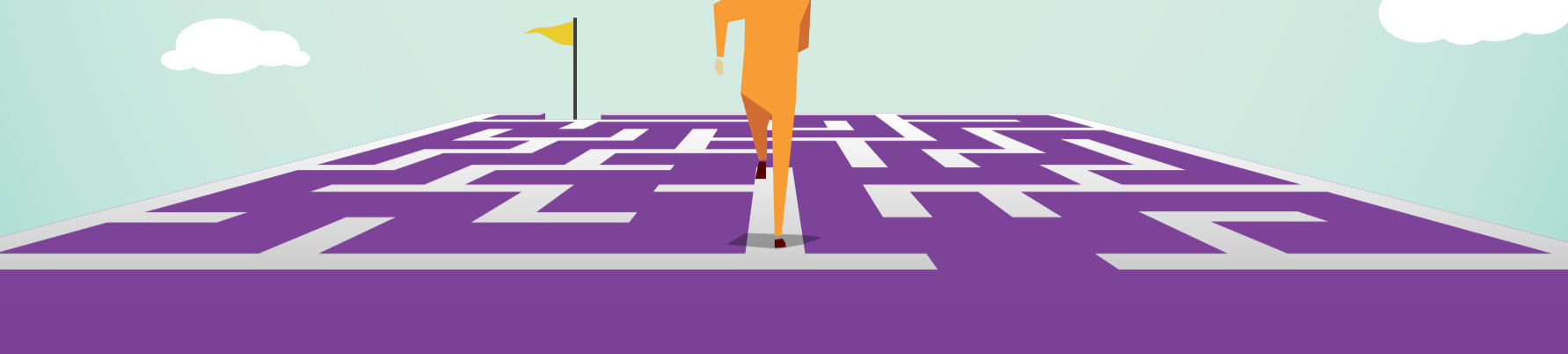


CHASING (AND CATCHING) HIGHER PROFIT MARGINS



Ecommerce has certainly changed the promotional products industry. The prediction was that margins would shrink dramatically because distributors would have to sacrifice profits to compete with online sellers. But that vision has not become reality after all.

Distributors captured almost **58%** of the industry's total sales volume.

58%

In fact, margins have actually improved in past years to reach an average of **35%** in 2017, according to the [State of the Industry 2018](#).

35%

But if your business hasn't had the same experience, we have some ideas about how you can turn things around.

CUT COSTS



REDUCE FREIGHT

Combine apparel orders to exceed the minimums for free shipping that are often offered by suppliers.



ELIMINATE CATALOG COSTS

Email digital copies or create custom proposals with details on the recommended products (we can help you with that too).



TRIM ART COSTS

Using an outside company for embroidery digitizing and vector artwork means you don't need to invest in and maintain expensive software. Plus, your costs go from fixed to variable.



INVEST IN E-STORES

You can establish this option for major clients who order the same items frequently or have an employee rewards or other defined program established.

16%

of distributors report profit margins over

40%

MAKE SMART MOVES

ESTABLISH RELATIONSHIPS

The foundation for long-term partnerships is trust and customer service, complimented by active listening and quick responses.



PRICE JUDICIOUSLY

It is okay to help a good customer in a bind or compromise with someone who needs to meet a target number for approval. But make it clear what you are doing so they see you are meeting them halfway and/or making a one-time sacrifice.

CHARGE FOR ART

Adapting or creating production-ready design files is essential and you should explain that to customers as well as bill them for the work. [Eating the cost only undermines profits.](#)



TAP SUPPLIERS

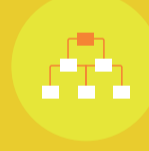
It doesn't hurt to ask for discounts, especially if you order regularly. Just don't abuse the privilege.

SWITCH PRODUCTS

If price is extremely sensitive for a customer, consider recommending different products. You can either go with lower-cost items to provide the desired quantities within their budgets or suggest fewer higher-priced ones with better features or quality.



TRANSFORM



DIVERSIFY

Today, distributors generate an average of **64 percent** of sales from traditional promotional products — that's a new low. As a result, many are supplementing with company stores, warehousing, fulfillment and other value-added services.



SELL PRINT

One way to diversify is to offer print services. Those distributors who do, they tend to average \$1 million or more in annual revenues.



GET SOCIAL

The larger a distributor, the more likely it is to have a social media strategy. That should tell you something!



INCREASE VISIBILITY

Top distributors use social networking, email and trade shows to market their businesses.



DIFFERENTIATE

Service is what distinguishes value-added partners from e-commerce vendors. Whether that means having in-person meetings, brainstorming, quality standards that are exceedingly high or something else, the way to stand out is to deliver and reinforce these capabilities.



THE TOP 3 REASONS

TO EXPECT A PROFIT INCREASE IN 2018:

19%

1

NEW BUSINESS DEVELOPMENT

15%

2

YEAR-TO-DATE SALES

12%

3

CHANGE IN PRICING STRATEGY / BETTER MARGINS

Idea Custom Solutions understands how critical it is for you to earn reasonable profits so your business succeeds and grows. We can help with a range of competitively priced vector artwork and embroidery digitizing services, as well as image editing for e-stores, virtual samples for custom proposals and graphic design for marketing materials that increase your company visibility.



YOUR SUCCESS. THAT'S THE WHOLE IDEA!

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