how to blend a BSc in Engineering from the University of Saskatchewan, an MSc in Development Management from the London School of Economics and an (in progress) Executive MBA at the Queens University.

Davin Trent Lengyel holds degrees in Education, Engineering Physics, and Mathematics from the University of Saskatchewan. He moved to the Toronto to study Law at the University of Toronto and was later called to the Bar. Davin became interested in volunteering for social causes while studying Engineering.

How did you first hear about Changemakers?

Friend or family member

If through another source, please provide the information

Source URL: https://www.changemakers.com/socialbusiness/entries/ethical-ocean#comment-0