

# PPAI Quarterly Sales BAROMETER

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

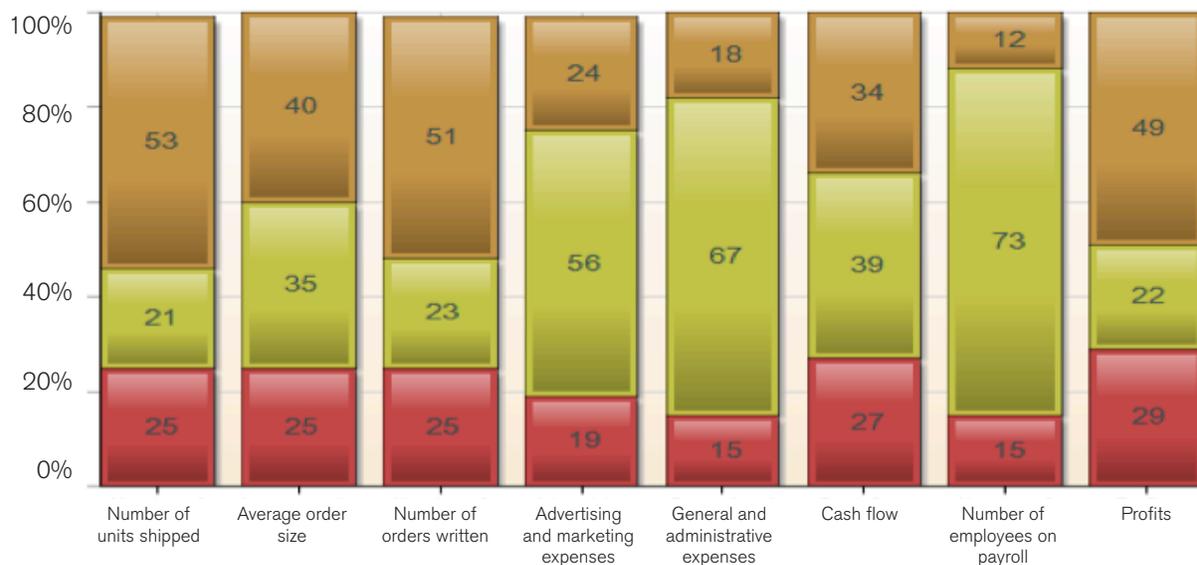
A survey of 496 distributors revealed growth of 6.57 percent in the third quarter of 2011 when compared to the same quarter in 2010. The median increase was 8 percent. Sixty percent of distributors reported achieving their sales targets for the third quarter, while 40 percent did not. These figures indicate an uptick from the second-quarter performance earlier this year.

Some distributors say they were surprised by unexpected, increased order sizes from clients during the third quarter, which put them well ahead of sales targets. For those who did not meet their sales objectives, distributors attribute the miss to client-budget cutbacks and a lack of repeat customers.

A notable concern for many distributors was the increasingly competitive marketplace. Rampant undercutting, larger distributors with aggressive pricing and clients opting for online options were all reported as considerable challenges during the third quarter. Despite the obstacles, however, 78 percent of all distributors reported having a profitable third quarter.

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

Decrease Stayed the same Increase



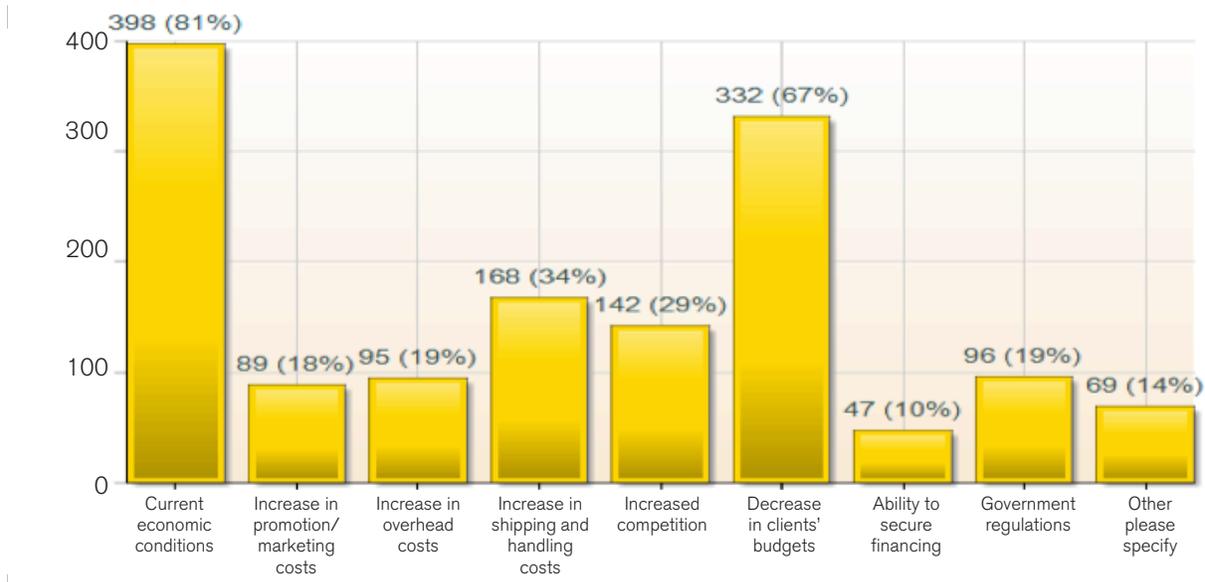
Fifty-three percent of distributors reported an increase in the number of units shipped for the third quarter over the same period in 2010. Fifty-one percent also saw an increase in the number of orders written and 40 percent saw an increase in average order size. Importantly, 49 percent of distributors also saw an increase in profits compared to the same period in 2010. When looking at employees on payroll, 73 percent of distributors reported that levels were about the same as the third quarter in 2010.

Fourth-quarter predictions? Fifty-two percent of respondents predict an increase in sales; 30 percent believe the fourth quarter will be about the same as the last quarter and 18 percent foresee a decline.

Traditionally, the fourth quarter is the strongest sales season for some distributors with many attributing the success to holiday buying. Others say they've secured orders for the fourth quarter and are confident in their numbers and what's in the pipeline.

Despite a year of steady sales growth over 2010, overall optimism is down for the distributor community. When asked what they consider to be immediate threats to their businesses, distributors cite the economy and the resulting decrease in client budgets.

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



Biggest goal for the fourth quarter? Stay in business; end up 5-25 percent over 2010; remain profitable enough to avoid layoffs; increase customer base and sales; turn a profit; keep clients happy.

*The findings reported in this distributor sales barometer are a result of a survey of 496 distributors. Thank you to those who participated. Keep an eye on your inbox for the fourth-quarter survey coming soon. To participate in this important survey, contact Saritha Kuruvilla, PPAI research manager, SarithaK@ppai.org.*

*The winner in the drawing for a Kindle was Michael L. Driscoll, Adspec, Spokane, WA.*