

PPAI

The Mark of a Professional.®

1ST
QUARTER

MARKET OUTLOOK REPORT

2018

The full detailed report is available to study participants. Learn more on pg. 3

 ITR ECONOMICS

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Market Outlook Report Executive Summary

PPAI Total Members' Association Summary

- The PPAI Total Members' Index annual average was 6.0% above the year-ago level in March.
- The majority of leading indicators suggests that the Index will grow at an accelerating pace into mid-2018.
- Ensure you can communicate your competitive advantages and handle increasing demand to benefit from an expanding US economy in 2018. Focus on maintaining high quality and customer retention before the expected mild decline in US Industrial Production takes hold next year.

Index	Current	Phase
Total	6.0%	B
Suppliers	3.8%	B
Distributors	7.0%	B

PPAI Suppliers Members' Association Summary

- The average PPAI Suppliers Index during the 12 months through March was up 3.8% compared to one year ago.
- Results were tracking the lower end of the forecast range. Our analysis suggests that the overall outlook remains accurate while 2018 as a whole may come in closer to the lower end of our forecast range (2.3%). The forecast is unchanged.
- The Suppliers Index will rise into late 2018 before declining into mid-2019. The decline will be mild and the Index is not expected to go below the current level. Rise will resume in the second half of 2019 and extend through at least 2020.

Supplier Outlook

2018:	3.8%
2019:	-1.1%
2020:	5.8%

PPAI Distributors Members' Association Summary

- The annual average PPAI Distributors Index was 7.0% above the year-ago level in March. Results were within the forecast range of our 18-month old forecast.
- The preponderance of leading indicator evidence suggests that the Distributor Members' Index outlook for a transition to slowing growth in the coming months remains valid. Our forecast is unchanged.
- Expect the Index to rise into early 2019. The ensuing period of mild decline will extend through 2019 before rise returns in 2020. Even though the Index will decline next year, it will remain above the current level.

Distributor Outlook

2018:	4.6%
2019:	-0.9%
2020:	7.5%

PPAI Member's Competitive Environment Summary

- The majority of Media Advertising Expenditures are below their respective levels from one year ago. The two exceptions are Radio and Outdoor Expenditures. Radio Expenditures transitioned to Phase B, Accelerating Growth, since the previous report but are expected to transition into a recession later this year. Outdoor Expenditures have edged down in recent months, but will grow at an accelerating pace in the second half of 2018.
- Expect limited competitive pressures from Media Advertising Expenditures this year as most Expenditure indicators will be lower in 2018 compared to 2017.

Market Outlook Report



The PPAI Market Outlook Report is a quarterly snapshot of the promotional products industry. In order to best provide resources to members, this report was created by ITR Economics to provide information on macroeconomic, industry, and competitive landscape trends. The goal of the report is to provide members with insight into current business cycle trends that affect member companies. This will allow members to make better business decisions in order to increase profitability and mitigate risk.

The PPAI Member Market Index is derived from sales data submitted by PPAI supplier and distributor members. Growth rates are calculated based on the submitted data, and an index is created based on the typical (median) growth rates submitted by PPAI members in a given month. The purpose of the PPAI Member Market Index is to allow PPAI members to see how their company's performance compares to industry trends. Graphs are included throughout the report and there are explanations on how to calculate your own company's performance and compare it against the industry. Members can see whether they are performing in the top quarter, middle two quarters, or bottom quarter of the industry. Members can also compare their results against all members, distributors or suppliers only, and distributors/suppliers by company size.

To access the detailed report in full and to help better capture the state of the industry, become a valued participant in our quarterly Market Outlook Survey. Find out how by contacting:

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About PPAI

Promotional Products Association International (PPAI) has been the trusted authority in the promotional products industry since 1903. With over 15,000 member companies worldwide, PPAI represents manufacturers, suppliers, decorators and distributors who market to advertisers to help better promote their brand. Visit www.ppai.org for more information.



About ITR Economics

ITR Economics provides clear, comprehensive action plans for capitalizing on business cycle fluctuations and for outperforming your competition. More than just analysis and forecasts, ITR Economics provides management with actionable options. ITR Economics uses a knowledge base of over six decades that encompasses an uncommon understanding of long-term economic trends and how leaders should react to critical changes in market conditions. Our reputation for excellent, independent, and objective analysis is indisputable. Visit www.itreconomics.com for more information.