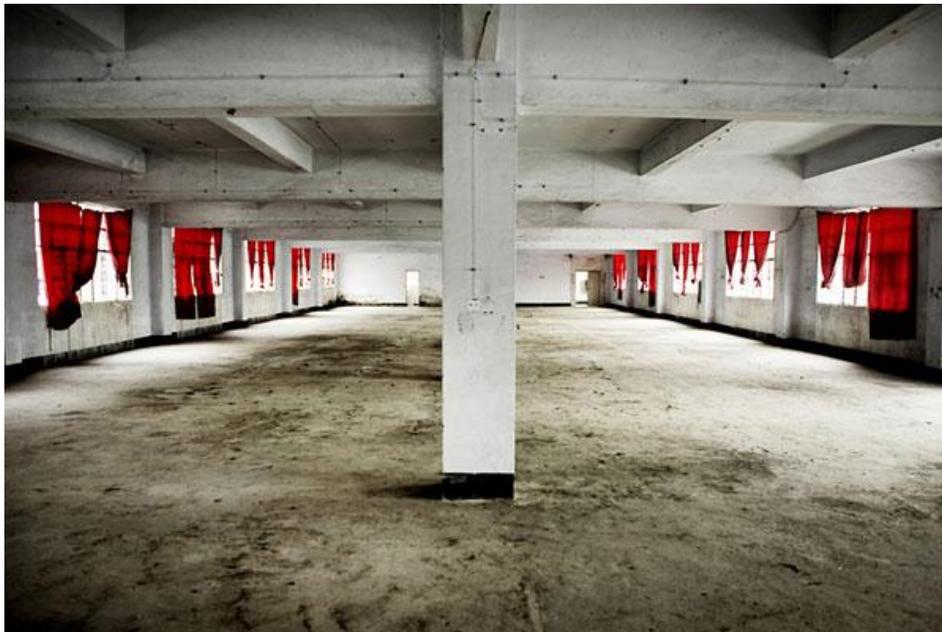


XENA'S PROMO BATTLE TIPS

A Sales Warrior's Guide to Getting the Most
from your Promotional Product Dollar



China Is Changing The Effect on Your Promotional Products



Empty factory in China

China is changing, and we're feeling it.

What's happening over there? A lot.

There is a great interdependence of business between the Western world and China. A large percentage of products are manufactured in China, due to a long history of cheap labor and quick production turn around times. In our industry, we've depended, even counted on these factors to meet our clients promotional product needs.

Issue 44

September 2010

Forward this newsletter
to a friend

Resources for the Conscious Buyer

[Prodir Pens](#)
100% Swiss Made

[Pens N' More](#)
Union Made, Eco-Minded
Promotional Business Tools

[Made in Canada Clothing](#)
"Closing the Gap"

[Golf Tournament IG Promo](#)
Organic Cotton Polos

[One Percent For The Planet](#)
Keep Earth In Business

[Pacific Regeneration
Technologies](#)
Plant a Tree. Grow your Brand.

[AshCity WorldWide Clothing](#)
Think Pink For Breast Cancer

[Bags N' More](#)
1% World Wildlife Fund

[Kanata Blanket Canada](#)
Certified Eco Yarn Blankets and
More

But when our product demand decreased at the outset of the global economic downturn, they had little choice but to drastically reduce their output.

Meanwhile, China launched its [Economic Stimulus Plan](#). The government increased investments toward building a stronger infrastructure, upgrading rural development, spearheading environmental engineering projects, energy savings initiatives and more.

This created job options and factory workers began to demand higher wages and better conditions. The larger factories, especially ones owned by [FoxConn](#), (which makes computer parts for Dell, Apple and Hewlett-Packard), had little choice but to take the lead on what may soon be the new factory standards for overseas.

The result? Wage increases and vastly improved, long overdue working conditions. Factories who couldn't meet those demands were faced with a workforce exodus.

What followed was the massive shut down of thousands of factories and the subsequent "mothballing" of shipping containers. With fewer active containers to ship the relatively fewer orders that were being produced, China's shipping capacity decreased.

The domino effect? Longer wait times for receiving product from overseas, less product stock available and increased shipping costs.

To add more salt to the economic wound, global buyers and consumers were met with a cotton shortage. Prices soared and in the world of apparel and everything-else-you-can-think-of-cotton (Hello bed sheets? Towels anyone? A basic golf shirt?), it's like having a water shortage during a heat wave.

According to Gary Adams, the chief economist for the National Cotton Council, "Cotton prices are the highest we've seen in the last 10 to 15 years."

Now, as we make the long slow climb out of the recession gutter, we're showing interest in buying products again, especially those made of cotton. Unfortunately, we expect things to go back to the way they were - cheap labor with quick turn around times. We keep hoping that those "changes" we've heard were going on "over there" weren't going to affect us.

But they do and they are.

So, what does this mean to us as far as marketing and promotional products?

Well, all things being not quite so equal, if you are a company with the buying power of Wal-Mart, you can expect your product orders to be a priority. Production for retail market orders takes precedence over promotional products because quite simply, they buy more products at a time. This equates to huge inventory and that is simply not something every promotional product supplier can take on.

Factory closures, scattered workforce, increased wages, longer shipping times, and an ill satisfied demand for cotton, is creating a perfect storm of inventory shortages and higher product costs.

So if we can't have what we want, when we want, how do we ride the wave of change within one of our major product manufacturer countries?

Here are some options for getting yourself prepared:

Links

[The Xena Tips Archives](#)

[Image Group Inc.](#)

[MRSI Consulting](#)

"Achieving Greatness Starts with Asking The Right Questions. What's Holding You Back?"
Tara Landes, Principal
604.345.0424

Sign up to receive
Xena's Promo Battle Tips

1. **Be aware of potential stock issues:** Whatever product you're interested in, always ask for a stock check. Even if that stock is en route at sea, tucked in its coveted container, set to arrive in three weeks, you need to confirm that it's available for your purchase.

One trend we're seeing is stock that hasn't even arrived yet is already spoken for. People are choosing their products and buying them before they even land in North America. Right now, the game is first, first served.

2. **Consider alternatives to cotton:** [PET](#), non-woven, nylon, polyester...the list is long and the options, plentiful.

3. **Have three product choices:** Whether it's three jackets, three golf shirts, or three travel mugs - if one and two aren't available, three could be your winner.

4. **Choose local:** There are hundreds of innovative local suppliers who manufacture quality products in North America. In the face of China's changes, their prices have become competitive. Since China is counting on its growing middle class to be their biggest consumer, why not do the same here?

For more information on these changes and the effects on the marketing and promotional products business, click on the following:

[A Letter from our supplier, Ash City.](#)

[The inventory crisis, from Advertising Specialties.](#)

About Xena Sales Warrior

As your **Marketing and Promotional Products resource and creative consultant**, my goal is to give you outstanding value, inspired choices and economically sound solutions to your promo-needs.

To go the distance to communicate your message and have you stand out among your peers with warrior-inspired promotional products.

Bottom Line: Making you look great everytime.

Copyright ©2010 Jenn Forgie

Don't even think of copying this e-newsletter unless you are extremely adept in the art of sword fighting in an iron dress or have received the exclusive written permission to do so from Jenn. However, you may forward, share, rave about this newsletter with everyone you know, even reprint it provided you take an oath to link it back to me.

jf@imagegroupinc.ca