

## Shopatron's unbroken chain

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Some manufacturers compete against their own dealers by selling on the Internet. Others sell online but incorporate dealers. The industry, after all, depends on things like new-unit sales and service departments.

One thing's for certain: Dealer locators soon won't cut it. If a customer wants to buy something on a supplier's website, it should involve as few steps as possible.

Shopatron Inc. for years has promoted a system for enabling suppliers to sell online without bypassing the retailer channel. Roughly 30 companies in the industry have signed up, including AGV Helmets, Ducati, LeoVince, Motion Pro, Progressive Suspension, Scott USA, Shark Helmets, Ski-Doo, Suzuki and Yuasa.

As the industry attempts to resuscitate sales, participation in the Shopatron model has grown. From 2008 to 2009, revenue passing from brands to dealers grew 30 percent, and the average value of an order increased 20 percent. There are about 1,000 dealers fulfilling Shopatron-assisted sales in the powersports industry.

At this past February's Dealer Expo, a Shopatron panel discussion attracted a big audience.

If you're a dealer and want to get involved, you must stock the items; there's no special orders or drop-shipping. That bodes well for businesses like World of Powersports (see our cover story, May), a heavy stocker of OEM parts. The dealership's Internet sales manager, Mike Jackson, told the Dealer Expo audience that he no longer buys pay-for-click ads for Suzuki parts. "I don't have to because I've got them in stock," he said, "and I'm going to get the orders anyway because none of you guys are placing stocking orders. "So I'm shipping stuff to California and Minnesota and New York, where I wasn't before," Jackson continued. "But where I used to pay 15 percent of sales in advertising, I'm now paying 4 percent in settlement fees."

Only about 200 Suzuki dealers are signed up with Shopatron, and although more dealers would hurt World of Powersports sales, Jackson thinks dealers should sign up because it would reduce shipping times. "I'm already selling a boatload of crap on the Internet," he told the Dealer Expo attendees. "What Shopatron does is make it fair for all the other dealers."

If you're interested in staking a Shopatron claim, the first step is to get educated. Here's an overview of what you can expect, along with some clarifications revealed during the February panel discussion (even Jackson said he learned a thing or two).

Here's how Shopatron works: People shop at the corporate site, but at checkout their orders redirect to a Shopatron website. Shopatron captures their credit card information for billing purposes. The orders then are viewable to dealers, who flag the ones they can fulfill. Shopatron gives each order to the dealer closest to the customer. If there are multiple items in an invoice that require the services of multiple dealers, an algorithm decides how to divide the order.

Suppliers customize their Shopatron-enabled storefronts. All of them offer shipping, but only about half also offer in-store pickup. Suzuki added the pickup option in January. So a customer can buy a motorcycle from World of Powersports and then shop Suzuki's website for accessories.

"There's about a hundred percent chance that customer is going to choose 'pick up at store,' and I'm going to get a \$100 service ticket out of it," Jackson said.

Dealers have the option of fulfilling only in-store pickup orders. All dealers can sign up to receive e-mail alerts from Shopatron informing them of orders placed in their area. Dealers also can receive orders through an XML download, then upload an XML specifying the orders they can fulfill.

Every 15 days, Shopatron reimburses dealers for the orders they ship — minus credit card fees and transaction fees that range from 2 percent to 5.5 percent, depending on dealer margin. Shopatron assumes all risk for chargebacks and credit card fraud. Dealers sign up with Shopatron for free. Another important benefit: Dealers can see the top 40 selling parts numbers for all of the participating brands for the past 30 days, regionally and nationally, so they can stock accordingly.

Now for some questions and answers from the Dealer Expo panel discussion. What stops dealers from lying about their stock to get an order? "A really persistent call center," Jackson answered. He said that after Shopatron gives him permission to ship an item, he has about six hours to reply with a shipping tracking number. If he doesn't, Shopatron calls him. The company grants dealers only a few inventory "mistakes" before cutting them off. The goal is for a nearby dealer to ship all items the day they're ordered. Customers are told that standard shipping is three to seven days.

A Motion Pro rep said that 84 percent of his orders are fulfilled within two days. On average, Motion Pro's site receives about 600 orders per month at about \$50 to \$60 per order, with 95 percent of customers rating the service as excellent.

What about sales tax? At checkout, Shopatron tells customers that a certain sales tax could apply, usually the highest rate for the shopper's state. Then, after the dealer is chosen, customers are charged whatever's right (nothing if the dealer's not in their state). Shopatron does not inform dealers about sales tax during the bidding process, but it does reimburse them. Dealers enter their tax rates when setting up with the service.

What if no dealer flags an order? Unclaimed orders stay in the system for three days before being transferred to a backup fulfiller, which is usually the manufacturer itself. But not always: World of Powersports, for example, acts as Suzuki's backup. Last year, dealers did not flag roughly 30 percent of orders. Shopatron said that in other industries, suppliers often fulfill certain orders (like closeouts) without offering them to retailers. But nobody in powersports does this.

Who pays for shipping? Dealers do, but they're reimbursed. Note that shipping is often incorporated into the asking price (i.e., "free"), so dealers may want to use a shipping calculator to estimate their real margin. When customers are charged a shipping fee, dealers see it before flagging the order.

How are returns handled? Dealers handle warranty-related returns as they regularly do. To initiate other returns, customers can log on to their Shopatron account, call the support center or call the dealer. They're given an RMA number that they include with their shipment back to the dealer. After the dealer approves the return, the customer's payment card is credited. How does in-store pickup work? Shopatron has two main methods from which vendors can choose. "Local Search First" allows customers to say they might be willing to pick up their order if the dealer ends up being nearby. An installation model allows the customer to pick a dealer before or-

dering, to ensure there's a service department nearby.

Finally, Jackson gave high marks to Shopatron itself. "I'm pleasantly surprised at the knowledge base and the customer service from the call center people," he said. "I got a call the other day. There was a customer 10 miles away who bought his bike from me. He's on Shopatron, and nobody's bid on his order because we don't have the parts in stock. And they're giving me his name and phone number to call him to try to work something out to get him his parts quickly. So the focus is on the customer."

And online shoppers with questions call Shopatron, not dealers.

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