

discgear.[®]

Gear-up!

2005 Training Handbook

Table of Contents:

COMPANY BACKGROUND.....	3
HOLIDAY SALES EXPECTATIONS.....	4
DISCGEAR PRODUCTS 2004 SEASON.....	5
SELLING DISCGEAR PRODUCTS.....	7
Engaging Customers.....	9
SALES SCRIPTS.....	12
CLOSING THE SALE.....	16
OVERCOMING OBJECTIONS.....	18
EMPLOYEES.....	20
Interviewing.....	21
Pay Structure.....	22
Scheduling.....	26
MALL ISSUES & ETIQUETTE.....	25
TRACKING INVENTORY & SALES.....	26
CHOOSING A POS SYSTEM.....	27
PLACING ORDERS.....	29
HOW TO SETUP YOUR CART.....	31
MYSTERY SHOPPER PROGRAM.....	35

Addendums:

- RMA (Return Merchandise Authorization) Policy
- How to Use Discware Online to Print up Titlesheets
- Contact Information
- Discgear Warranty

INCLUDED IN FOLDER:

- Weekly Inventory Tracking Form
- End of Day Report
- Example \$75K Mall
- Day by Day Cart Sales
- Visual Merchandising Package

COMPANY BACKGROUND

CD3 Storage Systems, Inc. is a disc storage products manufacturer that focuses on providing innovative solutions for organizing and storing media discs.

Founded in Austin, Texas in 1991 by Ron Hunt and Gene Whitehead, former IBM engineers with vast experience in system design and manufacturing; CD3's mission is to provide outstanding patented products that offer superior value, storage and organizational benefits while establishing the Discgear name as a premium brand in the media storage marketplace.

The strength of this fast-paced, entrepreneurial company is its ability to design and manufacture innovative, well-engineered products at an affordable cost for consumers. The Discgear product line provides complete organizing and retrieving systems for all media discs, including CDs, CDRs, CD-RWs, software, games and DVDs.

Discgear products reflect the creative design sense of the company while keeping a consistent theme of complete organizational features. Headquartered in Austin, Texas, CD3's multi-purpose facility not only functions as office headquarters, but also as a training arena, design center, warehouse and distribution outlet.

CD3 has found that the most successful way to sell Discgear products is through the specialty retail channel. The key element to our success is to simply have great mall operators that will run first-class operations and demonstrate our unique products. If we accomplish this, brand recognition will follow and we can all profit accordingly. We are unique in that we do not ask for a piece of your business, a franchise fee, or a charge of any kind to participate in the program. We only want to grow our respective businesses together and to prosper by building the Discgear brand.

CD3's management team includes:

Ron Hunt, Chairman of the Board / VP Product Development

Tod Barrett, CEO / President

Gene Whitehead, VP, Engineering

Deepak Bajaj, VP, Sales and Marketing

Bill Moore, VP, Legal and Finance

The Discgear Cart management team includes:

Bill Moore, Director of Special Retail

HOLIDAY SALES EXPECTATIONS

The traditional launch of the holiday sales rush is Thanksgiving weekend. This is the big event that retailers and shoppers have been waiting for all year. Like floodgates, the mall opens its doors, and the chaos begins. And it doesn't slow down until sometime in January. Many operators open their carts weeks or months prior to the holiday rush, providing a great opportunity to prepare for the busy season ahead.

The following are some thoughts from actual Discgear operators on what to expect from these lucrative weeks:

Remember, you will do the bulk of your business after Thanksgiving. The last 3 weeks before Christmas are prime time! Whatever you sold in the first few weeks of November, you will probably double that amount in the first week of December and double again the second week, and double again the third. Get the picture? Stock up for the post-Thanksgiving rush, and remember the double rule.

As you get closer to the holidays, UPS will take longer and longer to ship Ground. This is their busy season too. So allow some extra time to get your product delivered. If you start ordering with 3-day delivery or 2nd day delivery because you did not prepare, it will eat up your profits! Plan ahead! Order ahead!

Employees who understand that Discgear products are demonstration products are worth their weight in Selector 100FX's. In one location, I had one exceptional employee that meant the difference between a \$3000 day on Dec 19 and my first \$5000 day.

In terms of sales, every day in the last two weeks is equal to an entire week during the regular season. One lost day is equivalent to losing 8, 10 or 12% of your profit! Thorough planning can help you anticipate so you don't miss any opportunities.

It's not always easy. You have to wear so many hats: you're interviewing, hiring, and training employees. You sell and deal with customers; you handle the entire payroll, do all the ordering, and accept deliveries. From Thanksgiving on it's open to close every day. It can be exhausting, but when you have the potential to gross \$80,000 in 7 weeks, it's all worth it!

DISCGEAR PRODUCTS 2005 SEASON

All Discgear products have unique features and benefits, which is what makes them so appealing. This latest generation of products is an improvement upon the last, making them more efficient to use, more durable and functional. It is important that you learn the features of each product so that you can properly demonstrate and sell them. And, remember that Discgear products hold all types of media discs: Music, Movies, Photos, Games and Software.

NEW!

DISCSTUDIO 100

Compact, sleek studio stacks to hold 300 discs!

- Each unit stores up to 100 discs
- Each double-sided sleeve protects two discs from dust and scratches
- Manage discs with included title sheet for fast retrieval
- Great addition to any home theater system and office
- On-line disc management system available
- Protective sleeves pivot out for easy access to discs
- Remove 6 sleeves, transfer to Bonus Satellite, and carry 12 discs to go

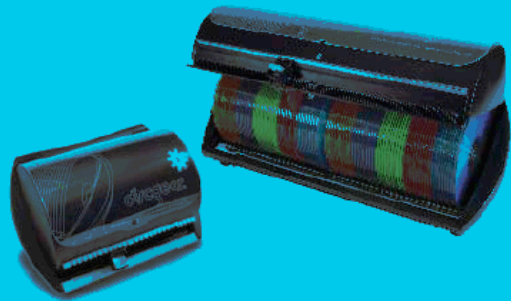


Bonus Satellite

SELECTORFX

Media disc organization and retrieval system

- Protects 50 / 100 music, movie, game, software or photo discs
- Selects and retrieves any disc
- Comes with access to customizable title sheet
- Title sheet reveals disc index for easy selection
- On-line disc management system available
- Locks securely for safe travel



NEW!

HOMEDÉCOR STORAGE SOLUTION

Stow your media with elegance

- Soft, luxurious case that stores any Selector
- Beautifully blends compact/organized media storage into consumers' home décor
- Selector unit fully functions within the open case
- Window opening on top of box allows photo display or collection identification



For Selector 100/100FX

for Selector 50/50FX

LITERATUREALBUM

Media Art Showcase Album

- Conveniently stores art/literature for easy access
- Attractive album offers browsing capability of CD/DVD collections
- Beautifully showcases art literature for up to 100 of your favorite CD/DVDs

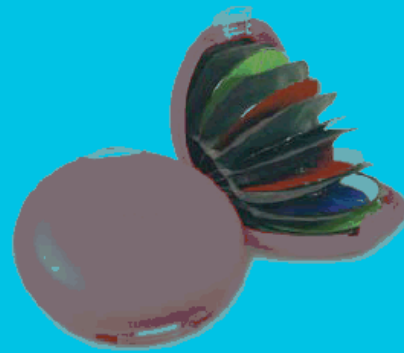


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DISCUS22

Patented, double-sided case

- Stores 22 CD, DVD, Game, or Software discs
- Double-sided, 11 on each side
- Protective outer shell keeps discs safe
- Shields discs from extreme temperatures (up to 400° or -70°)
- Scratch proof cloth pockets protect discs from dust and scratches



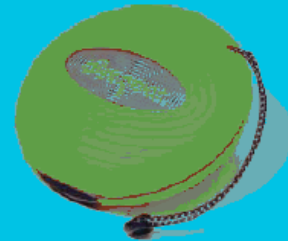
DISCUSSPORT

Media storage for Extreme Lifestyles

- Transports 20 CD, DVD, game or software discs
- Double-sided, 10 on each side
- Water-resistant –it even floats!
- Sporty, rugged exterior look
- Impact resistant outer shell takes disc protection to the extreme
- Shields from extreme temperatures (up to 400° or -70°)
- Cloth pockets protect discs from dust and scratches

In trucks, boats
and bikes...

discs travel safe
everywhere.



MODPOD

Multi-media tote

- Holds Discus 22 or Discus Sport
- Accommodates most portable CD/MP3 players
- Includes shoulder/waist carry strap
- Double-zipper allows access for headphones
- Protective EVA foam shell



SELECTORSTAND

Stacks and stores up to 300 discs

- Holds up to 3 Selector 100FXs
- Attractive stand minimizes the footprint
- Great addition to any office or home theater system
- New lightweight design for cost effective shipping



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SELLING DISCGEAR PRODUCTS

What makes people spend money? Either they need something or they want something. Everyone knows what his or her basic needs are in life: food, clothes, shelter, and they know where to go to get these things. But people don't necessarily always know just what they *want* – until they see it! Especially holiday gift buyers.

Our success in the seasonal retail environment is proof that our products make perfect gifts! In many instances, what originally begins as a gift sale ends up including a personal purchase.

We know our products make perfect gifts, but what do consumers know about our products?

It's best to assume that 99% of people in the mall have never heard of the Discgear product line. It's our job to introduce it to consumers and convince them of a very sincere fact: We make the highest quality disc storage solutions available today!

The nature of a sales transaction typically fits into one of two categories:

1. Customer knows the product
 - a. Salesman rings them up
 - b. Salesman up-sells other products
2. Customer knows nothing about the product
 - a. Salesman waits for customer to ask questions
 - b. Salesman engages customer with various products

Discgear sales fall under 2b. Do you see the difference?

Pre-engagement

The product is your greatest tool, a prop in your performance. Each cart should have an adequate number of demonstration units available to all employees and set in workstations at various points of the cart. These units must be "fully dressed". That means, loaded with discs, in order and labeled where applicable. Selectors and Discus Studios are to be complete with "Title Sheets". Mod pods will have a Discus 22 attached and a CD player inside. Selector FX and Discus Studio 100 units should be loaded with demo CDs and be seen open and closed for demonstration by customers. One set of three Discus Studio 100s should be stacked to demonstrate this key feature. Also, the bonus Satellite should be displayed near a demo units so customers can see its portable feature.

The Home Décor Storage Solution, another new item this year, should be displayed open with a Selector 100/50 FX inside. The literature album drawer should be opened as well to demonstrate how the storage unit is a complete package with media storage and a literature album in one decorative case for home and office use.



Further explanation of the key features of the Home Décor Storage Solution for demonstration purposes.

You want to encourage people to step up and handle the product, and create a fun experience for those customers engaged. A colorful interactive display will maximize your opportunities and enhance your sales.

Everyone at the cart must keep in mind:

- (1) The limited time of our selling season, and within that, peak selling periods.
- (2) All mall patrons are potential customers.
- (3) Individual operator and mall management policy for engaging the customer.

Draw from your own personal experience in shopping to help fine tune your skills, in selling.

Ask yourself, as a customer...

How do I have a use for this product?

What do I like about these products?

Would I buy from me?

Why wouldn't I buy from me?

Selling is a learning experience. Professional salespeople remember their own shopping experiences and use those experiences to influence how they perform in the sales arena. A good salesperson controls the customer experience. And if you can control the customer experience, you can dictate how much money you can make.

Set higher standards for your employees. Operators must relate to their employees that their time is measured in productivity, namely sales per hour, so then employees can view themselves in the same manner. Ideally you want employees to become excited about how much money they could earn. Selling Discgear products is akin to a performance, an act. Our top salespeople are performers!

Engaging Customers

Engaging the customer is the first and most critical aspect of the sales process. Instilling this notion in the mind-set of your employees is THE most powerful and valuable lesson you can teach them.

The operator mantra...**"LEAD BY EXAMPLE"**...If you won't do it your employees won't. Do not leave it up to your employees to decide the fate of your business. Literally tens of thousands of shoppers will walk past your business this season, all of them looking to spend money.

Consider the following example:

An employee engages 20-25 people per hour. Of those, they deliver the sales pitch to 5. They close the sale with 2 of the 5 (40% closing ratio).

- Average customer spends \$45 = \$90 gross hourly sales
- Minus sales tax = \$85 approx.
- 10% commission = \$8.50 earned

This is a modest example of what an employee's sales might be during the holiday season. They have the potential to sell—and earn—much more!

Consider this alternate scenario:

An employee engages 40-50 people per hour. Of those, they deliver the sales pitch to 10. They close the sale with 4 of the 10 (40% closing ratio).

- Average customer spends \$45 = \$180 gross hourly sales
- Minus sales tax = \$165 approx.
- 10% commission = \$16.50 earned

This example encourages the employee to earn their living by implementing the sales techniques required to sell Discgear products.

Along with the engagement, everyone should understand that each product in the Discgear line requires a demonstration. Most customers are genuinely intrigued once they are shown the product, but this does not automatically transfer to a sale. *Every interaction—both visual and verbal, and no matter how incidental—is an opportunity to impress potential customers creating an opportunity for a later sale when they return.*

You and your sales team are not mere cashiers; you are *Discgear experts*: Our most successful Discgear salespeople don't let anyone pass by without hearing about our products.

In soliciting potential customers be aware that all are looking or researching gifts. Tailor your engagement to each customer. In other words say different things to different customers. This is important as first impressions are lasting but also you want to appear different from all the other vendors hawking their products.

Physical Activity at the Cart

Be generally active at the cart. No sitting! Move around the cart tending to your display and playing with the product. Let the display do most of the work for you. Each employee will develop their own technique for engaging customers, however here are some guidelines to assist in the process.

1. Employees should demonstrate how the Selector FX units work by opening and closing the units which demonstrates how the disc is selected out from other discs (while also demonstrating how the title sheet works).
2. Showing how the Home Décor Storage Solution enhances the use of the Selector FX unit with the included literature album drawer and attractive look.
3. Studio 100s should be demonstrated by showing how 100 discs are stored in a stackable unit to house up to 300 discs in a small footprint. The portable Satellite in a bonus feature to bring to each consumer's attention.
4. Employees should also have a Discus 22 in their hands while at the cart. Flipping it open and closed attracts attention, and plants the question in the mind of the soon-to-be customer, "What is that?" You simply take the next step by approaching them and answering the question with your sales pitch.
5. Whenever there are multiple employees at the cart, they should distribute themselves evenly around the cart, providing maximum coverage to passing potential customers.
6. Maintain an extroverted attitude and body language – be inviting. As a customer, would you rather a salesperson ignore you or welcome you? Your sales pitch is necessary for them to understand the product, and they won't buy the product unless they understand it.

Verbal Engagement

Try to never ask rhetorical, (Yes / No) questions.

(Teenagers)

Say "This can safely store all your games," while physically demonstrating the Discus at the same time. Better still; offer it for them to try.

" This is the best CD case in the world, let me show you"

"Look at the cool colors it comes in"

"Here's a great gift for your Mom/Dad/Brother/Sister"

"You can use this while you are skateboarding." Demo the Discus with the Mod-pod.

"Do you carry music, movie or game discs with you, come see this"

"How many photo discs do you have laying around?"

(Adults)

“This is the toughest case in the world, kid proof”

“This attractive unit stores 100 of your DVD movies and music discs”.../ Demo the Selector while fitting beautifully into your home/office décor.”

“Tired of picking up expensive game discs after your kids have ruined them once again?”

“Looking for a unique retro style gift for someone special in your life?”

“Can I show you this innovative product; it will only take 20 seconds”

“Guess what this is”

“Can I show you the best value gift in the mall?”

“We have the most practical Holiday gift on the market”

SALES SCRIPTS

If the customer is interested in larger capacity home storage, move on to the Selector FX, Home Décor Storage Solution, or Discus Studio 100.

Selector 100 FX

- *Look at this! This small unit houses 100 CD, DVD, software, photo or game discs and picks up the one you select every time.*

You say the above while sliding the Selector button then pressing the space bar.

- *Let me show you how this works. How many music discs do you have? What about DVD's? Do you have a lot of burned discs, software, game or photo discs in your home office?*
- *This is the Selector 100 FX, it safely stores and catalogs 100 discs. Press this button here ...*

Ask them to be a part of the demonstration. It helps create a sense of ownership and emphasizes how easy it is to operate.

- *Lift up the outer cover to view the titlesheet, which catalogs your collection. Choose a specific title... number 10. Now press the larger retrieval bar and there's your selection. Pull the disc out from the lid. You don't have to touch the surface of the disc at all.*
- *To put it back in... See the number written near the center of the disc that is number 10... correct... And the numbers along the base of the slots... Just roll it back in. The slots are self-aligning, so it automatically falls into the right place.*
- *Not only are your discs safe and less likely to get scratched, your valuable collection stays organized and consistent with your list.*

Give them a second to digest the demonstration; they may have some questions at this point, if not proceed. The customer may have concerns about how to organize their discs. Refer to the title sheet and let them know the various ways to create them.

- *You can hand write it on the sheets provided or you can go to our website, www.discgear.com, where there are even more designs available and print out the title sheets at home.*

Once you print it out, like mine here, it is saved at our site. So if you want to come back and make changes to your list, you don't have to re-type it again. Just print a new title page and slide it in the sleeve. We will even alphabetize it for you with the press of one button. That feature is free of charge for life, even the storage of your list. And, only you can access your list with your own security code.

The unit is even portable. Lock the unit, then pick it up by its handle and roll it up side down

- *With the unit locked, I can move it around from room to room. The discs never touch or get scratched because of the individual slots.*
- *We have a lifetime warranty with this product.*

It's a good idea to start asking questions that can give you further insight into the customer's situation, provide you with up-sell opportunities and may also overcome some possible objections.

- *How do you currently store your collection? We can save you a lot of space and get rid of that ugly CD Tower! Then once you've recycled the jewel cases you can place the liner notes to your CD or DVD collection in this literature album, saving you more space. It's a lot easier to find the disc you want.*
- *How many discs do you have? About 300 music discs are worth \$3,500. Wow! That's quite an investment. I have this shelving unit that can store 300 discs!*
- *Do you have kids with their discs thrown all over the bedroom floor? Great for storing Playstation® games. They're expensive, aren't they?*
- *Do you have a lot of software? This sure makes it easy to find.*
- *Do you burn home movies onto DVD's? Or burn all of your digital camera images onto discs? This is a great way to keep track of all those memories.*

Selector 50 FX

This can be sold in the same way as the 100 FX. It's pertinent to mention that the Selector 100 FX represents a better value as collections generally grow. Space is usually the issue for the preference of the 50 FX as well as though who have a limited collection but want safe compact storage or want to separate each collection in smaller units of 50.

Discus Studio 100

This can be sold in the same way as the Selector 100 FX as far as questions to ask about collection and needs. It's pertinent to mention that the Discus Studio 100 stores 100 media discs in an even smaller amount of space than the Selector 100 FX. The unique retrieval feature of the Selector FX is missing but the Studio 100 stores 2 discs per sleeve allowing 100 discs to be compactly stored and is stackable which means that up to 300 discs (three stacked units) can be stored in one space. In addition to its unique retro look, the Studio 100 comes with a bonus portable Satellite which allows up to 12 discs to be transferred and carried to go.

Home Décor Storage Solution

This can be sold as an up sell to the Selector 100/50 FX. It's pertinent to mention that this beautifully enhanced innovative Home Décor Storage Solution, by Discgear, answers consumer demand for easy to use, compact and attractive media storage. In offering a disc storage product that fashionably blends into home décor, as well as includes a patented storage unit, cataloging software, title sheets, and a literature album drawer for liner notes in one compact product

- *Do you want a system that is easy to use and fits into your home/office décor?*
- *Are style, function and compactness important to you?*
- *Are you looking to store your collection as well as your liner/literature notes for CDs, DVDs, Software and Game discs?*

If the customer is interested in portable media storage, move on to the Discus 22, or Discus Sport 20.

Discus 22

- *Come check this out!*

Open and close the unit, then flip the Discus and repeat the action while maintaining focus on the customer.

- *This is Discgear's "Discus 22" the newest way to store and organize any type of disc. It's the most durable CD/DVD/Game Disc case available.*

Open the unit and slide the discs in and out. Let them feel the material while talking to the customer.

- *The really cool thing about this is that it holds 22 discs 11 on that side, then 11 on the other. All in a less than 2" of space.*

By now you can give the unit to the customers to try for themselves. (Make sure you tell them to open only one side at a time)

- *Do you have any scratched discs? I used to, till I started using this product to store my CD's. Inside the "Discus" the sleeves aren't made of plastic, which can scratch the disc, but a cloth-like material that is specifically designed to repel lint and dust. It also cleans the discs as you take them in and out. It is heat resistant up to 400 degrees, and freeze resistant to 70 degrees below zero. You can leave it in your car and your discs stay protected. Extreme temperatures can either warp or crack a disc, rendering it useless. That will never happen with this case.*
- *On the outside, the 'Discus' is made of a durable plastic. You can drop or even step on it and your discs will remain in their original condition, safe.*

Now is the time to begin closing the customer by gauging his/her interest with closing questions. Some examples are below; refer to the closing the sale section of your training manual for more ideas.

Is this a gift or just for you--- or maybe both? What colors do you like? It comes in seven fashionable colors. If you like more than one color what some customers usually do is get more than one; each representing a different music genre or disc type...blue is jazz, black is rock...etc

- *If you're interested in purchasing more than one unit I can offer you a discount so you can shop for all your gifts!*
- *We provide you with a lifetime warranty.*

Discus Sport 20

This unit can be sold the same as the Discus 22 but it is more durable, water resistant (it even floats!), and holds 20 discs (10 on each side). The Discus Sport 20 also has a sporty handle for carrying on the go.

This is also the time to focus on the Mod.

Mod Pod

If a customer is purchasing a Discus 22 as a gift for a child or teen, they are the ideal candidates for this product. Often customers will gravitate toward the Mod Pod if it is

displayed suitably. Seize the opportunity to sell them on any number of our products but start with the Discus.

- *This is a fashionable accessory to our Discus 22. A disc storage system that holds 11 discs on this side and 11 discs on that side.*

Open and close the Discus 22, sliding the discs in and out of their sleeve. Direct their attention back to the Mod Pod

- *This is a carry case for the Discus. This compartment opens up to house a CD player. Here's a carry strap so you can sling it over your shoulder.*
- *Do you hike or go walking for exercise. This is perfect for those occasions. The case has a protective foam shell and coupled with the Discus 22 you can carry up to 22 discs with you.*
- *The primary reason parents buy this for their kids is the protective feature. Replacing a CD or MP3 player can get expensive.*

Open the Mod Pod and let her examine the quality material.

- *Most kids like to carry a lot of music with them. The Mod Pod is designed to carry a CD player and attach to the Discus 22. It even has double zipper access for your headphones.*

Literature Albums

These should always be mentioned as an up-sell item when selling the Selector FX or Studio 100 products.

- Conveniently stores art/literature for easy access
- Attractive album offers browsing capability of CD/DVD collections
- Minimal size.
- Fits on a small shelf or in a drawer.
- Beautifully showcases art literature for up to 100 of your favorite CD/DVDs.

Selector Stand

This is an up sell opportunity for selling three Selector 100 FX units (potentially offering is free or half off with the purchase of 3 Selector 100 FXs).

- Solid construction.
- Innovative design with lightweight shelves for easy access to all your discs.
- Each stand type stores three Selector 100FX units (Up to 300 discs).
- Two options: one silver metal mesh stand and a stacked black metal stand.

CLOSING THE SALE

The most important part of making a sale is, making the sale. That may sound obvious, but often people become so involved in giving the pitch and focusing on product features that they forget the most critical part: **asking for the business**. Every good sales person should ask for the business multiple times while speaking with a potential customer. Never be afraid to ask for the sale, even if you have already asked and been given another answer. (I.E.: “I’m not sure yet, I might come back later, I’m just looking, etc.)

If the person were not at least “interested” in buying, then they wouldn’t be talking to you! Don’t let concerns over seeming “pushy” or “aggressive” stop you from asking for the business... you will quickly learn how to do it with confidence and sincerity. After spending time with a customer and educating him or her about your product, you have earned the right to ask for the sale. You’ve spent valuable time with them, and they are well aware that they are shopping in a retail environment where your job is to sell your goods.

Be on the lookout for buying signals so you’ll recognize the best time to ask for the sale. The most common buying signals are when customers ask about details that would only be relevant if they plan to buy. Examples include asking about price, color availability, return policies, and specifics of use. Also, if a customer raises any objections then they are very close to a purchase. The only reason to object to an issue, such as “the price is too high”, is because you want to buy it, and now you need to justify your decision. By overcoming these objections and/or providing assurances that the concerns can be addressed, you remove all obstacles between the customer and a purchase. Once the objection has been addressed, don’t forget to ask for the sale again!

You can ask for the sale several different ways. The first and most obvious is to just be blunt. Questions such as “So, are you ready to take one home?” or “Can I wrap that up for you?” Very clearly communicate that you are ready for the customer to make a decision. However, these are closed ended questions that will only generate a yes or no answer. And if the answer is no, it can be difficult to recover the sale.

Open-ended questions get a different response. By asking things like: “What color do you like?” “Which product is your favorite?” or “How many CDs or video games do your kids have?” Put the customer in the place to make a decision, without giving them a simple out. Also in pushing them to *think* about which product, or color, or who might like one as a gift, you’re triggering an internal dialogue that leads to decisions—and closing the sale!

The best closing questions assume the sale and make decisions very easy for the customer. This is the “paper or plastic” approach. You only provide options A and B, both of which result in a sale. “Would you prefer red or blue?” or “Will that be cash or charge?” are all good examples of this close. By making the hard decision (whether or not to buy) for your customer, you let them pick the simple final details, and the transaction is suddenly smoother to complete.

Another great way to close and to generate additional income is to upsell your products and accessories. This means getting the customer to increase the purchase by adding more to the sale. Once again, a great way to approach this is to assume the sale of the core product and then get the customer to turn their attention to additional merchandise. Encouraging a customer to focus on accessories like the Literature Album, Home Décor Storage Solution, or Selector Stand is a way of getting them to mentally commit to ownership of a Selector FX unit.

This is also the time to use any specials that you may have going on in order to increase the sale. Customers react very strongly to getting a bargain or added value. Letting them know that if they buy just one more, (or whatever the special may be) that they get a discount or free product (such as getting a stand for free with the purchase of three Selector 100's) is a great way for them to act "impulsively" without buyer's remorse knowing they got a great deal.

Any of these closing techniques will help you solidify your potential sale. The key is to find what works best for you and to **use it!** The old sales adage of "A.B.C." **ALWAYS BE CLOSING** is one of the most powerful pieces of selling advice in existence. No matter what method you prefer, the more you ask for the sale, the more business you will generate. It comes down to something this simple: the only way to get the business is to ask for it.

EXAMPLES OF UPSALE PACKAGES:

CORE PRODUCT(S)	ACCESSORY
Discus 22	Mod Pod
Selector 50/100 FX	Home Décor Storage Case
Selector 50/100 FX	Literature Album or Titlesheet Kit
Selector 50/100 FX	Selector Stand (Two Options)

By presenting these items together, you create a new product and great gift idea that the customer can easily take advantage of and it gives you automatic upsell.

- Mod Pod Gift Pack (Discus 22 + Mod Pod)
- Selector FX Gift Set (Selector 50 FX or 100 FX + Literature Album)
- Home Décor Storage Solution (Selector 50 FX or 100FX + Discware Lite software + Decorative Case/literature album included in drawer)
- Selector Stand with the purchase of 3 Selector 100 FX units
- Buy Two Studio 100s and get a third free (Stack up to 300 discs-great for a large collector gift)

OVERCOMING OBJECTIONS

“It’s too expensive.”

You will hear very few objections during your Discgear sales pitch, but one that you will hear most often is about the price. People have become accustomed to purchasing low-quality CD cases at the discount chain stores. Anyone who has ever owned CDs has owned a cheap CD case at one point, and what happened to the discs inside? They got scratched.

If a customer believes the product costs too much, you haven’t lost the sale; it just becomes a numbers game:

Standard Version

Customer: “It’s too expensive.”

Salesperson: “It is higher priced than what you may be used to, but its price reflects the quality of the design, manufacturing and materials, which far exceed other cases you’ve probably had. This one holds twenty-two discs, each averaging about \$15 per CD or \$20 per DVD, right?”

Customer: “Right.”

Salesperson: “Well, that’s about \$330 - \$440 worth of discs. Most of the cheaper cases out there cost around \$10, so with the Discus 22 you’re only spending less than fifty-cents per disc for insurance!

Customer: “WOW! I’ll take ten of them”

Short Version

Customer: “It’s too expensive.”

Salesperson: “Have you ever scratched your DVDs?”

Customer: “Yes”

Salesperson: “For the cost of one hit movie on DVD, you could have saved that disc.”

Customer: “WOW! I’ll take ten of them”

DISC COLLECTIONS ARE VALUABLE!

	CD	DVD	Software	GAMES	
Avg. Cost Per	\$15.00	\$20.00	\$35.00	\$50.00	Product
Discus 22	\$300.00	\$400.00	\$700.00	\$1,000.00	\$19.95
Selector 50 FX	\$750.00	\$1,000.00	\$1,750.00	\$2,500.00	\$34.95
Selector 100 FX	\$1,500.00	\$2,000.00	\$3,500.00	\$5,000.00	\$49.95

The difference in cost breaks down like this...if you scratch one disc by buying the cheap plastic case for \$10, you have to pay *at least* \$10 to replace the disc, which would have been the cost of buying a Discus 22 in the first place and not scratching any discs. Plus, you get a lifetime warranty with the Discus 22.

“What do I do with all the jewel cases and lyrics?”

This is an easy one to counter: “Throw the plastic away, and keep the inserts!” Degrading jewel cases is something Discgear salespeople do for sport. They are cheap, they break, discs fall out, and they’re a hassle. Everyone can identify with this. Place your song lyrics/CD art and DVD covers inside a literature album.

“That’s too organized for me / That’s too much work.”

Other objections may relate to the organization and indexing features of the products, particularly the Selectors. The title sheets do require some time to complete, and frankly not everyone will do it. In any case, always advise them that they can go to www.discgear.com to organize their collection online for free. They only have to organize their discs once, print the title sheet out on standard paper, and we save the information for them to go back and make changes at their leisure. See the addendum “How to Use Discware Online to Print Your Titlesheets”, located at the end of this manual.

The three objections above are what every Discgear salesperson will hear at least once in his/her career. As you will see, customers are customers, and they will have a whole litany of questions, objections, etc. impossible to list here (Will it hold floppy discs? Does it come in camouflage?) We’ve heard them all. But, if you hear a good one you think we probably haven’t heard before, email us – we love a good laugh!

EMPLOYEES

This is the most difficult aspect of your business to control and maintain. The single most valuable indicator of your success this season will be your sales. The holidays provide specialty retailers with only a brief period of time to achieve sales revenue equivalent to a year's worth of income or more.

As operators, it is crucial that you plan appropriately in terms of employees in your quest to maximize your sales potential. Well-trained, prepared and suitably scheduled employees will help you achieve your sales objectives.

Hire and begin training your employees early. Although the start of November can be slow in terms of sales it gives you an excellent opportunity to try-out several candidates, so by Thanksgiving you have a strong base crew to work with. Spend time working alongside your employees not just to evaluate them, but also to get to know them. The more you bond with your employees the harder they will work.

The majority of your candidates will be teenagers. Have a preset list of questions to ask and some simple problems for them to solve. Some key points to look for in your employees at interview time.

- Punctuality.
- Appearance
- Verbal skills.
- Demeanor. Are they shy and quiet or confident yet respectful?

Hiring Suggestions

1. **Classified Ad's.** This can be done in the week(s) prior to opening. Schedule interviews at the mall where you will be located.
2. **Poaching.** This can be done either discriminately or indiscriminately. Do not only limit yourself to the mall environment, restaurants can also be a good source for employees.
3. **Ask current employees, spouses, friends etc.**
4. **College campuses.** You can place flyers on the campus bulletin board. Check with the administration prior to doing so.
5. **Networking.** Contact family friends and prior business associates.
6. **Customers.** Customers that understand and get excited about the product can turn into excellent employees. Often you can get quality experienced older employees this way.
7. **Drama groups or local theater companies.** If available to you, these individuals are accustomed to performing in front of people. Selling is another act in the stage of life.

Sample Classified Ads:

SALES / RETAIL Looking to work in XXX Mall! We're looking for energetic, enthusiastic, driven sales professionals who are willing to work hard for a couple of months for substantial rewards. Call (XXX) XXX XXXX

SALES / RETAIL Confident, aggressive salespeople needed to sell a very hip product at XXX Mall. If you aspire to more than minimum wage, call (XXX) XXX XXXX

SALES / RETAIL Are you an extrovert at heart? Want to make excellent \$\$\$ selling the hottest product at XXX Mall? Call Name at (XXX) XXX XXXX

SALES / RETAIL Performers needed! If you're confident chatting with strangers and aspire to much more than minimum wage... Come sell the most eye-catching product at XXX Mall. Call Name at (XXX) XXX XXXX

Interview Techniques

The process should begin from the first point of contact, whether it's in person or on the telephone. Make sure the interview process is structured and consistent. Use telephone interviews to:

- Gauge interest level
- Assess communication skills
- Investigate skills and related experience
- Decide whether to conduct a personal interview

Have a sampling of Discgear products with you at the interview. Be very specific in describing the position and its demands. Be honest about the level of hard work required and let them know that this is a sales position for those who seek to make more than just hourly wages (even seemingly bright, energetic people may not be looking for more than minimum wage and minimum effort). Explain your pay rate.

Interview ideas:

Behavior-based questions provide pertinent information relating to job-specific tasks. They help tell you what an employee *can* do vs. *why* they do it. Use this information to predict how they will perform in a similar situation:

Example: *"Tell me about a time you had to deal with a disagreeable customer."* This should lead to discovering: Who was involved? What actions were taken? How was it resolved?

Motivation related questions are designed to let you know if candidates are inspired to work for a greater sense of self worth.

“Tell me about an ‘above-and-beyond’ moment – a time when you think you did more than was expected of you.”

Customer Service is about relating to people, listening to their needs and taking responsibility for that relationship.

“Sell me this pen!” The most important reason to ask this question is to see if they close and ask for the business. “Would you like one in red or blue?”

Productivity oriented questions help you figure out someone’s skill level, and also re-iterates to the employee that their actions will not only be monitored, they will be measured as an essential role in the business.

“Have you worked for commission-based pay before? Do you understand how and why it works?”

Ultimately, you want your employees to feel comfortable engaging and talking with customers. A good way to finish an interview is to let them sell themselves to you by letting them show off their personality strengths:

“Tell me what aspects of your personality you think might translate well to this position and my business overall.”

Employee Pay Structure

There are four ways to pay employees, and each has their pros and cons.

- 1. Hourly rate.** Generally, this is a better deal in terms of out-of-pocket payroll expense for the operator. However, this method provides little incentive to the employee and true salespeople will want the opportunity to make more.
- 2. Hourly plus commission.** The combination of hourly and commission (example: \$6.25 per hour plus 3% commission).
- 3. Commission only.** This method has proven itself to work very well with some of our operators. But, some employees will get discouraged if they are not working peak shifts. You may have to turnover a lot of employees to find the right ones, which is taxing on your operation.
- 4. Hourly versus Commission.** This method has been proven to work well for some Discgear operators. Offer an hourly minimum that is guaranteed if the commission reached is not greater. Good employees will quickly realize their potential, and excellent performance should be rewarded with prime time shifts.

Discgear products are demonstration oriented so it is strongly suggested that all employees work toward earning a percentage of their sales. Commission based pay has historically proven to be the most effective method to producing maximum sales, and it’s obviously a win-win situation for both operator and employee.

It’s essential to provide your employees with the skills and tools they’ll need during peak Christmas periods, and it’s their choice to either apply that

knowledge and improve their skills or to “sit and wait”... Remember, you are NOT employing cashiers!

Discgear sales professionals should be evaluated on the amount of revenue they produce. It is recommended that this be broken down in a “sales per hour” scenario, for each shift completed. Think about it. It is strictly a numbers game: The more people pitched = the more you will sell. The more you pitch, the more confident you will get and you will increase your closing percentage. This all means more money in your employee’s pocket.

Depending on your location and the time of year, it is common to adopt a combination of both hourly and commission that is regularly evaluated.

In November, when sales are often slow, a base hourly rate is set. Usually that rate is a little higher than the industry norm (or minimum wage), depending upon the marketplace. You pay whichever is higher. As the month progresses and sales pick up, those working prime shifts should always be hitting their commission numbers. If not, they may need to be replaced.

In December, the pay rate can stay the same or drop to a minimum, as does the commission rate. It is expected that all employees make commission from this point forward.

Operators should monitor their own performance so they can properly evaluate their employees and create a competitive environment. Throughout the season it is suggested to reward performance with gifts or cash bonuses and create your own internal employee competitions based upon any number of criteria. Here are some examples:

- Highest sales per hour per shift
- Largest single customer purchase.
- Most improved employee.
- Best “up-seller”

Scheduling Employees

Most malls are open from 10am to 9pm, 6 days a week; and 11-6am on Sundays, totaling 73 hours per week. These hours are extended during the holiday season, typically throughout December.

Scheduling is not an exact science, but keep in mind that it is usually best to err on the side of scheduling too many employees because you can always send someone home. Scheduling depends on a variety of factors: type of customers, sales volume, training, and *most importantly* - traffic. During peak selling periods, you will need more coverage and remember to allow extra time for training. Training works best as a customer interactive experience, with the emphasis on engagement, pitch and closing. Use the employee manual and training video as a part of your training program.

When deciding how many employees to schedule keep in mind that the cart has two primary selling sides and two end-caps with one housing the cash register. At most locations, 2 salespeople with a third person providing breaks works well. You can't have two employees working 12-hour shifts, so the schedule must be split with an additional 2 salespeople. Total number of salespeople for the day is 3-5.

Higher volume locations can accommodate 3-4 salespeople at one time, with one person providing breaks. Total number is 6-8. Remember that if you have this many employees at your cart, you'll need 4 "display stations" to effectively demonstrate the full line of Discgear products.

MALL ISSUES & ETIQUETTE

Most people think of a mall as simply a gathering place for retail businesses, but not everyone realizes that the mall itself is a business too. Their goal is twofold: to provide space for their retail tenants, and to help drive as much consumer traffic to those tenants as possible. Ultimately, their goal is to provide the most attractive atmosphere for consumers, and they are warranted in their demands on retail tenants.

Mall management do their part to maintain a certain image by investing millions of dollars in facilities, marketing and leasing to attractive tenants. Malls are often associated with the quality of their anchors, and, as the store is representative of the mall, the employees are representative of the store. Bottom line: *the image your staff presents to the consumer translates to mall revenue; therefore you and your sales team are accountable to uphold mall standards.*

Specifics and technicalities will be spelled out in your lease agreement, like opening and closing times. The rest is common sense and will help avoid unnecessary headaches:

- Open and close according to mall hours. Daily reports are filed with mall management, and penalties apply for opening late or closing early.
- The cart must be attended at all times. A salesperson will step away from the cart for a bathroom break. So, who is selling the product while they are gone? Naturally, you do not want to miss a sale opportunity, let alone the security risk. Make an arrangement with neighboring cart employees to run things for you when you have to step away.
- This goes without saying, but we'll say it anyway: speak, behave and dress appropriately for a business environment – everyone appreciates professionalism, and it instills trust in the customer that you are worthy of doing business with.

TRACKING INVENTORY & SALES

A very important concept to keep in mind, is that running a Discgear cart is no different than running any other business. There are three main components that demand an owner's scrutiny: Sales, Inventory and Payroll.

For you, the most important figures to track are your sales numbers and your inventory status. Each operator will develop their own accounting practices, and even the most inexpensive cash register will greatly assist you in tracking sales, inventory and employee sales data.

For example, selling 5 Discus 22 at \$19.95 each does not mean you have \$99.75 in the bank. If there are any discounts, you need to be aware of this so that your numbers match up at the end of the day. Similarly, just because you started the day with 20 Discus, and show \$99.75 in Discus 22 sales, does not mean you have 15 left in stock. If you ran any specials and/or had shrinkage you may actually be lower in stock than the sale numbers would indicate.

Be consistent and disciplined in your accounting (falling behind during the frantic weeks of December will throw you way off track). Establish regular inventory/accounting procedures that fall immediately prior to your ordering day. A daily record and review of sales numbers and employee hours is a must.

Mistakes invariably occur. An employee over-rings a sale or rings product through on the wrong key. Deal with these mistakes immediately - as they occur - if there is any misappropriation of money or product, the chances of recovery are far greater the sooner it's discovered.

Another reason for timely, regular accounting is to track trends in employee performance.

"Why is it that Jessica has not sold one Selector in the past week?"
"Paul very rarely upsells beyond a Discus 22."

Constant mistakes at the register by a specific employee could be nerves or inexperience; it could also be theft.

Tracking inventory is key in order to prevent shrinkage and to ensure effective ordering. Inventory can be controlled daily, bi-weekly or at the very least, weekly. Have your employees physically count and fill out inventory sheets and double check their work. Compare the count to numbers from your sales reports, read from the "Z" tapes. This is how you discover discrepancies, and very often you'll find that a shortage in one product is balanced by an overage in another.

CHOOSING A POS SYSTEM

What is the right Point of Sale System for you? Well, that depends entirely on what you want to get out of it and how much you are willing to invest. A POS System can be as simple as a calculator and a lock box or as advanced as a PC/Laptop driven software solution that can cost thousands of dollars.

Obviously, neither of those extremes is recommended. However, it illustrates the point that there are many answers out there and the key is finding what fits your business plan.

Here are the key functions that you want your POS System to accomplish:

- Track total sales dollars received daily
- Separate sales by type of transaction (cash, credit card, check and/or debit.)
- Ability to track 30+ individual sku's
- Set for at least 4-6 separate clerks (user ids)
- Generates daily X and Z reports.
- Generates daily inventory count reports
- Print receipt for customer
- Lockable cash drawer
- Daily Clerk reports

These are added features that can offer benefits but are not absolutely necessary:

- Stores data to generate weekly/monthly reports
- UPC scanner to read bar codes
- "One touch" product buttons
- Ability to poll registers remotely
- Built in credit card processing
- Tracking of employee hours (clocking in/clocking out)

The three basic types of systems that can provide you with a needed solution are as follows:

Simple Cash Register – Cost: \$150-\$400 to purchase. Available at any office supply and many consumer electronics stores. Provides basic functions, usually will not store data or offer polling options.

Smart Register – Cost: \$500-\$1000 to purchase. Often rents for \$100-\$200 per month. Provides more advanced functions including polling options, employee tracking and often scanning. Software to generate more complex reports or to consolidate polling information from multiple registers can be as much as an additional \$400-\$1000.

Computer Driven POS – Cost: \$700-\$2000 for hardware and \$250-\$2000 for software. This is the most advanced solution, but unless you are running multiple carts it may be far more than you need. Also, unless you have an all in one unit or a laptop, it can take up more space at the cart than you would want to spare. Advantage is that you will be set for years to come and will have virtually every advanced function available in order to analyze sales and inventory data.

Getting a credit card machine:

The best solution is usually to lease the machine from a major financial institution such as Wells Fargo, Bank of America, or Bank One. Although you can sometimes get better rates from smaller, independent dealers, your main concerns should be dependability and quality of customer service. If you lose sales because your machine is not working and cannot be fixed or replaced in a timely manner, that will hurt you far more than paying a slightly higher rate for the service.

If leasing a machine, make sure you're clear on the terms. Start date and end date. Some companies will lock you into a two or three year deal.

A good way to help cut costs in this area is to get the attachment to take debit cards directly. If people can enter their pin number and use the card as debit, rather than credit, you pay a much lower rate. This should be a set rate per transaction and not a percentage of the sale as with a credit card. Particularly for your larger sales, this can be the difference between paying pennies or dollars per transaction on your end.

PLACING ORDERS

Orders can be placed via the Internet, fax or phone and they will be processed in that order.

Internet orders create the least amount of problems. You can formulate the order and check it on your computer and the orders are processed first thing in the morning and several times throughout the day.

You will also get a 5% discount when you place your order online with your credit card!

Fax orders in using the Discgear order form.

Phone orders create the most problems, as there is a higher possibility of error on both customer and customer service. If you must order via phone, please ensure that you are prepared for the call and we have your undivided attention.

Remember, if you have multiple locations; please place one order per location. Cut off time is 10:00 am for orders to be shipped that day. We recommend shipping UPS or Roadway. We have relationships built with both of these carriers and will pass our experience and price discounts on to you.

Plan in advance with your transit time and take this into consideration when deciding when you want your merchandise to arrive.

- UPS Ground is never a guarantee;
- Guarantee services include: Next Day Air, 2nd day air and 3 Day Select.

Please note that **UPS** boxes will not always arrive together. Consult the tracking information if you have questions on additional packages.

You will not be able to get your 5% discount if you place your order over the phone. The 5% discount is for online orders **ONLY**.

Roadway is a LTL Motor Carrier and is a good option for extremely large shipments.

If you choose to use **your own freight carrier** please provide CD3 with the company, contact name and phone and any special services required at the destination. You are responsible for shipping and it will delay orders if there are special needs that are not listed on the BOL - delivery window, lift gates, inside delivery, etc. We will contact the carrier to schedule a pick-up. If you choose to pick up your order at our warehouse, please provide your contact phone number at the time you place the order and we will call you to schedule your pick-up.

Please keep your daily **Credit Card maximums** in mind when placing orders and have a back-up plan for the times when you hit your maximums. If you place your order via the Internet this won't pose a problem because you will know that the order is being processed. However, if you fax your order, then customer service will likely have to try and contact you for an additional credit card. If you place via

phone, additional credit cards may not be readily available - both of these will cause delays in your order being shipped.

Ordering online is simple and easy!!! Your order will be processed first and accurately. Please contact customer service to receive your user ID and password.

ORDERING TIPS (If you can't order online) - For more accurate ordering

- Please communicate clearly with us - ask questions and do not assume anything. For example: you should not say, "charge the same credit card you charged when I ordered the pink Discus 22's...or... not the last order, but the one before that." Be specific. We don't list credit card types just numbers and expiration dates. If you have asked us to keep your cards on file, state the last few digits and the expiration date of the card you wish to use.
- When placing orders, please give yourself enough time and attention to order so that you order exactly what you need.
- Write clearly on faxed forms and fill out forms completely to avoid delays in processing. If you have multiple locations please send one form per location.
- Order early in the day, or the night before, for processing the order on the same day.
- Give us as many contact numbers as you have. If a problem does arise, they are often urgent and we will need to reach you quickly to avoid major delays with your order.
- Not all malls accept deliveries the same way. Please remember to check with your mall management to ensure that you will have no problem receiving shipments.

REMINDERS:

1. Low Inventory and Out of stock - the advantage of the website is that it shows what we have in stock, what is low stock, or out of stock.
2. Always get a fax confirmation receipt or simply phone or email to let us know you have faxed an order over for processing. Order confirmations can be emailed to you if you provide us with your email address.
3. At the end of the season be sure to follow the directions in the Return (RMA) packet.
4. Let your customers know that they must keep their receipts for an exchange.
5. Copies of all invoices will be mailed to you the same week you place an order. Keep these for tax season!!!

How To Setup Your Cart

You will receive a visual merchandising package with your training material that shows, in detail, how to setup your cart. We will cover the basics here and give you some tips if this is your first time setting up a cart in a mall.

- **First prepare**
 - First, find out the measurements of the cart from the mall. Every mall carries their own cart and each cart has its own dimensions. Choose between our two standard size countertop structures. Contact our customer service department to order.
- **Place your ready-made piece on the cart countertop**
 - The countertop structure is fully assembled and just needs to sit on the countertop of your cart.
 - It comes with two halogen bulbs that simply need to be plugged in. Make sure the wires are not showing.
 - Add the large graphic panels. They come with magnetic strips that adhere to the framework. Place the image with 'collect, select, enjoy' on one side and 'burn it, store it' on the other side.
- **Hooks**
 - This package will include up to three different size hooks, depending on which size structure you need.
 - 5 inch, 7.25 inch, 12 inch
 - Place the hooks in the specified holes, laid out in the included instructions that come with the structure.
- **Merchandise cart**
 - a. Discus 22
 - b. Discus Sport
 - c. Selector 50 & 100 FX
 - i. Accessories
 - 1. Stand (gray metal mesh and black stacked metal stands)
 - 2. Literature albums
 - d. Home Décor Storage Solution
 - e. Studio 100 (stacked and single units)
 - f. Mod Pod
 - g. Literature albums
 - h. All signs
 - i. Cash register
 - j. Phone/Fax
 - k. Shopping bags

Cart Setup

Place the structure on the countertop. Then place the first graphic on one side of the structure. Next, add the second graphic to the other side of the structure, careful to make sure the graphic is lined up evenly. The Discus will hang on the hooks underneath the structure. You can fit approximately 6 on each hook.

The Discus 22 colors look best in the following order: black, pink, silver, and blue.

On the shelves stack the Selector 100 FX's on the bottom row. Depending on the size of the shelf you may be able to go 3 deep and at least 2 high. On the top shelf place the Selector 50 FX's. Make sure to highlight the Home Décor Storage Solution in center of one of the shelves with the 50 or 100 size case. Depending on the depth of the cart it may just be 1 row deep to 2 rows deep and only 1 row high. Do not try to stack the 50's higher than the top counter of the cart, so that the customers will have room to reach across and touch the products on the counter top.

Place all the demo units on the top counter or shelf of the cart. You should have the following units:

- 4 Discus 22's
- 2 Discus Sport
- 2 Selector 50 FX's (with various titlesheet designs)
- 2 Home Décor Storage Solution (cases with titles sheets in drawer + Selector unit + Discware Lite software)
- 4 Selector 100 FX's (with various titlesheet designs)
- 3 Stacked up Studio 100 units
- 1 Studio 100 unit open
- 2 Literature Albums

The best way to place these are as follows:

- Three Discus 22's on each side of the cart.
- One Selector 50 FX on each side.
- 1 Selector 100 FX; opposite the Home Décor Storage Solution for the Selector 50 FX, and on the other side place the three remaining Selector 100 FX's on one of the Stands.
- 3 stacked up Studio 100 units stacked up on the 'Burn it, Store it' home office side of the cart.
- 1 Studio 100 unit on each side of cart, open and filled with discs for demonstration (also include a Satellite unit next to it).
- One Literature Album per side.

POP Items

- The Discgear lighted sign should be hung in the middle of the roof of the cart. OPTIONAL
- Any sale signs should be placed accordingly, depending on what sale you are running, and the placement of the other displays and signs. Try to take into account oncoming foot traffic. Make sure people can clearly see that you are having a sale.

- Selector Stand full of Selectors with discs.
- Three Stacked Studio 100 unit.
- Hanging circle signs and rectangle signs for pegs are provided to highlight product marketing themes.
- A demo unit of each product full of discs should be easily within reach at all times. You should have at least 2 or 3 Discus 22's filled with discs for demonstration.

Lighting – Lighting is not an “extra”. Lighting your cart properly can make the difference between a boring display and one that makes people stop and take notice.

Carts should not be lit directly from the top, or you will get unattractive shadows. Lights should be slightly off to the side, and to the front of the display. They should enhance the 3-dimensional quality of the product. Preferably the cart will be lit from more than one angle. Lighting should be adjusted every time you change your display.

If you don't have position-able lights in your key display areas, get some as soon as possible. A good lighting store will have some for a reasonable cost and can give you advice on installing and using them.

Although the malls do provide lighting for the carts, we recommend asking for more lighting. They may or may not charge for this, but it makes a huge difference in your cart appearance. This is an inexpensive, easy way to attract attention to your cart and make sure your display looks spectacular. Halogen lights look great and you can get these at your local home improvement store, like Lowe's or Home Depot.

Demonstration models

It is vital that each cart have an adequate number of demonstration units available to all employees. These units should be “fully dressed”. That is loaded with discs and labeled with title sheets. Mod Pods should be complete with loaded “Discus 22” and CD player.

Extra Inventory

All extra inventory should be stored in a nearby location. Some malls have storage space available, but many do not. Many operators rent storage facilities close to the mall and some simply rent a van and park it at the mall with their extra inventory inside. Find the method that works for you, but remember you will need to reach your inventory quickly. Keep your cart fully merchandised even during extremely busy times. It is important for overall appearance and presentation as well as to keep product on-hand to make customers happy.

One Week Before Setup

Check with the mall for rules on cart setup and daily operations, malls will usually not let anyone setup a cart during mall hours. Carts need to be setup after the mall closes or before the mall opens. Please be advised it takes about three or more hours to setup a cart.

If this is the first time for setting up a cart allow for more time than three hours. If the mall wants you to use a Visual Merchandiser get with them and show the mall the pictures of what the standard Discgear cart looks like, and let the mall know that the cart setup has been approved by a visual merchandiser.

Addendums

DISCGEAR® RETURN MERCHANDISE AUTHORIZATION ("RMA")
POLICY FOR AUTHORIZED DEALERS ("DEALER")

[The purpose of this policy is to provide each Dealer in the Cart sales channel with a well defined and understandable procedure for return of damaged or defective Discgear® product ("Product") to CD3 Storage Systems, Inc. ("CD3") for credit, thereby encouraging the Dealer to pass on this same return policy to the retail customer. It is our desire to join with you in giving your retail customers the most positive shopping experience possible.]

Summary of Policy for All Returns of Damaged or Defective Product:

Dealer shall take back and exchange any damaged or defective Product purchased from Dealer by its retail customers. Dealer may return all such Product to CD3 for credit using the CD3 RMA procedure and the RMA forms as set out below. Dealer shall pay the freight to return any such Product. Each time Dealer desires to return damaged or defective Product, the returned Product must be shipped using (i) a separate RMA# obtained from CD3, (ii) the RMA Request Form, and (iii) the Product return procedures outlined below. Only those items listed on the RMA Request Form are returnable.

CD3 Customer Service must receive RMA# requests via fax or email no later than 15 days after the Cart closes. No phone calls to issue RMA's will be accepted – please fax or email request using the CD3 RMA Request Form.

All products must be returned to CD3 warehouse no later than 30 days after the Cart closes.

No credit will be issued for demo Product units or for broken, non-repairable Product that has not been properly used by the retail customer. Anything that is designated as part of Dealer's display package, used by Dealer to demonstrate the Product to retail customers, or shopping bags, is **not** returnable for credit. Please note that demo Product units used at the Cart for all or a portion of the selling season will be subjected to more severe conditions than if used by the retail customer. Therefore, Dealer should expect that such demo Product units will fail at a higher rate than those subjected to normal wear and tear.

For all damaged or defective Product that is returned and accepted by CD3, a credit will be added to Dealer's account in an amount equal to the lowest price paid by the Dealer for any such Product, less restocking fees, if any.

Dealer acknowledges that this RMA Policy may be modified from time to time by CD3 in its sole discretion, and CD3 shall notify Dealer in such event. Any modification of this RMA Policy shall be considered to also be a modification of Exhibit "C" of the Discgear® Authorized Dealer License Agreement.

Procedures for ALL Returns of Damaged or Defective Product and Restocking Fee Policy:

In addition to the instructions outlined below, Dealer should note that the CD3 RMA Request Form, Packing List, and Packing Label must all be used and filled out completely and correctly in order to avoid additional fees. These forms will be provided to the Dealer by CD3 Customer Service as part of the RMA Procedures Packet. Based on CD3's sole and exclusive discretion, restocking fees shall be charged to the Dealer for failure to fully comply with the Discgear® RMA policy and procedures.

In order to return damaged or defective Product you must submit an RMA Request Form via fax or email to CD3 Customer Service and receive an RMA#. No phone calls to issue RMA's will be accepted – please fax or email request using the CD3 RMA Request Form.

The RMA# you are issued is good only for the Product items listed on the RMA Request Form. Should you wish to return Product not listed on the approved RMA Request Form, you will be required to submit an additional RMA Request Form and receive another RMA# prior to shipping. Dealers must ship back Product using the forms contained in this RMA Policy and Procedures Packet or as provided to you by CD3 Customer Service. Dealers will receive no credit for any Product returned without an authorized RMA#. Dealers are responsible for all shipping and insurance costs.

All returned boxes must be labeled appropriately with a copy of the Return Mailing Label provided to you by CD3. Each box will be labeled with your RMA#, Box# and total number of Boxes being returned (ex: Box#3 of 8).

A Packing List form will be provided by CD3 and should be filled out properly and placed in Box#1 listing returned product by item#, description and quantity. This Packing List will be arranged by Box#.

Dealer shall take the initiative to group similar warranty claims together.

Dealer's retail customers are invited to approach CD3 directly for Product warranty repair or replacement. Operator should advise any customer who chooses to process their return directly with CD3 that an RMA# is required to return any item and a \$4.95 return shipping charge per item will be assessed. CD3 is NEVER responsible for any freight costs.

How to Use Discware Online to Print Your Titlesheets

DISCWARE ONLINE GUIDE

Sign On To Discware Online

Open your Internet browser to <http://www.discwareonline.com>.

If you are not a registered Discware user, click .

If you've already registered, just enter your Discware ID and password and click .

If you've already registered, but have forgotten your Discware ID or password (or both), we can lookup your Discware ID and password. Click **Forgot?**.

If you're having problems signing in, please verify that you are using the correct Discware ID and password. Remember, both your Discware ID and password are case-sensitive. Also make sure that **JavaScript** is enabled. This options is at:


- In **Internet Explorer**, go to Tools > Internet Options > Security > Custom Level > Script > Active Scripting (Enable)


If you attempted to sign in, but received an error stating that your cookies are disabled, you need to enable your browser's cookies before you will be able to sign in:

- In **Internet Explorer**, go to Tools > Options > Security > Customize and Enable all cookies.
- In **Netscape Navigator** and **Communicator**, go to Edit > Preferences > Advanced and select 'Accept all cookies'.

Discware Registration

To register, completely fill out the registration form. Fields marked with ★ are required fields. All other fields are purely optional. Please make sure that your Discware ID is 8-12 characters long and your password is at least 8 characters long.

Once you are done, click . For your reference, we'll send you an email with your Discware ID and password.

You may get a warning that the Discware ID you selected has already been taken, your Discware ID is not 8-21 characters, your password is less than 8 characters, or that another required field was left empty. Please correct the mistakes and click  again.

Once you have successfully registered, you will see the **login** with the confirmation *Discware account has been created. Please sign in for the first time.* Enter your Discware ID and password and click **sign in**.

If you're concerned about privacy: CD3 promises not to sell or trade any consumer information to anyone. All information provided by you, the consumer, to CD3 via product registration is considered confidential and for internal use only.

Welcome to Discware online!

The first time you sign in, you'll want to setup your first Discgear storage unit. Just click the big **get started** button. You will now see **Storage Unit Properties**.


Storage Unit Properties

On this page, we are asking for you to describe the storage unit you will be organizing.


Enter your **Storage Unit Name**: Choose a name that is easy to remember that best describes the discs within that particular storage unit. For example: Joe's Country CDs, Jane's DVD Collection, or Karaoke CDs.

Select a **Storage Unit Label (A-Z)**: This alpha-label corresponds with the ID dots that were included with your storage unit. We recommend that you use the ID dots to help identify which storage unit and which slot your disc belongs. This will become increasingly more important as you add storage units to your collection.

Choose the **Type of Storage Unit**: Look at the names and pictures here to identify the storage unit you purchased. Click on the radio button to select your unit. Note: If you have a storage unit that is not listed here, please give us a call at 1-800-388-7597.

Once you've completed the steps above, click .


Storage Unit Catalog


This is where you will modify the discs belonging to a particular storage unit. To **add** a disc to your storage unit, click  to bring up the **Disc Contents** window.


To **modify** a disc entry, click the **artist/author** or **title** field to bring up the **Disc Contents** window.

Discware Online allows you to **edit tracks** of disc either using CDDB or manually:

- To use our **CDDB** feature, add a disc to the storage unit and check the box under the CDDB column. Now click **CDDB lookup**. If there are matches in the CDDB database, you will be presented with a list to choose the correct disc from. Once you have chosen the correct disc, just click the **download disc data** button.
- You may also place the disc being entered into your computer's CD-ROM drive and click **read from drive** while in the pop-up window. If your disc is a purchased music CD (not burned), the Artist, Title and CD tracks will be automatically entered.
- To manually enter tracks, click the **artist/author** or **title** field to bring up the **Disc Contents** window. Click the **click here to edit tracks** link. Enter up to 30 tracks and click the **update** button to save changes. When you are done, click the **back** button, and then click the **close** button.



To **view** or **print titlesheets** for this storage unit, click  to go to the **Titlesheet Setup** screen.


To **arrange** discs within this storage unit or **move** discs between your storage units, click  to go to the **Move Discs** screen.


If you need to **remove** a disc from your storage unit, click the  button next to the disc you want to delete. You will be asked if this is truly what you want to do. Note: This will permanently delete the disc from your storage unit.

Example

Let's say you have a Selector 100 and labeled this storage unit as 'A'. You should start with slot 1, and place any CD into it. You will also then enter the title of that CD into Discware Online under A01.

To add the information, click A01's corresponding . If nothing happens when the  is clicked, or you receive an error on your Internet browser, please see the troubleshooting tips below.

After clicking the , a pop-up window will appear which will allow you to enter the disc's information. When you have entered the information, click 'update and close to save the changes or the left/right arrow to move to the next or previous slot in your storage unit.

Next, click . You will be presented with albums found in the search, choose the one that corresponds to the CD you entered and click 'download'. If the search could not find any match, you will be notified.

The tracks will be automatically inserted for that specific disc and you will return to your **Storage Unit Catalog** page.

You repeat this process until you run out of CD's or storage space. The physical order of the discs will not affect the order of the titlesheet, as you will soon see.

Once completed, click the column header of Artist/Author on Discware Online, and it will sort your CD's alphabetically by this column. The same can be done for any column. If Artist is sorted, it makes for a quick reference to find your discs. Don't worry if the numbers aren't in any order, here's why:

Let's say your discs are arranged in actual alphabetical order inside of your units:

01 – Abba
02 – Beatles
03 – Cars
04 – Depeche Mode
...
87 – Zogart Symphony

If you tried to add a new disc, by the artist "Barn Orchestra", you would have to physically move every disc you had from slot 02, down one. This is not the way we intended the units to be used. Instead, if you place them in any order inside of your units, and created alphabetized titlesheets....

01 – Abba
88 – Barn Orchestra
02 – Beatles
03 – Cars

This is how your titlesheets would look. The alphabetized list makes it easy to find your discs, and all you have to do is move your Selector knob down to the appropriate number to get it! That way, if you add a new DISC, you can add it to the last slot, and all you would have to do is create a new titlesheet!

Printing Titlesheets

You need **Adobe Acrobat Reader 4.05 or newer**. Earlier versions will not work.

A link on the right side of the page will take you to Adobe's Acrobat Reader download website, follow the steps and save the download file in a location that you can easily find (i.e. your desktop).

Once the file has downloaded, double click it to begin the installation process. You may need to restart your computer before using.

Once you have entered all of your discs and you have sorted by your column of choice, click the 'print' button near the top.

The next page is titled 'Titlesheet Setup'.

The 'titlesheet setup' is different depending on which storage unit you are using. For example, if you have a Selector 100, you will have the option to print the storage unit's 3 titlesheets, A, B, and C. You will also have the option to print a related 'CD Literature Album' titlesheet for your storage unit.

To print, click the 'display titlesheet' button. You will see a new window that states 'Loading'. The loading time will depend on your Internet connection, but usually in a few minutes, you will see a preview of your titlesheet. To print, click the print icon in the top left of the page's toolbar, to save the file as a .pdf image, click the icon of the diskette.


If your titlesheet does not fit after printing, you may resize it by using the 'Titlesheet Scaling Tool' located near the bottom of the 'Titlesheet Setup' page.


Note: Larger capacity titlesheets (Selector 80, Selector 80H) must be printed on legal size (8½" x 14") paper. You must change the **Page Settings** to Legal size paper within the **Print Dialog Box**.

My Units

Here you will see a list of all of the storage units you have set up with Discware Online. As long as you are signed-in, you will always be able to get back to this screen by clicking "my units" from the top menu.

To view or modify the contents of your storage unit, click the **unit label** or **description**. This will display the **Storage Unit Catalog** screen.

To print a titlesheet, click the  **print** button for a storage unit. This will display the **Titlesheet Setup** screen.

To modify the name, label, or type of storage unit, click the  **properties** button for that storage unit. This will display the **Storage Unit Properties** screen.


To permanently remove a storage unit, click the  **delete** button for that storage unit.


Click "add new..." to add a storage unit you have purchased to your collection. The **Storage Unit Properties** screen will allow you to complete your addition. Discware Online will catalog up to 26 storage units for you.


Move Discs

This screen can be reached from the **arrange/move discs** button on the **Storage Unit Catalog** screen. From here you can arrange discs within a storage unit, move discs to another storage unit, or swap discs between storage units.

If you have more than 2 storage units, select the ones you are interested in from the two lists near the top of the screen.

To **arrange** a disc or discs within a storage unit, select one or more discs then use the  **up & down** buttons to arrange discs.

To **move** a disc or discs from one storage unit to another, select one or more discs from a storage unit, then click the  **move** button.

To **swap** a disc or discs between storage units, select the same number of discs from each storage unit, then click the  **move** button.

Note: Hold down **Ctrl** (Windows) or **⌘** (Mac) key while selecting a disc to select multiple discs.

When you're done, click the **update** button to update your changes.

Disc Contents

This window is accessible from the **Storage Unit Catalog** screen.

From this window, you may enter the Artist/Author, Title, Category, and Sub-category of your disc. At a minimum, you must specify either Artist/Author or Title. Click the **update** button to save changes and return to the Storage Unit Catalog screen or click the right or left arrow buttons to save changes and add or edit additional discs.

To manually enter tracks, click the "click here to edit tracks" link. Enter up to 30 tracks and click the **update** button to save changes. When you are done, click the **back** button.

Library Search

Here you can search for almost anything regarding your storage unit. As long as you are signed-in, you will always be able to get back to this screen by clicking "library" from the top menu.

Use the **search for** and **search in** fields to perform a search on your library. For example: You can search for all of your Country CDs (depending on what information you've entered) by selecting the "Category" from the **search in** list and typing "Country" in the **search for** field.

Leave the **search for** field blank to display your entire library.

If you want to view track information in your search, be sure **show tracks** is checked.

Once you've defined your search criteria, click  to view the results. Click the column headings to sort the results.

To view a printable version of your library, click the **printable version** button. This will display your search results in a format that you can print directly to your printer. Once you've printed your library search, use your browser's **back** button to return to the search results.

To download your library as an HTML to view or print later, click the **download** button. Your browser will then give you the option to save your file to disk. Just be sure to leave the **search for** field blank if you want to download your entire library.

Contact Information

CD3 Storage Systems, Inc.

15505 Long Vista Drive
Suite 250
Austin, TX. 78728

Main: 512.238.1336
Customer Service: 1.800.388.7597
Sales: 1.888.305.1336

Bill Moore, Director of Specialty Retail

gearup@discgear.com

1.888.305.1336

www.discgear.com

Discgear® Products Full Lifetime Warranty

All Discgear® products are warranted for life to be free from defects in material and workman-ship. Any Discgear® product or part requiring service will be repaired or replaced at no charge when received at our factory from the consumer (postage and postal insurance are the responsibility of the consumer). Any product that is no longer in production and cannot be repaired will be replaced with a comparable Discgear® product. Proof of purchase from an authorized Discgear® dealer must accompany the return. The Discgear® Guarantee extends our assurance of a lifetime of CD Storage pleasure to every owner of a Discgear® CD Storage Unit.

This warranty gives you specific legal rights, and you may have other rights that vary from state to state or jurisdiction to jurisdiction.

CD3 STORAGE SYSTEM INC.'S MAXIMUM LIABILITY SHALL NOT EXCEED THE ACTUAL PURCHASE PRICE PAID BY YOU FOR THE CD3 PRODUCT. IN NO EVENT SHALL CD3 STORAGE SYSTEMS, INC. BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES.

NOTE: Any Discgear® CD Storage Unit incorporating electronic components shall be limited to a one-year warranty from the date of purchase. Proof of purchase from an authorized Discgear® dealer must accompany the return.

NOTE: We do not accept any returns for any customized items, (i.e. molded logos, epoxy dome decals, etc.).

If you need repairs or service for your Discgear® CD Storage Unit, please follow these instructions:

1. Contact our Customer Service Department at 1-800-388-7597 to obtain a Return Merchandise Authorization ("RMA") number.
2. Place your CD Storage Unit in a well-packed box with a note detailing your name, address, reason for return, and Return Merchandise Authorization number.
3. Please include a check for \$4.95 per unit made out to CD3 Storage Systems, Inc. to cover shipping and handling fees to return product to you.
4. Forward the package to:

CD3 Storage Systems, Inc.
Attn: R&D Evaluations
15505 Long Vista Dr. Suite 250
Austin, TX 78728

5. Allow 2-4 weeks for servicing of your CD3 Storage Unit.
6. If you have any questions at any time, please feel free to contact us at 1-800-388-7597.

7. All postage, insurance and shipping costs are your responsibility. We recommend that you ship using UPS, Insured Parcel Post, or some other track-able method.

RECOMMENDED RETURN POLICY FOR CARTS:

- Refunds are available only at original point of purchase
- Refunds are available only on product in resalable condition
- Refunds are available only with receipt and within 30 days of original purchase
- All other returns are exchange only, for product of equal or lesser value.

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