

PPAI Quarterly Sales BAROMETER

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

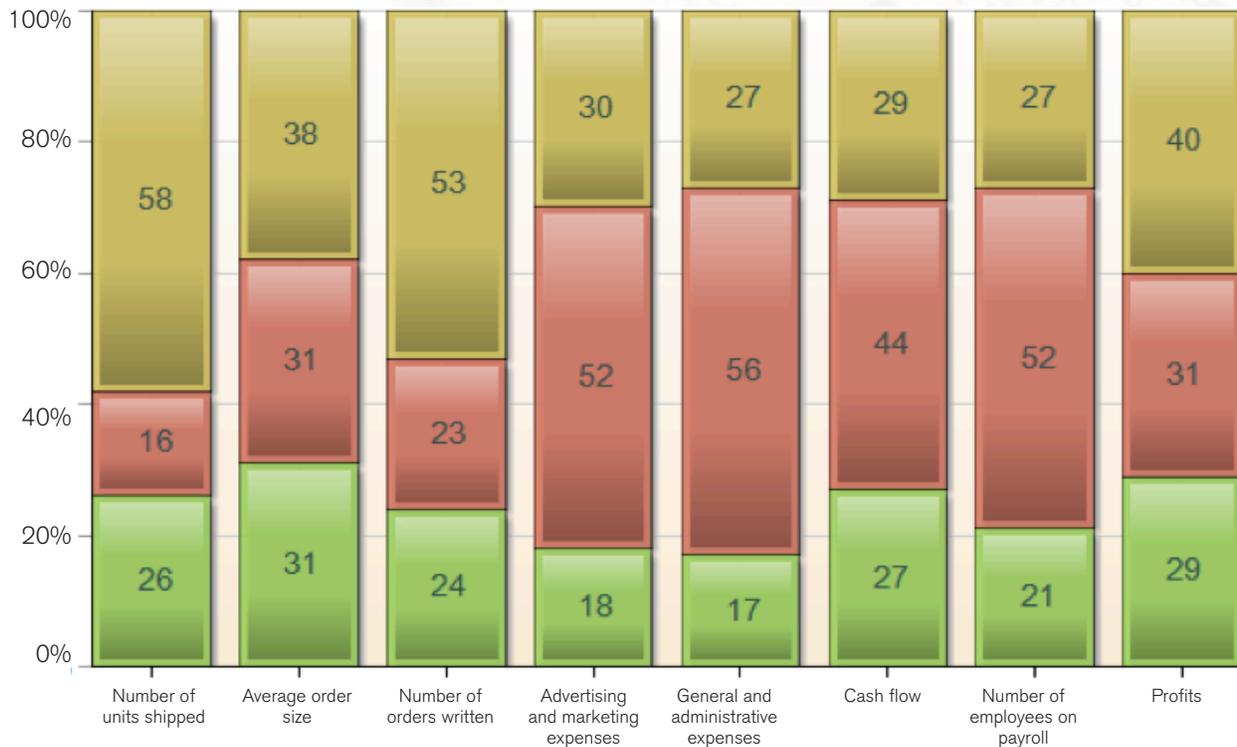
A survey of suppliers revealed growth of 4.21 percent in the third quarter of 2011 over the same quarter in 2010. The median increase was 5 percent. Third quarter results were not dissimilar to second-quarter performance, which also saw a median increase of 5 percent.

When asked if they'd met their sales targets for the third quarter, 55 percent of suppliers answered yes. For those who did not achieve their sales objectives, suppliers attribute the miss to shrinking margins due to a more competitive marketplace and the loss of large orders. Some suppliers also reported setting higher goals for the third quarter to account for price increases over 2010 and found they fell short. And for others, the order count was on-target, however the value was lower; some reported that it was the lowest they'd ever seen.

Despite the obstacles, however, 86 percent of all suppliers 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-eight percent of suppliers reported an increase in the number of units shipped this quarter compared to the same quarter last year. Fifty-three percent also reported an increase in the number of orders written. Forty percent saw increases in profits compared to the same quarter last year and 38 percent stated that average order size had increased.

Advertising and marketing and G & A expenses, as well as the number of employees held steady with 52-56 percent of suppliers stating that it stayed the same compared to the same quarter last year. Cash flow remained the same for 44 percent of suppliers; however 29 percent saw a decrease.

Fourth-quarter predictions? Fifty-two percent predict an increase; 28 percent expect sales to be the same as the third quarter and 19 percent foresee a decrease.

For many suppliers, the fourth quarter is traditionally the strongest. A few report a steady surge of inquiries from new prospects and others have already written orders for the fourth quarter. Some suppliers expect to see an increase in sales, but attribute the surge to the factoring in price increases.

In general, the current economic climate is the biggest concern for 84 percent of suppliers. The costs of raw materials are a threat to 49 percent of suppliers. Thirty-two percent expressed concerns about increased shipping and handling costs. More than one-third worried about the costs of overseas products; another third were also concerned about lower-cost competitors. Twenty-four percent thought their biggest competitive threat was government regulation and 11 percent worried about the ability to secure financing.

When asked what the main goal was for the last quarter, there was one resounding answer: "Sell! Sell! Sell!"

The findings reported in this supplier sales barometer are a result of a survey of 124 suppliers. 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: Marcia New, Deluxe Plastic Card Co, Tampa, FL.