

PPAI

The Mark of a Professional.®

2ND
QUARTER

MARKET OUTLOOK REPORT

2018

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

 ITR ECONOMICS

77 Sundial Ave.
Manchester, NH 03103
E-mail: ppai@itreconomics.com

Market Outlook Report Executive Summary

PPAI Total Members' Association Summary

- The average PPAI Total Members Index during the 12 months through June was 5.9% higher than one year ago.
- The Index tentatively transitioned to Phase C, Slowing Growth, since the previous report. Leading indicator evidence suggests that the Index annual growth rate will decline further in late 2018 into at least early 2019.
- PPAI Members will be negatively impacted by a mild recession in the US industrial economy and business-to-business activity next year. Be conservative in your thinking as you prepare for 2019.

Index	Current	Phase
Total	5.9%	C
Suppliers	4.9%	B
Distributors	6.5%	C

PPAI Supplier Members' Association Summary

- The June annual average PPAI Suppliers Index was 4.9% above the year-ago level. Results were within the forecast range.
- The Suppliers Index is in Phase B, Accelerating Growth. However, leading indicator evidence signals a near-term transition to a slowing growth trend is probable.
- Our 21-month-old forecast is unchanged. The first half of 2019 will be characterized by mild decline in the Suppliers Index; the Index will edge down to levels comparable with the first half of 2018. Budget accordingly. Growth will return by late 2019.

Supplier Outlook

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

PPAI Distributor Members' Association Summary

- The PPAI Distributors Index annual average was up 6.5% year over year in June.
- As expected, the Distributors Index transitioned to Phase C, Slowing Growth, and is following the leading indicator evidence.
- The forecast, put in place 21 months ago, is unchanged. The Index will rise into early 2019 before declining mildly during the rest of that year. Avoid linear thinking and plan for a mild decrease in activity next year. Growth will return in 2020.

Distributor Outlook

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

PPAI Members' Competitive Environment Summary

- TV and Internet Advertising Expenditures, as well as Outdoor Advertising Expenditures, will be higher in 2018 compared to 2017.
- Print (Magazine and Newspaper) Advertising Expenditures will remain below their year-ago levels through at least 2020.
- Radio Advertising Expenditures during 2018 will be lower than the 2017 total. Expect growth in 2019 and 2020.

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:

Mo Das, PPAI Research Manager
Email: MoD@ppai.org or Research@ppai.org
Direct: (972) 258.3058



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.