

PPAI Quarterly Sales BAROMETER

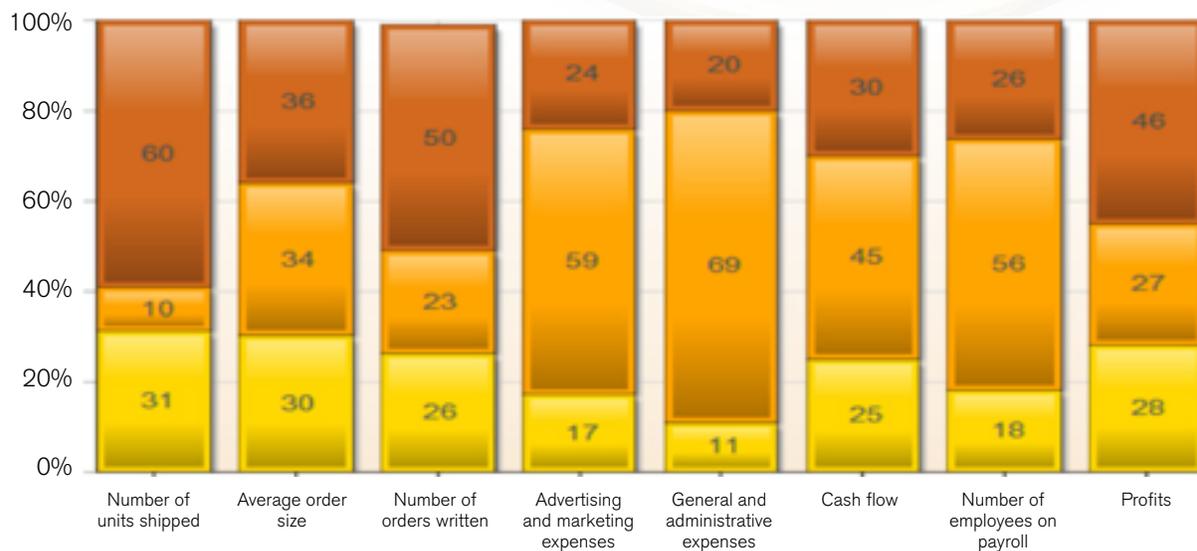
A Market Snapshot of Promotional Products Suppliers for the Fourth Quarter Of 2011

A survey of a sample of 139 promotional product suppliers, both members and nonmembers, revealed growth of 5.04 percent in the fourth quarter of 2011 over the same quarter in 2010. The median increase was 6 percent. Fourth quarter results were slightly higher than the third quarter performance that showed a median increase of 5 percent. The good news is that almost six out of ten suppliers (58 percent) reported meeting their sales targets for the fourth quarter of 2011. Those not meeting sales targets reported that they were down significantly from 2010 and that the fourth quarter simply fell off the map. Some reported that their very large orders were not repeated in 2011. For others the fourth quarter, business just simply dried up. Still, when we take a close look at the fourth quarter performance, it showed that 68 percent of suppliers saw an increase in sales, 4 percent stayed about the same and 28 percent saw a drop in sales in the fourth quarter compared to the fourth quarter in 2010.

When it came to profitability in the fourth quarter, 80.6 percent of suppliers stated it was a profitable fourth quarter. Some of them cited higher gross margins and others just put it down to seasonal business. However, when looking at other indicators, we find a pattern that shows that it may not be just seasonal business because six out of ten suppliers reported an increase in units shipped, five out of ten suppliers saw an increase on number of orders written and 46 percent saw an increase in profits. G&A and advertising and marketing expenses remained the same.

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

■ Decrease
 ■ Stayed the same
 ■ Increase

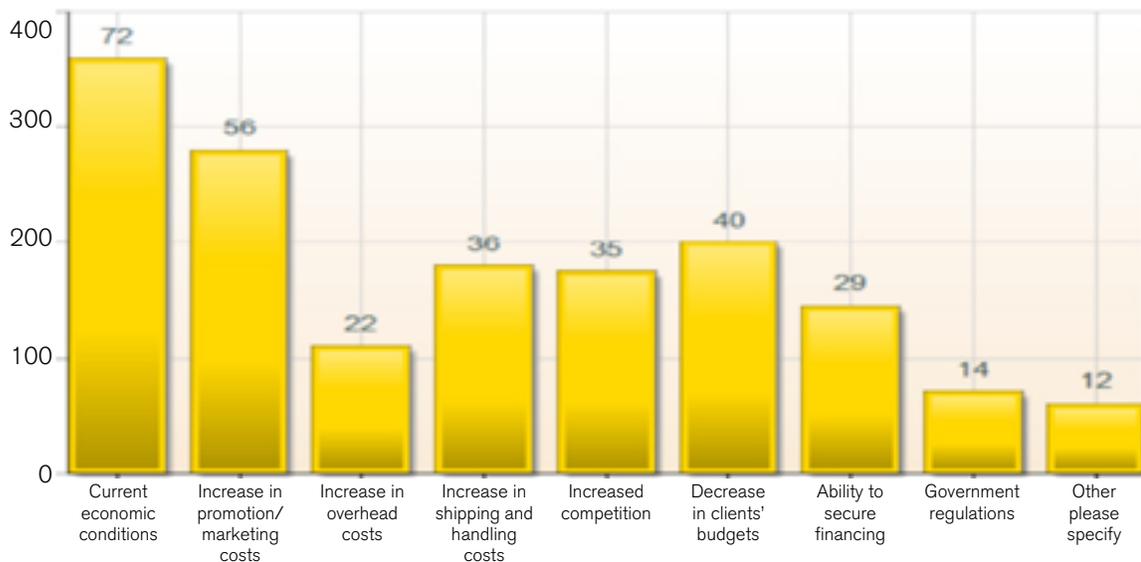


While suppliers were up 5.04 percent for the quarter over last year, it was still better news when looking at the entire year. Looking at year-to-year comparisons, suppliers reported an average increase of 7.20 percent. The median increase reported was 7 percent. When looking at the distribution of numbers reported, we find that 76.7 percent of suppliers reported an increase for the year, 2.33 percent stayed the same and 20.93 percent saw a decrease.

So what is the outlook for the first quarter of 2012 in comparison to the last quarter of 2011? Fifty-four percent predict that they will see an increase, 21 percent anticipate they will see a decrease and 25 percent think it will be about the same. With more than half of the suppliers predicting an increase for the first quarter, we find that their reasons for optimism are many. Some see a trend in upward movement of sales, while others took in hefty orders and pre-bookings in December for the first quarter. Still others have expanded their product lines and shored up their marketing plans for the year and hope to reap the benefits in the first quarter.

In general, the economic climate is the main concern for 72 percent of suppliers. This figure is down from the 84 percent that were concerned about the economy in the last quarter. Raw material costs continue to plague suppliers with 54 percent of them citing this as major competitive threat. Four of ten suppliers worry about lower cost competitors and approximately 35-36 percent of them have concerns about increases in overseas product costs and shipping and handling costs.

What do you consider to be your immediate competitive threats in 2012?
(Please check all that apply.)



Other concerns voiced by suppliers were those about distributors going direct, internet sources and slow paying or delinquent customers.

The findings reported in this supplier sales barometer provide a snapshot of PPAI supplier members. A total of 139 suppliers 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 first quarter survey in your inbox at the end of the first quarter of 2012. 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.

The winner in the drawing for a Kindle: Steven Weinstein, EMT, IN.