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</tbody>
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This report was privately commissioned by ORDERMYGEAR (OMG). The research herein was conducted independently by Stax Inc., and the viewpoints expressed are those best supported by currently available data and inputs from multiple industry stakeholders.

In April–May of 2021, Stax conducted a survey of over 1,000 dealers, distributors, and decorators (D³) who provide customized promotional products (e.g., personalized pens, water bottles, apparel etc.) to teams and organizations across the U.S. The survey primarily focused on understanding the D³s use of technology and was supplemented by in-depth interviews with key industry stakeholders. The segments and sub-segments of D³ were based on macro industry characteristics to ensure the data mirrored the industry. This report contains the most significant findings from that research. All data reported in this study are derived from Stax’s survey and interviews, unless otherwise stated.

About This Study

Stax Inc. is a global management consulting company serving private equity firms and corporations across a broad range of industries by providing data-driven, actionable insights designed to drive growth, enhance profits, increase value, and make better investment decisions.

OMG

OrderMyGear is an industry-leading software, empowering dealers, distributors, decorators, and brands to create custom online stores to sell branded products and apparel.
Brief Industry Definitions

Key Industry Players

Contract Decorator
A company/individual whose core business is embellishing blank products on behalf of other companies. Also known as a trade-only decorator.

Dealer
A company/individual that specializes in selling customized team uniforms, sporting goods & equipment, and/or apparel to schools & universities.

Decorator
A company/individual that decorates and embellishes blank products through screen printing, embroidery, engraving etc. and ALSO sells products directly to teams/organizations. May provide contract decoration services on behalf of other industry players such as distributors and dealers.

Distributor
A company/individual that provides branded promotional products (e.g., mugs, pens, corporate apparel, uniforms etc.) to organizations.

FAB
Franchise network, Affiliate network, or Buying group.

Tech Stack Components

Accounting
System/solution used for bookkeeping, accounts payable, accounts receivable, payroll etc.

Online Store
Custom online stores created and branded for a specific group to purchase personalized merchandise (Examples: Company stores, School stores, Team Stores, Cause/ Fundraising stores, etc.)

eCommerce-enabled Website
Online shopping/eCommerce capabilities on an organization’s own website where any customer can place and pay for orders directly on the site (request for quotes / proposals not applicable).

ERP/Shop Management
System/solution used for inventory management, job/production management (if applicable) and operational reporting.

Presentations
System/tool used to generate, share, and manage custom proposals, presentations, and quotes.

Product Search
System/tool used to search for products based on keyword, product category, supplier, etc.

Other Definitions

Down-market
Distributors & Dealers: Company revenue of <$2.5M AND does not belong to a Franchise or Affiliate Network.
Decorators: Revenue <$1.5M AND does not belong to a Franchise or Affiliate Network.

Up-market
Distributors & Dealers: Revenue >$2.5M OR belongs to a Franchise or Affiliate Network.
Decorators: Revenue >$1.5M OR belongs to a Franchise or Affiliate Network.
This survey reflects the market with approximately one-third of respondents belonging to a Franchise network, Affiliate network, or Buying group (FAB). A majority of the respondents were down-market; had fewer than 5 employees; and fewer than 2 sales representatives.

Survey Firmographics

**Segmentation: by FAB vs. Non-FAB**

(Percentage of Respondents)

- **Overall** (n = 1,016)
  - Belongs to a FAB: 35%
  - Does Not Belong to a FAB: 65%

- **Distributor** (n = 685)
  - Belongs to a FAB: 58%
  - Does Not Belong to a FAB: 42%

- **Decorator** (n = 239)
  - Belongs to a FAB: 81%
  - Does Not Belong to a FAB: 19%

- **Dealer** (n = 92)
  - Belongs to a FAB: 71%
  - Does Not Belong to a FAB: 29%

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**Segmentation: by No. of Sales Representatives**

(Percentage of Respondents)

- None*: 28%
- 1–2: 46%
- 3–5: 16%
- 6–10: 4%
- 11–15: 1%
- 16–20: 1%
- 21–50: 1%
- 50+: 3%

*n = 1,016

* All sales handled by sole proprietor

**Segmentation: by No. of Employees**

(Percentage of Respondents)

- 1: 30%
- 2–5: 40%
- 5–10: 13%
- 11–20: 7%
- 21–50: 4%
- 51–100: 2%
- 101–200: 1%
- 200+: 3%

*n = 1,016

**Segmentation: by Up- vs. Down-Market**

(Percentage of Respondents)

- **Overall** (n = 1,016)
  - Up-market: 26%
  - Down-market: 74%

- **Distributor** (n = 685)
  - Up-market: 29%
  - Down-market: 71%

- **Decorator** (n = 239)
  - Up-market: 20%
  - Down-market: 80%

- **Dealer** (n = 92)
  - Up-market: 27%
  - Down-market: 73%

**Down-market**  **Up-market**
While nearly all (95%) of our respondents had a web presence, only 61% had adopted the technology needed to sell customized promotional goods online. Among those who do sell online, there is a significant overlap in technologies used—with 70% using eCommerce capabilities on their own website as well as online stores.

Users of both eCommerce-enabled websites and online stores generate over a quarter of their total sales online. On average, sales from online stores are marginally higher than sales from a company’s eCommerce-enabled website.

Selling online was more prevalent across up-market businesses compared to down-market respondents (see page 11 for detailed definition of up- vs. down-market companies).
Among our respondents, Product Search, Presentations, and Accounting software are the most frequently used solutions from the Tech Stack.

**KEY HIGHLIGHTS**

Among our respondents, Product Search, Presentations, and Accounting software are the most frequently used solutions from the Tech Stack.

COVID-prompted online shifts are expected to last even after all pandemic restrictions are lifted.

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Up-market distributors are using the greatest number of components from the tech stack, with 29% using all six tech stack solutions referred to in this study.

“COVID-19 has definitely pushed the need for more online stores, and we found most of our growth there in the past year. Going forward, we expect it to continue like this. We have a physical store but might have to look at phasing that out, because we managed with it closed for a couple of months.”

—Decorator
The Industry
# Key Players and How They Are Different

This report refers to dealers, distributors, and decorators as D³. Contract decorators are key players in the industry but were not a part of the survey set for this report.

<table>
<thead>
<tr>
<th>DEALERS</th>
<th>DISTRIBUTORS</th>
<th>DECORATORS</th>
<th>CONTRACT DECORATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Primarily sell customized sporting goods and apparel to teams.</td>
<td>• Sell customized goods primarily to companies and non-profits.</td>
<td>• Provide decoration and design services (embellishing blank products via screen printing, engraving etc.).</td>
<td>• Embellish blank products on behalf of other companies.</td>
</tr>
<tr>
<td>• Often have physical storefronts.</td>
<td>• Rarely have physical storefronts.</td>
<td>• Often have physical storefronts.</td>
<td>• Have physical facility, often with multiple machines.</td>
</tr>
<tr>
<td>• Likely to be affiliated with large brands like Nike or Under Armour.</td>
<td>• May sell sports apparel but do not sell sporting hard goods.</td>
<td>• Provide some contract decoration services but not their primary business.</td>
<td>• Do not interact directly with decision makers or end consumers.</td>
</tr>
<tr>
<td>• Limited in-house design services and decoration.</td>
<td>• Often have distributed sales representatives who work remotely.</td>
<td>• Sell directly to decision makers and/or end consumers.</td>
<td></td>
</tr>
<tr>
<td>• Usually hold inventory.</td>
<td>• Limited in-house design services/coration.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The use of the third-party names, logos or trademarks above is for identification and reference purposes only and does not imply any association between OrderMyGear and the trademark holder.
Market Segments

Dealers, Distributors, and Decorators ($D^3$) may be considered as up- or down-market based on revenue as well as attachment to a Franchise or Affiliate network. **In this report, the $D^3$s were considered as up-market if they were connected to a Franchise or Affiliate network, even if revenues did not meet the benchmark indicated below.**

The acronym FAB in this report refers to Franchises, Affiliates, or Buying Groups:

**Franchise**
- An individual/company that pays a fee to use the name, brand, business model, etc. from a franchisor.
- Operates under the name of the franchisor.
- Franchise pays an initial investment fee + ongoing marketing fees and/or royalties to franchisor.

**Affiliate**
- An individual/company that earns a commission selling on behalf of parent company while maintaining own company name.
- Often provided with business resources such as marketing support, technology IP, etc.
- Typically, do not pay any upfront investments or licensing fees.

**Buying Group**
- A group of companies that form an alliance to leverage collective buying power.
- Companies pay a fee to join the group and may be independent or part of a franchise or affiliate network.

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**FAB Examples**

The use of the third-party names, logos or trademarks above is for identification and reference purposes only and does not imply any association between OrderMyGear and the trademark holder.
A technology stack is the sum of solutions used by a company to run an app or project. The different technologies that the dealers, distributors, and decorators (D³s) use to run their business can be consumer-facing (front-end), business-facing (back-end), or both.

### CORE COMPONENTS OF THE TECH STACK

<table>
<thead>
<tr>
<th></th>
<th>Core Component</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Product Search</td>
<td>The system used to research/search for products based on keyword, product category, supplier, etc.</td>
</tr>
<tr>
<td>2</td>
<td>Presentations</td>
<td>The system/tool used to generate, share, and manage custom proposals/presentations and quotes.</td>
</tr>
<tr>
<td>3</td>
<td>eCommerce-enabled Website</td>
<td>Online shopping capabilities on a company website where customers can place and pay for orders directly.</td>
</tr>
<tr>
<td>4</td>
<td>Dedicated Online Store</td>
<td>Online stores created and branded for a specific group to purchase customized merchandise.</td>
</tr>
<tr>
<td>5</td>
<td>ERP/Shop Management</td>
<td>The system used for inventory management, job management (if applicable) and operational reporting.</td>
</tr>
<tr>
<td>6</td>
<td>Accounting</td>
<td>The system used for bookkeeping, accounts payable, accounts receivable, payroll etc.</td>
</tr>
</tbody>
</table>

**Front End**

**Back End**
Market Snapshot
Overall, Non-profits and K-12 Schools Are the Most Prevalent Customer Groups

Down-market respondents largely cater to non-profits and K-12 schools while larger dealers, distributors, and decorators (D³s) are more likely to sell to healthcare institutions and colleges/universities.

<table>
<thead>
<tr>
<th>Overall</th>
<th>Down-market</th>
<th>Up-market</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nonprofit / Charity</td>
<td>58%</td>
<td>52%</td>
</tr>
<tr>
<td></td>
<td>K-12 Schools</td>
<td>51%</td>
<td>43%</td>
</tr>
<tr>
<td></td>
<td>Construction</td>
<td>46%</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>Food Service</td>
<td>45%</td>
<td>46%</td>
</tr>
<tr>
<td></td>
<td>Healthcare</td>
<td>39%</td>
<td>54%</td>
</tr>
<tr>
<td></td>
<td>College / University</td>
<td>37%</td>
<td>54%</td>
</tr>
<tr>
<td></td>
<td>Financial / Insurance</td>
<td>37%</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>Manufacturing</td>
<td>32%</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>Real Estate</td>
<td>34%</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td>Sports: K-12 School</td>
<td>35%</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td>Retail</td>
<td>31%</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>Automotive</td>
<td>27%</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>Travel / Hospitality</td>
<td>28%</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>28%</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>Sports: Travel</td>
<td>30%</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>Software / Technology</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>Sports: Collegiate</td>
<td>12%</td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>16%</td>
<td>8%</td>
</tr>
</tbody>
</table>

"Schools—I think that’s quite common for most of the organizations. It just takes a lot of headache and pressure off the office for collecting orders from each individual, what a nightmare!" —Decorator

"We work with a lot of credit unions and banks. We also have Fortune 500 customers. We have a lot of business from trade associations in our industry, because of where we are (Washington DC)." —Distributor
Apparel Is the Most Offered Product and Heat Press Is the Most Common Decoration Method

Top 5 Product Categories Offered
(Percentage of Respondents)

- Decorated Apparel: 92%
- Promotional Hardgoods: 89%
- Signs and Banners: 78%
- Printed/ Paper Products: 58%
- Trophies and Awards: 55%

More than half of D3's offer in-house decoration services. Heat press is the most used in-house method, followed by embroidery and screen printing.

In-house Decoration
(Percentage of Respondents)

- Heat Press: 78%
- Embroidery: 55%
- Screenprinting: 53%
- Digital Vinyl: 34%
- Matte Vinyl: 34%
- Sublimation: 31%
- 3D Puff Embroidery: 25%
- Patches: 25%
- Direct to Garment: 20%
- Engraving: 20%
- Commercial Printing: 20%
- Tackle Twill: 19%
- Etching / Laser Etching: 18%
- Rhinestones: 13%
- Foil Stamping: 8%
- Digital Fusion: 4%
- Other: 6%
A Majority of GMV is driven by Sales Representatives

As expected, the more sales representatives a company has, the larger the amount of sales generated through this channel. However, a bigger sales force does not necessarily indicate greater efficiency. Our data shows that the average revenue per individual representative actually decreases as the number of representatives per company increases.
Users of both eCommerce-enabled sites and online stores receive up to 30% of sales online... …with online stores contributing marginally more than eCommerce-enabled sites.

Sales Channel Mix for those using both eCommerce-enabled Websites and Online Stores  
(Share of Annual Sales)

Online channels help to capture customers beyond a dealer’s, distributor’s, and decorator’s (D3’s) local area and respondents expect their share of online sales to increase moving forward.

“Since we are reaching out to potential customers beyond the town, and it doesn’t make sense for them to come all the way to the store, having those online stores up and running for them is the way to go. I would say that by 2022, about 20%–25% of sales would be coming in via online channels.”

—Dealer

“Currently, about 40% of our sales comes through online stores, I would assume it would go up another 10% or so, though they wouldn’t completely replace our physical stores.”

—Decorator
Tech Stack Use
Up-market Distributors and Decorators Are Making the Most Extensive Use of the Tech Stack

Number of Tech Stack Solutions Used by Segment
(Percentage of Respondents)

Product Search, Accounting, and Presentations are currently the most frequently used solutions by the D³s, while eCommerce-enabled Websites, Online Stores and ERP/Shop Management offerings have runway for growth. When asked, if D³ is only using two solutions, chances are it will be Product Search and Accounting first.

Tech Stack Components Used Based on Number of Solutions Used
(Percentage of Respondents)
Users that are part of a FAB are more likely to utilize an industry-specific solution.
Three-quarters of our respondents (~75%) use industry-specific solutions for both Product Search and Presentations and of those, over half (~55%) use the same provider for both.

Usage of Tech Solution for Product Search and Presentations (Percentage of Respondents)

- **75%** Use Tech Solution for Both
- **25%** Do Not Use Tech Solution

Those who do not use a specific solution for Product Search and Presentations revealed that they generally find email to be sufficient, as they often send detailed presentations. Phone calls were also commonly used to discuss proposals.

“We try to make our presentations as attractive and as image filled as possible. I know there are a lot of companies out there you will find that will call you up and tell you what they have done, email you a couple a pictures of products they have customized via email, and that is that. But we know there is more we can do [by sending presentations] to really get those customers to come back to us and really keep us at the top of their choices.” —Distributor

“The nature of our customers are just old school, and what would be the point in spending time and getting them to use it [online store] when this has worked for us? You know, calling them and directly speaking to them is what has worked for us.” —Distributor
eCommerce-enabled Websites and Online Stores exhibit similar penetration levels across distributors, decorators, and dealers. However, penetration of these channels is marginally higher for up-market decorators, who are more likely to use an industry-specific solution than down-market decorators. In general, users are more likely to opt for an industry-specific solution for Online Stores and a non-industry specific solution for eCommerce functionality, particularly decorators.

### Usage of eCommerce-enabled Websites and Online Stores by Segment

#### (Percentage of Respondents)

<table>
<thead>
<tr>
<th>Segment</th>
<th>eCommerce</th>
<th>Online Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distributors</strong></td>
<td>36%</td>
<td>41%</td>
</tr>
<tr>
<td><strong>Decorators</strong></td>
<td>17%</td>
<td>42%</td>
</tr>
<tr>
<td><strong>Dealers</strong></td>
<td>16%</td>
<td>48%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>User</th>
<th>Industry-Specific Solution</th>
<th>Generic Solution</th>
<th>Unaware Provider</th>
<th>Non-User</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distributors</strong></td>
<td>36%</td>
<td>19%</td>
<td>4%</td>
<td>41%</td>
</tr>
<tr>
<td><strong>Decorators</strong></td>
<td>17%</td>
<td>41%</td>
<td>4%</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Dealers</strong></td>
<td>16%</td>
<td>39%</td>
<td>8%</td>
<td>37%</td>
</tr>
</tbody>
</table>
Users of Online Stores and eCommerce-enabled Sites Overlap Significantly

There is significant overlap between the users of online stores and eCommerce-enabled websites, with over 70% of each population using both channels.

Distributors are more likely to use the same provider for both eCommerce-enabled websites and Online Stores.

Usage of Same Provider for eCommerce-enabled Websites vs Online Stores
(Percentage of Respondents who use both eCommerce and Online Stores)

Overall, satisfaction for providers of Online Store is marginally higher than for providers of eCommerce-enabled websites.
While Accounting Solution Adoption Is High, ERP / Shop Management Is Used Less Often

Usage of the two back-end solutions vary widely with most companies using generic (i.e., non-industry-specific) Accounting solutions like QuickBooks, as digitization of accounts is seen as essential.

Use of ERP/Shop Mgmt. tools is lower than other tech stack components, with larger companies who belong to a Franchise network, Affiliate network, or Buying group (FAB) being more likely to use them.

“No matter how small you are, we realized early on that having a digital system for accounting was always the sensible way to go. There are cheap ones out there you can really fit into your budget, and it makes it manageable.” —Distributor

Usage of ERP/Shop Mgmt. & Accounting by Segment (Percentage of Respondents)

**Distributors**

<table>
<thead>
<tr>
<th></th>
<th>ERP/Shop Management</th>
<th>Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>User, Generic</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>User, Business</td>
<td>12%</td>
<td>20%</td>
</tr>
<tr>
<td>User, Franchise</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>User, Unaware</td>
<td>69%</td>
<td>3%</td>
</tr>
</tbody>
</table>

n = 647

**Decorators**

<table>
<thead>
<tr>
<th></th>
<th>ERP/Shop Management</th>
<th>Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>User, Generic</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>User, Business</td>
<td>8%</td>
<td>14%</td>
</tr>
<tr>
<td>User, Franchise</td>
<td>28%</td>
<td>12%</td>
</tr>
<tr>
<td>User, Unaware</td>
<td>60%</td>
<td>1%</td>
</tr>
</tbody>
</table>

n = 234

**Dealers**

<table>
<thead>
<tr>
<th></th>
<th>ERP/Shop Management</th>
<th>Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>User, Generic</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>User, Business</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>User, Franchise</td>
<td>19%</td>
<td>7%</td>
</tr>
<tr>
<td>User, Unaware</td>
<td>47%</td>
<td>15%</td>
</tr>
</tbody>
</table>

n = 86
Industry specific solutions are more effective than non-industry specific solutions. If you are in the world of Team and Promotional Products, it makes most sense to invest in learning and using the tools designed for this industry alone.

Technology allows D³ to create operational efficiencies and expand their reach to consumers, enabling them to optimize their business and grow revenue.

29% The largest and highest revenue generating D³s embrace technology with 29% using the full tech stack.

D³s prefer industry-specific solutions for online stores, with a majority choosing an industry-built solution over a generic platform.

27% D³s using both eCommerce-enabled websites and online stores.

Those not using online sales channels effectively will be at a disadvantage, especially with COVID-prompted online shifts set to drive lasting shifts in purchaser expectations and competitor behavior.

KEY TAKEAWAYS