



TEGU SPECIAL RETAIL INITIATIVE (SRI) *Consignment on “Smart” Fixtures*

Tegu is a toy company based in Honduras and the United States that produces and markets magnetic wooden blocks to inspire free, self-directed play for kids across the globe, while bringing lasting social change to one of the poorest nations in the Western Hemisphere. To support these efforts, the toy maker sells products through a variety of channels including specialty retail.

Many of Tegu’s specialty retail sales are driven by consumer brand awareness within stores. When more SKUs are available for sale and Tegu’s brand is more prominent, sales increase. Unfortunately, many specialty retailers are unable or initially unwilling to stock full Tegu product families due to the financial risk of purchasing inventory. This results in limited sales due to poor in-store visibility of product and a suppression of Tegu brand awareness. Moreover, since specialty retailers often have limited time to spend counting and reordering inventory, cash flow to Tegu is sporadic and sales are lost to stockouts.



Pre-SRI: SKU presence limited by retailer purchasing risk

In response, Tegu has developed a groundbreaking technology-based consignment program called the Special Retail Initiative (SRI). The SRI program relieves retailers of financial risk by only charging for items that have sold, allowing for many more SKUs to be offered for sale than would otherwise be possible. In return, retailers present the consigned products on a specially-branded fixture that exposes consumers to the full Tegu experience.

To scale the program reliably and limit the risk of holding remote consignment inventory across the United States, Internet-of-Things (IoT) technology is integrated into the branded Tegu fixture. This “SmartFixture” automatically inventories all products nightly with high precision and communicates to Tegu headquarters using only battery power and the cellular network. No in-store re-wiring, no access to WiFi and no install technician is required.



Consigned Tegu products with curated brand presence on SRI SmartFixture



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TEGU SPECIAL RETAIL INITIATIVE (SRI)

Consignment on “Smart” Fixtures *(continued)*

With SRI SmartFixtures, Tegu can hold consigned inventory nationwide with confidence, offer a larger number of SKUs to consumers to increase sales, present curated products on a Tegu fixture to increase brand awareness, automate the re-ordering process to never stock out and create dynamic planograms on each fixture that automatically optimize sales. Additionally, since a SmartFixture can be rapidly deployed anywhere, Tegu can extend sales channels by offering products in non-traditional locations (e.g. child daycares) or pop-up stores at event venues.

SRI benefits Tegu’s retailer partners by relieving all their financial risk while supplying them with an always-in-stock, auto-curating product display that allows them to spend more time servicing customers and enhancing the store experience.



TEGU’S BENEFITS

- Sales Increase by 2 to 5X
- Increased Brand Presence
 - Offer more SKUs to more customers via consignment
 - Present full product families to tell a brand story
- Automatic Inventory Monitoring
 - Mitigate risk of holding remote consignment inventory
 - Auto-replenish items before they stock out
 - Enhanced production forecasting
- Scalability
 - Deploy SmartFixtures anywhere
 - No store re-wiring, WiFi access or install technicians required
- Sales Channel Extension
 - Deploy SmartFixtures into non-traditional locations
 - Create “pop-up store” at events and temporary venues
- Dynamic Planograms
 - Optimize fixture-level product mix via precision sales history
 - Phase-in/out SKUs automatically
- Measure Store Compliance & Effectiveness
- Faster Order to Cash

RETAILER BENEFITS

- Sell Goods on Consignment
 - Risk belongs to vendor
 - No carrying costs
 - Increased cash on hand
- 100% Product Availability
 - No sales lost to stockout
 - SmartFixture auto-reorders product
 - Satisfy in-store customer demand and buy-online, pickup-in-store orders
- Auto-Curating Product Assortment
 - SKU mix auto-tuned to each store location based on precision sales history
 - Automatically receive the latest & greatest products
- Reduced Inventory Management
 - No time spent counting stock & reordering
 - Devote more time to customer service and experience