

Catalogs/Television – The process of selling your product and what types of products sell!

What types of products sell?

All consumer items

Most of our products are targeted toward people 45 and up, specifically women. This can include products that can be used by all ages including children's items since they purchase them for gifts. Educational toys are a good category although car seats are not.

Unique items- Products that can't be found in most box chain stores

Problem Solvers, Solutions, Space Savers,

Products that you don't realize you need to you see them "Wow I could really use one of those!" and suddenly you've created a need.

Products that save money – weatherizing, stain removal, repair damage etc.

Products that save time (Something that used to take you 10 minutes with this product it now only takes you 3 minutes.)

Products that you can use everyday, makes your life easier

Impulse items with reasonable retail prices that most everyone can afford

Products that can be sold in all regions – not just for people that live along the ocean.

Products that can be used by all ages and genders; products that fit everyone.

Example: Pillows 100% of people use pillows, Dog toys maybe only 20% of people own dogs. Maybe only 1% of that 20% will want to purchase that toy.

Well 1% of the 100% is better than 1% of the 20%

Catalog Expectations

- Reliability of steady inventory levels
 - o Must hold plenty of back-up stock in your warehouse. Unlike a website or retail store products can't simply be replaced with another since catalogs are already printed. Factory must be able to produce large volume in short notice. Federal Trade Commission states that you must ship within the time advertised or within 30 days if not specified from the date orders are received.
- Competitive pricing that allows them to maximize their sales and achieve a decent profit margin.
 - o Catalogs mark-up anywhere from 3 to 4 times with fund-raising marking up 6-8 times since they have such a large overhead.
 - o Retail mark-up varies, television mark-up 2 times.
- Direct Imports
 - o Cuts down on freight and handling charges plus with large volume they expect huge discounts. Plus saves time in shipping.
- Prompt responses to questions, requests and/or problems
 - o Meet their deadlines for spec sheets being returned, samples, literature and artwork sent. Quality or packaging problems need to be dealt with at once.
- Product history

- Where else has this product been sold? Additional catalog ads to show them. They don't want items that can be found in Wal-Mart and easily in other stores.
- Free samples and sometimes free product
 - Free product reduces their risk and helps make up for the cost of ad space.
- Photography or photography allowance
 - For use in their ads
- Advertising allowance
 - Also to recoup the cost of ad space
- Spec sheets to help them write copy for their ads
 - Product details, case pack information, company information, price guarantees for a least one year, terms, lead-time, minimums, etc.
- They expect to be able to order small quantities for tests.
 - Minimizes risk of overstock, although you as the vendor have to keep a large back up for reorders since you don't know how well it will sell.
- Large selection of products to choose from
 - Usually don't want to start a relationship with a new vendor for just one item.
- Labeling and/or special packaging of products
 - Bar-coding, packing in sets, instructions, warnings, ability to pass a drop test, etc.

Television Expectations

- Guaranteed sales
 - Minimizes risk of overstock, allows them to return unsold merchandise. This is a huge risk to seller especially if they only have one item to offer. It's like putting all your money in one poker hand; you just never know how it is going to sell.
- Competitive pricing to help pay for their broadcasting costs.
- Documentation from 3rd party testing labs
 - Depending on the product, UL testing, testing for lead and cadmium, stability tests, basically any claims made on-air must be substantiated by a 3rd party lab and approved by customers' legal department.
- On air guest
 - A good sales person to help the host sell the item and show the demonstrations. Also be able to answer questions from consumers calling inquiring about the product.
- B-roll tape
 - Used for situations that cannot be shown well on the set.
- Very strict packaging and labeling
 - Must also pass drop tests. Labeling and packaging must be exactly as approved samples. Large charge backs result from non-compliance or even slight variations in labels.
- Demonstrable products

- Products that sell better by showing how they work. Shows consumers a need and proves their ability by seeing them in action. Products that are hard to demonstrate in a catalog ad or on packaging.
- Props
 - Items that help demonstrate and display the product being sold.

Benefits of manufacturing & distributing the product yourself

- You will achieve a much larger profit than selling through a middleman.
- You have full control over the design of your product.
- You have full control over where your product is sold.

Risks involved with selling your product in catalogs or on television

- Product doesn't sell well and you don't recoup the allowances and/or free product given to the customer as well as manufacturing costs.
- You lose the customer due to not being able to ship on time.
 - Could be due to manufacturer's capabilities or from you not keeping back-up inventory in your warehouse. Customs delays, first shipment arrives damaged, manufacturer delays your shipment since you are low on the totem pole, etc.
- You end up with excess inventory you cannot sell. (Especially risky with guaranteed sales, although even risky without since you need to hold stock)
- You price your product too high and after customer marks it up it is not at a desirable retail price. You only get one chance; it is important to price it right.
- Initial order quality is poor and this kills the item.
- Product is marketed toward the wrong audience and it does not sell like it should.
- Packaging is poor and customer ends up with damaged goods.
- Return rate is high (which could be for numerous reasons) and customer discontinues product even though it seems to be selling well.
- Cost of manufacturing, shipping, duty, packaging, and labeling is too high for you to achieve a decent profit.
- Competitor knocks you off in the height of the product selling well now you end up with 100,000 pieces that you have to liquidate at a loss just to get rid of your inventory.
- Charge backs due to late shipping, poor packaging, missing labels, etc.

Low risk ways of profiting from your idea

- Sell your patent for a flat price.
 - You profit on the item once
 - You profit from the patent regardless of how it sells
 - Marketer may not be willing to take the risk since they are investing a lot of money up front with no guarantees.

- Sell your idea to a distributor that specializes in the market that your product fits into and you are paid royalties for every piece that is sold. Make sure it is someone you can trust and you understand your rights and the contract.
 - o Distributor:
 - o Assumes all risks
 - o Responsible for the manufacturing of the product
 - o May need to alter the product slightly to help the product sell better
 - o Designs packaging
 - o Produces photos and all marketing materials
 - o Responsible for branding of items, exhibiting products at trade shows
 - o Works with factories which they have important and reliable relationships. It's important to be important with factories.
 - o We have inspectors overseas that check the products before they are loaded into containers. Additionally we receive pre-production samples.
 - o Has an excellent relationship with a large customer base in many different channels, which purchase in large volume.
 - o Since we sell in many different channels we can achieve a large market share. This also helps discourage competitors.
 - o Chains in particular like to purchase from only certain people they have done business with.
 - o Catalogs don't like to start a relationship with a new vendor for one or two items.
 - o It's easier for a company who works with television companies to convince them to run the item. You only have one opportunity to show the product.
 - o If a product doesn't sell well in the catalog it could be brought back to life through television.
 - o Not all products fit catalogs, televisions and retail. It is important to find the right fit.
 - o Hampton's customers sell to all areas of the US and Canada. We also have customers in Europe and Japan.

Talk about the process of the Meatball Magic

Inventor –royalties.

Tried mail order didn't sell

Added accessories, nice packaging

Demonstrated on TV

Sold well

Went into box stores



Product categories include:

Housewares

Kitchen

Tabletop

Organization

Bathroom

Personal Care

Laundry

Outdoor

Auto

Hardware

Travel

Gift

Novelty/Games

Jewelry

Clothing

What types of products sell?

- ❖ Consumer items
- ❖ Problem-Solvers
- ❖ Space Savers
- ❖ Products that save you money
- ❖ Products that save you time
- ❖ Non-regional items
- ❖ Impulse items low retail prices
- ❖ Unique items that are not sold in box stores

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