

# PPAI Supplier Quarterly Sales BAROMETER—2012 SECOND QUARTER REPORT

## A Market Snapshot Of Promotional Products Suppliers For The Second Quarter Of 2012

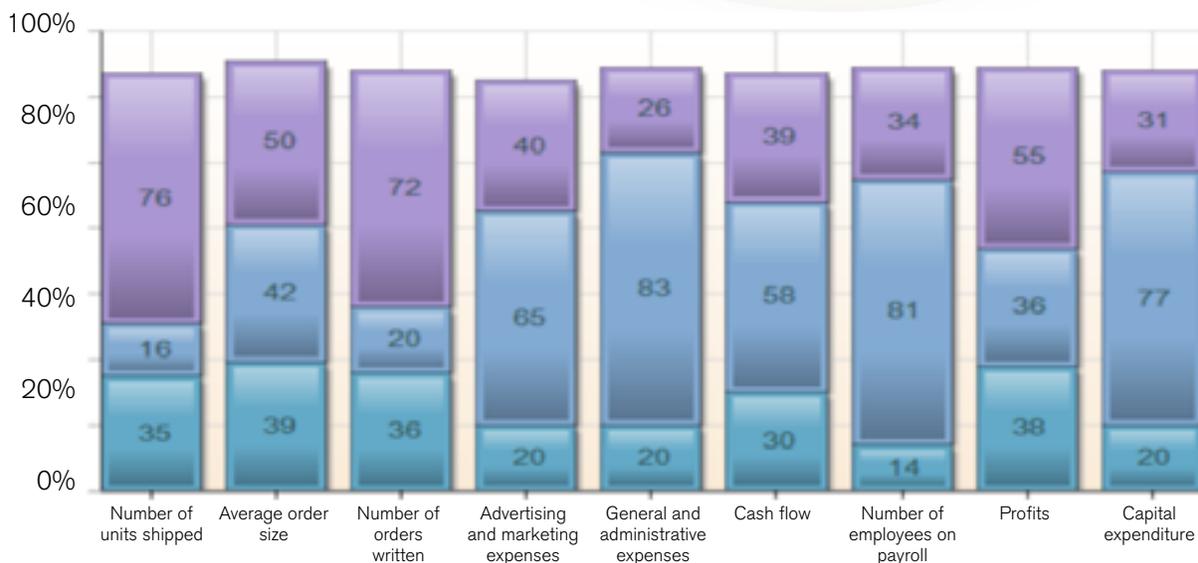
A sample of 132 suppliers (both members and non-members) surveyed in the second quarter of 2012 reported an average increase of 5.18 percent over the same quarter last year. The median increase reported for the same period was 5%. A fifth (21%) of those who participated saw a decrease, 8.2% stayed the same and 77 percent saw an increase over the same period last year. Of the group that saw an increase, the average increase was 10.91% and the median at 10%. Comments from suppliers however indicate that growth seems to be slower this quarter. They reported a stronger first quarter compared to the same time in 2011.

When asked if sales targets were met for the second quarter of 2012, 56% of suppliers reported meeting them while 44% did not. However it seems that suppliers are cautious. Comments reveal a pattern with some suppliers reporting that business is indeed slowing down with clients postponing purchases typically made in spring to the fall. Others report a very poor start to the summer and feel that clients are curtailing their promotional purchases till after the election. Some reported being off their sales targets by at least 10% and others reported being down further.

When comparing with the second quarter of 2012 to last year, key indicators looked promising. Numbers that stood out were for the number of units shipped, number of orders written and profits. Seventy-six percent reported an increase in number of units shipped, 72 percent saw an increase in number of orders written and 55% saw an increase in profits over the second quarter of 2011.

When comparing the second quarter of 2012 to the second quarter of 2011, what kind of change did you see in the following?

Decrease Stayed the same Increase

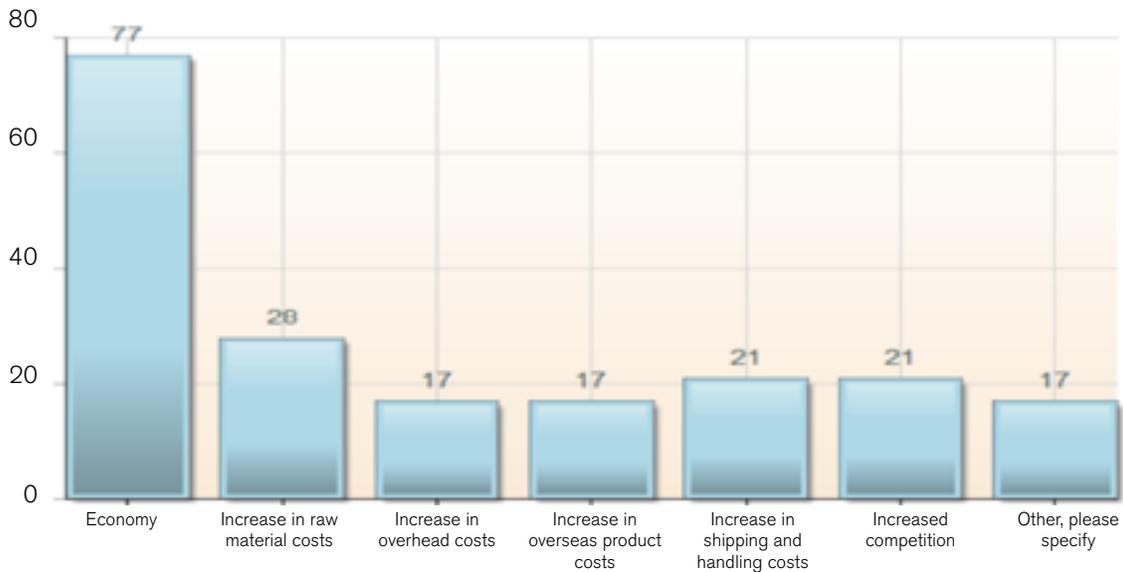


Suppliers are still being extremely cautious. Almost eight out of ten suppliers report that they are not increasing capital expenditure or number of employees or general and administrative expenses.

So what about the next quarter? Suppliers in general are not as positive in their predictions for the next quarter as they were last quarter. A little more than half (57%) expected to see an increase for the third quarter which is significantly lower than the 69% who stated last quarter that they hoped to see growth in this quarter. 29 % expected to stay the same and 14% expected to see a decrease. So, why the conservative approach in their predictions? Suppliers feel that sales will continue to increase—but only slightly. They expect a rise in material costs and say they have put holds on any capital expenditure for now. Suppliers are running leaner and meaner. The election is yet another added concern and many expect their third and fourth quarter to be impacted because of this. Still, it is more than half who expect to see an increase this next quarter and for those suppliers, there are more orders in the pipeline, more client inquiries and discussions of fall and holiday orders.

The biggest threats to growth in the longer term is still the economy. Seventy-seven percent of suppliers think the economy is the biggest threat in the long-term up from 65% who thought the same the last quarter. A little less than a third worry about raw material costs and a fourth about shipping and handling costs. Top of mind right now for suppliers are the upcoming elections and the worry about the impact of that to their day to day business.

In your perception, what are the biggest threats fo your long-term growth?



Overall, the second quarter saw growth –it just seemed to be growing at a slower pace than before.

The findings reported in this supplier sales barometer provide a snapshot of PPAI supplier members. 132 suppliers participated in our quarterly sales barometer survey this quarter and helped us take the pulse of business activity in the industry. Note: We still need greater participation for statistical validity. With the current level of participation, this should be considered as just a pulse. The margin or error is greater at a lower level of participation. Thank you for participating, and keep an eye out for the third quarter survey at the end of September. For those who would like to participate in this survey in the future and help us take a market snapshot each quarter, please contact [surveys@ppai.org](mailto:surveys@ppai.org).

The winner in the drawing for a Kindle Fire is David Schoenborn, Algoma Net Company. Algoma, WI.

