

Chris's Corner: The Rise of Internet Equipment Sales

I am a big fan of technology and the internet, so I am not about to knock progress that has been made in this arena.

As I am sure many of you are aware, you can find websites that sell many of the same or similar pieces of equipment that I and many brick and mortar organizations sell. Often times they offer equipment at prices much, much lower than me.

How can they do that?

The simplest answer is lower overhead. Many times these online stores are in a leased office. They have their website and their internet connection. They have little or few employees. They carry no inventory. They handle no product. All sales are C.O.D. in the form of credit card.

You pick the product you want and pay for it. They order the machine from the manufacturer and the manufacturer puts it on a truck and it's shipped to you.

You get it off the truck. You pay extra for a lift gate delivery, if you don't have a dock. You unbox it. You assemble it. You move into place. You connect it to the necessary utilities and you see if it works. You figure out how to use it.

For the most part, people who buy off of these internet sites are replacing an exact piece of equipment. They purchase the same slicer they have. They already know how to use it and are comfortable with it.

But what about in instances where an end user is buying a machine that is new to their operation? How did they figure out what they want and need? Often times they've talked with friends in the business and gotten recommendations. Maybe they did some research on the internet.

However in many situations the purchase went down like this, the customer thinks they need to get a machine. They call and speak to the sales representatives for the brick and mortar dealer. They discuss their needs and situation and the sales person points out all the features and benefits of various

machines. A meeting of the minds takes place and perhaps a recommendation is made. Perhaps a quote is generated. Maybe the customer visited a showroom and actually saw the machine or the dealer took them to a customer site to see one in use.

With make, model and price in hand, the customer wants to make sure they're getting the best price possible, so they do an internet search on the machine and, sure enough, they find the exact machine they want at an internet dealer site. The price is a few hundred less and they buy it.

Is the fair? Sure it is fair. That is life. However let's remember what you get when you deal with a real dealership or equipment seller. You have a salesman with years of experience to guide you through the selection process. The dealership may or may not have the machine in stock, but they probably carry some inventory of constant sellers.

When you purchase off the dealer, chances are you make a down payment and don't pay in full up front. You are buying on their credit until they make delivery to you. Depending on the situation and your relationship they may even give you terms on the final payment. They will receive and deliver your machine. They will unbox, assemble and set in place. They will arrange to have it installed, if need be. They will demonstrate the machine and will give you warranty contact information.

Obviously there are operating cost differences between the two business models and therefore, one of the businesses has to charge more money for the full range of services they offer to the consumer. They aren't greedy.

My contention has long been that the full service dealer should get the absolute best price from the manufacturer, because in the end they are the ones who created the demand in the first place. They helped the customer figure out what they wanted and filled their needs. The internet company is just an order taker. They might do a higher volume in sales, but perhaps it's on the backs of guys like me.

There isn't much I can do to combat this. However, lately, I am asking people what their number one priority is and if it is price, I can give them a low price internet experience without going to the computer. If we can figure out what they want via email and phone calls, if they will pay upfront and have it shipped directly to their location and I or my people don't have to do anything, I am willing to sell a machine as cheaply as an internet site. However, buyer beware, I think this type of business is ultimately packed with less value than a traditional equipment buying experience. I think the business world runs on personal relationships and this is not the way to go.

Just something to think about! Have a great September.