

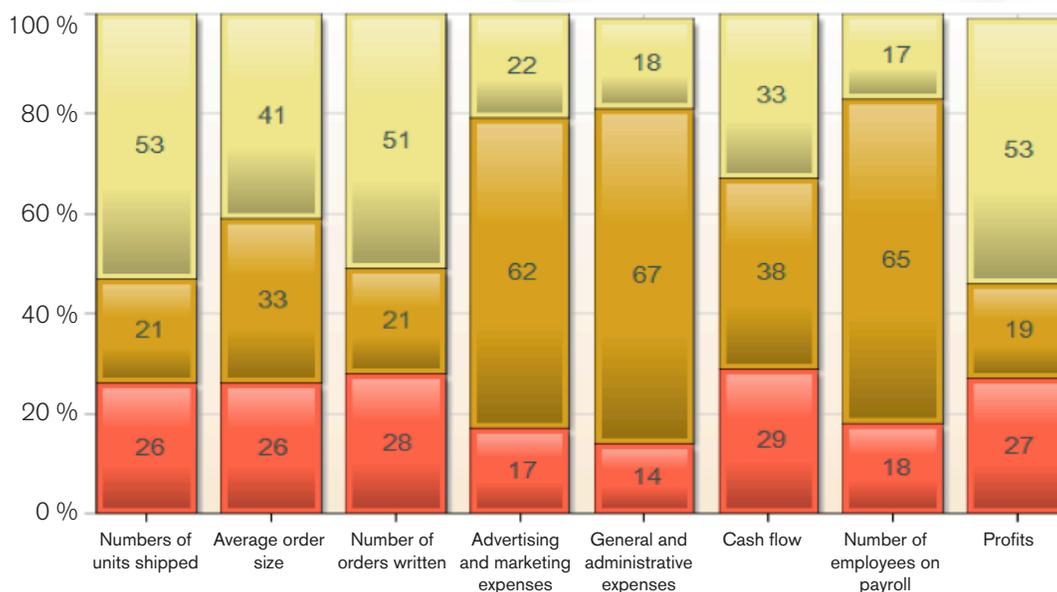
PPAI Quarterly Sales BAROMETER

Taking The Pulse Of Promotional Products Distributor Sales In The Fourth Quarter Of 2011

A survey of 502 distributors, both members and nonmembers of PPAI, revealed growth of 6.85 percent in the fourth quarter of 2011 compared to the same period in 2010. The median increase was 9 percent. In looking at the entire group of distributor responses, we find that 68.6 percent of distributors saw an increase in fourth quarter performance over the same time in 2010, while approximately a fourth (26.48 percent) of distributors saw a decrease and only 4.66 percent saw no change. Almost six out of ten distributors (or 58.7 percent) reported achieving their sales targets for the fourth quarter, while 41.3 percent did not. Those that did not meet their sales targets cite troubles with fewer corporate orders, lagging holiday sales, increased energy costs, less recognition orders and high overheads. When asked if they had a profitable fourth quarter, 81.5 percent distributors responded with a resounding yes. All of this is indeed a sign of a turnaround.

Also encouraging were the answers we received when we asked distributors to look at total 2011 promotional product sales with that of total sales in 2010. Distributors reported an average increase of 6.67 percent and a median increase of 7.00 percent (i.e. 50 percent saw an increase of 7 percent or more and 50 percent saw less than that). A solid 70.41 percent reported that they saw an increase, while 27 percent saw a decrease and 2.59 percent saw no change. Note that the respondent make-up consisted of 85.2 percent of members and 14.8 percent of nonmembers.

When comparing the fourth quarter of 2010 to the third quarter of 2010, what kind of change did you see in the following?
 Decrease Stayed the same Increase

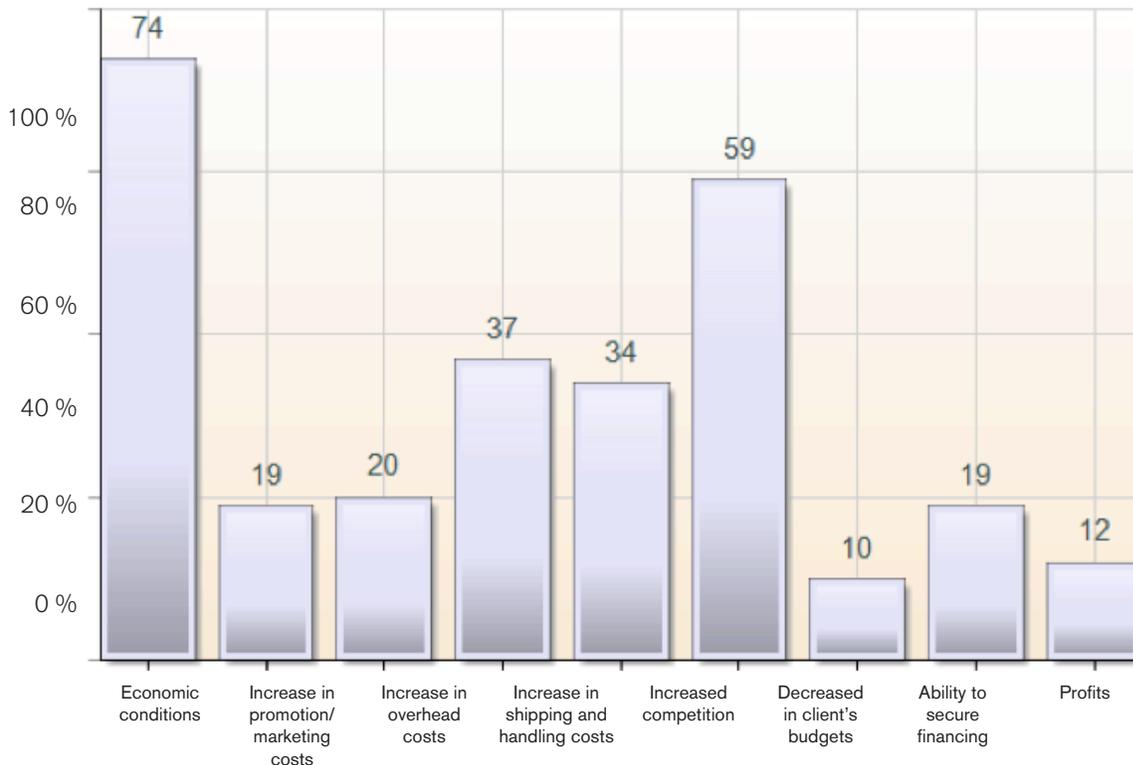


Fifty-three percent of distributors reported an increase in the number of units shipped for the fourth quarter over the same period in 2010. Fifty-one percent reported seeing an increase in number of orders written and 41 percent saw an increase in average order size. These numbers were almost identical to third quarter results. More importantly, 53 percent of distributors saw an increase in profits for this quarter compared to the fourth quarter in 2010. Number of employees on payroll held steady with 65 percent reporting that there was no change compared to the same time in the previous year. Also holding fairly steady compared to the same time last year were G&A and Marketing and Advertising Expenses with 67 percent and 62 percent of distributors reporting that there was no change since 2010. These are signs that distributors increased profitability by keeping their expenses to the minimum.

So what is the outlook for the next quarter? Fifty-eight percent predict an increase in sales for the first quarter of 2012. Distributors report breaking into new segments, more orders in the pipeline in late December, new clients and a steady trend in increased business. Most are optimistic after seeing continuous growth in the last four quarters. Only 11.5 percent predict a decrease in sales for the first quarter of 2012. For distributors, 30.4 percent predict that the first quarter of 2012 will be about the same as the last quarter of 2011.

What are immediate competitive threats for distributors?

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



For seventy-four percent of distributors, the immediate threat on their mind is the economy. For 69 percent it is the client's budget that they worry about. Restricted spending on the part of buyers, plus the fact that they want a lower unit cost and reduced quantities are of top concern to distributors. "Other" concerns voiced by distributors are increased competition from the internet and big box retailers.

Overall, most distributors seemed to think that conditions are improving and they look forward to a busy first quarter in 2012.

The findings reported in this distributor sales barometer are a result of a survey of 502 member and nonmember distributors. Thank you to those who participated and for your help in taking a pulse of the industry. Keep an eye out for the 2012 first quarter survey in your inbox in April. For those who wish to participate in this important survey, please contact Sarithak@ppai.org and you will be included in this effort to take a market snapshot of distributor business each quarter. The winner in the drawing for a Kindle was Robin Ray, 1st Coast Printing, Ponte Vedra Beach , FL, 32082.