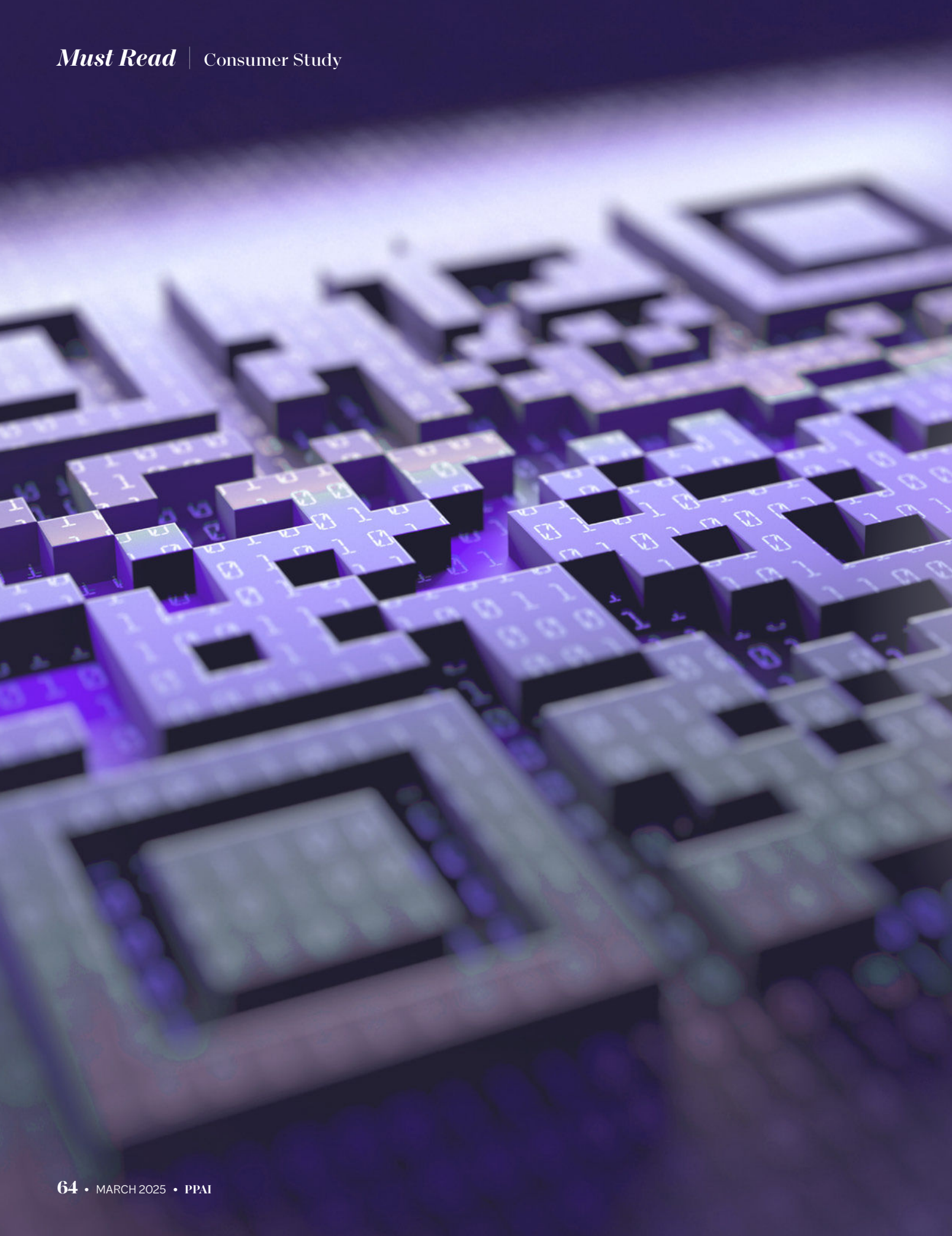
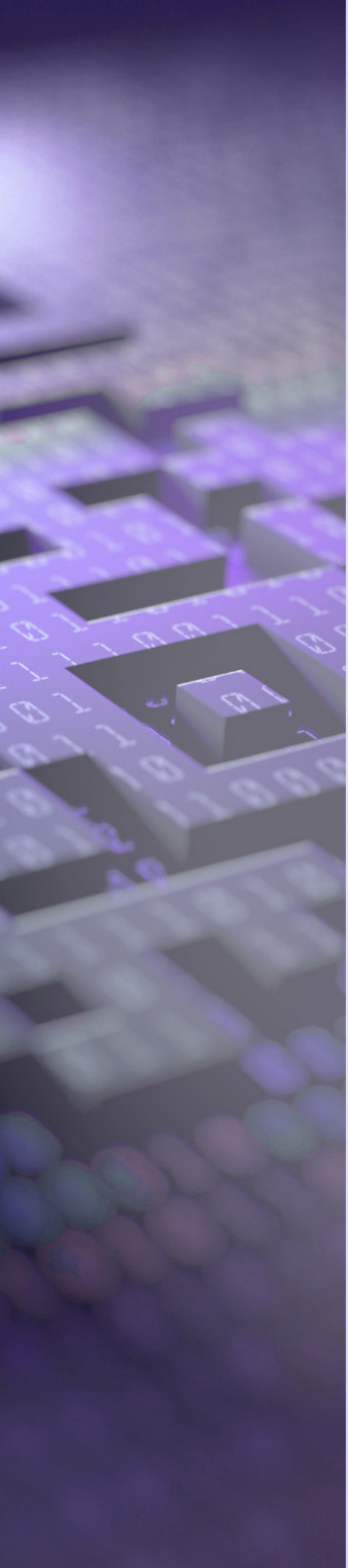




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# Modernizing Merch

## Merging Physical Promotions With Digital Demands

End buyers want their promotional products to have more digital aspects, according to the latest consumer study by PPAI Research.

***By Arianna Johnson***

PROMOTIONAL PRODUCTS have historically been key pillars in creating long-lasting connections between brands and their consumers, from logoed pens and T-shirts to custom gadgets that reinforce brand visibility. In an era dominated by digital interactions, promo products have stood the test of time due to their tangible nature, offering a physical connection in a largely virtual world.

However, as digital technology evolves and consumer preferences change with it, the traditional methods of marketing have also shifted.

- The rise in popularity of digital marketing tools like social media platforms and AI-driven advertising challenges the promo industry to innovate beyond physical objects.
- Today's consumers crave interactions that aren't just personal but also seamless, digitally integrated and environmentally aware.

This fluctuation in consumer needs and digital marketing tools calls for the promo industry to adapt as well, says Alok Bhat, PPAI's market economist, research and public affairs lead.

"To remain competitive in this rapidly changing landscape, the promotional products industry must embrace digital transformation," Bhat says. "This involves more than just a superficial layer of technology; it requires a fundamental integration of digital features that enhance user interaction and engagement."

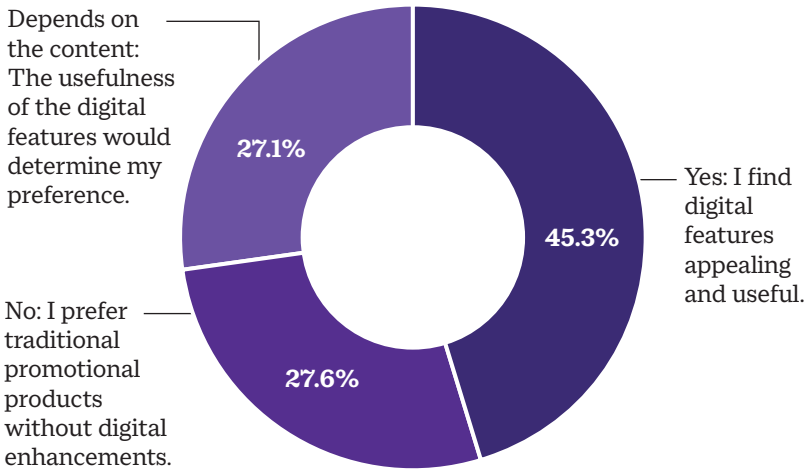
PPAI Research's recent survey, "Report for Evolving Promotional Products for the Digital Age: Aligning with Marketing and Advertising Trends," uncovers the current usage, perception and future expectations for promo products among end buyers and consumers across the U.S. The research also seeks to bridge the gap between traditional appeal and modern digital efficacy.



## Consumer Insights And Market Trends

The survey data indicates a notable shift toward digital integration within promo. Nearly half (45%) of respondents expressed a preference for promo products that connect to digital content or apps (*see Figure 1*).

**Fig. 1 | Would you prefer promotional products with features that connect to digital content or apps? For example, a water bottle with a QR code linking to a hydration tracking app, or a notebook with AR features that reveal additional company information or interactive content.**




This preference highlights a broader move toward products that seamlessly integrate into the online lifestyle of today's consumers. The growing interest is reflective of a larger trend where 70% of end buyers consider a distributor's digital presence very significant in their decision-making process, and 76% prefer using online platforms to order promo products.

Sustainability is also a growing concern among consumers. According to the survey, more than 90% of respondents consider sustainability to be an important factor in their choice of promo products, with 25% finding it extremely important and 34% viewing it as very important (*see Figure 2*). This substantial interest underscores a broader consumer shift toward environmentally responsible products.



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- Almost 80% of end buyers showed interest in augmented reality or virtual reality previews for product customization, yet such features are rarely offered.
- More than half (59%) of respondents said they're very satisfied with the current level of digital integration from their distributors, while nearly one-third (32%) were somewhat satisfied.

The survey also revealed that 67% of consumers are willing to provide feedback on promo products through a digital platform, highlighting a demand for interactive and digitally accessible promotional experiences.

"Despite these preferences, there remains a gap in how well promotional products are meeting these digital expectations," Bhat says. "Consumers expressed a high interest in customization capabilities facilitated by digital tools, yet only a small fraction of promotional products currently offer such features."

Moreover, the report highlights the ways promo products can play a versatile role in brand engagement, complementing digital and traditional media strategies.

- Nearly one-third (31%) of respondents believe promo products strongly influence

There's also a need to strike a balance between innovation and tradition, with certain product categories holding strong.

Although there's a notable shift toward digital and sustainable options, traditional promo products like wearables/apparel: e.g., uniforms, shirts and outerwear (58%) and drinkware (38%) continue to hold substantial value due to their effectiveness in enhancing brand visibility and loyalty.

"The challenge now lies in integrating these traditional items with the digital and ecological standards that modern consumers demand," Bhat says.

## Identifying Gaps And Opportunities

From an end buyer's perspective, a significant gap persists between consumer expectations for digital features and what is currently offered, despite industry efforts.

**» Fig. 2 | How important to you is sustainability in promotional products?**

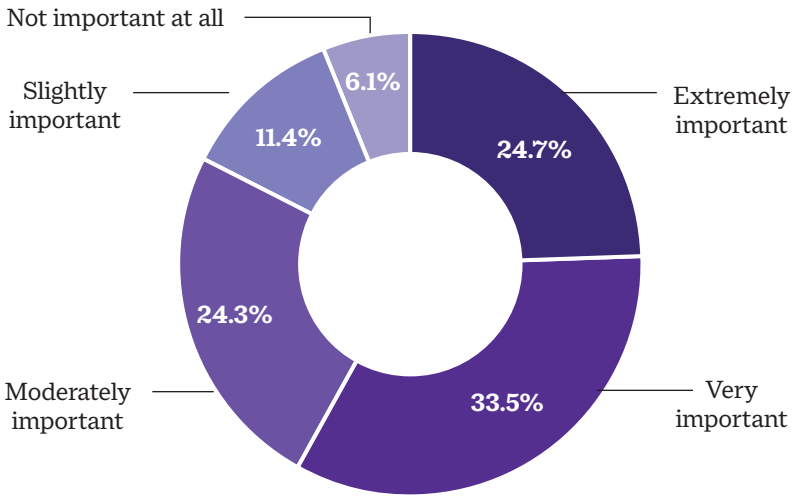
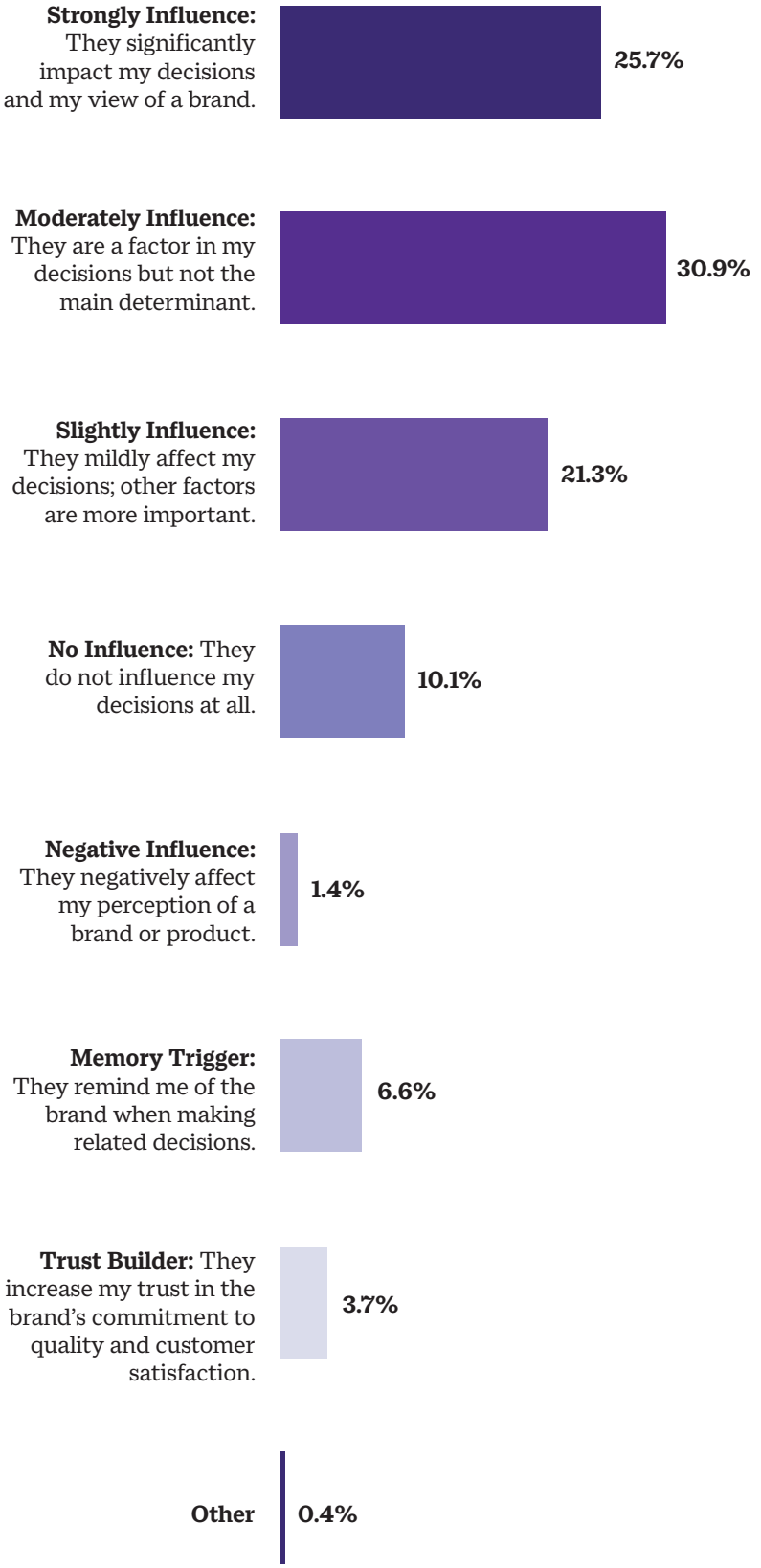


**Fig.3 | What role do promotional products play in your decision-making process when choosing products or services? (Select all that apply)**




their perception of a brand and their purchasing decisions, suggesting these items have a substantial impact on brand loyalty and consumer behavior (*see Figure 3*).

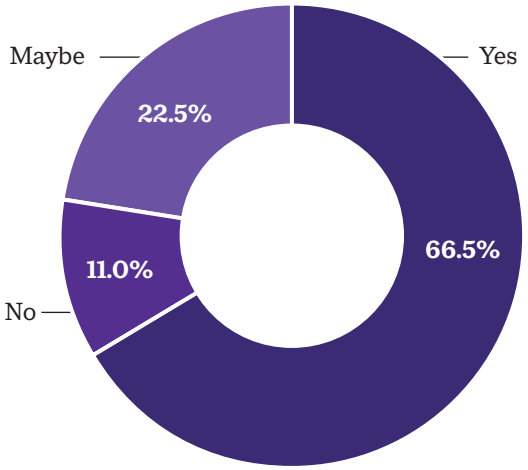
- More than one-third (37%) view branded merchandise as having an average influence, while 26% see it as having only a slight influence.

These responses illustrate the continued effectiveness of promo products in enhancing brand visibility and loyalty – but, combined with responses demonstrating expectations for online media, the data also highlights the need for integrating physical products more seamlessly with digital strategies.

For example, the survey found that digital feedback platforms are favored by two-thirds (67%) of consumers, highlighting a preference for ongoing digital engagement beyond the initial product interaction (*see Figure 4*).

"The challenge now lies in bridging the gap between traditional promotional product effectiveness and the digital engagement that modern consumers expect," Bhat says. "This can be achieved by enhancing digital features within promotional items and aligning product strategies with consumer preferences for more interactive, personalized and sustainable marketing solutions."

**Fig. 4 | Would you be willing to provide feedback on a promotional product through a digital platform?**



## Strategic Recommendations

In response to the digital shift, the following strategies are recommended for suppliers and distributors:

- **Augmented and Virtual Reality:** With 45% of end buyers showing a preference for digital enhancements, integrating augmented or virtual reality for product previews can transform the user experience. This allows customers to see and interact with products in a virtual environment, thereby enhancing their purchasing confidence and engagement.

- **Incorporating Smart Technology:** As digital integration becomes the norm, embedding smart technology into promotional products can better cater to the functional needs of consumers. Items like fitness trackers or smart drinkware could appeal to the 56.2% of consumers who find promotional products more effective than other advertising methods.

**Given that up to 83% of consumers regard sustainability as an important factor in their purchasing decisions, there is a clear mandate for using environmentally friendly materials.**

- **Advanced Data Analytics:** Leveraging data analytics can tailor marketing to consumer preferences, which is essential when almost 70% of end buyers consider a distributor's digital presence significant. Effective use of analytics can help predict trends, optimize



inventory and create more targeted marketing campaigns.

- **Eco-Friendly Materials:** Given that up to 83% of consumers regard sustainability as an important factor in their purchasing decisions, there is a clear mandate for using environmentally friendly materials (*see Figure 2*). This not only meets consumer expectations but also positions a brand as responsible and forward-thinking.

## Future Outlook and Predictive Insights

There are several ways the promotional products industry can take a proactive role in shaping marketing trends, according to Bhat.

- **Setting trends with innovative products:** Encourage the development of products that not only carry a brand's message but also incorporate cutting-edge technology and sustainable practices. By doing so, the industry can position itself at the forefront of marketing innovations.

- **Emphasizing customization and personalization:** Use advanced manufacturing techniques such as 3D printing and AI-driven design to offer unprecedented levels of customization and personalization. This approach can help brands create deeper emotional connections with their audiences, as indicated by consumer preferences for personalized products.

- **Leveraging data:** Employ data analytics to better understand consumer behavior and preferences, enabling brands to offer products that are highly targeted and relevant. This strategy can enhance brand loyalty and user satisfaction, leading to increased brand engagement.

Johnson is a news editor at PPAI.

