

DEPARTMENT OF CONSERVATION AND LAND MANAGEMENT
CORPORATE EXECUTIVE
Administrative Instruction No. 59

MERCHANDISING

1. OBJECTIVES

- 1.1 To provide suitable products for sale to visitors that relate to and enhance their experience on CALM managed lands and waters or in relation to Western Australian wildlife.
- 1.2 To assist in developing awareness, appreciation and understanding of CALM's role and responsibilities.
- 1.3 To raise money for the management of CALM lands and waters and the conservation of wildlife.

2. DEFINITION

Merchandising, for the purposes of this policy, involves the planning, development and sale of manufactured goods that relate to CALM's mission.

3. BACKGROUND

Budgetary constraints have affected the level of operational funds that the Department has to work with. Some managers have considered and applied innovative options to obtain additional resources, in order to maintain programs and services. This is being achieved in a number of ways including grant funds, sponsorship, improved revenue collection, partnerships with volunteers and through merchandising. Merchandising has been used successfully to raise funds on limited occasions but is now attracting greater interest from operational units.

There are a number of issues associated with a government department being involved in selling and producing a commercial product. These include -

- Legal - Does the Department have a legal basis for involvement in commercial activities, in particular the merchandising area being proposed?

- Philosophical - Is this a legitimate function of the Department? Will the product compete directly with similar products offered by the private sector? How does this activity relate to the priorities of the Department or operational unit? Will the merchandising proposal meet the legitimate needs of visitors and the Department?
- Administrative – What is the impact of merchandising on current staff work roles and does the outlet have the facilities and staff to promote and deliver a quality product? Does the outlet have the skills to analyse the proposed market, determine product viability and marketing requirements?

All these issues need to be considered when developing a proposal relating to the retailing of a product.

CALM's greatest marketing tool is the experience enjoyed by the visitor to CALM managed lands and waters. Products should be relevant and appealing to visitors and available on site. For that reason CALM will provide suitable products at locations where demand is sufficient to provide an economic return to the Department. In addition CALM will explore opportunities for the sale of its products through other retailers.

CALM does not have a primary function in retailing products. CALM's merchandising role should therefore complement the private sector and where possible involve partnerships with businesses to produce and marketing products.

In some cases there will be a clear demand for a CALM product or where the private sector is not interested in meeting a visitor demand. A product that clearly identifies a CALM involvement can be differentiated from other similar products. There is no doubt that some people will want products which incorporate a CALM identity. Examples of the type of products that could be developed and or sold include: -

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|---------------------------|---------------------------------|
| • Books and publications | • T-Shirts |
| • Other publications | • Caps and Hats |
| • Postcards | • Cups |
| • Posters | • Soft toy animals |
| • Art & Craft | • Sun, rain & insect protection |
| • Videos | • Plant and animal ID kits |
| • Crocodile warning signs | • Timber samples |
| • Dendrology kits | |

Where commercial merchandising opportunities relating to CALM's role exist on lands or waters or with wildlife, CALM may call for expressions of interest. A licence or concession may be awarded as a result.

4. POLICIES

The Department will: -

- 4.1 retail products that relate to the local environment, reflect CALM's philosophy, be tasteful, quality made and where possible Australian or Western Australian made. Products relating to other CALM managed lands and waters and wildlife may be available by order,
- 4.2 allow leaseholders to sell merchandise relating to that area or part area of CALM managed land or water covered by a lease agreement
- 4.3 obtain a benefit from leaseholders and concessionaires by securing a percentage of gross turnover according to CALM's Recreation and Tourism Visitor Services Policy, as part of the lease/licence fee. Standards for the type, quality and appropriateness of specific items can be set through the lease/licence document and will be monitored by CALM.
- 4.4 retain the right to sell CALM publications and safety products and other merchandise relating to the education, interpretation and environmental aspects of the area of CALM managed land and water or wildlife.
- 4.5 not sell products that compete directly with products sold by CALM lease holders or licence holders where a rental/licence fee is being applied as a percentage of gross turnover.
- 4.6 retain the right to sell merchandise where no concession exists in an area of CALM managed land or water. However if a subsequent concession is awarded that right may be transferred to the concessionaire as part of a lease/licence agreement.
- 4.7 assess merchandising proposals on a case by case basis. Proposals should be forwarded to the Director Regional Services using the attached outline. (Appendix 1)
- 4.8 assess the benefits of retailing products at individual locations in (or near) CALM managed lands and waters where visitation is occurring. This may include visitor centres and Regional and District offices where appropriate;
- 4.9 run merchandising programs using a business unit approach and some business principles.
- 4.10 allow CALM cost-centres managing the outlet selling merchandise to retain 100% of the profit, less any seed funds provided by other cost centres.

5. STRATEGIES

In order to implement the merchandising policy, the following strategies will be adopted: -

5.1 Proposals to purchase or develop merchandise for sale

The Department will approve merchandising proposals if they satisfy the following criteria: -

- 5.1.1 are forwarded for assessment to the Merchandising Committee chaired by the Director of Regional Services using the attached form (Appendix 1.). The Executive Officer of the Committee will be the Community Involvement Coordinator.
- 5.1.2 are relevant to CALM's role and mission;
- 5.1.3 do not involve additional rental accommodation and/or employment of permanent staff;
- 5.1.4 has been assessed in relation to the impact on similar product(s) available;
- 5.1.5 are able to demonstrate a demand for the product(s) that meet customer needs;
- 5.1.6 demonstrate a capacity to return the initial and any subsequent capital outlay;
- 5.1.7 demonstrate that staff have the ability and capacity to implement the proposal and deliver quality products on an on-going basis;
- 5.1.8 meet "environmental", quality, taste, image and health/safety expectations as determined by the above committee;
- 5.1.9 where appropriate, explain CALM's relationship to the CALM managed land and water or wildlife being promoted;
- 5.1.10 where appropriate, develop awareness of CALM's role in managing the environment of Western Australia, and
- 5.1.11 has considered storage and handling issues.

5.2 Sale of Non-CALM products

- 5.2.1 Products should be selected to meet the criteria described in 5.1 above;
- 5.2.2 Products should be purchased from wholesalers or manufacturers, where possible;
- 5.2.3 Purchase of goods should meet government purchasing requirements, eg, tender or best quote;

- 5.2.4 Safety products should be available to meet the immediate needs of the visitor, eg sunscreen, hats, raincoats, water carriers, daypacks etc.
- 5.2.5 Goods could be provided as a service to visitors in remote CALM managed locations where it is not economically viable for private enterprise to be involved. Where CALM staff travel to such locations regularly, purchasing and selling basic provisions and refreshments may be a worthwhile service;

5.3 Development and sale of CALM products

- 5.3.1 Products should be developed to meet the criteria described in 4.1 above.
- 5.3.2 Commission artists/photographers to provide photographs, artwork or other products necessary to produce a final product and purchase the products outright from the creator commissioned by CALM. This approach is recommended for products such as postcards, posters and T-Shirts, or
- 5.3.3 Offer the products for sale on behalf of the artist/creator for an agreed commission. This would be a suitable option if, for example a local artist wished to sell a number of paintings relating to the park in the visitor centre, or
- 5.3.4 Consider licensing CALM's logo for use on non-CALM products.
- 5.3.5 Ensure input from Corporate Relations Division into aspects of design and marketing where the product is identified with CALM.

5.4 Off-site retailing

- 5.4.1 Where a CALM product has created a demand beyond the capacity of the Department to service, CALM may make the sale of its products available through other retail locations. Where a CALM product is retailed through other outlets the following strategies should be adopted:-
 - (i) product marketing should be undertaken by retailers and require minimal CALM effort
 - (ii) assess the capability of the proposed retail outlet including the ability to meet stock payments and the projection of an image suitable to CALM.

6. Rights to art work

In most cases the artist/photographer will retain the original photograph or artwork and thus the rights to it. It may subsequently be used by the owner or sold and used by a third party. The effect of such may be that it reduces the exclusivity of the CALM product and thereby reduces its appeal and saleability. As a result the following strategies should be adopted:-

- 6.1 Seek an agreement with the artist to have exclusive use of that art for an agreed period. It is important that agreements with artists cover not only the subject artwork, but any other artwork which closely resembles or could be mistaken for the subject artwork.
- 6.2 The agreement would provide CALM with a royalty or commission if the original artwork/photo is used by artist or a third party to create another similar but different product. Consider including a clause in the agreement that places restrictions on how the artwork under royalty can be used.
- 6.3 Assess the commercial advantages of gaining exclusive rights for the artwork against the advantages of allowing its further use under a royalty agreement.

Syd Shea
EXECUTIVE DIRECTOR

13 December 1994

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