

# Distribution Strategies: Jewelry & Watch Manufacturing

## The Challenge

As a manufacturer of Jewelry and Watches, your Retailers are vital to the success of your business. Retailers promote and display goods as well as connect directly with consumers. Their support is vital to ensure exposure of your products to new and loyal customers.

Manufacturers depend upon their Retailers to educate, promote, and service their products as well as maintain relationships with the end user. However, Retailers may not have the capacity, or customer demand, to carry all of your products all of the time, nor can they be available to every customer on demand.

Consumers are becoming increasingly reliant upon the convenience of the internet for researching and buying products. In today's environment, the "connection generation" expects a direct relationship with the brand but also wants an offline "real person" resource.

The Internet is the fastest growing segment of retail sales. The Census Bureau of the U.S. Department of Commerce reported that online sales in 2005 grew 24.6% over 2004 to reach \$86.3 billion. By comparison, total retail sales in 2005 grew 7.2% from 2004. JCK published figures two weeks after Thanksgiving 2006 that said online jewelry sales since the holiday have increased 69 percent over a year ago. This shows that people are not afraid to purchase jewelry over the internet and they will continue to do so. Ignoring consumer demand and not selling online will eventually translate into lost revenues and profitability.

Referring online customers to Retailers often results in defection of that customer to a competitive brand and always results in a loss of brand experience and control. Allowing Retailers to sell online diminishes your brand and provides a high potential for price degradation.

Your challenge is to meet consumer needs and wants, when and how they wish. Providing 24/7 online ordering builds relationships between your Retailers and consumers, and prevents customer defection, secures the sale, and protects your brand and its perceived value without encroaching on Retailer

profitability. The advent of eCommerce, and current shopping trends, entices Brand manufacturers to embrace the internet and sell online. Channel conflict will occur if manufacturers sell online without their Retailers. The question is, how can a Brand sell online and include their Retailers?

## The Solution

Reshare Corporation offers Distribution Relationship Management® (DRM) for eCommerce, a patented software solution that allows a manufacturer to sell products directly from their website shopping cart WITHOUT alienating existing distribution/retail channel partners. Reshare applies your existing business rules from the offline world (e.g. percentage commission of manufacturer reps and markup of Retailers) to online sales and acts as a third-party that is invisible to the consumer.

Reshare's DRM is software that attaches to a manufacturers standard website shopping cart. Reshare configures DRM per the manufacturers' offline business rules. These rules are implemented, replicated and hopefully improved to bring to the online world. DRM emulates the offline channel relationships including instructions on who receives what percentage of the sale as if it were offline. During an online sale the consumer chooses which Retailer they would like to share in the transaction. This decision by the consumer may be based on loyalty, relationship, vicinity or convenience, just as in offline sales. Upon payment, the programmed instructions for the sale (fulfillment, delivery and remuneration to the chosen Retailer) are generated resulting in profit sharing, brand control, and elevated customer service.

In the Jewelry and Watch Industry a key to brand building is through "recommenders". These are the end users, celebrities and promoters that use your products and influence others to purchase them based on performance, trends and availability. This invaluable resource of sales people, collectors and enthusiasts can also be rewarded for their recommendation of your products. All they need to do is register with you or one of your Retailers and they will receive a commission or perk based on your designated amount. This motivation of customers already using your products will help build your brand faster and

keep customers from defecting to other competitors. Reshare develops cohesive strategies to build a sustainable competitive advantage for you and your channel partners. Reshare, acting as an impartial party who processes payments and provides reporting to all channel partners, ensures that trust is established up and down the distribution chain.

### Patented Software

Reshare offers the only patented (US# 6,594,641 and foreign countries) software that enables you to:

- Sell direct to consumers and share revenues with Retailers
- Enable consumers to locate and select an appropriate Retailer
- Credibly demonstrate fairness to Retailers
- Maintain existing relationships between Retailers and the consumer

### Benefits for the Brand

- Enable optimum customer service
- Strengthen the Brand
- Collaborate with Retailers to maximize success
- Promote exclusivity of products
- Offer entire product line 24/7/365
- Increase sales and profitability
- Streamlined special orders
- Extend geographic reach
- Create reward program for Retailers and Consumers
- Gender specific marketing programs
- Prevent brand substitution
- Prevent brand degradation
- Prevent counterfeiting and ensure authenticity
- Prevent customer defection
- Reduce non-performing inventory
- Gain end-consumer insight for product development and marketing
- Extend gifting ability
- Powerful return on investment

### Benefits for Retailers

- Provide the highest level of customer service - complete satisfaction
- Additional revenue
- Access to valuable customer information
- Use an enhanced special order system
- Expand selection without maintaining inventory
- Receive co-branding opportunities on the Brand website

- Increased rapport with customers and the Brand
- Compensation from the Brand for recommending their products
- Internet presence without the cost
- Upsell/cross-sell

### Preventing Customer Defections

Customer Defections attack profitability. Lack of inventory or availability, and presentation of competitive merchandise (e.g. online/offline partner referral) often causes defection. By offering partners and brand-seekers product on the brand website, costly defections are avoided. A Harvard University study shows that by retaining just five percent of your customers, profits rise by no less than twenty-five percent. Direct online sales with Distribution Relationship Management can help you to grow the long-term value of your partners and customers.

### Return On Investment

A strong return on investment can be realized through many quantitative and qualitative factors. First and foremost, ROI is delivered through additional sales captured by new customers, increased sales conversion and increased order size. ROI is further enhanced by ordering efficiencies realized through electronic processes. Lastly, maintaining or improving brand equity, preventing customer defection and expanding product breadth, depth and geographic reach all have a positive effect on the ROI. We also offer lower transaction fees than any other channel conflict solution providers.

### Internet & Channel Experience

Reshare® is the leading Distribution Relationship Management® (DRM) software and strategy company with the only patented DRM solution that enables manufacturers and brand owners to sell online directly to end users without circumventing their valuable channel partners. With over 20 years of online experience across a multitude of industries, our software and strategies resolve channel conflict, guarantee complete brand control and enhance relationships between all channel partners and end users while increasing revenue, market share and profitability.