



SALSIFY



THE Gerson Companies

Case Study

How Gerson Fueled 77% YoY Digital Sales Growth and Expanded Retailer Orders

From Thanksgiving cornucopias to garden gnomes, The Gerson Companies is a leader in the seasonal and home decor market, a \$27 billion industry. Headquartered in Olathe, Kansas with sourcing offices in Hong Kong and Shanghai, Gerson manufactures, imports, and distributes over 10,000 products every year to large and independent retailers. The Gerson Companies have two divisions: Gerson Everyday™ which includes a group of popular brands with products available for purchase all year round, and Gerson International (GIL)/Book & Buy, a pre-order program where customers order six months in advance for seasonal merchandise.

Orin Borgelt, Chief Technology & Sales Officer, leads Gerson's ecommerce efforts. He is responsible for the strategic planning and coordination of their technology stack and data utilization as well as leading sales initiatives throughout the company with a focus on ecommerce revenue growth. In his multi-functional role, Orin relies on a team of ecommerce-focused analysts and associates. Lauren Garrison, Ecommerce Business Analyst, leads the team responsible for product selection and item set-up on Gerson's ecommerce channels.

Three years after upgrading their enterprise resource planning (ERP) system, Gerson still faced hurdles growing its ecommerce business across retailers. Inflexible data was a significant barrier to growing its ecommerce share of sales and improving efficiency. The expensive licenses stalled user adoption. The team members that did have ERP access were unable to modify product content to deliver product information to retailers and other departments that needed it.

Orin was determined to find a product information management system that could manage all of Gerson's digital content along with their evolving data points and product taxonomy. "You have to have a database that is moveable, modifiable and not fear messing data up," he said.

B2BC Top Line Results

Opportunity: Decrease time to market for product releases and grow revenue

Approach: Gained control of product data and drive adoption

Proof: 77% YoY digital sales growth in Q4 and 75% less time spent delivering new products to market

B2B Top Line Results

Opportunity: Develop a process to fuel in-store and digital sales for independent retailers

Approach: Built a custom electronic data interchange (EDI) powered by custom catalogs and drop shipping

Proof: 100 independent retailers using G-Commerce, Gerson's custom EDI, within six months.

The Opportunity: Grow Ecommerce Sales by Improving Data Accessibility

Opportunity #1: Consolidate Data to Speed Time to Market

Seventy percent of the 10,000 products Gerson sells in a given year are brand new SKUs. This high rate of product turnover meant Orin's team needed to constantly modify product information and catalogs. Data was difficult to locate in their ERP. Labor intensive-spreadsheets were time consuming and often filled with inaccuracies. This left the ecommerce team scrambling to determine which product information needed to be altered. Time spent determining which data was needed for one retailer versus another stalled the development of new products. Without a streamlined approach to data management the organization could not easily launch or expand its product offerings.

Opportunity #2: Ensure Unified Internal Communication on a Global Scale

It is not uncommon for one team member to be in charge of a particular retailer. For Gerson, the departure of their The Home Depot expert left them disorganized for this key channel. Orin realized they needed to have the knowledge of any retailer or customer portal centralized and accessible to anyone who may need that information. Previously, the answer to which information was needed for a particular retailer either lived in a spreadsheet, an email or even in that customer's portal, was nearly impossible to locate the most up-to-date and accurate product information. Gerson needed a way to democratize information on a global scale. From Orin's perspective "all ecommerce is moving data in and out of systems and channels."

In addition to US-based communications needing to be strengthened, Gerson's sourcing offices and manufacturing facilities in China were disconnected from product information. Tracking down the correct SKU or image for a factory employee in China was extremely difficult.

Opportunity #3: Streamline & Simplify Book and Buy

As a seasonal decor business, Gerson manufactures orders placed 10 months in advance and replaces over 3,000 products every six months. Gerson International (GIL) Book & Buy is a pre-order program where customers order six months in advance for seasonal merchandise. For the products that are discontinued, or in-season but remaining in their warehouse, Orin needed a solution to ensure that inventory availability was accurate.

“ The second you send out a spreadsheet with the 500 items you have inventory on and one person buys all the stock in one item, then everybody else is looking at stale information. ”

- Orin Borgelt, Chief Technology & Sales Officer,
The Gerson Companies

Lack of visibility into what was available to retail partners resulted in hard conversations about not being able to fulfill an order due to outdated spreadsheets.

Opportunity #4: Provide Independent Retailers with More Merchandise & Enhanced Digital Capabilities

Forty percent of Gerson's revenue comes from smaller independent retailers (i.e. Mom & Pop shops) that cannot afford to have systems connected to EDI. They are unable to showcase certain merchandise in their stores, like a 10-foot tall Christmas tree. With over 10,000 retail customers who don't have the option to develop an ecommerce presence, Orin's team sought to involve this important revenue stream in their own digital transformation. Being able to support this group meant being innovators in the seasonal and home decor market by empowering independent retailers with Gerson's own data exchange.

Approach: Drive Adoption & Gain Control of Product Data

In 2017, Gerson partnered with Salsify as its solution to meet digital needs that would be cross functional and adaptable on a global scale. Orin knew Gerson's ERP couldn't power the ecommerce growth they wanted to achieve due to its inability to easily modify data along with costly licenses inhibiting broader access to product information. By migrating copies of data from their ERP to Salsify, Gerson was able to consolidate their data easily, deliver to customers, and assist sales and marketing initiatives in an efficient and accurate manner.

Orin saw Salsify as a dynamic solution to a variety of challenges the business faced and looked to lead the organization in utilizing the platform across divisions. Driving adoption was a main focus as Orin's vision for Salsify's usage went beyond a singular point of truth for content to easily syndicate across retailers, but as a way to arm sales, factory inspectors and quality control workers with digital catalogs to drive their initiatives.

Orin's approach to driving adoption centered around showing the ease of use of Digital Catalogs and how quick it is to locate products. "If I asked my sales and marketing team if they could tell me any item we've carried over the last two years that is in the Easter category that has purple in it? Could they tell me? The resounding answer was 'that will take a long time, pulling out a print catalog and going page by page' Orin said. "Now with Salsify, they click two or four attributes and immediately they have a custom digital catalog."

The Gerson sales and marketing teams have started to use digital catalogs to create catalogs based on specific requests and has possible expanded orders by simply finding the right items faster.

"That is huge for us, often customers want to buy 87 different items across five categories, and our sales team can filter products that are relevant to the customers' wants, whether that's price range or color." Orin explained how Gerson gaining control of their product data, outside of the inflexible and expensive ERP, has empowered his sales teams to provide targeted catalogs for retailers of all sizes.

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Providing Access to the Global Supply Chain

Gersons' factory workers in China are armed with access to digital catalogs to alleviate communication challenges, "How am I going to send unlimited high-res images to an inspector in China if I don't know his name?" Orin said. "Now, each inspector has a Salsify login and can use an iPad on site in the factory. They type in item number and they see high res image of the product they are trying to inspect." This type of capability was not possible with their ERP, "it was too expensive, too breakable, and not easy to use."

Opening New Channels: Empowering Mom & Pop Shops with Digital Capabilities

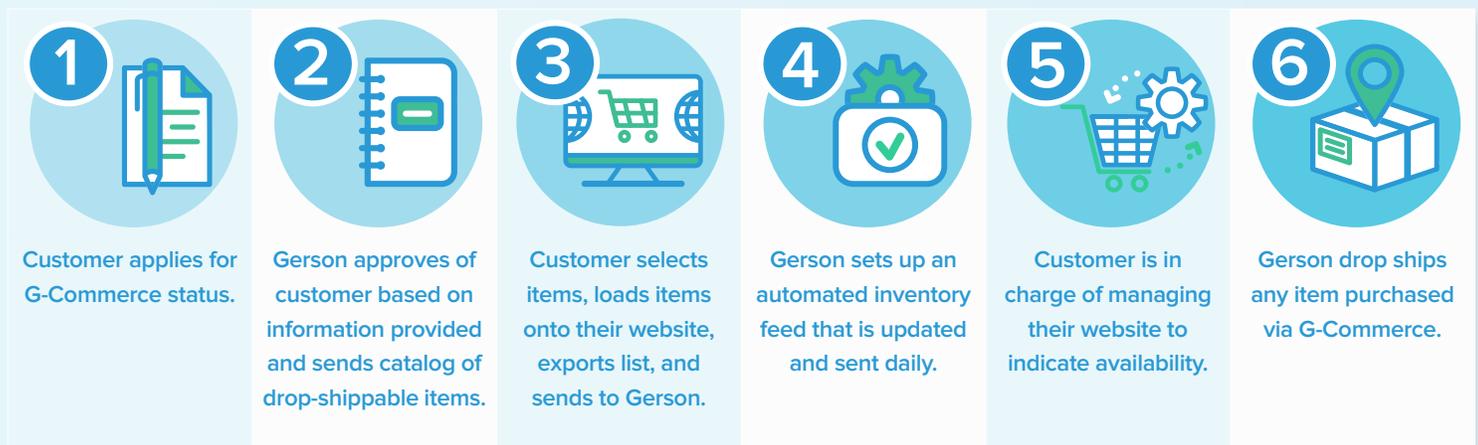
In order to serve the 10,000 small retailers who don't have the technology capabilities to connect to Gerson with an API or EDI, Orin's team built a channel to deliver data quickly with no additional costs.

"What is MaryBethHomeDecorEmporium.com going to do? They cannot afford an EDI, she doesn't have an option to sell online," Orin said.

to order inventory that was out of stock -- because we had no solution to connect our ERP," Orin said.

Customers can add product information to their small website or use it in-store to supplement inventory. Orin explained how G-commerce "is a value add program for existing customers that already take an inventory position. It is to supplement their inventory position and help them reach a broader audience."

Process: How Drop Shipping for Independent Retailers works:



His solution? Use Salsify's Digital Catalogs and Smart Lists connected to their ERP to build a custom EDI and enable small businesses digital commerce with a program they've named G-Commerce. Gerson creates a smart list and applies filters that is fed through their ERP that updates inventory levels on a daily basis and automatically adjusts inventory levels based on filters (i.e if there are than less 10 units, it is removed from the lists) and the digital catalog is always up to date.

This has helped the company strengthen relationships with small retailers, who want digital product information and ordering but don't have the resources, to ensure inventory is not oversold. "Prior to this, we'd have customers trying

G-Commerce also provides drop ship to small retailers and is connected to Gerson's back end. "It's very difficult to grow ecommerce with independents -- we built a catalog for our drop-shippable items, and when someone says they are interested, they fill out an application and we review it. These are almost entirely existing customers," Orin said. Once they are approved, the customer gets a list of all the drop ship items.

G-Commerce has been in pilot mode for 6 months and already has 100 customers using it. "We've made this program free of cost--we don't charge for it, and it's impactful for these retailers. They are making 35-50% margins with no inventory position and no upfront costs," Orin said. "All they have to do is sign up for the program, fill out a template with information about the customer and where to ship it."

Results: Driving Speed to Market 75% Faster & Increasing Sales by 77%

By gaining control of product data and driving adoption across the organization, Gerson was able to deliver product content to key retailers faster, unify internal communication globally with uninhibited data access, launch a new sales channel with 100 small retailers in 6 months, and have seen significant increases in sales over the last year. Salsify has become an all-in-one solution driving growth and revenue. Orin remarked that Salsify has been “the best purchase I have ever made for the business.”

From a time-to-market perspective, Gerson has spent 75% less time delivering product information to key channels. For The Home Depot, as an example, when Orin’s team was setting up fall and holiday inventory, they now spend a week to get their enrichment and pricing set. “It used to take us three to four weeks with that process. This new method is big time saver and we can now focus on other initiatives and making things stronger across channels,” Orin said.

As a seasonal decor business, Q4 is a critical quarter in driving sales for Gerson. “Our fourth quarter season was up 77% in sales in our ecommerce accounts from 2016 to 2017.” Orin attributes this to being able to work in minutes, not hours and days, “Salsify has helped move data around much quicker and we are not duplicating efforts anymore.”

“ I see Gerson utilizing Salsify more and more from both a research and sales standpoint by being able to filter our database. There’s so much more the platform can do than just fuel immense ecommerce growth. ”

- Orin Borgelt, Chief Technology & Sales Officer,
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