



THE REALITY OF THE ONE STOP SHOP

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THERE IS A PROCUREMENT PHILOSOPHY AROUND THE CONSOLIDATION OF VENDORS THAT HAS BEEN HOTLY DEBATED, AND WE'RE READY TO PROVIDE A REALITY CHECK. COMPANIES ARE USUALLY REALLY GOOD AT ONE THING, SOMETIMES A FEW SELECT THINGS, BUT NOBODY IS GOOD AT EVERYTHING.

For consumer products, merchants are set up to service a particular category really well. For example, coffee shops serve coffee and tea, and although they can sometimes serve pastries or breakfast items, for the most part they are really known for serving coffee, and that's all consumers really expect them to be good at. You probably would not expect them to serve an excellent Thanksgiving dinner, for example, or if they did serve it, you'd be nervous about what you may receive, and you certainly wouldn't walk in expecting to see them carving turkey.

These focused capabilities are mirrored in the vendor community. Most vendors invest their time and resources in a certain way that they enjoy and are good at. You wouldn't expect a gift card printer to be good at delivering digital gift cards. Yet over and over again, we hear "can't my current vendor just do that for me?" The answer, in most cases, from the vendors, is "Sure." They chalk this up to a positive relationship with their client, and their willingness to provide additional services to make the client happy (and not leave money on the table) overwhelms their transparency in saying that they don't really do that very well.

The benefit of having a single vendor is easy to appreciate.

1. It's less work to manage one vendor
2. You can include the vendor as part of the team and have a single point of contact for multiple projects
3. You already trust and have had success with prior solutions
4. Your previous or current investment implies that their overhead costs are already taken care of, implying that their services will be cheaper than adding another vendor
5. Going through the vendor selection process can be difficult, so choosing a current vendor is just cheaper and easier

The negative effects of asking a current vendor instead of finding a company that specializes is

1. Vendors have a hard time saying no to things that are not within their core capability
2. The resulting product is not usually very good compared to companies who specialize
3. Without equipment, resources, or expertise, they may outsource the work, simply acting as a broker to the solution (and mark up the service), making the same solution more expensive
4. Bad work reflects badly on the individual who made the decision, and may hurt a relationship that started out strong

As a result of merchants asking their vendors to do more work, those vendors have responded by trying to create a "one stop shop," where they broker services for other vendors because their real speciality is something much more specific. The rest of their services are treated as a brokerage, where they manage the subcontractor for the project.

There is an assumption within the one stop shop philosophy that products and services are ubiquitous, that there are no real differences between service, similar to POS or credit card services. The truth is that there are real, tangible differences in quality, technology, and customer service, which are very important aspects of gift card program support.

The truth is that the gift card industry is too young for all services to be similar between vendors. New products like digital card delivery are so new, products are not commoditized yet, so the product offerings vary wildly, as well as price.

We encourage our clients to make sure that when they are procuring products or services, there is an acknowledgement that using multiple vendors is sometimes far superior to looking for a "one stop shop."