

Internet Strategy: Marketing & Sales Organizations and Multi-Level Marketers

The Challenge

As a Marketing & Sales Organization (MSO) reliant upon multiple levels of distribution to bring your products to market, your Consultants (sometimes known as distributors, agents, sales representatives, etc) are vital to your success.

Existing and prospective customers are looking to the internet to purchase your products as their popularity and demand grows. The next generation of consumers is relying upon the internet more and more to save them time. Competitive products are being sold online by companies that are not dependent on multiple levels of distribution. Of equal importance, your direct competitors are selling online through their Consultants, using channel management strategies and software to remunerate for online sales at all distribution levels.

Your challenge is to help your Consultants maintain and build relationships with their customers online and offline, offer convenient and simple online product ordering 24/7 and to prevent customer defection while remunerating your Consultants at all levels of distribution.

The Solution

Great companies such as Mary Kay, Shaklee and Tupperware are meeting their customer's need by implementing effective distribution relationship management strategies and software. They have no illusions about the power and value of their Consultants, distributors or agents. In a landmark decision, Tupperware ceased sales in Target Stores in favor and complete support of their house parties, the traditional method of selling the plastic storage containers. Rick Goings, CEO, said in a statement that the partnership with Target was very successful and sales had "exceeded our expectations." But the company decided that it would rather support its independent sales force. Accordingly, profits attributable to online sales are now apportioned to their channel partners.

Reshare offers Distribution Relationship Management (DRM) for eCommerce. It is a patented software and technology solution that allows a manufacturer to sell its products directly from its website WITHOUT alienating its existing distribution channel partners. Reshare acts as a

third party that is invisible to the customer. We apply your existing business rules from the offline world (e.g. percentage "commission" to Consultants) to online sales. While a customer has the convenience of ordering in the privacy of their home at their convenience, 24 hours a day, seven days a week, the Consultant is never circumvented.

To assure the relationship between your Consultants and their customers, customers are required to identify their Consultant at some point in their online experience. Depending upon your preferences, this may be upon entering your website, browsing products, adding products to a shopping cart or at check out.

Similarly, new customers are prompted to select a Consultant based upon your business rules. We work with you to determine the question/manner in which customers are asked and Consultants are presented online. An example might be, "if you needed to return or exchange your product, who would you like to have help you?" Consultant Bios, interests, or other relevant information can be presented to help a new consumer choose a Consultant. In the case where the customer has no preference, any number of geographic, performance based, business building, or randomizing algorithms can be used to make the selection.

Gaining Incremental Sales Through Existing Customers

Regardless of how large and far reaching your organization is, your Consultants cannot be available to every one of your customers 24 hours a day, seven days a week, nor can they attend to more than one or two customers at a time outside of a group setting. Online sales allows your Consultants to serve all of their customers all of the time and all at the same time, if needed. Geographic barriers, time of day and availability of Consultants will not hamper an online purchase. Furthermore, you have the opportunity to cross-sell/up-sell based on previous online ordering behavior, survey information, with a level of technological sophistication that your Consultants cannot duplicate. All of this translates into incremental sales for you and your Consultants.

Gaining Sales Through a New Kind of Customer

Serving customers who are not interested in the relationship building and social aspects that your Consultants offer represents a very important and often overlooked marketplace.

Your product is no less valuable or meaningful to these people; however, the psychology involved in their buying process is not conducive to the techniques used by your Consultants. Provide these new customers with all of the same products, support, and services using DRM and apportion profit share to an appropriate Consultant at the same time.

Augmenting your existing Distribution Model MSO companies usually have a longstanding reputation for quality products as well as an offline distribution system that works well. Aside from internal initiatives to evolve business as needed over time, there is no reason to change your company into something completely different from what it is. Reshare's DRM solution does not, in any way replace or change a traditional offline model that is working. It offers you the opportunity to bring in incremental online sales from a new kind of customer as well as from existing customers who are increasingly going to the internet to buy.

Supporting Consultants

Your Consultants are critical to your business and, regardless of what you do on the internet, will continue to be your most valuable resource. For a brand-owning manufacturer to sell online in direct competition with its own traditional Consultants is what we call "The Grenade Approach" to eCommerce. It is a strategy that

causes ill-will with those who support your business. If you lose your Consultants, your business fails. Similarly, to engage in eCommerce but then give Consultants less profit for online sales than for offline sales is also a strategy that creates conflict. In order for acceptance and advocacy on the part of your Consultants, they need to benefit from online sales just as they do offline.

Brand Control

Brand is the relationship between people and products – the culmination of thoughts, essences, feelings and beliefs each of us has towards a given product or service. It is a summary of what a customer expects of a product, over and above the product or service itself. Brand is arguably the single most important asset a company has. Opportunistic online vendors fill the gap where brand owners fail to serve their brand-seeking customers. If you are not currently meeting online consumer demand, brand-seekers resort to online suppliers such as Amazon and eBay. Although the customer's personal experience with a Consultant remains intact, the brand is undermined by association with these lesser channels. Of potentially even greater importance is the impact that lesser channels have on prospective customers who categorize your products among the inferior brands that surround it on these sites.

Preventing Product Diversion

Product diversion acts as a direct threat to brand value. While it may not be possible to eliminate all diverters, it is possible to disempower them by eliminating the primary reason for their existence. By meeting demand of a growing base of online shoppers, and by policing supply flow, manufacturers are able to curtail diversion. Global Diversion is increasingly becoming a threat to the value of brands in overseas markets. Products are exported outside of the US and sold online around the globe at US prices that are often 20-30% lower than foreign prices. Of equal importance are the price-cutting practices that are occurring at US websites. Although the price spread is not as dramatic in the US as it is in foreign markets, small diverters will cut prices to secure sales. Large diverters are willing to discount, effectively creating "loss leaders", that attract customers to the myriad of other products they offer. Some merchandisers will even offer product that they, themselves, must purchase at retail, for the sake of boosting their apparent legitimacy to the marketplace.

Preventing Customer Defections

Customer Defections attack profitability. Lack of inventory at a retail store often causes defection to another product, and for die-hard internet shoppers who know exactly what they want, lack of online commerce also causes defection. A Harvard University study shows that by retaining just five percent of your customers, profits rise by no less than twenty-five percent.

Streamlining Order Taking

The ability for your customers to use Reshare DRM to automate all of their purchasing with you will reduce your processing costs tremendously! Moreover, the use of online ordering greatly reduces order-taking time. This frees up Consultants' time so they may focus more on value-added customer service and prospecting.

Reshare's Patented Software

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

- Sell directly online to consumers who are ready to buy at your website
- Gain access to valuable consumer information that can help in targeted marketing, cross-sell/up-sell, and research/product development
- Allow consumers to locate and select an appropriate Consultant who will profit from the online sale
- Credibly demonstrate fairness to all Consultants
- Maintain existing relationships between your Consultants and the consumer
- Showcase your entire product offering

Additional Benefits

- Order processing cost reduction of up to 72% across all channel partners
- Increased order accuracy
- Increased order size as the result of ease of use and access
- Up-selling and cross-selling abilities for other products
- Maintain absolute control of your brand with consumers and Consultants

Internet & Channel Experience

With over 20 years of online experience across a multitude of industries, we offer software and strategies that resolve channel conflict, streamline sales processes, guarantee brand control, and enhance relationships between all channel partners and end users. We have a deep understanding of the benefits and challenges of distribution. Our mission is to increase profitability and market share for you and your Consultants.

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