

Industry NEWS

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Reshare: A Smart Way to Facilitate High-End Audio Sales On-line?

Minneapolis, Minnesota-based Reshare Corporation was founded in 1999 and has spent the past seven years developing and refining a revolutionary, and now patented, business process that allows manufacturers to sell products directly to end-user via the Internet, *without* cutting regional distributors or local dealers out of the loop.

Reshare Chairman and CEO Adam Southam explained that his firm's business process has been applied successfully in the fitness, beauty products, furniture/lighting, snow sports, and automotive aftermarket accessories industries. In each case, Reshare found manufacturers wanted to open direct on-line sales channels with consumers, but were reluctant to do so for fear of damaging valuable relationships with established dealers. To tackle this problem, Reshare created a process that encourages factory-direct sales, but also provides clear-cut, ironclad mechanisms whereby distributors and dealers are credited with, and compensated for, on-line sales. Recognizing that this process might be relevant for our industry, Reshare has now begun marketing its "Distribution Relationship Management" software and strategic services to various high-end audio manufacturers.

From the end user's point of view, the Reshare process is essentially invisible. The customer simply visits the manufacturer's Web site, opens an electronic product catalog, and then selects and orders whatever components he wishes to buy. Sales are handled through conventional eCommerce systems, but with a twist. At check-out time, the customer is shown a list of dealers and asked to pick the dealer to whom the sale should be credited. Typically, the customer is advised that his chosen dealer will become responsible for after-sales support and installation assistance. Then, once the transaction is completed, the product ships directly from the manufacturer (or a fulfillment house) to the customer's home, with the local dealer providing whatever installation help has been agreed upon.

In the background, Reshare software applies predetermined, manufacturer-defined business rules to calculate the manufacturer, distributor, and dealer's shares of the proceeds from the sale, plus any sales commissions that may be owed. Reshare software places the customer's payment into an escrow account where funds are held until the sale is officially completed (typically when the product ships to the customer). Once the sale is finalized, the

Reshare system releases, divides, and electronically distributes funds from the sale to all involved parties. The system provides extensive and secure on-line sales reporting functions.

In our analysis, high-end audio manufacturers, distributors, dealers, and customers alike can benefit from the Reshare process, though in different ways.

Customers enjoy the security that comes with controlling their own order-entry processes and dealing directly with the manufacturer, plus the convenience of shopping from home, 24/7/365. They also have the satisfaction of knowing that local dealers (or the dealer of their choosing) will receive credit and compensation for the sale.

For manufacturers, the Reshare process helps open new on-line sales channels, while improving cash flow and reducing concerns about late payments or bad debts. More importantly, the process lets manufacturers offer on-line sales initiatives that

Reshare promises to help impose order on the often-chaotic world of high-end audio sales

should win active grass-roots support from current distributors and dealers. Finally, the Reshare process helps manufacturers gather immediate customer feedback on products—information manufacturers can use to adjust product strategies and make smarter manufacturing decisions. Ed Ambrose, Reshare's director of business development, points out that Reshare

software also provides special features whereby manufacturers can test market response to new products by allowing *pre-release orders* for products that are not yet in production.

For distributors and dealers, the Reshare process ensures that factory-direct on-line business will complement, and not cannibalize, traditional in-store sales. Reshare business rules also can be set up to discourage unscrupulous out-of-territory dealers from attempting to steal sales from local dealers. In theory, the Reshare process frees dealers to focus on stocking top-selling products, because it provides a safe, profitable mechanism for placing special orders on-line. Finally, Reshare's automated system ensures that profit margin and/or commission payments resulting from on-line sales will be issued promptly and accurately.

In principle, the Reshare process offers high-end audio companies a viable mechanism for increasing sales, with win/win benefits for manufacturers, distributors/dealers, and customers. It also holds the promise of helping to impose much needed order on the often-chaotic world of high-end audio sales.