

## Keep Decorated Apparel Sales Up

For those apparel decorators who haven't felt the sting of the economy yet, Paula Stanbridge has a word of warning.

"The downturn is probably lagging behind other industries by virtue of the fact that people make plans to buy apparel," says Stanbridge, marketing consultant for promotional product supplier Redline Engraving. "They might be ordering items for an event that's a year or six months out. So, they just might not have felt the crunch yet."

This isn't just speculation from Stanbridge. "For me, my January and February were great," she says. "My March just died."

Certainly, the news could have been much worse for the decorated apparel industry in 2008, as more than 40% of *Stitches* readers reported an increase in sales and profits last year compared to 2007, with just over 30% reporting a decrease in both areas.

However, with 2009 shaping up to be a harsher year than the last one, how can decorators stay afloat? For starters, Michelle DeHosse, owner of Sparkles by Shell Inc., says parents have a hard time saying "no" to their kids. "I've found marketing to schools and teams has helped me greatly," she says. "Especially when you're going with a fundraiser, it's easier to target a parent who wants to support her child's sports team."

Targeting her athletic apparel toward the ladies is also a winning strategy for DeHosse. "Generally, if you do any type of sports fundraiser, you don't see anything geared toward women," she says. "The sales are better because generally, when you go to a sports event, mostly it's the moms that are there. They're the ones going to be buying the spiritwear, anyway."

DeHosse, whose sales are up 20% in the early part of 2009 compared to last year, recently fulfilled an order of women's cut T-shirts with a shorter sleeve and neckline. She also sells a lot of rhinestone-oriented apparel. "I just packed up a fundraiser in which it was all rhinestone T-shirts and baseball caps with some of the hologram glitter vinyl," she says. "That has really taken off for me."

Sales have also been solid for Lois Malone, owner of Master Stitch, who has done several things to stay ahead of the game. She recently joined a local women's small-business organization and is getting involved in local trade shows. She also just began a referral rewards program for her customers. "When they refer somebody to me, they get 20% off their next order," she says.

Reducing costs and fees is essential to attracting new business and keeping current clients, according to Stan-

In 2008,  
decorators waited  
an average of

**31**

days to be paid.

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bridge. "A lot of decorators want their digitizing fees. They're using those fees somewhat as a profit center for them," she says.

But Stanbridge advises her decoration partners to come up with creative ways to avoid large setup and digitizing fees, be willing to deal with smaller-quantity orders and just flat-out quit overcharging people. "If a screened garment costs them \$15, then why are they charging the customer \$40 for it?" she says.

It's true that some businesses may be scaling back on their apparel orders – but that's not necessarily a bad thing. "People are cutting back, but people still need apparel for their businesses," Malone says. "They're getting fewer items but they're getting better-quality items. Instead of the inexpensive shirt, they're looking to get a real quality shirt."

Of course, the crème-de-la-crème of the decorated apparel industry is embroidered garments, which made

### 2008 GROSS SALES

This chart shows decorators' total 2008 gross sales - 48% of decorators generated more than \$50,000 in annual revenues.

\$0-\$50,000	52.7%
\$50,001-\$500,000	35.5%
\$500,001-\$5,000,000	8.1%
\$5,000,001-\$12,500,000	0.6%
\$12,500,001-\$25,000,000	0.2%
More than \$25,000,000	0.8%
Don't know	2.1%

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MICHELLE DEHOSSE, SPARKLES BY SHELL INC.

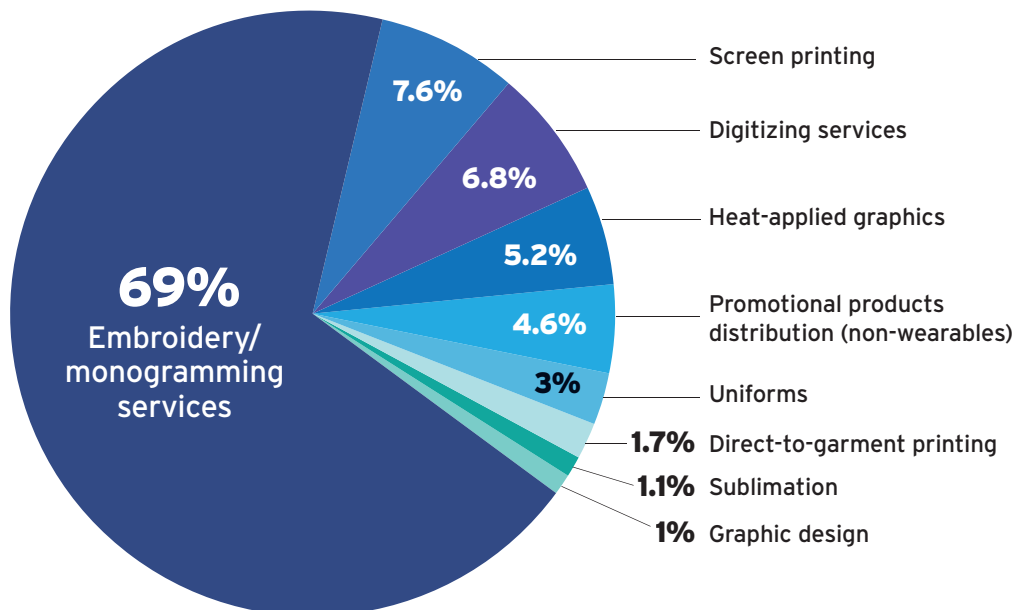
up more than two-thirds (68.7%) of decorators' profits last year. With this in mind, Stanbridge says decorators should resist the temptation to focus on cheaper decoration methods in an attempt to appeal to more frugal

clients. "If you screen print it, it doesn't have the same look as embroidery," she says. "If companies are going to put their logo on something, apparel is one of the higher-ticket items that you can logo."

And just because embroidered garments have a higher perceived value doesn't mean they're less practical, according to Stanbridge. "In screen printing, every time you add a color, you add a cost," she says. "Embroidery is based on

## Diverse Revenue Streams

Nearly 70% of decorators' total revenue in 2008 came from embroidery and monogramming services. While a distant third, about 8% of embroiderers also offered screen-printing services, whether in-house or subcontracted out. Many decorators have become focused on acting as one-stop shops for their clients by adding additional decorating capabilities, such as screen printing, heat transfers and sublimation, and even stocking promotional products in display cases in their showrooms.



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## FOUR STEPS

### Access and Preserve Capital in Tough Times

**1 Variable payment terms:** Offer discounts and levy penalties at various points to entice customers to pay debts early, or at least on time.

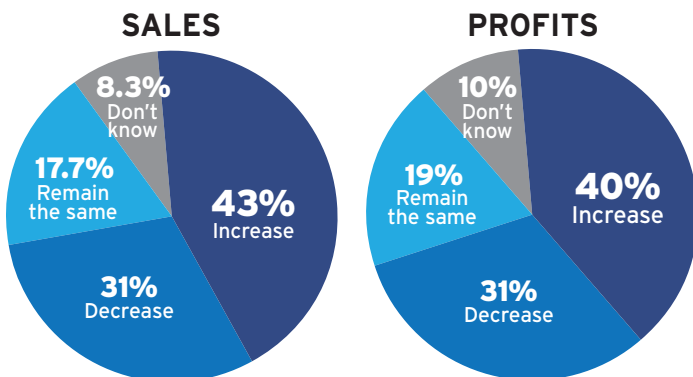
**2 Factoring:** This is a form of short-term commercial finance whereby one firm buys at a discount the debts owed to another firm, in order to profit by collecting them in full. This can be an on-demand service, or a continuous full-service arrangement whereby the factor agrees to purchase invoices from a firm regularly.

**3 Commercial credit insurance:** This is coverage for a firm if its debtors fail to pay their obligations. The insured firm can be a manufacturer or a service organization, but it cannot sell its products or services on a retail level.

**4 Purchase-order financing:** This is a loan given by a financial institution based on a purchase order from a creditworthy, stable customer.  
- Robert Carey

## Sales and Profits Year Over Year

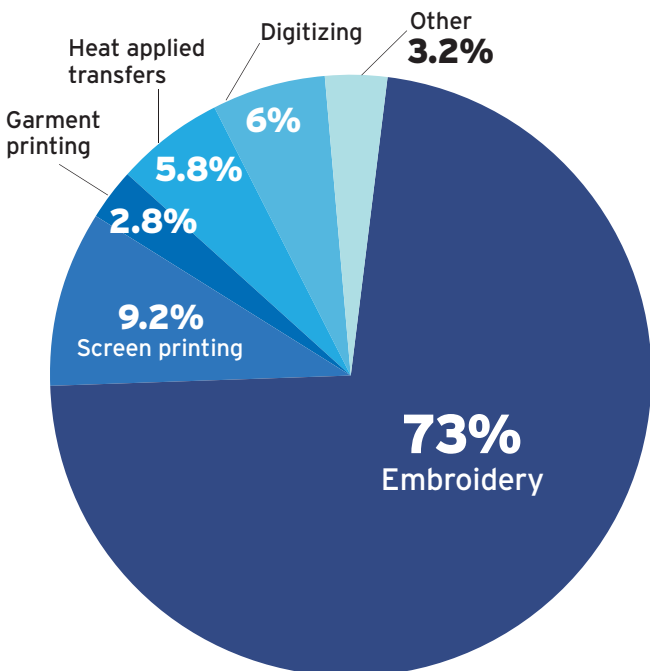
On a bright note, 43% of decorators' sales volumes increased in 2008 over 2007. The average revenue increase was 32.7%; the average decrease in sales volume year over year was 30.5%. Profit increases year over year were similar to sales increases, with 40% of decorators experiencing an increase over 2007 and 31% reporting a decrease; the average profit increase was 28.6%, while the average decrease was 29.9%.



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## Embroidery Is Queen

In 2008, 81% of decorators' total revenue originated from decorating services, of which 73% was embroidery.



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## Stay Out of the Red

Here are some additional tips for staying profitable, from Don Tillquist, owner of Coastal Embroidery:

**1 Be picky about your advertising.** "I've put more money into Internet ads," he says. "I advertise in every single school's media guides. That just shows huge support for your local schools, and that just comes back to you."

**2 Don't let one company make or break you.** "One thing we're very proud of is that none of our customers makes up more than 1.5% of our sales," Tillquist says. "That's where I see other competitors struggling. They rely on two or three people to run their business. If one person goes away, you lose one-third of your business."

**3 Keep your customers in the loop.** "Being on time service-wise is absolutely critical to us. We purchased one of our competitors two years ago," he says. "They never called their customers to tell them stuff was done. How can you expect to do customer service if you don't talk to your customers?"

**4 Would you like a promotional product with that?** "I have an entire glass case in our showroom with samples that I go to shows with," Tillquist says. "People come in and they want to one-stop shop. I ask, 'Do you need any pens or giveaways?' That's a 40% profit coming in that I don't do anything for. I think a lot of people are leaving that on the table."

stitch count. So, you can have a client that has six colors in their logo, but if it's still a fairly simple logo, they're getting a much more vibrant look."

Don Tillquist, owner of Coastal Embroidery LLC, agrees that quality is always in demand and that going cheap is a bad idea. "We do all our own in-house digitizing, and we truly keep a control over our quality that way," he says. "I'm not the cheapest person in my area as far as pricing for our apparel. I go against some companies that a lot of times put a bid in that's cheaper,

but our customers know our quality."

Tillquist's showroom is also a top selling point. "We have our customers come into our shop, and at least one-third is dedicated to our showroom where we have waterfall racks and all the clothing displayed," he says, adding that simply slapping a catalog in front of a potential client is a mistake. "That's something that people don't understand out there. The showroom has been a huge selling factor over my competitors," he says. — *Shane Dale*