

EXECUTIVE WHITE PAPER

An On-Line Solution for
Promotional Merchandise
Management

Is it Right for
Your Organization?



*Founded in 1975, **Wilson International** has developed into a diversified operation that provides in-house solutions to our clients in the corporate, retail and event sectors of the imprinted products industry. Our objective is simple – to offer unique, innovative and high quality ideas, products, and solutions to help our clients achieve their business objectives.*

Overview

One of the largest areas of growth in promotional products management has been the development of on-line company stores. More and more companies are realizing the benefits of enabling 24/7 access through the internet to their line of branded merchandise and are turning to experienced promotional merchandise companies to deliver this service. The on-line store provides operational efficiencies in supply chain management, greater control over quality and branding, and improved marketing coverage.

Is an on-line store the right solution for your company? This white paper provides some questions that you can ask to begin the process of assessing your needs. These questions were developed through our experience and knowledge gained from working with existing clients and building on-line solutions to meet their promotional merchandise management needs.

Are you tying up capital that could be used more effectively?

Many organizations have a significant amount of capital invested in an inventory of promotional merchandise. This inventory is often spread throughout the organization with no accurate accounting of quantities, sizing, or dollars invested. Traditionally these items are stored in a 'promotional cabinet' in various departments, offices or branches and staff pick from the cabinet when an item is needed. (e.g. To recognize an employee or provide a gift to a valued client). Products that are ordered in bulk to 'save money' often end up sitting in the cabinet as they were intended for a special event, and are no longer suitable. Just as common is a shelf full of odd-sized garments – a dozen smalls or triple XLs – purchased to get a quantity price break. When the cabinet needs replenishing, more inventory dollars are invested in new products, and the outdated or unwanted products are pushed to the back of the shelf.

To combat these problems some companies have gone to an on-line solution, however, they are still required to finance the inventory up front and assume all risks for product that isn't sold. The vendor simply provides the platform to distribute the merchandise, rather than assuming full responsibility for the entire program.

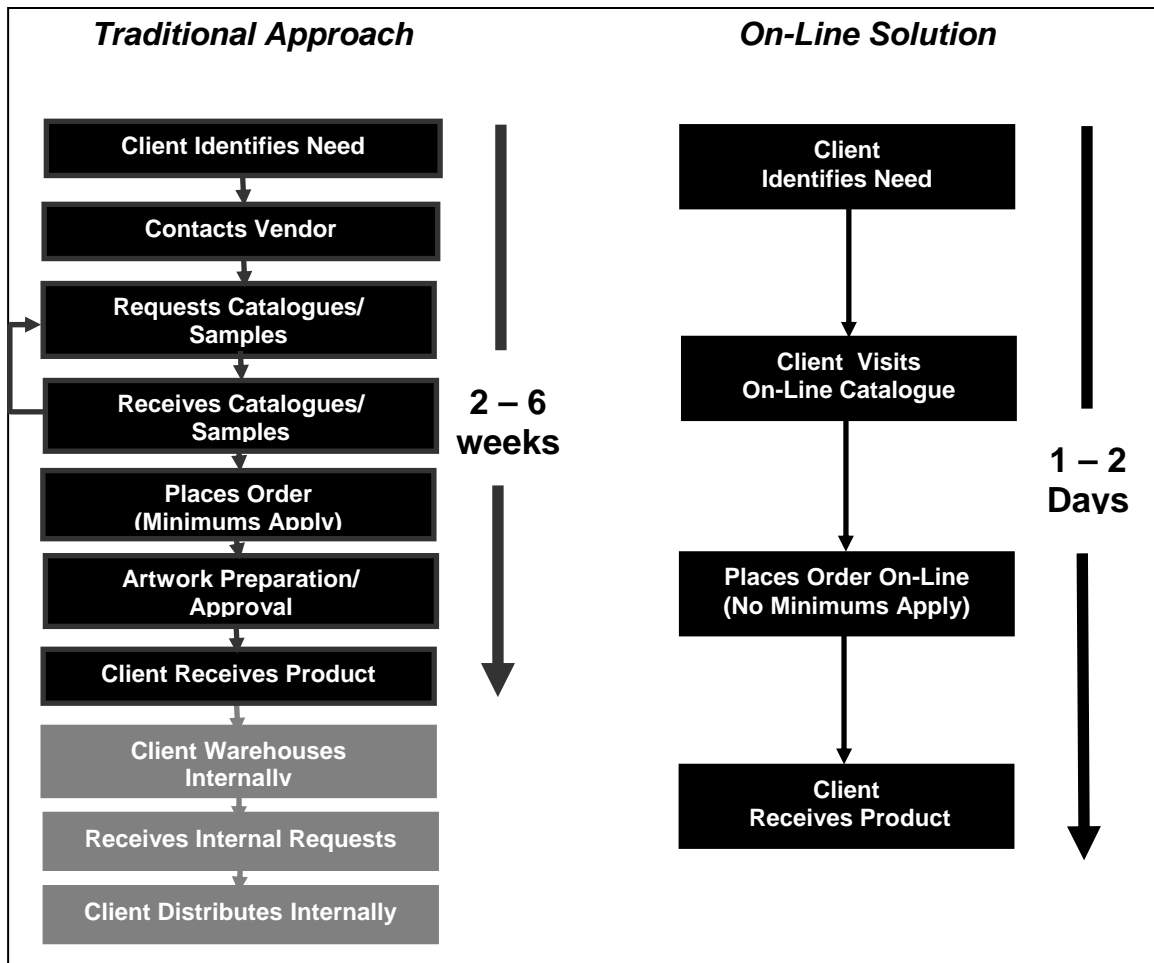
With our on-line solution, there is little to no financial commitment required to build the inventory, or to develop and maintain the on-line store, thereby freeing up the capital that is currently being used to finance any existing inventory. We finance, warehouse, and assume the risk for all products. Our buying power also makes the need for you to 'bulk buy' unnecessary. You can purchase exactly what you want, when you need it, and no longer need to worry about items that prove to be unpopular or are discontinued.

Do you have a need for immediate delivery with no minimum order requirements?

Two of the biggest challenges in promotional merchandise management are anticipating the amount of product required and when it will be needed. This is complicated by the

fact that a number of promotional items require minimum orders and have lead times up to four or five weeks. A department that only needs a couple of pens to give to some key clients, or a manager who wants to recognize an employee for a job well done, may not be able to get the product they need or may have to wait a few weeks to receive it.

The following diagram outlines the traditional approach to sourcing products versus the on-line solution.



As you can see from the above diagram, the on-line store provides two key benefits. There are no minimum order requirements, and the client can receive the product in as little as one day.

Are you dedicating too many resources to administering your promotional products program?

Managing a promotional merchandise program internally can quickly become very time consuming and expensive for an organization. Traditionally these programs are handled in one of two ways.

The first scenario is the program managed by a single department within the organization (e.g. Marketing). All employees must contact this department to access the merchandise and requests are filled internally. The most common challenges faced under this scenario are managing the product line, communicating to staff what is available, fulfilling the orders, handling payments (corporate and personal), and clearing excess or discontinued stock. This often becomes a full-time role for one or more employees. It is also common for other departments to become frustrated by this type of system and independently purchase their own promotional items. This is known as "Maverick Spending".

The second scenario is decentralized purchasing where each department or branch is responsible for obtaining its own promotional merchandise. This can lead to a duplication of efforts throughout the organization and a lack of control over what type of merchandise is being used.

An effective on-line solution means your staff will have access to promotional merchandise from home or the office, 24 hours a day, 7 days a week. All orders will be shipped in as little as one business day with flexible payment options including credit card or invoicing. By making it easy, and offering a diverse and ever changing product line, we have found that the amount of maverick spending decreases.

Outsourcing the management of your promotional merchandise program enables your staff to focus on your core business and not concern themselves with the day-to-day management of the program. Once the key requirements of the program have been established, your involvement can be as hands-on or hands-off as you like.

Are you losing purchasing power by sourcing through more than one vendor?

If purchasing is decentralized or maverick spending is occurring, your organization may be losing some of its purchasing power. Pricing in the promotional products industry is highly dependent on volume and a company that can consolidate or centralize its purchases can achieve some substantial savings. These same companies will also enjoy an increased level of service due to a closer relationship with their vendor and a shared knowledge of business needs and objectives.

The on-line company store is the perfect mechanism for consolidating your purchases to enjoy these benefits, while avoiding the pitfalls of the bulk buy. In fact, many manufacturers will extend better pricing for products placed in an on-line catalogue as they recognize the benefits the increased exposure can provide.

Do you have multiple offices, branches, or franchise locations?

The existence of multiple offices, branches, or franchise locations, increases the likelihood that purchasing is decentralized, maverick spending is occurring, and the amount of resources being dedicated to managing a promotional merchandise program is excessive. Although many of these problems can, and often do, occur in single office environments, they are more common in a decentralized environment where people do not have access to an effective and coordinated promotional merchandise program.

It is known that people will generally take the path of least resistance and therefore, a convenient, user-friendly, on-line store will be the first choice to access promotional products. There will no longer be a need to independently source product.

Are you concerned about corporate image and brand consistency?

Many companies invest a great deal in building their brand and develop guidelines to protect it, only to have a promotional item produced in contravention of these guidelines. This is a result of decentralized purchasing or a lack of knowledge of the branding guidelines by the purchaser and/or the vendor.

Some companies are also concerned about the types of products that bare their brand image. With over 500,000 promotional merchandise items available, it is possible that an item selected may not be aligned with the image your company wishes to put forth.

Working with one vendor, which is committed to maintaining your brand integrity and corporate image, is the most effective method of eliminating these problems. You will have a greater control over your brand usage and the products being offered.

Summary

We hope that this paper has helped you assess the needs of your organization with regards to its suitability for an on-line promotional merchandise program. This is the first step in a successful implementation.

Wilson International has successfully designed, developed, launched, and operates on-line stores for a number of key clients including:

- TELUS
- TELUS Mobility
- Vancouver 2010 Olympic Bid
- VanCity
- ICBC
- HSBC Bank Canada
- Envision Financial
- Weldwood of Canada
- Ricky's Restaurants
- BC Ferries

If you would like to meet with one of our representatives to learn more about how we can help you with your promotional merchandise needs, please contact us. Thank you.



12880 Clarke Place Richmond BC Canada V6V 2H1

ph 604.821.1166 fx 604.821.0302

wilsoninternational.com