PromoProducts 101 has successfully been in the promotional products business for the past nine years without a marketing and sales plan. Although revenues have increased yearly without a formal plan, PromoProducts 101 is currently at a crossroads. With staff and other resources allocated based upon past operating procedures, PromoProducts 101 has reached its zenith in terms of billings. The creation of a marketing and sales plan will allow PromoProducts 101 to direct staff and other resources in the most effective and efficient manner. This, in turn, will allow PromoProducts 101 to increase sales and the number of clients serviced.

Currently, one client (Yugo) generates over fifty percent of PromoProducts 101’s sales. While this level of sales from one client testifies to PromoProducts 101’s level of expertise, customer care, and out-of-the-box thinking, it is a precarious position for PromoProducts 101 to be in. Any number of internal changes or external forces could quickly change the quantity of product Yugo purchases. In order to mitigate the effect a reduction in Yugo billings would have on PromoProducts 101, PromoProducts 101 must develop a marketing and sales strategy. This strategy would have the overall purpose of allowing PromoProducts 101 to acquire new clients, increase the billings of existing clients, increase visibility of PromoProducts 101, and allow management to benchmark growth.

In addition, a marketing and sales strategy would allow PromoProducts 101 to systematically explore the market niches that would prove the most successful, and
assign those market niches to salespeople most educated in those areas. PromoProducts 101’s current strategy does not allow for this type of specialization. Salespeople are given a client list with unrelated companies. This type of delegation increases the learning curve as salespeople have to become knowledgeable of both how the clients’ industry operates and the types of promotional products these clients are most likely to order. Although this method of delegation has proven successful to date, PromoProducts 101 must organize and structure its sales efforts in order to increase sales.

Current marketing programs have been limited and piecemeal. Although PromoProducts 101 has made an effort to increase visibility in the New York City/Metro area, this effort hasn’t been systematic, and no analysis on ROI has taken place. PromoProducts 101 cannot be sure that its marketing dollars are well spent, or even how much money should be spent. A thorough marketing and sales strategy will enable PromoProducts 101 to invest in the most cost-effective and successful marketing vehicles.

In addition, there are numerous macroeconomic factors that point to the growing need for PromoProducts 101 to create a marketing and sales strategy. Currently PromoProducts 101 does not have a marketing plan or vision for the next 5 years. This lack of vision inhibits PromoProducts 101 from experiencing future growth. The promotional products industry billed $16.9 billion in 2004 (Counselor State of the Industry Report, 2005). This is more than the $14.2 billion spend on cable television
advertising, the $7.4 billion spent on Internet advertising and the $3.2 billion spent on outdoor media (source: TNS Media Intelligence/CMR). PromoProducts 101 can share in the benefits of this industry but must have a strategic plan in order to continue growth.

While promotional products will remain a mainstay in the marketing mix, they amount of money budgeted from year-to-year depends on the financial state of the company buying the products as well as the general economy. The record revenue in 2004 was directly related to a recovering post-recession North American economy. The success of PromoProducts 101 in the upcoming years will depend on how well they are aware of the economics factors that will challenge their bottom line. From rising oil prices, technology, price competition, and importing; the promotional products industry faces a myriad of economic obstacles to maintain its growth.

With rising gas and energy costs, transportation and shipping increases are putting a squeeze on profits for both suppliers and distributors (Counselor State of the Industry Report. 2005, p. 36). As material costs rise due to shipping and energy increases, the prices will either increase or remain flat. The diminishing margins and rising costs are a challenge for distributors of promotional products. (http://www.asicentral.com/asp/open/aboutASI/presssRoom/press54.asp).

PromoProducts 101 must be aware of the changes and manage the expectations of their clients who know them for a quality product delivered at a fair price.
PromoProducts 101 will have to find the cheapest sources to ensure a healthy profit and a reasonable price to clients.

Importing has also required firms to stay abreast of changing technology. The ability to utilize technology enables a firm like PromoProducts 101 to showcase their custom products on their website. A shift from the cookie-cutter, outdated product offerings to a more customized and interactive website is essential. Combining an extensive product offering with shipping and tracking of goods can help differentiate. By linking their website with the goods offered by importers, PromoProducts 101 could establish a niche as a specialty provider of unique products and services.

As mentioned, technology and the Internet provide many advantages for firms like PromoProducts 101. However they can also act as a “double-edged sword.” The advantages of speed, customer interaction, and new prospects are great. However, the challenges lie with those competitors that can pop up with little experience and promises of better pricing. Client loyalties are also challenged when so many choices are available.

Therefore, in order to increase sales and PromoProducts 101’s visibility in the New York City/Metro area, we suggest the following recommendations:

**Increased Advertising & Trade Show Presence:**
PromoProducts 101’s current advertising and trade show plan is sporadic and haphazard. PromoProducts 101 must create a comprehensive strategy that allows PromoProducts 101 to reach newer niche markets and measure ROI on all advertising expenditures. Advertising options include:

- Catalog- basic catalog will mailed annually to all clients.
- A postcard mailing centered around holiday periods and summers (to leverage company picnics, etc). This postcard will serve as a reminder for clients to think about their seasonal purchases.
- Email newsletter- this monthly newsletter will feature sales specials (on seasonal goods such as knitwear, t-shirts, beach accessories, etc) and case studies of successful client promotion campaigns.

PromoProducts 101 has found great success in selling face-to-face. To increase the amount of face time PromoProducts 101 has with potential clients, PromoProducts 101 must exhibit at trade shows that are trafficked with buyers from different niche markets that PromoProducts 101 currently serves, or markets that PromoProducts 101 wants to increase. Tradeshows worth exploring include:

- November 2005- Bar/Bat Mitzvah Expo ($1000 for table top display)
- March 2006- Construction Expo
- May 3-4, 2006- the Incentive Show ($2300 for 10x10 space)
- June 4-5, 2006 International Bar Show ($2650 for 10x10 space)
- September 17-18 2006 Spa Resort & Expo ($3370 for 10x10 space)
- October 2006, Biz Bash
- November 11-14, International Hotel & Restaurant Exhibit ($2750 for 10x10 space)

**Increased Web Presence**

The current content and format of PromoProducts 101’s web site is insufficient in terms of meeting the objectives and opportunities that an enhanced, more functional web site can offer. Thus PromoProducts 101 must enhance or develop web functionality in the following areas.
**Overall Web Site Enhancements.** The current page (www.product101.com) is not commensurate with the industry in which the company operates. PromoProducts 101 should add some "stylized" marketing pages, such as innovative ways to display the company’s merchandise to tie the site’s presentation to the industry (and thusly the people who would use the PromoProducts 101 web site). This approach could take many forms. For example, developing a “case” or scenario based format in which prospective clients can see the products in a “working” environment would benefit the overall experience. These scenarios include home, office, school and organizations. A scenario for office could depict an office setting with various PromoProducts 101 merchandise prominently displayed with mouse-over capabilities as description of product and pricing.

**Shopping Cart.** PromoProducts 101 must allow prospective clients to not only see the merchandise on the web site, but purchase it as well. While larger clients will still require and receive individualized service, introducing a Shopping Cart and ability to purchase via the Internet will increase “one-off” clients who, while small in revenue, are large in number. A shopping cart would allow PromoProducts 101 to tap more fully into this market without dedicating personalized attention to do so. Further these clients should be served with detailed pages since that will be their primary contact with PromoProducts 101.
While ASI offers a shopping cart feature that can be deployed on member’s sites, PromoProducts 101 should go beyond this generic functionality and customize a shopping cart that suits its particular needs.

Search Engine Optimization. Since 85% of a site’s hits come from search engines such as google.com and yahoo.com. It is imperative that PromoProducts 101 optimizes their site for these search engines.

Web Advertising. To increase traffic to the web site, PromoProducts 101 should advertise on industry web sites, as well as trade magazines.

Costs

- Web Development ............... $995
- Shopping Cart .................. $495
- Search Engine Opt. ............ $100
- Site Maintenance .............. $250/yr
- Advertising .................... $2000/yr

Sales

To best position its sales strategy for expected growth, PromoProducts 101 should do the following: increase its sales staff and create Sales Divisions based upon industries.

Increased Sales Staff. PromoProducts 101 should hire an entry-level salesperson. This person can have minimal sales experience and work heavily on commission. It is important to bring someone dedicated to sales for several reasons:

1. PromoProducts 101’s existing staff is too small and spread too thin. They cannot focus on sales or generating new clients, as the operation of the business is also
their responsibility. Allowing the existing staff to focus more intently on growing the business and strengthening the current client relationships is imperative at this time. A junior salesperson can alleviate some of the sales burden.

2. The industry is heavily “word of mouth”. Thus having another voice in the marketplace for PromoProducts 101 will not only increase revenues directly, but also have the indirect impact of increasing the brand recognition for PromoProducts 101.

**Sales Divisions.** While PromoProducts 101 is still small, it should consider dividing the sales function into divisions. These divisions should be logical, based upon PromoProducts 101’s current sales strengths as well as forward thinking.

A proposed divisional model would consist of the following divisions:

- Automotive
- Publishing
- New Markets

This division model will allow individual sales people to focus their attention and energy on cultivating relationships within particular industries. Additionally, the sales people will “know” the industries in particular and this industry knowledge will go along way in terms of selling PromoProducts 101 as industry specialists. This is very important for larger clients who want specialized attention and confidence that their selected vendor understands their needs.

Most event planners within organizations look to “hand-off” the entire management and planning of the event to the vendor and if PromoProducts 101 can create an
atmosphere where clients feel they can trust the vendor’s decision based upon knowledge of the industry, they are more apt to select PromoProducts 101.

Costs

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**Association Memberships**

PromoProducts 101 must realize that the promotional products industry generated revenue of almost $17 billion dollars in 2004. There is considerable room for growth even for a small, niche firm like PromoProducts 101. Currently, PromoProducts 101 generates $2 million in revenue utilizing primitive resources compared to what the main three industry organizations offer. Among them, ASI, PPAI, and SAGE each offers a distributor like PromoProducts 101 with online resources, financial planning, industry accreditation, and a virtual marketplace for suppliers and distributors.

The Advertising Specialty Institute (ASI) is the largest media organization serving the promotional products industry, with a membership of 21,000 distributor supplier firms. Their website, [http://www.asicentral.com](http://www.asicentral.com), is an online emporium where distributors and suppliers can find one another and use many of the organization’s electronic research tools, catalogs, magazines, web sites and trade show offerings.

With a tagline of “Helping Promotional Product Professionals Succeed”, PromoProducts 101 is in a position to receive some help. With only a staff of 2 individuals, PromoProducts 101 wouldn’t have to dedicate valuable time researching shipping costs,
credit backgrounds on suppliers, product catalogs, e-commerce, and computer applications. Membership provides all this access as well as direct access to more than 750,000 promotional products.

ASI Basic Plus Membership is $545. Membership includes exclusive access to more than 3,300 supplier members, free entry into all five ASI Show! Promotional Products Trade Shows, free calls to InfoLine™, ASI newsletter and magazine subscriptions, free education and resources, and savings and discounts with affiliates.

Upon gaining membership to ASI, each member receives a numeric identification code, or ‘ASI number’. Having an ASI number demonstrates that a company is proven to be an established, for-profit firm doing business in the promotional products industry. For a small, niche firm located in the middle of New York City, suppliers domestic and abroad will not hesitate doing business with PromoProducts 101 because of the instant credibility the ASI number provides.

The $545 dollar fee should be viewed as a mandatory investment for PromoProducts 101. By eliminating researching time, gaining exposure, and utilizing the reduced shipping costs, PromoProducts 101 could make back their money in a matter of weeks.

Another industry organization to consider would be the Promotional Products Association International (PPAI), the industry's only international not-for-profit trade association dedicated to the professionals of the promotional products industry. PPAI's
pursuit is to expand the market, establish standards, enhance the professionalism of the industry and support the growth of member companies (http://www.ppa.org).

Similar to the ASI number, PPAI developed the Universal Promotional Identification Code (UPIC). This is the industry’s only free identification system and universal company database. This unique identifier allows qualified and verified companies to easily locate information about a member firm (www.the-upic.com).

PPAI charges a membership fee that is scaled to a firm’s revenue. As a firm producing $2 million annually, PromoProducts 101’s membership dues would be approximately $826 for the year. PPAI has many benefits for distributors like PromoProducts 101. There are supplier/distributor searches, business tools, financial services, government lobbying, insurance advice, and professional development services. PPAI also conducts market research to measure how end users respond to organizations that use promotional products as part of their marketing mix.

Another key association, Sage Technologies was developed to address the key role technology plays between suppliers and distributors. As a leader in technology-based information services for the promotional products industry, Sage provides distributors with an interactive, on-line information research tool for promotional products. Also offered is a CD and catalog library (http://www.sageworld.com).
PromoProducts 101 could find access to their services very valuable since fast, reliable, and accurate information is of the utmost importance to distributors. SAGE also offers business management, marketing, and information tools. Recently, Sage Technologies announced that SAGE-Online would include a searchable field for PPAI's UPIC. This will allow PromoProducts 101 to have the ability to combine two very powerful industry resources.

SAGE packages range from $1295 a year for the Small Office package to $1995 for the Enterprise Suite Package.

As part of the financial aspects to their marketing plan, PromoProducts 101 must determine how much money they can dedicate to joining trade associations. Ranging from $495 to $1995, there are a variety of services available to help PromoProducts 101 gain more of an understanding of the industry. The valuable research information, credit backgrounds, and referrals will help eliminate hours of work for a member of PromoProducts 101. This time could be dedicated to prospecting new sales with the help of a trade organization's tools. The affiliate discounts of a trade association are enough to justify membership. All PromoProducts 101 needs to do is identify what are the most pressing needs of the firm and they will be able to settle on choosing an organization to join.

In conclusion, in order for PromoProducts 101 to increase the number of clients and therefore sales, a comprehensive marketing and sales strategy must be created and
followed. While haphazard and piecemeal marketing and sales strategies have historically reaped success for PromoProducts 101, a more organized approach must be followed to reach the next level. By creating a marketing and sales strategy, PromoProducts 101 will be able to more effectively manage both human and marketing resources. Joining an industry association will allow sales staff to concentrate on selling, and a defined marketing program will increase PromoProducts 101’s overall visibility as a distributor of innovative and out-of-the-box promotions. A program of measuring ROI will enable PromoProducts 101 to utilize resources most effectively. Most importantly, a marketing and sales strategy will allow PromoProducts 101 to gain and service more clients, therefore ending the precarious position of having one client comprise fifty percent of sales.