

Chapter 7: Sales

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Revised 15 December 06
Items added since June 06 are in blue.

Sales is not marketing

Sales is the act of trading your products for somebody's money after Marketing convinced them that they wanted to seek out your product. Salesmanship (overcoming the last obstacle to getting his credit card into your portable credit card terminal) is part of marketing, but "sales" is simply a business function. It is a function that is complicated and has plenty of opportunities to go wrong.

The function varies depending on whom you are selling to.

7A: SELLING TO WHOLESALERS

Selling to Wholesalers will mean selling at a discount established by your terms. (See a sample terms sheet in the Annex section of this book.)

These days, small companies usually begin selling to wholesalers through a consolidator (who does the actual work but who takes a slice of the profits).

The basic system is as follows:

1. A Wholesaler generates a purchase order, which they fax or Email to you. Sometimes when in a hurry, you may be given a verbal purchase order. If this happens, immediately email or fax a friendly note stating what you think they ordered just in case you misunderstood them.

2. You ship the merchandise and generate an invoice, which shows how much they have to pay and shows your discount terms. Be sure the invoice includes both the date that the basic amount is due and the date that payment must be mailed to gain the fast-pay discount. Fax this to the wholesaler on the day of the shipment. You could also fax this again on the day before the fast-pay date, but that might be taken by some wholesalers as slightly insulting. Even so, if you have a wholesaler who is chronically late, doing this is a good idea.

3. The wholesaler mails you a check, or in rare cases wires you the money. Your accounting department records this and checks to see that they did not take a discount they did not deserve. If they did, the accounts receivable department contacts the wholesaler. The first few times this is done as a courtesy and after that you can either decide to let the wholesaler get away with paying late and taking unearned discounts or you can stop selling to them. If you invoice them for "discounts taken but not earned", they will all but certainly ignore you.

Now, some wholesalers want alternative payment terms. Some will have you charge the early pay amount to a credit card. This is usually ok, and for some wholesalers it is a better way for them to manage their cash flow. Other wholesalers will want to mail you a check on the day you ship the product in exchange for another discount point or two. You can try that once or twice and see if they actually pay you on time. Another alternative is to send the boxes COD (Cash on Delivery). This is usually done in the case of a wholesaler not paying his bills and can be a trifle insulting, but some wholesalers actually want to do this. There are two ways: "green cash" which means that the customer actually hands the UPS driver real money (which is deposited to a UPS account and UPS mails

you a check) or "customer check" in which case the customer gives the UPS driver a check and UPS then mails the check to you. Either way involves an extra fee that you have to pay UPS and don't get to charge to the wholesaler.

Not all wholesalers are created equal. Not all of them do the same thing the same way for the same reason.

Alliance is the biggest (40%-50% of your total wholesale market). They want 90 days notice of new products and they want that notice to include the cover art, the release date, the title, the product contents (so many pages), and everything else, and they want that information to be 100% accurate. Why? Because Diamond (which owns Alliance) wants it. Why? Because Diamond sells comic books which are printed in the quantity of the mail order. The one good thing about Alliance is Mike Webb. Mike is in charge of making unhappy people happy, and he's very good at that job.

ACD is hungrily trying to become as big as Alliance but has a way to go.

BlackHawk and RPV are small regional wholesalers who, frankly, have a better idea what the retailers want than anyone else in the country.

7B: SELLING DIRECTLY TO RETAILERS

The flippant answer is: "Don't sell to retailers; you have wholesalers to do that for you."

Beyond that, there may be times you want to. It is unlikely but not impossible that your product line would be so hot that stores would want to buy direct from you. Stores don't like doing this since they usually buy everything from two (rarely three) wholesalers, and adding a manufacturer to their list of bills to pay literally increases their bills payable workload by 30-50%. They will in most cases want to buy direct from the wholesalers. (Note: For some bizarre reason, wholesalers are never interested in the idea of you invoicing them for goods sent directly to retailers.)

Generally speaking, you probably want to have the option available to sell to retailers but keep it a rare thing for special cases. You want to offer them a discount rate that is not any better or worse than what the wholesalers offer them. And you probably don't want to give them credit terms because of the workload of keeping track of lots of relatively small accounts.

Stores may come to you to buy things for any number of reasons, but it boils down to three primary ones:

1. They don't pay their bills and can't get the wholesalers to ship to them any more. If you only sell to stores on a pre-paid basis, this won't be an issue for you. It is also a very good reason to only sell to stores on a pre-paid basis.

2. Your new release is so hot that the wholesalers sell out each shipment before arrival, and stores want to be sure they can get it. Since this will be a short-term problem, the policy of pre-paid orders will serve you well. It's not worth setting up an account for a store that is only going to buy from you once or twice.

3. Shipping time becomes an issue. The box you ship to a wholesaler could reach any retailer that wholesaler serves in the same time (plus or minus a day) and you avoid the delay in the wholesaler receiving, inventorying, invoicing, and reshipping the products.

There is an "annotated sample set of terms for dealing with retailers" in Annex 9C.

7C: YOUR INTERNET SHOPPING CART

You need one of these. The process is not all that difficult. You buy or rent the software, install it on a secure server (which you pay for each month), load product descriptions and images, and customers order products. Sounds simple. It's not.

Let's start at the end. The customer has selected what he wants and is ready to pay you money. How? If your cart is one of those "print a copy of the invoice and mail it in with your check" then you won't get a lot of orders. If your cart requires them to stop and go open a PayPal account (and lots of people don't have one of those, and it is a little tricky to set up) then you will lose some business. If they can use their Visa and Mastercard then you'll get almost all of the business there is. (Discover and American Express and Diner's Club are harder to get, and slower to pay, and cost more. You can do without them. If you really want to get them, you can find out about that for yourself; this book isn't going to help -- at least not in the first printing.) Getting a Merchant Bank Account to take Visa and Mastercard is covered in Chapter 2.

Your shopping cart will probably be hosted on a different site than your main web site and bulletin board because shopping carts need a Secure Socket License to encrypt the credit card numbers. On the other hand, your primary hosting site may offer this service. Shop around and ask other game companies what hosting service they use and why. Consult with your own webmaster (who may well have nothing to do with your shopping cart but can offer invaluable advice).

Shop around for a shopping cart program and compare features and costs. Or just take my advice and use MIVA, one of the most powerful and flexible systems. The really great thing about MIVA is that whatever it won't do, you can buy an add-on module to do it. For example, we wanted to be able to list products in multiple categories, and MIVA wouldn't do it, but an add-on module allowed this. There are dozens of add-on modules to do any number of things.

Your cart will probably be set up in categories and maybe sub-categories. For example, the Granola Games web site looks something like this:

CATEGORY-MAGAZINES

- Arctic Adventure #1: 27 Words for Snow
- Arctic Adventure #2: Winds of Fury
- Arctic Adventure #3: Special Alaska Issue

CATEGORY-ROLEPLAYING

- Arctic Wilderness RPG
- Igloo Master's Guide and Screen
- Polar Bears Expansion Book
- Penguin and Walrus Expansion Book
- Inuit and Caribou Expansion Book

CATEGORY-BOARDGAMES

- Arctic Wilderness Boardgame
- Arctic Wilderness Tactics Manual
- Arctic Wilderness Wild Animals of the North
- Arctic Wilderness Scenario Pack 1

CATEGORY-MINIATURES

- Arctic Wilderness Pack #1: Eskimos
- Arctic Wilderness Pack #2: Dogsled
- Arctic Wilderness Pack #3: Polar Bears
- Arctic Wilderness Pack #4: Penguins & Walrus
- Arctic Wilderness Pack #5: Inuit Tribe
- Arctic Wilderness Pack #6: Caribou Herd

CATEGORY-SPARE PARTS

- Arctic White Dice Pack (white dots on white dice!)
- Boardgame Rulebook

- Boardgame Player Reference Card
- Countersheet for Boardgame
- Countersheet for Wild Animals of the North
- Reference card for Wild Animals of the North

When you go to their website, you see the categories list on the left side, and a "latest releases" blurb on the main section. Click on a Category and it shows you a list of the products in that category, including the stock number, title, and price. Click on a product and it give you a paragraph or two about the product (including the release date of future products), the shipping weight, and (most important!) a color photograph of the box cover (and maybe one of the contents spread out).

There is more to this than just your cart. You also need a merchant bank account and a payment gateway. (I suggest authorize.net but you can do your own research.) With the most basic set of connections, you get all of the information but still have to construct an invoice and go to a gateway to manually charge the card. Not bad when you're doing a couple of orders per day. When you hit ten orders per day, upgrade your connections (get your gateway and Miva to show you how) so reduce the amount of time each transaction takes.

How do you get people to your shopping cart?

That is a trick. First, have a great web site full of lots of stuff for your customers, and make it a gateway to great customer service.

Have an active discussion forum to keep them coming back. Avoid letting that forum become a place for people to argue about religion, politics, social agendas, or anything else that divides the population. Keep them talking about your products or maybe about similar movies and television shows. Keep them coming back, do not drive them away.

Have an on-line opt-in newsletter that goes out ever month. This will remind less-than-fanatical customers to come see your new stuff.

Always include your web site in everything (products, catalogs, advertising) except when the rules of that venue don't allow it.

Use "pay per click" advertising to bring in people who would like your kind of product.

7D: CHECKS IN THE MAIL

This is not particularly difficult, but it can get complicated.

In theory, you open the day's mail and, surprise, there is a check from some gamer who wants your game. What's difficult about this? You turn to your computer, generate an invoice similar to the ones your shopping cart produces, and hand that to the warehouse crew to ship.

In fact, every step is an invitation to (avoidable) complexity. The first problem is that your customer who sent the check may not have paid the correct price or included the cost of shipping (assuming you charge for shipping). You can solve this problem by making sure that clear instructions for mail orders, including the cost of each product and how to calculate shipping costs, are on your web site and in your products. [Cole's Law of Mail Order Instructions: There are only two kinds. Those too long to read, and those too short to cover everything.]

Your custom may be in a foreign country and included a foreign check. (Amazingly, some foreigners think if they write "US funds" on the check it will go through the bank system just like a check from Iowa.) For all practical purposes, you cannot cash foreign checks without bank fees eating up the money. Mail the check back with a polite letter asking for an international money order, a credit card number, or payment through Paypal.

Don't forget to put the check into a cubby hole on your desk with other checks you need to deposit in your bank account, and get them deposited promptly. You should do a bank deposit at least twice a week (assuming you have something to deposit).

Your policy should include a note that "Check must clear" which means you won't ship the game until the bank says that the money actually arrived (that the check was not refused). As a practical matter, the bank doesn't notify you of each check and won't tell you anything about a given check until that check is refused. As a practical matter, if you wait seven or eight calendar days, you can be 98% certain that the check cleared. Since most checks will pay, you could just take a chance and ship things when the checks come in. You'll probably get burned once or twice a year but you will have a lot of less-unhappy customers who didn't have to wait. Few players will bother sending cashier's checks but if they do, you can ship right away.

For all practical purposes, 90% of your orders will come in by credit card anyway.

In the event you get a hot check, send a polite but firm letter to the customer that he owes you the money (by money order) plus a fee (see what your bank is charging you and add a couple of dollars) and don't ever send an order to him again until the check clears.

7E: CONVENTION SALES

This would seem brutally simple. You go to the convention, find your assigned booth, set up your display, and wait for the crowd to arrive. One of them will walk up to your booth, point out a product he wants to buy (or just know more about), discuss it with you, hand you some money, and then take the product away. Repeat continually for four days and then go home to count the money.

What could be more simple?

Everything is in fact much more complex.

Dealing With The Convention

The huge conventions like Origins and GenCon are very different in some respects to local conventions, and very similar in other respects. [See Chapter 3 which has a lot more information on this subject.](#)

Whatever convention you go to will have "information for exhibitors" and they would not bother printing it out (or uploading it to their web site) if they didn't mean business. Get this information as early as possible and *read it thoroughly*. Even better, have your partners or a friend read it and discuss with you what it does and does not mean. Talk with other companies that have gone to this or similar conventions and get their input and insight.

Sign up for the convention and the dealer's room as soon as possible. Find out the dealer room hours and schedule demos and seminars about your products during other hours, but leave time to wander around and see what kind of games people are playing.

Make hotel reservations ASAP. The best rooms at Origins are gone by September (nine months early!). Gencon insists on making you go through a "housing bureau" that randomly assigns you to an expensive downtown hotel. You're better off to stay 20 minutes away and drive in every day (ask people in the GPA for the best parking buildings).

Your Booth

Most conventions provide a 10x10 booth. You can usually pay extra for corners, end caps, multiple booths, and islands. Most conventions provide the use of a table, two chairs, and a trash can, but not all do and you should check their guidelines carefully. Some conventions have started to provide only a "bare" booth and charge you extra for tables, chairs, and so forth. Origins and GTS has a big fiasco about this in 2005 when somebody at GAMA thought it would "save the exhibitors money" to reduce the booth cost and then charge extra (a lot more than the cost reduction) for the tables and chairs. After a great hew and cry, they semi-reversed the policy and provided a "package" of two chairs, a table, and a trash can for the difference in price (by which time many companies had bought their own tables and chairs and made plans to haul them into the convention).

Your "booth display" can be elaborate or fancy. For the basic cheap display, hang a poster on the back wall and lay some games on the table. From there, it goes up and up, and what kind of display you have will depend on how much space you have, what products you are displaying, how much you want to spend on display materials, and how hard it is to carry that stuff around. Another restriction is that some conventions do not allow you to put up tall displays on the front/side of your booth which interfere with people seeing the booth next door.

Trade shows are nothing new and are not restricted to gaming, so "business supply" catalogs offer various kinds of

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folding display panels (usually covered with some kind of cloth to which Velcro hooks will stick). These are often packed in nylon bags designed to ship on airplanes as checked baggage. These can provide an attractive backdrop to your display, one that will allow you to put up posters, game covers, and signs which announce anything from new releases to special prices to the time for your demo or tournament.

For the front of your booth, pull the table in a foot or two so that the person you are talking to is not being bumped by people passing by. This would give you space to set up some magazine racks (such things are inexpensive and light weight) to display your products. (Don't forget that the back of the top slot of your magazine rack can be seen from the other direction and load a copy of your newest product into that slot facing backwards.)

Getting Into the Show

Smaller local cons are fairly informal. You just drive up to the back door, load your stuff onto the folding cart you brought along, wheel it to your booth, and you're ready to start setting up. Some really nice local cons will actually carry in your stuff for you!

Origins and GenCon and GTS are very different in this regard due to their huge size. The exhibition company will charge you at least \$200 to move a few boxes from the back door to your booth. You can move your own stuff, but expect a walk of at least 200 yards, and expect the exhibit halls to have the air conditioning turned off during set-up day. (Origins can exceed 100°F and GenCon has been known to be even hotter than Baghdad.) If you are driving in with your products and displays, bring some kind of folding cart. The little two-wheel carts will work but will take a lot of trips; if you can bring one of those folding four-wheel low-boy carts, you'll not only thank yourself for doing so but you'll earn favors from a lot of people who will want to borrow it. (Be sure your company name is on it and that you know the name of the company and person you loaned it to, and let him know that when he's done if somebody else wants to borrow your cart, that he can bring them with him when he returns your cart to you so you will always know who has it.) Origins very often has carts available to borrow which will carry everything that a mini-van can carry in one or two trips. You may have to wait in line for them, but they can save you a lot of walking.

The back parking lot at Origins is the Wild West. There is security (although nobody can figure out what they actually secure; maybe they radio somebody if a fire starts?) and no traffic control. People park any which way and leave vehicles there long after they're done unloading. No matter when you get to the lot, the lot will already be full.

The back parking lot at GenCon is rigidly controlled. Cars will start lining up an hour early (in the right-hand lane of the multi-lane highway that goes past the show). When you get to the security guard, they will give you a parking permit, have you park somewhere with cars right beside you, ahead of you, and behind you (you cannot leave until they do), and warn you that they are going to tow your car in 59 minutes. *Get ready, get set, go!* Bring your own cart to unload, and bring a cooler full of ice cold water since the parking lot will be 90°F and the inside will be over 110°F.

Selling at the Show

You need to have a cash box, something to carry the money out of the show in, and a change fund (at least \$200 in small bills). If your prices are \$7.95 and so on, round the price

up to \$8 even. At some shows you have to charge sales tax because the state tax agencies come around and make you. At others, nobody seems to care of try to enforce it. (Origins is one of these.) If anybody asks "Hey, this says \$7.95 not \$8!" you reply "We go up a nickel and eat the sales tax."

You should consider getting a portable wireless credit card machine to use at the show. Your sales will go up considerably if you do. However, be sure to actually write a sales invoice for all credit card sales listing their billing address in case something goes wrong, and check the address against their driver's license.

One thing, do not start giving discounts to get rid of stuff on the last day. The next year, people will demand those same discounts on the first day and (when you refuse) will not buy until the last day when you start giving discounts. Just have a policy of "we don't discount" and you will be happier. (I learned this lesson from Tom Shaw at the very first Origins convention at a college campus in Baltimore.)

Get a box of cheap plastic "thank you" bags from one of the office supply catalogs and you can offer the customer a bag. You have no idea how many customers appreciate this courtesy.

7F: CREDIT CARD FRAUD

You want to avoid this, and the way to do it is simple, know who you are dealing with. Your merchant bank software (that you use to charge mail orders) will include a verification system to make sure that the billing addresses match. The thing you get burned on is when the order says to ship to some other address. Probably, this is ok, but if somebody did steal a credit card, and knows the billing address, he can scam you in this way. Avoid taking huge orders from first-time customers who want you to ship to a billing address, or at least look up the customer on one of the phone directory web sites (at his real billing address) and call him to verify the order. Avoid taking huge orders from overseas credit card customers that you do not know as there is no way to verify they are who they say they are.

Identity theft is a difficult thing to catch, but fortunately most identity thieves aren't interested in adventure games. These guys steal a credit card offer from a mailbox, fill it out and change the address. Result, the crook has a credit card in somebody else's name and the statement never goes to that person and they can run up a charge before being noticed.

There is a variation on the "Nigeria Scam" where somebody overseas with a stolen credit card will order huge quantities of just about anything on the theory he can sell them for a deep discount to somebody. Watch out for people you never heard of who don't really seem to understand what your products are but who want to order a lot of them sent to a foreign country. Never ever respond to a Nigeria Scam Email since these are dangerous criminals who are likely to hurt you if you upset them. As long as you ignore them, you're one of millions who did so. But try to trick them (they're better at that than you are) and you will get burned. One guy known to the present author set up a bank account with \$1 in it and gave them the number. They proceeded to write checks and bank drafts on that account for thousands of dollars — which the bank wanted him to pay!

Better safe than sorry, but you don't really want to accuse honest customers of being thieves either. When in doubt, ask them to use Paypal (even if you have to stretch the point and say that your bank doesn't want to take their charge since the billing address doesn't match). PayPal has various security systems to make sure that the person is who he says he is, and if they say he's good then 99.99% of the time he is.

7G: CUSTOMER SERVICE

Good customer service is vital. One of the things that lets you charge full price on your web site is that you serve your customers better than a discounter does.

Get the products shipped quickly and the orders correct, and you're a long way toward getting there. Let me repeat that. Get the products shipped quickly and the orders correct, and you're a long way toward getting there. Not shipping defective products also helps. As does taking care of special requests. (Some customers want their game autographed, sometimes a wife or girlfriend will ask you to sign a birthday card, and -- if you have your own print on demand systems -- you can offer customers unbound pages so they can slide them into page protectors.)

Quick trick: Sometime when you print a big piece of color cardstock with various covers on it, use any empty space to print something(s) moderately useful to gamers. A bookmark, a reference card, "this table reserved for Arctic Adventure RPG" cards, playtest counters for a new game, extra cards for a card game, \$1 off your event registration for Origins, or whatever. Toss one into every outgoing mail order and you will build brand loyalty. Toss something you actually had to pay for into every order over \$100 and you'll build a lot of loyalty.

One point. Sometimes (actually, most of the time) you need to give your customers the benefit of the doubt (at least the first time) when they want a "defective" product replaced. If they say it's defective, it probably is. Not that many gamers will deliberately lie just to get an extra part for their game. One guy who scams you out of a replacement miniature is one choice, the other choice is five customers who think you don't believe their word when they say they got a bad part.

Let's say that there is some difficult to make part in your product and that half of them have very slight defects but are still perfectly usable. (Let's assume also that you have to pay up front for these and that the vendor says "that's not a defect; it's within the tolerances" -- and there is no other source.) Some player writes in about one of these slightly defective parts and wants a replacement. Sure, it would hurt your bottom line a lot to replace all of those parts and if you published a press release encouraging players to send them back in, you'll go broke. But seriously, just exactly how many guys are contacting you about this problem? If it's just one (or one a week) just send him the part and go back to work. You'll have a customer for life. Does it really matter if he buys your games because he thinks your a great company or because he thinks he can trick you out of an 11 cent part?

I could write 50 pages of customer service stories and not run out of them. Maybe next edition, I will add a few of them. For now, just treat customers (even the unreasonable ones) as well as you can stand to treat them. You will have bad days when you yell at somebody (who may or may not deserve it) and lose a customer for life. Just try not to do that very often.

7H: SALES TAXES

Most states of the United States have sales tax, an amount added to the sales price and subsequently remitted to the government. These are state taxes, but some cities also add their own taxes and sometimes certain areas have an extra sales tax to pay for the new mass transit system or something like that.

When starting your business, ask a local businessman who to call about sales taxes. Then go see the government office he sends you to and follow their instructions. Simple enough. You will charge sales taxes for:

1. Sales made inside your office to people who stop by. It is specifically illegal to write up the sale for their out-of-state home address and let them leave with the stuff.

2. Sales on your shopping cart to gamers inside your state.

3. Sales at conventions (which remit to the local state government via a temporary sales tax permit). In many cases, the local government doesn't try to collect this, and in other cases they diligently do so.

You don't have to collect sales taxes for:

1. Sales made to somebody who is going to resell the product and collect sales tax then. He must have a valid resale permit. Some states have marked some products as "collect sales tax every single time and they can ask for a refund if they resell the item."

2. Sales made out of state. (Technically, any resident of a state or other jurisdiction which collects sales tax requires its residents to voluntarily pay the tax. Nobody does because this is effectively unenforceable. [The courts have told the states to figure out a way for the mail order industry to collect and remit sales taxes, but the available software cannot deal with it since there are something like 9,000 separate tax districts in the US. Some cities have their own sales taxes, and special taxes that are collected as sales taxes. They are building a database so that software can check on the rates for the customer's zip code and charge him the tax. They are also working on a system where each mail order company would mail one check to one place which would split up the money and hand it to the states. It has not happened yet, but it is going to.](#))

3. Sales made to certain qualified people (churches, schools, the government) which have special sales tax permits.

When you file your taxes, there will be places on the form where you can report something you bought tax free and then used yourself (you have to pay a "use tax" which is equal to sales tax for this) and places where you can claim a refund on something you paid sales tax on and then resold and collected sales tax for.

Follow the rules for your state since the state government can come and padlock your door until you pay them.

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