



## ***Introducing*** **TORODEALER.COM**

*Toro is very excited to announce Torodealer.com, our newest initiative to bring new customers and incremental revenue to our dealers. It is no secret U.S. consumers have rapidly adopted the Internet and made it an integral part of their everyday lives.*

What you may not know is the extent to which buying practices have shifted for outdoor power equipment; a full 10% of power equipment sales were made online in 2011, and this has been growing at a compound annual rate of around 25% for the past 5 years. These customers are reachable by only a very small group of power equipment dealers who have e-commerce capability. Torodealer.com will change this and **allow most of Toro's dealers to participate fairly and equitably in the growth of online power equipment sales.**

### **HOW WILL THE NEW SITE FUNCTION?**

Torodealer.com is a separate site from Toro.com, but will be linked from Toro.com at every product detail page. When a visitor comes to Torodealer.com, they will be required to enter their zip code. Once they have done this, a list of the 10 participating Toro dealers nearest them will be displayed. From this list, they will select a dealer. The header portion of the site will be populated with the selected dealer's information: a logo (if they have one), store address, phone number, hours of operation and a map to their location. After selecting a dealer, the visitor will then be allowed to browse the site. If they choose to buy a product directly on the site, the dealer will be paid a commission, otherwise the visitor will be able to print a page of the product in which they are interested, complete with their selected dealer's information, and go directly to the dealer to make the purchase.



## **WHAT PRODUCTS WILL BE ON THE SITE?**

The site will include all of Toro's residential products: cast and steel deck walk mowers, TimeMaster wide area mowers, TimeCutter ZTRs, single- and two-stage snow throwers, all Toro corded and cordless trimmers, blowers and snow products, as well as residential parts and accessories. LCE products (including parts) and TITAN ZTRs will NOT be on the site.

## **HOW DO TORO DEALERS PARTICIPATE?**

As you will read later, there are certain minimum requirements for dealer participation. In addition to these requirements, dealers will be required to "opt" into the program. The requirements to participate are:

1. Be an E-dealer (receive communication from Toro electronically). If you are not an E-dealer, you can become one using Toro's dealer portal homepage, under "Update My Locator".
2. Be an ASD or MSD (authorized or master service dealer)
3. Carry Toro's full line of residential products: walk mowers, TimeCutter ZTRs and snow throwers (in snow states)
4. Place a qualifying booking order with Toro (direct markets only)
5. Participate in PWP parts program (direct markets only)
6. Be in compliance with Toro's Internet Policy

To opt into the program (tell us that you want to participate), you will need to go to the Toro dealer portal homepage. In the quick links section of the portal, click on the *update my locator* link. Once there, click the radio button stating you want to be a Torodealer.com participant. Note, opting in alone does not guarantee participation; you must still meet the eligibility requirements above.

## **HOW WILL PRODUCTS BE DELIVERED/ORDERS FULFILLED?**

The primary objective of the site is to drive foot traffic to our dealers' showrooms. We will do this by directing a customer to a specific dealer. Customers will be able to print the page with that dealer's information, a map to the dealer, and the product in which they are interested. The second objective of the site is to capture the 10% +/- of visitors who wish to buy online. Without this site, these customers will simply find somewhere else to buy online. If they choose to buy on Torodealer.com, Toro will be responsible for managing the transaction and shipping the product directly to the customer. The exceptions to this are TimeCutter ZTRs and TimeMaster walk mowers. Toro will still manage the transaction on these orders, but delivery of the product will be made by the dealer the customer selected. When a customer does not buy online but walks into your dealership as a result of Torodealer.com, sell them the product; Toro is out of the loop!

Here is how ZTR/TimeMaster orders will work:

1. When a customer buys a residential ZTR or TimeMaster, the dealer the customer selected will receive an email notifying them of the purchase. Within the email, there will be a link to the Torodealer.com order management interface on Toro's dealer portal. The dealer will click on the link and be able to review the order and the customer's address and contact information.

2. The dealer will then have three options:
  - a. Accept the order and fulfill it with their inventory
  - b. Accept the order and have Toro ship the product to the dealer to deliver it to the customer
  - c. Decline the order because of the distance between the dealer and the customer. Dealers will have 24 hours to indicate how they want to handle the order. If the dealer declines the order, Toro will find another dealer to deliver the product, and the dealer who declined will not receive a commission or credit for the sale. Toro will pay \$50 for set-up and delivery. Dealers will be expected to deliver to customers who are within a 30-mile radius of their dealership.
3. After accepting the order, the dealer will contact the customer to schedule a delivery date and time, set-up the product, and deliver it.
4. When the product is delivered, the dealer will log back into the portal and inform Toro the product has been delivered to the customer (POD). This is a very important step; this proof of delivery allows Toro to charge the customer's credit card, issue a commission to the dealer, "buy" the product back from the dealer, and settle their Red Iron account (if the dealer fulfilled the order with their inventory).
5. The entire process, from the dealer receiving the order notification email to final delivery and order verification on the portal, should not exceed 7 business days.

### **WHAT ABOUT RETURNS OF PRODUCT BOUGHT ON THE SITE?**

Torodealer.com will have a 30-day return policy. The 30 days will begin when the product is shipped to the customer (if Toro ships) or from the day the dealer delivers the product. The table below outlines how returns will be managed:

Parts, electric products/portable power	The customer will be instructed to contact Toro, and Toro will manage the return
Walk mowers, snow throwers and ZTRs	The customer will be instructed to call and then bring the product to their selected dealer

Essentially, customers will return all non-gas products directly to Toro and gas products to their dealer.

Torodealer.com will explicitly state product that has been fueled or used may not be returned. However, we will leave it up to our dealers to make the final determination. For products that are new and in the box, the dealer should allow the return. For products that have been used, dealers will need to evaluate each on a case-by-case basis to determine if they will allow the return. These are your customers who bought from you, so manage the returns process as you would any other customer. Many times, we expect the reason for a return will be a simple product misunderstanding you can correct and prevent the return altogether.

When you do allow a return, you will take the product back from the customer and print them a "proof of return" receipt from the order management tool on the portal. You will not need to refund their money. You will notify Toro of the return on the portal, and we will reverse the charge on the customer's credit card. Please note that commissions on returned products will be reversed.

When a product is returned, we need to account for the inventory and get it prepared to be sold again. When we credit a customer’s credit card, the returned product financially becomes the property of Toro. Torodealer.com participating dealers will buy returned product from Toro on their Red Iron account and resell it either as a new or a used product. If the product from the customer is new and unused, dealers will buy the product at the cost they would buy it from Toro or their distributor. If the product is used, the dealer will buy it at their cost, less 10%. If the returned product is a product the dealer does not feel they can sell in their dealership, they will need to work with their Toro sales representative to see if the product can be moved to another dealer.

**WHAT IF THERE’S SHIPPING DAMAGE?**

There will be times when a unit that has been damaged during shipping arrives at a customer’s home. In these cases, Toro will not ask the dealer to get involved; rather, Toro will work directly with the customer to get the product back and get a new one sent out to them.

**WHAT PRICES WILL BE SHOWN ON THE SITE?**

In order for the site to be competitive, we will price most of the products on the site at the promotional retail price. If we price higher than promo, we will simply be chasing customers to other online retailers, and we want our dealers to be able to realize these sales. For products that are carried only by our dealers, such as cast deck walk mowers, we will price those products at the manufacturer’s suggested retail price (MSRP). We will be charging local tax on all sales.

**WHAT WILL BE A DEALER’S COMMISSION?**

Toro is making every effort to keep the dealer commission as close to your current gross margin when you sell Toro product at the promotional price. The table below shows the commission structure for these online sales:

Parts	This will not change from what it is today on Shoptoro.com; commissions will be the list price of the part, less the dealer’s cost of the part from Toro.
Gas products, accessories (ZTRs, walk mowers, single and 2-stage snow throwers and related accessories)	Dealer commission will be 5 percentage points less than standard margin for product sold at the retail price/promo (retail price – dealer cost – 5% pts). For an item on which you make 20%, your commission will be 15% if the item is sold on Torodealer.com. If your margin is 17%, your Torodealer.com commission would be 12%, etc.
ZTRs and TimeMasters delivered from a dealer’s existing inventory	2 percentage points less than standard margin at retail/promo price to cover our credit card expense.
Electric portable power (blowers, trimmers, e-snow)	These items are not typically stocked by our dealers, but we will still pay a commission of 3% of the retail price of the product.

The cost used to calculate a commission will be the standard cost for the dealer to buy the product from Toro or their distributor. This is the product price quoted in the Dealer Program manual. For the purpose of Torodealer.com commissions, any additional discounts such as volume incentives, truckload discounts, etc. will not be factored in. Commissions will be paid once per month.

## **PROMOTIONS**

In order to stay consistent with the market, all national promotions that Toro runs with dealers, such as Toro Days, will be active on Torodealer.com as well. Any unique promotion or marketing activity that you do in your local market will not be reflected on Torodealer.com. At this time we cannot support retail financing on the site but will work to add it later.

## **IS THERE A COST TO DEALERS WHO PARTICIPATE?**

There is no cost for the dealer to participate in this program. The cost to manage and operate the site will be Toro paid. Dealers only need to meet the requirements outlined above and opt into the program on the Toro Dealer Portal.

## **PROGRAMS**

All Torodealer.com sales will add to a dealer's annual Toro purchases and be factored into volume and growth incentives.

## **HOW WILL DEALERS MANAGE THESE ONLINE ORDERS?**

We are adding a Torodealer.com management tab on our dealer portal. Participating dealers will use this to do the following activities related to the Torodealer.com e-commerce site:

1. View their order history and customer information for all orders
2. View and reconcile commission payments
3. View ZTR, TimeMaster orders and accept or decline delivery of these orders
4. Manage customer returns – print a proof of return for the customer and communicate a return back to Toro
5. Refer to store policies and instructions

Dealers will also use the portal to update the information used in the header of the site: store hours, phone number, upload a logo or image if they have one. This particular activity will be managed in the *Update my Locator* link on the portal. The *Update my Locator* link is also where dealers will go to opt into the program to be a participating dealer.

## **WHAT'S EXPECTED OF DEALERS WHO PARTICIPATE?**

1. Check email at least daily to...
  - a. Check for new orders that require you to deliver product
  - b. Use the order management tool to tell us if you will set-up and deliver the product
  - c. Indicate whether you will use your inventory or need Toro to ship it to you
2. Call customers within 1 business day of receiving an order that you will deliver to make delivery arrangements with the customer.
3. Use the order management tool to tell Toro the delivery was made on the day it was delivered.

4. Manage returns for product bought online and indicate the disposition of these returns on the order management tool.

## HOW DO I OPT IN?

1. Go to the Toro dealer portal (<https://partner.thetoroco.com>) and click on the Update My Locator



2. Click yes on the radio button asking if you want to participate in the Torodealer.com program

**Dealer Information**

Dealer Name: LAWNMOWER CENTER  
 Address: 1690 MAIN ST  
 City: RIVERSIDE  
 State: CA Zipcode: 92501  
 Dealer Main Phone: 9516829753 Main Fax: 9516822417  
 Dealer Web Site:  
 Dealer General Email: lawnmowercenter@aol.com

Do you wish to participate and be in the Torodealer.com program?  
 \* Must meet program requirements  
 No  Yes

Do you wish to be in the Z Fulfillment Program?  
 \* Must be an e-dealer and carry Toro Consumer Z's  
 Yes  No

Display Store Hours?  
 Specify Summer Months: March to October  
 Specify Summer Hours:  
 Sunday: 9:00 am to 5:00 pm Closed  
 Monday: 7:30 am to 5:30 pm Closed  
 Tuesday: 7:30 am to 5:30 pm Closed  
 Wednesday: 7:30 am to 5:30 pm Closed  
 Thursday: 7:00 am to 5:30 pm Closed  
 Friday: 7:30 am to 5:30 pm Closed  
 Saturday: 8:00 am to 3:00 pm Closed  
 Specify Winter Months: November to February  
 Specify Winter Hours:  
 Sunday: 9:00 am to 5:00 pm Closed  
 Monday: 7:30 am to 5:00 pm Closed  
 Tuesday: 7:30 am to 5:00 pm Closed  
 Wednesday: 7:30 am to 5:00 pm Closed  
 Thursday: 7:30 am to 5:00 pm Closed  
 Friday: 7:30 am to 5:00 pm Closed

That's it! If you meet the requirements, you are in the program. In addition, you will be able to load an image or logo of your dealership, if you choose. This image or logo must contain any reference to a Toro competitor.

### **WHEN WILL THIS SITE LAUNCH?**

The site is scheduled to go live in early May 2012. All dealers who have opted in and meet the requirements by April 15 will be on the site at this time. There will be a 1 to 2-week lag for dealers who opt in after the site goes live in May.

### **FURTHER ENHANCEMENTS TO THE SITE**

We will continually enhance and update the site after it launches. One of our first priorities will be to work on Buy-Online-Pick-up-in-Store (BOPIS) functionality. This will allow customers to buy a product online and then go to their selected dealer to pick up the product. Dealers will use their own inventory to fulfill these BOPIS orders. Managing inventory and availability will be tricky for BOPIS orders, i.e., we don't want to have a customer buy a product only to go to their dealer to find out they don't have the product in stock. Therefore, only dealers who use EZ-Link will be able to participate in this functionality. For now, there is no estimated timeline for this enhancement.

### **NEED MORE INFORMATION OR HAVE QUESTIONS?**

For further information, contact your Toro sales representative.