

PPAI Quarterly Sales BAROMETER

A Market Snapshot Of Promotional Products Suppliers For The First Quarter Of 2011

PPAI suppliers surveyed in the first quarter of 2011 reported an average increase of 8.38 percent over the same quarter last year. The median increase for the first quarter was five percent, with 50 percent of suppliers doing greater than that and 50 percent doing less. When asked how they did for the year ending 2010, the average increase reported by suppliers was 6.36 percent.

In looking at sales targets for the first quarter of 2011, 57.5 percent of suppliers who responded to our survey stated that they had met their sales targets for the first quarter. For those who had not, there were differing reasons as to why. For some, order counts were up in the first quarter, but dollar sizes were lower. For others, orders were shifting to a different time of year.

For still others, it was very specific events, ranging from

disruptions caused by the Japan disaster to other regional weather events.

When looking at markers for comparison with the first quarter of 2010, we noted a few specific ones. For the number of units shipped and number of orders, the numbers were indeed encouraging. More than half of suppliers reported an increase in number of units shipped and orders written. Four out of 10 suppliers even saw an increase in profits.

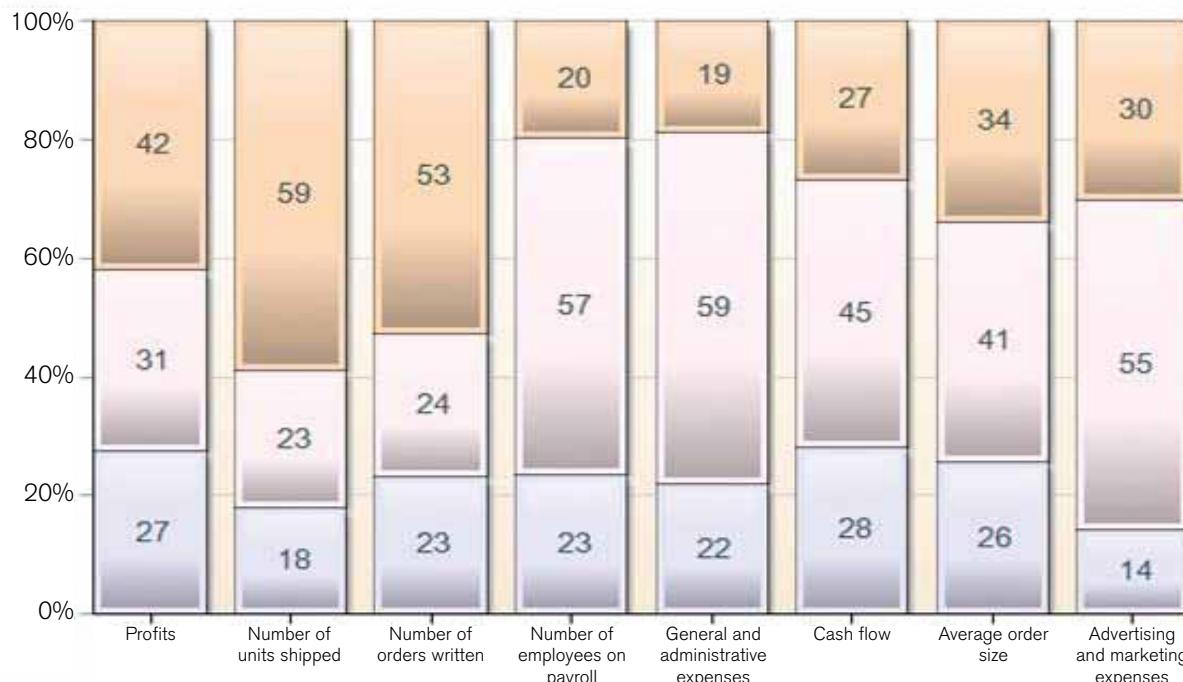
Average order sizes seemed lower, with only 34 percent seeing increases in order size. For 55 – 59 percent of suppliers, general and administration and advertising and marketing expenses remained the same as the previous year signaling caution among the group. Cash flow continues to be a problem with only a fourth of suppliers reporting that it increased in the first quarter of 2011. For more than half the suppliers, the number of employees on the payroll stayed the same.

The general trend seems to be one of cautious optimism. When talking about their predictions for the second quarter in 2011, 60 percent of suppliers had a positive business outlook and expected to see an increase going forward. Thirty-six percent expected it to be the same and only five percent expected it to decrease. What is driving this optimism? Some suppliers state that they have commitments from their larger accounts, while others are still trying to wade through a backlog of orders. Other indicators range



When comparing the first quarter of 2011 to the first quarter of 2010,
what kind of change did you see in the following?

Decrease Stayed the same Increase



from an uptick in daily activity, number of quotes, sample requests as well as an increase in value of orders written in April. For some, sales booked in the second quarter are ahead of 2010, and momentum seems to be steady. For some of those expecting the second quarter to be the same, it is because sales are flat. Worries about raw material costs and shipping costs seem to put a damper on the otherwise general optimism felt by the larger group.

In the longer term, there are a couple of things that are top of mind for suppliers. Two-thirds of suppliers worry about the economy and raw material costs. About a third of suppliers have strong concerns of overseas product costs and increases in shipping and handling costs. Overall, the first quarter performance and the outlook for the second quarter seem to point to a strong improvement in business for suppliers in 2011.

The findings reported in this supplier sales barometer provide a snapshot of PPAI supplier members. Eight percent, or 134 suppliers, of the sample surveyed participated in our quarterly sales barometer survey and helped us take the pulse of business activity in the industry. Thank you for your participation, and keep an eye out for the second quarter survey sometime in July. For those who would like to participate in this survey in the future and help us take a market snapshot each quarter, please contact sarithak@ppai.org.