



WORLD OF MCINTOSH

## E-Commerce Announcement Dealer Q&A February 18, 2016

**Q:** Why has World of McIntosh (WOM) chosen to make this change?

**A:** Consumers use the internet as a way to educate themselves prior to purchasing. With increased visibility of WOM brands online, consumers will learn of our brands and the benefits that our products offer. Increased exposure will serve to drive consumers to all stores.

**Q:** Which products will be offered for sale online?

**A:** Pryma headphones, Wadia, Sumiko Subwoofers, the Venere and Chameleon Collections of Sonus faber speakers and the following McIntosh models:

- MAC6700 Receiver
- MA5200 Integrated Amp
- MHA100 Headphone Amp
- MHP1000 Headphones
- MXA70 Audio System
- MCD550 CD Player
- MCT450 CD Transport
- MR88 Tuner
- McIntosh Clock
- D150 Digital Preamp
- C47 Preamp
- MC301 Amplifier
- MC152 Amplifier
- XR100 Speaker
- XR50 Speaker
- LCR80 Speaker
- Audio and Speaker Cables

**Q:** How were these models chosen?

**A:** These products were selected because they can easily be shipped and supported via the online channel. We intentionally did not include those products which require the high level of service which our brick and mortar dealers pride themselves on such as home theater processors, tube amplifiers and turntables. Most of our best-selling models will continue to only be available through brick and mortar resellers.

**Q:** How soon will products be available online?

**A:** The Pryma, Wadia, Sumiko and Sonus faber products are currently available. McIntosh products will become available in late February.

**Q:** What is WOM doing to protect dealer margins?

**A:** We are making significant investments to ensure that this change will not negatively impact the brand position which we currently all enjoy and have worked so hard to attain. Specifically, we have developed a new Minimum Advertised Pricing Policy which is designed to provide pricing stability and support the profit margins to which our dealers are accustomed. We recognize that these margins are key to providing the product selection and high level of service which our dealers deliver. In addition, we are employing the services of a 3<sup>rd</sup> party web monitoring and enforcement company. This company will scan the internet 4 times daily to provide visibility of online pricing compliance.





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**Q:** Can I offer WOM products for sale on my website?

**A:** We will authorize a limited number of dealers which meet our requirements to offer WOM brands for sale online.

Considerations will include:

- Desire to support all WOM brands across all of the dealer's channels (brick and mortar, online, catalog)
- Technical support capabilities
- Unique customer base
- Ability to maintain inventory to fill orders
- Willingness to deliver marketing support for WOM brand portfolio

Your account manager can review the details of our program with you.

**Q:** Are there changes to the WOM sales team structure as a result of the new distribution?

**A:** No, your current account manager will continue to serve you.

**Q:** Does WOM plan to increase the list of products available online?

**A:** We currently have no plans to increase the assortment. As new models are introduced which lend themselves to the e-commerce channel, such as the McIntosh RS100 Play-Fi Speaker, we will add them to the list for only those dealers which are capable of delivering the necessary level of customer and technical support the products required.

**Q:** As an independent brick and mortar dealer, what should I expect as a result of this new policy?

**A:** Our belief is that the expanded visibility of the WOM brands will increase demand for our products across all channels. In addition, online pricing will serve to validate the prices at which you sell our products, allowing consumers to purchase from you with more confidence by knowing they are getting the best price available.

**Q:** Will this change create product backorders?

**A:** Using forecasts from our online partners, we are adjusting our production schedules where necessary to ensure availability.

