

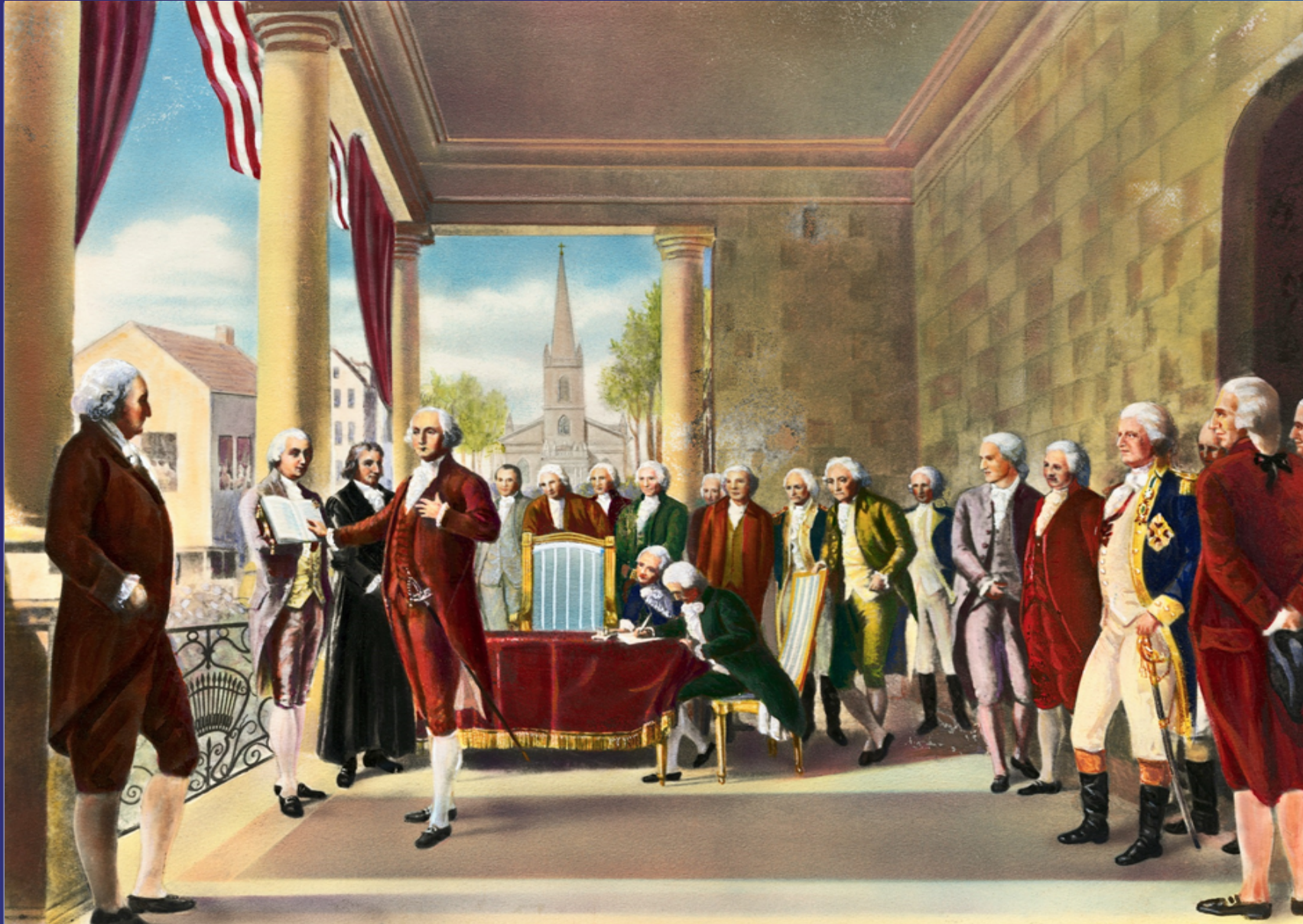
# New to the Industry Navigation

Dennis Klum, CAS, BrandVia Alliance, Inc.

# Agenda

- Quick History
- Definitions & Overview
- Industry Model & Roles
- Pricing & Considerations
- Resources

# History

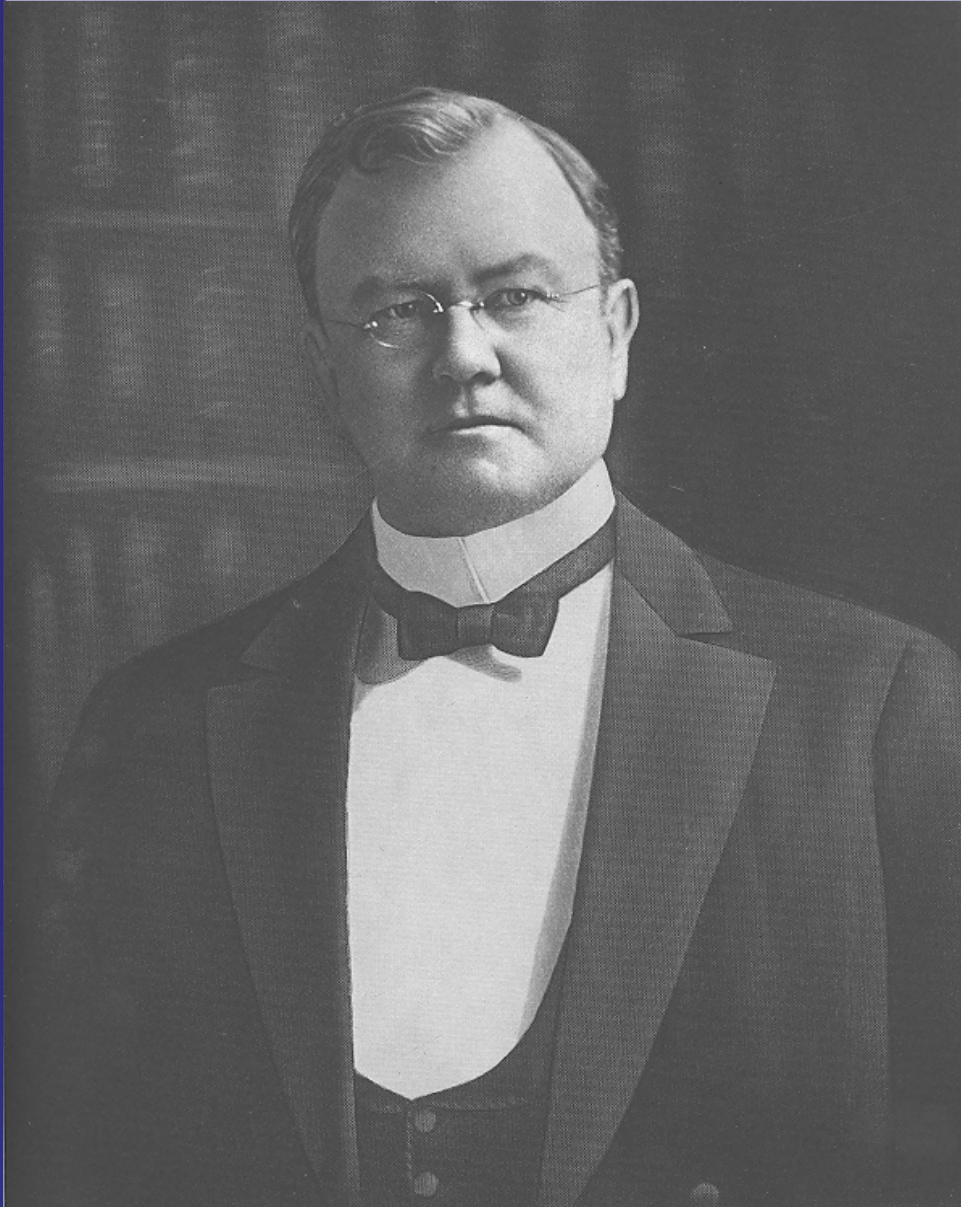


## George Washington's Inauguration 1789





Commemorative  
Button



Jasper Freemont Meek  
Coshocton, Ohio





## First Promotional Item 1876



## Marble Bag

### Actual Meek Product





## First Coca Cola "Ad" 1886



Meek (and Henry Beach) develop processes that help create “A New Era” In Promotional Marketing

# Timeline – Some Key Moments

- 1789 - George Washington's Inauguration
- 1876 - Jasper Meek's idea
- 1903 - First meeting to organize industry in Cincinnati, Ohio
- 1904 - Original Names: Advertising Manufacturers Association, then National Association of Advertising Novelty Manufacturers
- 1914 - First trade show (Chicago) had 32 exhibitors
- 1928 - 25th Anniversary gathering - lobbied to exclude gifts from federal anti-bribe
- 1934 - Effects of great depression - only 16 suppliers at show
- 1945 - WWII aftermath - plastics and ball-point pen enter industry
- 1960's (late) - 1970's (early) - T-Shirt becomes first "decorated" apparel item for our industry
- 1992 - "Surfing the internet" vs. printed directory
- 1993 - Industry re-named "PPAI"

**Industry Forming**

**Government**

**Major Shift**



# Definitions

# What Are Promotional Items?

*Promotional products—usually imprinted with a company's name, logo or message—include useful or decorative articles of merchandise that are utilized in marketing and communication programs. Imprinted products that are distributed free are called advertising specialties. Imprinted items given as an incentive for a specific action are known as premiums. Business gifts, awards and commemoratives are also considered promotional products\**

Also known as: Swag, Incentives, Giveaways, Freebies and many other names

\*\*\*\*\*.ppai.org/association/frequently-asked-questions

# Who, How & Why

## Recipients

- Employees



- Recruiting
- New Hire
- General Gifting
- Service Award
- Achievement/ Commemorate
- Department/Team
- Event

(Loyalty / Affinity, Appreciation, Motivation & Morale)





# Who, How & Why

## Recipients

- Employees
- Channel/ Partners →

- For Re-Sell
- Achievement/ Reward
- General Gifting
- Commemorate
- Event
- Co-Funded (Co-Op)

(More Business!, Loyalty / Affinity,  
Appreciation, Motivation)



# Who, How & Why

## Recipients

- Employees
- Channel/ Partners
- Customer/Prospect→

- For Your Customer to Handout/ Gift/ Reward/ Incentivize
- For Your Customer to Re-Sell
- “Your” Intro (self promo)
- Your Handout/ Gift/ Prize
- General/Other Gifting



(Brand Awareness, Drive Traffic, Loyalty / Affinity/ Goodwill, Appreciation, Motivation, Drive Business & Acquisition)

# Our Industry Characteristics

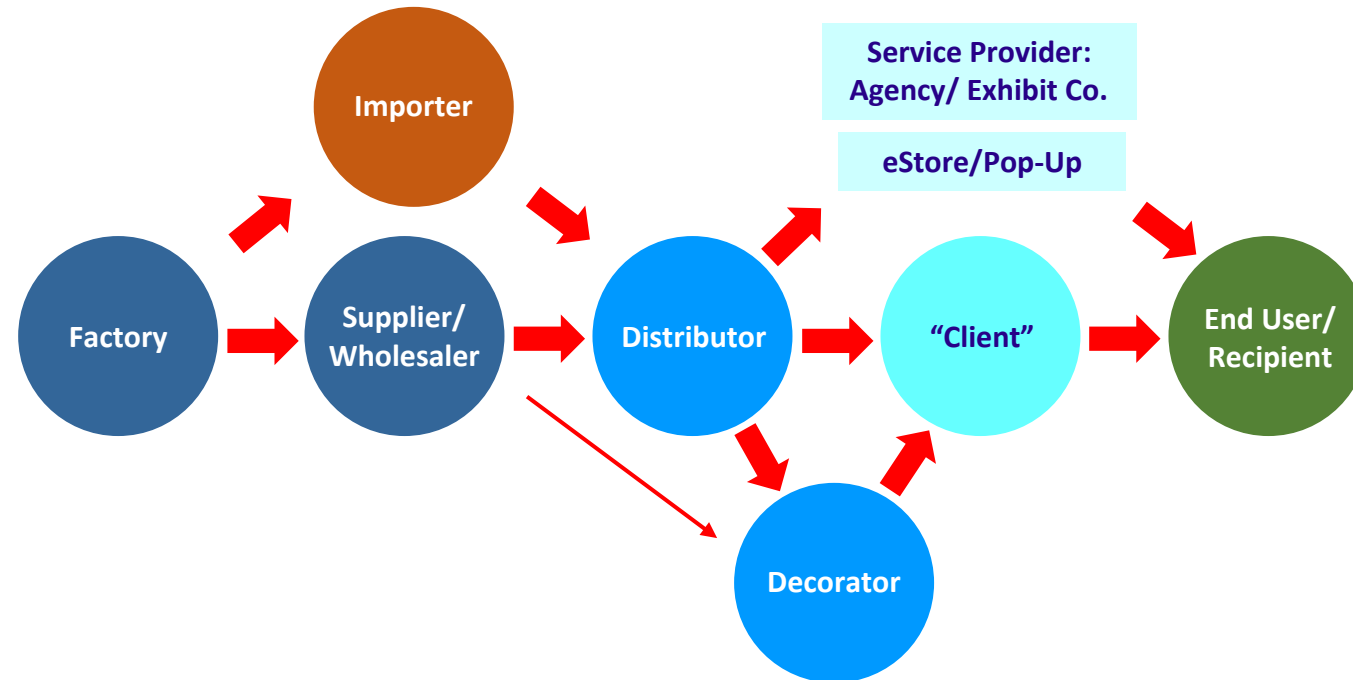
- Highly fragmented
- Low cost of entry
- Comparison to Ad, Print, Web, TV, Radio
- Why it works (5 senses, retained/useful, variety of items/pricing, targeted, fun...)
- Value of a company's "Brand"



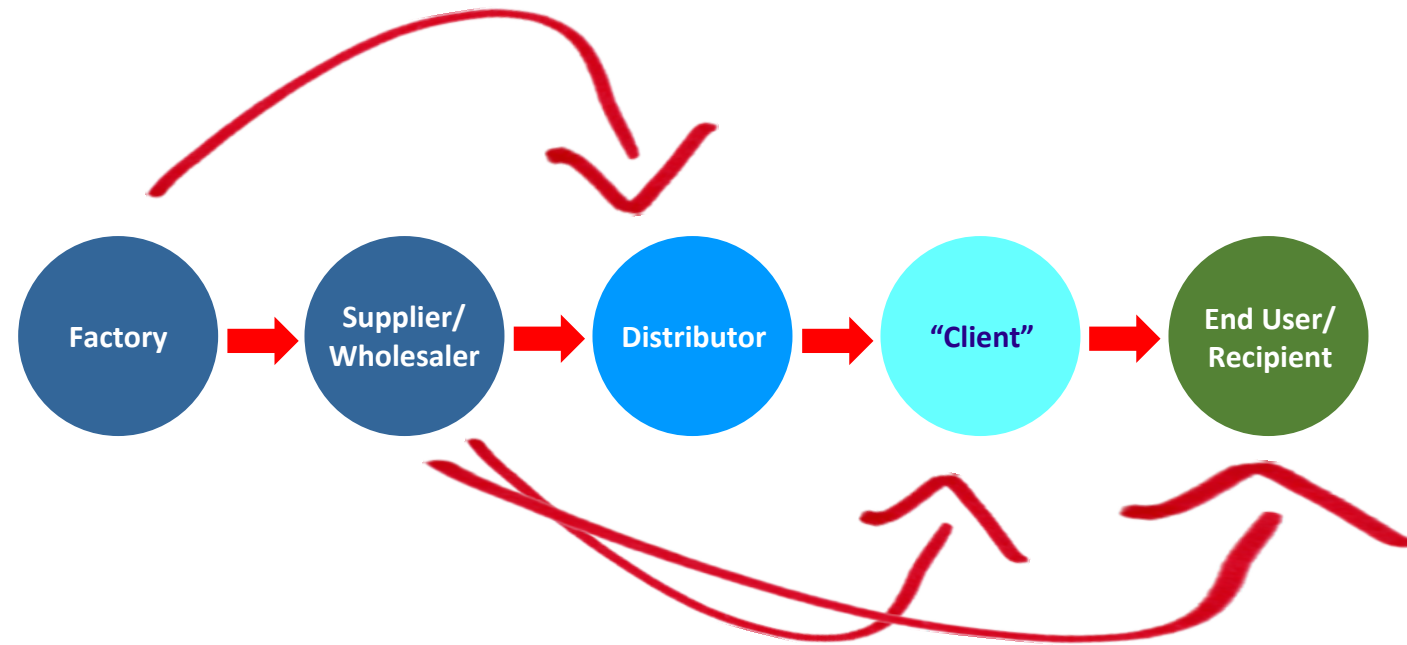


# Industry Model

# Our Model



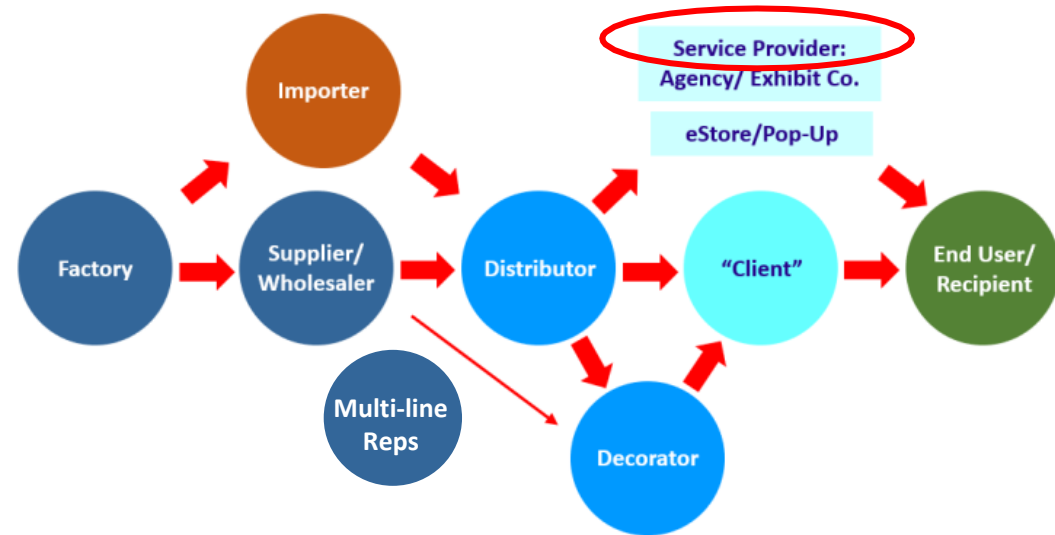
# Sometimes...





# Some Options

- Supplier
- Distributor
- Multi-line Representative
- Business Services Providers
- Decorator/Embroiderer
- Other



# Suppliers

# Supplier

*A promotional products company that manufactures, imports, converts, imprints or otherwise produces or processes promotional products offered for sale through promotional products distributors\**

- Many US Suppliers procure and hold “blanks”, then decorate or distribute
  - Allows shorter lead times, lower minimums, easier re-orders or “re-do’s”
- Increasing “Brand Name” companies entering (“Corporate Market”) industry
  - Some sell direct and others “through” a supplier company
  - Typically a subset (core items) and ensure longer availability
  - Some offer a broader line through a “Premium/Incentive” supplier
- M&A activity but room for niche

\*\*\*\*\*.ppai.org/association/frequently-asked-questions

# Supplier History

- Most originally manufactured and decorated 100% in house (very little importing)
- Product safety (CSR) was not much of a concern
- Eco/Sustainable, Diverse, Give-Back not considered
- Product offerings were limited – most suppliers “specialized”
- Some suppliers seek to be a “one-stop-shop”
- The ASI number (Registry) was once the only way to find a supplier



# Supplier Go to Market

- Sales calls & distributor meetings
- eCatalog and flyers, some print
- Blasts, promotions, offers and advertising in industry publications
- Shows, events & table-tops
- Industry search tools – SAGE Online, ESP & others
- Factory reps (National or Regional), Multi-line reps, or “No” reps

# Multi-Line Representatives

# Multi-Line Representative

*An individual or company contracted with one or more suppliers to market their products and services to distributors*

- Can represent a variety of supplier's lines (products and services)
  - Non-competitive lines
- Often regionally based
  - "Local" shows & involvement
  - End user shows & calls
  - Targeted account load allows more relationship building
- Self-Marketed, and/or leveraged supplier marketing
  - Often self-employed & commission based
  - Typically well-travelled
  - Educator, advisor

# Distributors



# Distributor

*In the promotional products industry, a distributor develops ideas for using promotional products in a marketing or promotional campaign, buys the items from the supplier and sells them to end buyers\**

*Varied models:*

- *Stand-alone business with one or more locations*
- *Franchised (Mom/Pop, or multiple persons)*
- *Connected to a group (or) buying group*
- *A small department in a completely different business*
- *Other...*

*\*\*\*\*\*.ppai.org/association/frequently-asked-questions*

# Distributor Go To Market

- Limitless avenues for prospecting
- Referrals/ networking/ friends
- Win business through bids, RFPs
- E-mail, direct mail, social media marketing, catalogs, website
- Fulfillment, kitting, packaging, printing, direct mail & eStores
- Local or regional or international
- Can “act” as client’s internal agency

# Business Services

# Business Services

*A company that sells services, information or products (other than promotional products) that support the normal day-to-day needs of companies doing business in the promotional products industry*

- Lead generation, search/browsing tools
- Web developers/ masters: shops, ecommerce sites
- Graphic artists, art conversion, photographers
- Printing, packaging, kitting, fulfillment, logistics/shipping
- And more!



# Decorators

# Decorator

*A company that offers decorating services of finished product – this can include screen/digital printing, embroidery, engraving, pad printing and other methods*



# Decorator – Go to Market

A decorator can fall into the Supplier, Distributor or Business Services category. It's really a question of how they want to go to market, who they want to sell to, and what services they offer.



# Working Together

## DISTRIBUTOR

- Develops customers/ users
- Learns industry & supplier process
- Supply chain development
- Initiates sales activity:
  - Generate ideas – sell concept
  - Research supply options and details
  - Quote and close
- Preps and sends order + art
- Confirms timing, shipping, tracking
- Follow up with customer
- Processes supplier invoice
- Bills customer

## SUPPLIER

- Develops product & services offering
- Source and test product (market survey)
- Forecasts and orders inventory
- Creates marketing & promotion
- Trains staff, inside and within channel
- Receives, QA and sorts inbound product
- Quotes distributor and finalizes order
  - All pricing, proofing & delivery, art specs
- Manages order throughout process(es)
- Packages and ships product
- Sends tracking and follows up
- Invoices distributor

# Pricing



# Traditional Pricing Model



- Multiple pricing models exist in the marketplace
- Catalogs printed with “suggested retail” based on quantity
- A “secret” code tells the Distributor what the “net” item cost is
- There are often additional costs for set-up, running charges, etc.
- Suppliers can offer special pricing to larger distributors/ buying groups
- Most distributors can’t / don’t bill for “time”...
  - Roll “creativity” into product price...
  - Taking care not to create a commodity market

# Pricing Details



Flexfit 110® Trucker Mesh Back Cap

Color



QUANTITY	15*	24	48	96	144	576	1296+
FLAT EMBROIDERY	\$21.80	\$21.60	\$20.40	\$20.20	\$20.00	\$19.80	\$19.60
3D EMBROIDERY	\$24.20	\$24.00	\$22.80	\$22.60	\$22.40	\$22.20	\$22.00

QUANTITY	1-23*	24	48	96	144	576	1296+
BLANK	\$17.00	\$15.50	\$14.30	\$14.10	\$13.90	\$13.70	\$13.50

7A

7A

7A

# Pricing Details



- (a) code = price x .50
- (b) code = price x .55
- (c) code = price x .60
- (d) code = price x .65
- (e) code = price x .70
- (f) code = price x .75
- (g) code = price x .80
- (x) or (z) = no discount

Flexfit 110® Trucker Mesh Back Cap

Color



QUANTITY	15*	24	48	96	144	576	1296+	
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BLANK	\$17.00	\$15.50	\$14.30	\$14.10	\$13.90	\$13.70	\$13.50	7A

$\$17.00 \times .50 = \$8.50$  each (net price)

# Pricing Details

16.9 oz double wall 18/8 stainless steel thermal bottle with copper vacuum insulation, threaded insulated bamboo lid, and glossy / matte dual-tone finish · patent pending **gift box included**



pricing specs tools group shot

price includes 1 color imprint (c)

48  
\$16.99

72  
\$15.99

144-2015  
\$14.99

setup (g): \$65.00 per color  
each additional color/item (c): \$0.85

- Price includes 1 color imprint
- Minimum quantity is 48
- Price break at 72 and also at 144
- Set-up is \$65.00 per (imprint) color
- Per color/item is \$0.85 each (running charge)
- Gift box
- Note the (c) and the (g) codes

# Net Cost – Industry Codes

price includes 1 color imprint (c)  
48                      72                      144-2015  
\$16.99                      \$15.99                      \$14.99

$\$16.99 \times .60 = \$10.19$  each (net price),  
includes 1 color imprint

setup (g) \$65.00 per color  
each additional color/item (c) \$0.85

$\$65.00 \times .80 = \$52.00$  (net) per color

$\$0.85 \times .60 = \$0.51$  (net) per color (after 1<sup>st</sup>)

- (a) code = price x .50
- (b) code = price x .55
- (c) code = price x .60
- (d) code = price x .65
- (e) code = price x .70
- (f) code = price x .75
- (g) code = price x .80
- (x) or (z) = no discount

# Industry Coding

- (a) code = price x .50
- (b) code = price x .55
- (c) code = price x .60
- (d) code = price x .65
- (e) code = price x .70
- (f) code = price x .75
- (g) code = price x .80
- (x) or (z) = no discount

- (a) **or (p)** code = price x .50
- (b) **or (q)** code = price x .55
- (c) **or (r)** code = price x .60
- (d) **or (s)** code = price x .65
- (e) **or (t)** code = price x .70
- (f) **or (u)** code = price x .75
- (g) **or (v)** code = price x .80
- (x) or (z) = no discount



# Pricing Considerations

- Item price
- Set-up charge (to add logo/ branding) (“re”set-up fee)
- Mold, die, embroidery “tape” charge
- Per piece running charge / often per color or per stitch (example per 5,000 stitches)
- PMS (color) matching charge to match specific Pantone Color
- Art charge, converting to vector art
- Packaging (gift box, etc), poly bag charge
- Other fees: Kitting, rush, cancellation, restock, proofing (product or paper/digital), LTM, 3<sup>rd</sup> party handling, drop-ship, hazmat, and more...
- Freight/Shipment

# Other Considerations

- Product safety (Prop 65, Dangerous Goods) (educate yourself)
- Responsible sourcing - CSR & Sustainability
- Data Safety & Privacy, PCI, GDPR
- Single orders vs “projects/programs”
- Company Store (Private or Public), New hire/onboarding, Wellness, Incentive (gift w purchase), POS/POP display, Service award, Recognition, Pop-up shops, and more
- Develop “your” target market, planning, lead development, advertising & promotion
- Selling direct or through another channel?
- Industry acronyms

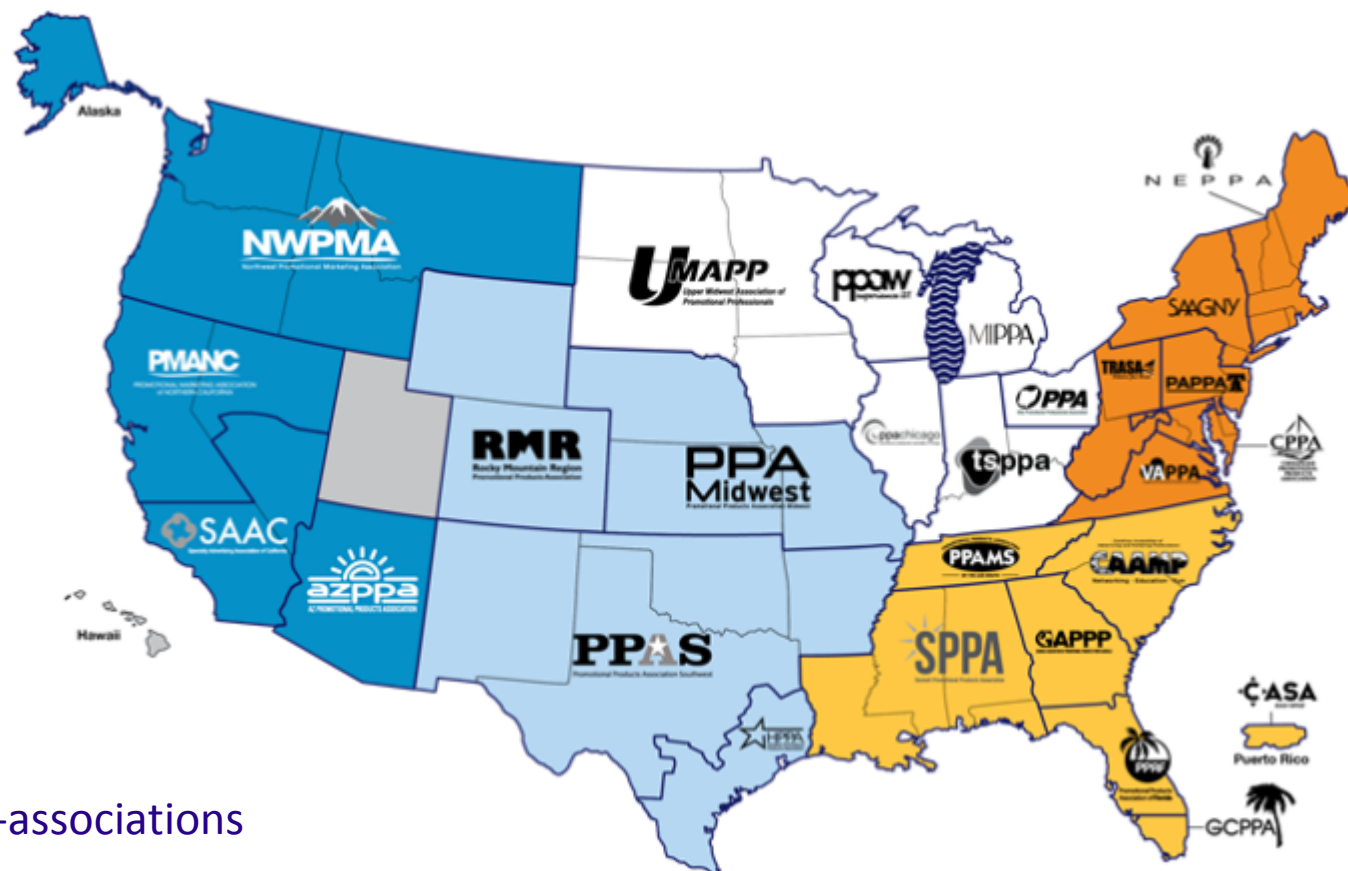
# Resources



# Resources – Regional Associations

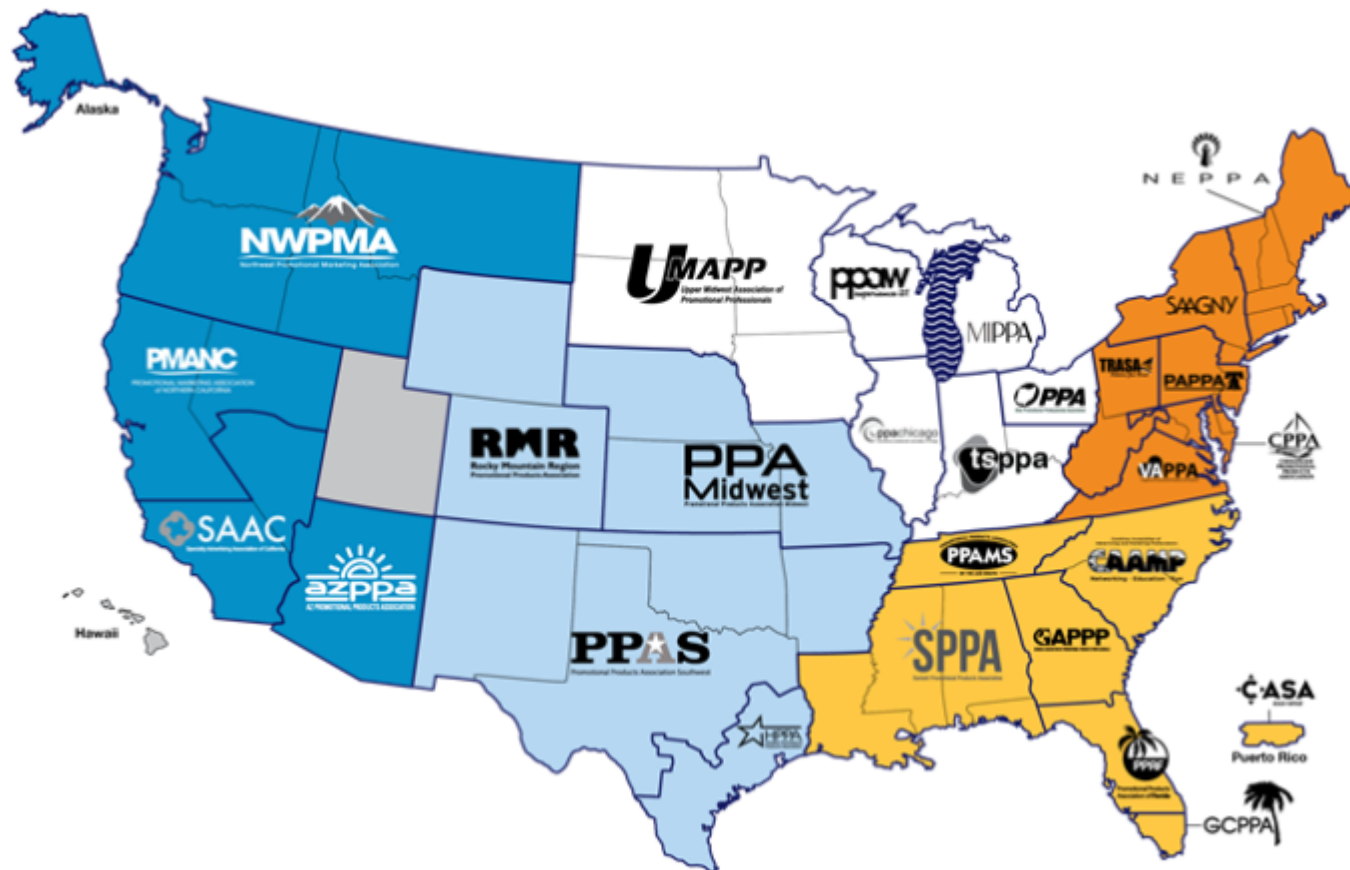
- Currently: 27 regional associations in the US and Puerto Rico
- Solely dedicated to industry professionals
- Independent, nonprofits
- Representing 100 to 1,000 companies

\*\*\*\*\*.ppai.org/members/regional-associations



## Benefits – Regional Associations

- Networking, Peer Support
- Shared Resources & Advice
- Education Opportunities
- Low Cost to Join and High ROI
- Tradeshows/Tabletops/Zooms
- Professional Development
- Help Shape Your Industry
- Fun



# Additional Resources... Just a Few

- \*\*\*\*\*.ppai.org/members/education/
- \*\*\*\*\*pubs.ppai.org/ppb-magazine/
- \*\*\*\*\*pubs.ppai.org/pc-today/
- \*\*\*\*\*community.ppai.org/home (Promo Connect)
- \*\*\*\*\*.asicentral.com/news
- counselorpromogram@asicentral.com



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