

Request for Comments and Information
Section 103 of the Consumer Product Safety Improvement Act (CPSIA)
Requirements for tracking labels for children's products

In response to the CPSC's request for comments to the requirements for tracking labels for children's products, the Promotional Products Association International (PPAI) offers the following observations about the impact on our industry.

PPAI—the promotional products industry's only international not-for-profit trade association—offers education, tradeshow, business products and services, mentoring, technology and legislative support to its more than 7,500 global members. Promotional products are a more than \$19.4 billion industry and include wearables, writing instruments, calendars, drinkware and many other items, usually imprinted with a company's name, logo or message. PPAI created and maintains the UPIC (Universal Promotional Identification Code), the industry's only free identification system and universal company database.

The domestic industry consists of approximately 28,000 distributors and 4,800 suppliers. The distributor develops solutions to marketing challenges through the innovative use of promotional products and is a resource to corporate buyers, marketing professionals and others. A supplier manufactures, imports, converts, imprints or otherwise produces or processes promotional products offered for sale through distributors and the distributors' sales force, known as promotional consultants. Additionally, there are tens of thousands of manufacturers on an international basis who generally produce "blank" products.

The promotional products industry differs in several ways from a traditional manufacturer to retail supply chain, but the most important distinction lies in the process of customizing the products through various forms of decoration (imprinting, embroidery, etching, engraving, or embossing). Products in the promotional products industry are either manufactured in the U.S. or imported, decorated, and sold by suppliers to or through distributors that have obtained an order for the decorated products from businesses (end buyers) that have their company logos and messages decorated on the products.

The decorator applies a company logo, advertising message or other information to assist the end buyer purchaser in creating brand awareness. Products may be provided to fill a specific order or inventoried by one or more parties until an order is entered into the supply chain from an end buyer to a distributor to a supplier. This process may take several months.

What is Practicable?

Our first concern relates primarily to the phrase "*to the extent practicable*, the placement of permanent, distinguishing marks on children's products."

We believe the CPSC should provide some bright line tests or safe-harbors for the phrase “to the extent practicable.”

The most valuable aspect of a promotional product is the amount of “real estate” available on the promotional product for decoration. The sole reason to purchase promotional products is for their use as “mini-billboards,” as one of our members describes it.

While PPAI members have developed innovative processes for applying decorations to some challenging surfaces, there is only a finite amount of space on a promotional product for labeling.

The CPSC has experience with the size of warnings for small parts. The CPSC knows the amount of space necessary to convey a message that it deems adequate in size to be read. It can calculate how much space would be necessary to convey all of information required by Section 103. We would submit that if that minimum label size determined by the CPSC exceeds more than 10 percent of the available space for decoration on a promotional product, it is not practicable to require it.

As such, any determination of what “to the extent practicable” must take into account the available surface on a promotional product after it has been decorated.

What type of tracking or labeling methodology?

A second concern relates to the method or process used to provide the necessary tracking information for the products. We urge the CPSC to adopt a rule that provides the maximum flexibility to achieve what we believe is the intended goal of Section 103: to facilitate the recall of products when necessary. To that end, we believe the overriding consideration should be to identify a responsible party for the product quickly and efficiently. We believe the CPSC should allow for the adoption of coding systems, such as an alphanumeric code or a mark that can be accessed by the CPSC and others to obtain the essential information required by Section 103.

As noted, PPAI already has such a coding system for the industry, the Universal Promotional Identification Code (UPIC). Established in 1999, the UPIC is available, at no charge, to all companies in the industry, not just PPAI member firms. Currently, PPAI maintains a database and online directory of nearly 30,000 industry firms, with each firm assigned a distinctive alphanumeric symbol. The directory is available to all industry companies to obtain contact information about other companies and *could* be adapted to include the product databases and accompanying product information in the future.

We believe the CPSC should allow for the ultimate use of a mark that can be “read” by the ultimate purchaser through a database. Having said that, the requirement that it must allow the “ultimate purchaser to ascertain” the information has tremendous consequences for our industry. It turns a 100-plus-year-old business operations model on its head.

Unless it is done in an appropriate manner, consistent with our business operations practices, it could have economic consequences for our industry that can only be characterized as extreme. While we support the goals of the law, the construction of a database and electronic marking system is not imminent in our industry. The August 2009 deadline for implementing the requirement for tracking labels is not only daunting, it is practicably unrealistic for all but the largest and most sophisticated firms in our industry, and unlikely even for them.

For small suppliers, the costs are prohibitive to adopt some sort of technology on their own. For all suppliers, the cost of an electronic mark could easily exceed the production costs of the promotional product itself.

For the foreseeable future, the assumption has to be that the information will be applied using our same application processes but with actual information conveyed in plain language, rather than by the use of some code.

Additionally it will be extremely difficult for suppliers to match specific information (e.g., batch or run numbers) for products they have manufactured or imported to specific and typically smaller shipments of decorated items. There is a great deal of blending of products from different production cycles during the decoration process.

Labeling blanks, or undecorated products, is not a solution. Many promotional product "blanks" are not intended for children's products, and even those that might commonly be considered children's products might not be so in their decorated promotional product program. It would be very expensive to have all "blanks" labeled with the information; more significantly, any unnecessary information on a promotional product defeats the purpose of the product. It "distracts" from the purchaser's message.

In conclusion, we understand that tracking labels are required by law, but we must continue to emphasize that fixing a permanent and conspicuous label directly contradicts the purpose for which a promotional product is acquired. Purchasers want *their* message or logo prominently displayed. Why buy a promotional product otherwise?

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Slagle". The signature is fluid and cursive, with the first name "Steve" being larger and more prominent than the last name "Slagle".

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***This Is PPAI**