

Selling & Pricing Strategies for Fulfillment Services

Tom Quinn

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Track: Sales/Marketing

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SELLING & PRICING STRATEGIES FOR FULFILLMENT SERVICES

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GOALS

1. PROVIDE FRAMEWORK FOR UNDERSTANDING THE COMPLEXITY OF THE FULFILLMENT INDUSTRY
2. SHARE PERSONAL EXPERIENCES
3. IDENTIFY DIFFERENCES BETWEEN SELLING PRINT, MAIL, AND FULFILLMENT
4. HOW TO PRICE FULFILLMENT PROGRAM SERVICES

FULFILLMENT DEFINITION

THE RECEIPT, STORAGE, ASSEMBLY AND SHIPMENT OF PRODUCT AND / OR DATA FOR ANOTHER COMPANY.

Business Model Differences

	Production	Service
Head Count	Down	Up
CSR Billing	No	Yes
CSR Client Contact	By Job	Daily
Receiving & Warehouse	About	Precise
Warehouseman	Lowest Paid	Critical
Pricing	Simplistic	Complex
Proposals	Standard	Custom
Sales Cycle	Short	Long
Invoicing	By Job	By Month

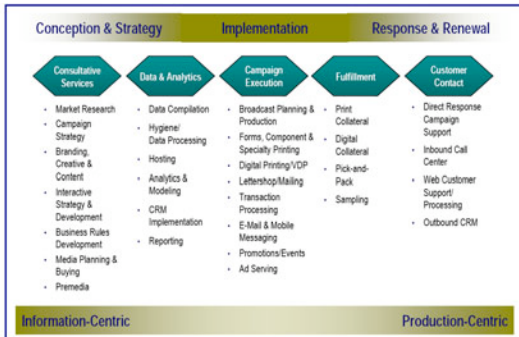
WHY FULFILLMENT?

1. Satisfy Current Client Needs
2. Broadens Products / Services Offered
3. Additional Revenue = Additional Commission
4. Account Control
5. High Value Added Dollars
6. No Late Night Press Checks

VALUE CHAIN

CORPORATE MARKETING
AGENCY
PRINTER
MAILER
FULFILLMENT
TELEMARKETING
DATABASE

Winterberry Group Value Chain

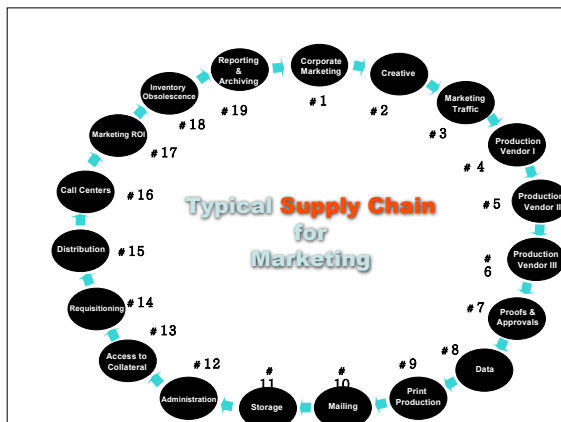
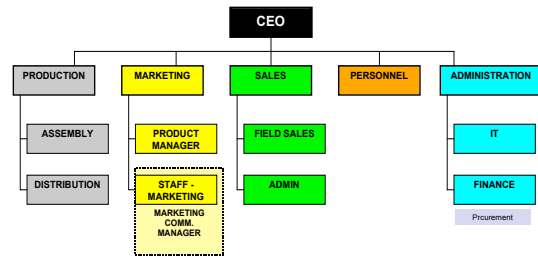


TYPES OF FULFILLMENT

- Literature
- Product
- Database Management
- Rebate & Coupon Redemption
- Premiums
- Returns
- Special Events & Conference Support
- Point of Purchase
- Franchise
- Contract Packaging
- Kitting & Assembly
- On-demand Printing

	KITTING	CATEGORY FULFILLMENT DISTRIBUTION	FULFILLMENT PROGRAM
INVENTORY			
Line Items / Job	2-8	2+	INFINITE
Duration to Manage	PROJECT	PROJECT	1+ YEAR
System Requirements	BASIC	BASIC	ADVANCED
VERSIONS TO BUILD	1 - 4	2 - 8	INFINITE
SHIPMENT METHOD			
USPS	-	X	X
UPS	-	X	X
FedEx, Airborne, etc	-	X	X
LTL	X	X	X
Truckload	X	X	X
MANAGE SHIP DEPOSIT	PROJECT	PROJECT	MONTHLY
ORDER RECEIPT			
PO	X	-	-
Mail	-	-	X
Fax	-	X	X
Spreadsheet File	-	X	X
Download	-	X	X
Email	X	X	X
Web	-	-	X
Telephone	-	-	X
SALES TYPE	TRANSACTION	TRANSACTION	ESTABLISHMENT
SALES CYCLE TIME	1 WEEK - 3 MONTHS	1 WEEK - 3 MONTHS	3 MONTHS - 2 YEARS

Corporate Structure



BENEFITS A 3PF COMPANY CAN OFFER A CORPORATION

- Dedicated System
- Cost Control
- Database & Logistical Expertise
- Single Source
- Reporting
- Flexibility

COMPARISON OF VALUE CHAIN SELLING PROCESS

- PRINTERS
- MAILING SERVICES
- FULFILLMENT KITTING
- FULFILLMENT DISTRIBUTIONS
- *VARIABLE PRINT*
- FULFILLMENT PROGRAMS

MARKETING SUPPORT SERVICES

- Literature Fulfillment
 - Lead Inquiry Fulfillment
 - Trade Show Support
 - Premium Fulfillment
 - Seminar Support
-
- Product Fulfillment

PRODUCT FULFILLMENT SOURCE

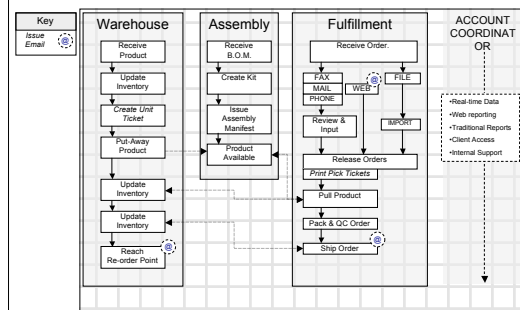
- Corporations
- Infomercial
- Catalog
- E Commerce

PRODUCT FULFILLMENT OPPORTUNITIES

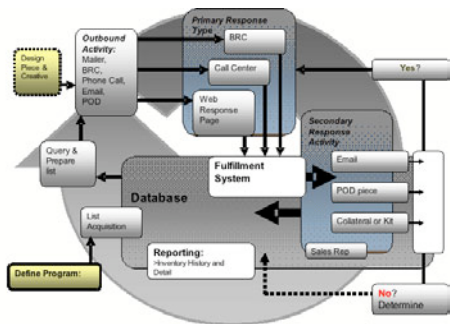
- Lower Margins
 Entrepreneurs – Low \$, Low Skill
 Assembly and Packaging Requirements
 Special Requirements
- Data Transfers
 - Invoicing
 - Cashiering
 - Credit Card

Workflow Diagrams

Literature Fulfillment



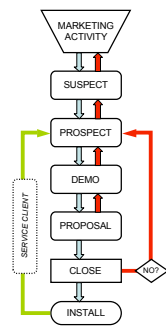
Example Continuity Program



Fulfillment Competitors

	Printers	Mailers	3PF	Specialty	Product	3PL
Print	x					
Bindery	x	x				
Variable Print	x	x	x			
Mailing Services	x	x	x			
Warehousing	x	x	x	x	x	x
Fulfillment	x	x	x	x	x	x
Database Management		x	x		x	
Web Hosting & Design	x		x		x	
Credit Card & Cashiering		x	x		x	
Telemarketing			x	x	x	
Contract Packaging			x	x		
Transportation		x	x	x	x	x
Logistics						x

THE SALES MODEL



Q&A

HOW TO PRICE FULFILLMENT PROGRAMS

Fulfillment Program Pricing

- MANY POTENTIAL PRICING PARAMETERS
- BASIC PRICING PARAMETERS STAY RELATIVELY CONSTANT
- PRICING PARAMETERS WILL VARY BASED ON SPECIFIC APPLICATION

FULFILLMENT PROGRAM PRICING

BASIC PLANNING REQUIREMENTS

1. ESTABLISH SELLING RATES FOR VARIOUS LABOR CATEGORIES:

- Hand Assembly
- Fulfillment
- Warehousing
- Account Coordinator
- Information Technology

Service Industry Guideline

- Minimum of 2.5x labor rate
- Use full loaded labor costs

FULFILLMENT PROGRAM PRICING

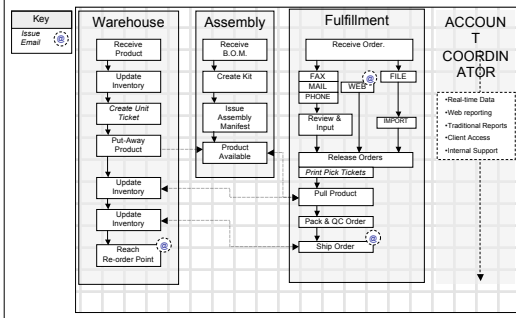
2. CONDUCT TIME/MOTION STUDIES

- People Generate Revenue
- Industrial Engineering Function

3. UNDERSTAND COST STRUCTURE

- Projects
- Programs

Literature Fulfillment



WAREHOUSE

- **STORAGE** - \$/pallet/month
- **CALCULATION METHOD:**

$$\frac{\text{TOTAL RENT} + \text{UTILITIES}}{80\% \text{ TOTAL PALLET CAPACITY}} = \$/\text{PALLET}$$
- **RECEIVING** - \$/RECEIPT
- **NEW PRODUCT SET-UP** - \$/SET-UP
- **WAREHOUSING** - \$/HOUR
- **CYCLE COUNTS** - \$/HOUR
- **QUALITY CONTROL** - \$/HOUR

FULFILLMENT PROGRAM PRICING

KIT ASSEMBLY

- **KIT SET-UP IN SYSTEM** - \$/NEW KIT
- **KIT ASSEMBLY COST** - \$/KIT
- **ESTABLISH NEW PRODUCT IN SHOPPING CART** - \$/OCCURRENCE

FULFILLMENT

- **ORDER RECEIPT**
 WEB - NO CHARGE
 EMAIL - \$/ORDER
 MAIL - \$/ORDER
 TELEPHONE - \$/ORDER
- **EMAIL CONFIRMATION** - No Charge
- **FULFILLMENT LABOR COST** (PULL, PACK, SHIP)
 1st line item & 1st container - \$/Order
 Additional line items - \$/Additional line items
 Additional containers - \$/Additional Container
- **SHIPPING CONTAINERS & MATERIAL** - Cost + %

Marketing Services Pricing Parameters

- PURLs
- \$ Per PURL record
- Broadcast E-mail
- \$ Per record w/ PURL
- Landing Page Design
- \$ Per Hour
- Thank You Page Design
- \$ Per Hour
- Lead Processing
- \$ Per Lead
- System Use Charge
- \$ Per Month
- Campaign Set-up Fee
- \$ Per Set-up

PROGRAM PRICING SUMMARY

- VERY FEW PRICING PARAMETERS CHANGE
- UTILIZE PRICING ANALYSIS TOOLS
 - TIME/MOTION STUDIES
 - WORKFLOW DIAGRAIMS
 - LABOR COST/ HOUR
- MEASURE YOUR PERFORMANCE

Q&A

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