

The Not-So-U



APPA chief executive Bill Kestin has brought small-town Wisconsin integrity to bear on the Antipodean promotional products industry and raised its profile from the outdated perceptions of add-ons, knick knacks and trinkets to its position as a genuine marketing option.

Picture the scene, a bunch of stony-faced old men, on a rainy Monday morning, in the Qantas lounge at the airport, waiting to interview the final candidates, for the fourth time, for the job of CEO of APPA (The Australasian Promotional Products Association).

Already, in a previous interview, the cheeky American has challenged the long and arduous interview process with an attempt at humour, by asking, "This is APPA, right? We're not interviewing for the job of CEO of IBM?" That retort had been met with blank stares. Yet here again is the Yank, walking into the room with a boom box, asking the very same interviewers to blindfold themselves.

"I'm going to guide you through a guided meditation," he draws in a Wisconsin accent, tinged with a touch of Californian chutzpah.

The national board of APPA look at him as if to say, "You've just lost the job. Are you on crack, or what?"

Unperturbed the little American pushes play

gily American

on his boom box and new-age music starts to wash through the room. The sound of waves is complemented by place mats that look like waves, in front of the now blindfolded men.

“You’re walking down a beautiful sun-drenched beach. The sun is beating down on your face. The waves are breaking on the sand...”

All of this is a ruse to allow time to put a glass bottle full of purple M&Ms in front of each board member. The bottle is sand-blasted with a name, mobile number and APPA logo. Inside the bottle is an A4 piece of paper with the American’s vision for APPA.

The American is current APPA chief executive William (Bill) Kestin. It is his name and number on the bottle and the A4 paper, with his vision for APPA, is the only item that has been requested. And the only item presented by each of the other final candidates.

That was in 2002 and Kestin got the job. He was the only one who demonstrated his vision to the panel using promotional products. The board knew there and then he’d market APPA along the right lines. Almost five years later they have been proved correct.

It’s a long way from home for the young boy from Whitefish Bay, population 1700, whose formative years consisted of football games, homecoming queens, fourth of July parades and shovelling snow and watching *w* in what, in retrospect, seems like a scene from *That 70’s Show*. It was all very cold, very conservative, typically American, but an idyllic, coming of age.

Today Kestin is a Melburnian who wouldn’t want to live anywhere else, “unless it was New Zealand”. But his integrity and straightforward nature was crafted halfway across the

globe on the banks of Lake Michigan, north of Chicago.

His business character was honed in California, where he went straight out of school, “to get away from the snow”. Stories of skiing to school, sliding down a snow bank or digging a path to his father’s car to warm it up for two hours before his Dad went to work, only sounds like fun when you are “not freezing your butt off”. So the teenager packed his life into a 1970s’ Chevy Nova and drove across country to start university at UCLA, then at Northridge and Valley College in the San Fernando Valley.

It was the Reagan years, student loans were cut back and the need for a job became inevitable.

Young Bill became a baker. “I’d left all the snow to become a baker,” he recalls. “And every morning I had to put on my winter parka and go into a freezer for half an hour to pull pie shells. Even in the summer, I was bitterly cold for at least an hour, every morning!”

Which all seemed quite normal compared to his next job as an assistant manager at a fast-food joint where within the first year he was held up at gunpoint; had a disgruntled employee throw a brick through a plate-glass window; caught a number of staff stealing meat and selling it on the black market; had all the microwaves stolen; had homeless people worshipping the salad bar; and even had a hooker offer him blow-jobs for coffee. Needless to say his studying suffered.

The final straw was when a homeless person defaecated all over the men’s room and the staff refused to clean it up. It was the last task the assistant manager performed at Karl’s. The

next day he joined Pacific Bell (the American version of Telecom).

It was while he was at the telecommunications company that Kestin finally completed his degree. And it was during his time with the company that he learned his skills of sales, marketing, training and education.

If it was his upbringing in the mid-west that formed Kestin’s character, it was his early working life that taught him the realities of life and ingrained a tenacity that remains there today.

After 13 years of corporate life he was made an offer he couldn’t refuse, by a young Australian company setting up a video production company in Los Angeles as part of an 80 country expansion. 7 Dimensions was one of the largest training companies in Australia and the owners were so impressed with the success of the new satellite office in LA that three years later they offered Kestin an opportunity in Melbourne. Kestin took to Melbourne life like a fish to water and when the company was sold, he declined a move to Hong Kong but was determined to stay in Australia. Two days before his temporary resident’s visa expired he landed a job with The Promotions Company, one of the largest promotional products companies in the country.

It was a whole new ball of wax for the new Aussie, who knew nothing about promotional products. But what he did know was that he loved marketing, enjoyed managing a sales team and was fascinated by the educational aspects of the function.

The Promotions Factory was an importer of supplies so had a range of warehoused unbranded product. As the national manager of the catalogue group, Kestin dealt with all the promotional companies that were his custom-



Lionel Parsloe, the only life member of APPA and Anne Gifford with whiter than white Bill Kestin.

ers. It was in this capacity that first brought Kestin to New Zealand where Avenue Publicity was his local distributor.

The Promotions Factory sold to promotional agencies, working with their creative briefs to develop specific custom-made products. Kestin was good at his job and even won second-place in the Australian Catalogue Association Awards, which assessed the most stylish and effective catalogues from across a broad range of industry sectors.

The company had an industrial design department and in the course of building the business from \$1.8 million to \$5.7 million in the space of two-and-a-half years, Kestin experienced the trials and tribulations of dealing with China.

“Scare stories? I could tell you volumes,” he recalls of those times.

“We imported a range of multi-purpose tools,” he recounts. “The brand name was Leatherman

– pliers, corkscrews, pocket knives and so on. At the end of this particular product, we had a torch put in. Push a button and the torch came out the end. It was a specialised design for 100,000 units. When we got them all into the country, the torches were very dim and stopped working shortly after testing. When we opened the product we saw what the Chinese factory had done (this was a new factory, we hadn’t used before). There were supposed to be two watch batteries to power the torch. They had put one battery in and jammed a piece of plastic in, to push it up to make contact. It doesn’t sound like much but 100,000 watch batteries cost a lot of money, relative to the product itself.

“The promotion was due, and the subsequent scramble was horrifying. We had to bring in 100,000 additional watch batteries and have them changed out locally. And then we had to try to get the money back from the Chinese fac-

tory. Well, the factory literally disappeared. We had our agent go to the location, but the factory (which in China is really just a barn with a lot of people working away) had just gone.”

The Promotions Factory never recouped either the labour cost of inserting the second battery, nor the shipping costs. An invoice was sent but to no avail.

Kestin cites examples of how difficult importing from China can be. “You can design a pen, have it manufactured, place a repeat order and you won’t believe how different they are even though you’ve asked for the same pen. The ink can be different, as can the silicone coating. Sometimes we’d get a completely different pen. It was just unbelievable. It was a constant struggle to get the quality we needed in order to sell it.”

That was in 1998 but Kestin says the problems are exactly the same today.

“There are more factories [the Chinese boom

is phenomenal] but with the growth comes no structure, no regulation, no recourse. And you still pay cash in advance.”

He reports that where the process has changed is in the decrease in the language barrier as young Chinese educated in New Zealand and Australia return to their homeland to help with the family business. Also, the ability to order smaller quantities has improved.

“But all the other dangers are still there,” he warns.

Now, as CEO of APPA, he still sees naïve marketers going directly to China for promotional products and suffering the consequences. He cites a New Zealand example of a bank that tried to save money.

“The bank bypassed the promotions company and went directly to the Chinese manufacturer. It got a sample, gave the go ahead and the watch was manufactured exactly to the sample specifications. The problem was, no one tried the sample watch on and the watch band was made to fit Chinese wrists not the bigger New Zealand wrists.”

Of course the bank went to APPA to complain, even though they had gone direct. The bank wanted APPA to help them, which of course they did, as one of its free services to members. APPA mediates disputes as well as looking after the interests of its members.

Most members are medium to small businesses and Kestin has been instrumental in APPA providing a raft of free educational DVDs for members from topics such as intellectual property (specific to New Zealand laws), to presentation skills, sales skills, how to use the media as a promotional tool, how to write a media release, and more.

It is Kestin's love of education that has also taken him to arrange promotional products marketing lectures with universities throughout Australasia and he is forging links with the New Zealand Marketing Association to provide course material for existing New Zealand marketers.

Since the three years he spent with The Promotions Factory, the little American has taken APPA and created a vehicle of immense value for marketers on both sides of the Tasman.

Initially, the New Zealand operation was not that easy to get off the ground. Kestin is the first full-time CEO of the Australasian (as opposed to the Australian) Promotional Products Association. The New Zealand chapter came into the association as a merger of PANZ (Promotional Products Association of New Zealand) and the Australian Promotional Product Association, on a vote of only 55 percent of New Zealand members in favour of the joint venture. Parochial concerns have largely been overcome with the provision of services and resources that are far greater than could have been expected from a local body.

The strength of the promotional products industry in New Zealand is validated each year at the annual industry awards which sees Kiwis, as 10 percent of the industry, providing more than 30 percent of award winners.

Recognition of the value of promotional products as an advertising medium has gained substantial ground under Kestin's stewardship. The New Zealand trade show in March each year and the table-top trade show in October (leading into Christmas) are always well attended.

Today Bill Kestin is an industry icon. A man who loves his job but who is never complacent about the work that still needs to be done.

“Our main challenges,” he says, “are the commoditisation of our industry and working with marketers egos.”

By the latter he means those marketers who having done a number of promotions, see themselves as experts. They sometimes forgo the advantage of working with promotional products' experts who do thousands of promotions a year and are fully up to date with the very latest offering. Experience that can be the difference between a failed campaign and a highly effective and profitable one.

“I love running a not-for-profit association. I love being able to invest in people's future and help create an environment where they can be successful,” says Kestin.

He's been very effective as CEO of APPA and best of all, he is a really nice guy.

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What's in Store ?

With Tony Simpson,
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Dancing with the stars contestants do it – and now so can FMCG marketers. All around the country retailers and suppliers are “taking to the floor” with SmartSource Marketing's Floor Media.

Floor Media is an eye-catching and effective medium for promoting in-store brand messages, and the distribution network just got bigger, with access now available at Foodtown and Woolworths stores, as well as Countdown.

Meanwhile a recent survey presented to the Food and Grocery Council by Steve Mitchell of the Nielsen research company highlighted a trend towards less above the line and more below the line activity.

The research asked CEO's of food and grocery supply companies where they intended to spend their marketing budget over the next 12 months. It showed a significant decrease in above the line activity and a shift in marketing spend towards in-store, with in-store promotions playing a bigger role in achieving sales targets than previously.

This trend can be attributed in part to the fragmentation of media and a drop in ratings for TVNZ, however it is also being driven by retailers, an erosion of brand power and private label growth.

It was also interesting to note that while suppliers are reducing expenditure, retailers are increasing theirs, highlighting a possible shift of marketing power from brand to trade.

While many in-store activities are undoubtedly driven by price, in the battle for the attention and loyalty of the shopper, there is also an opportunity to ensure a point of difference for brands based on other factors - such as trialling and sampling, educating and informing or promoting competitions. SmartSource Marketing's suite of products, Ad Trolleys, Shelf Vision, Floor Media and Checkout Bars are all channels for adding brand value and are part of the SmartSource line up.

If you would like to find out more about how SmartSource Marketing's products and services can support and promote your in-store brand presence, contact either myself or Lesley Deed on 0800 228 633 or email us at tony.s@smartsourcemarketing.co.nz or Lesley.d@smartsourcemarketing.co.nz

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