



## PROMOTIONAL PRODUCT SALES CONTINUE TO CLIMB AS INDUSTRY NEARS \$4 BILLION MARK

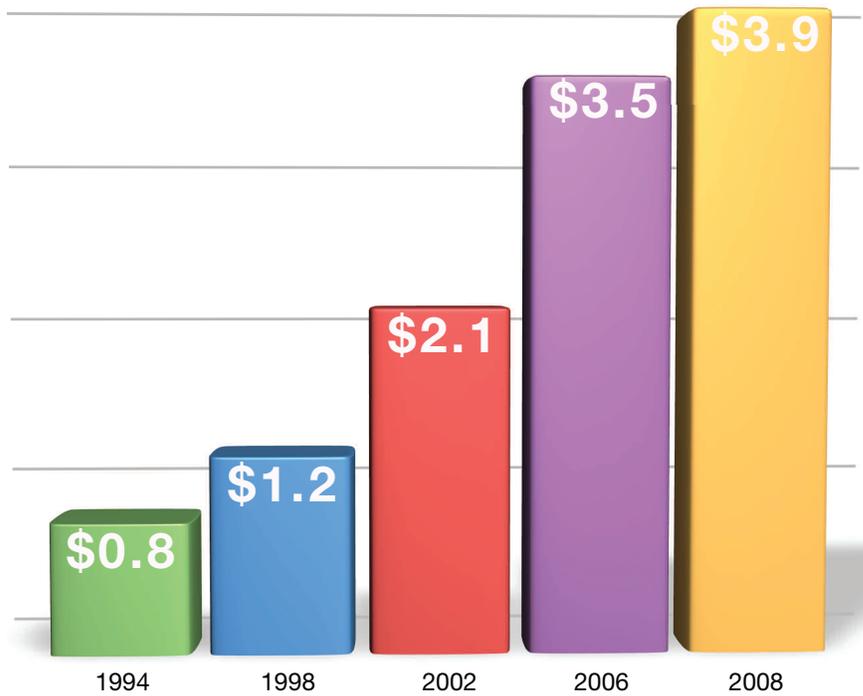
Sales of promotional products continued to increase in 2008 despite widespread economic slowdowns that put most other forms of mass media advertising in decline.

This study shows the continued strong growth of promotional products during this economic downturn. This growth is a reflection of the flexibility of this medium, its growing appeal to a wider variety of people, its use in a broad range of applications, and its measurable effectiveness as a communications medium.

This report provides insight into who is using promotional products, the various applications of promotional products, and what types of promotional products are increasingly popular.

Overall the report shows the growth of sales of promotional products remained strong, even after general economic activity began a steep decline in the last quarter of 2008.

Over the last two years, revenues of promotional products grew at the rate of seven percent annually for total sales of \$3.97 billion. While this level is below the robust compound annual growth rate of 13 percent the industry has experienced over the previous decade, it remains one of the fastest growing of all advertising media.



Growth of promotional products

While Promotional Product Professionals of Canada (PPPC) offers access to more than 360,000 promotional products via their website ([www.pppc.ca](http://www.pppc.ca)), three categories of products account for almost half of all sales. Wearables (30%), writing instruments (9%), and drinkware (7%) accounted for 46% of all promotional products revenues in 2008, generating more than \$1.8 billion in revenue. Only four other categories, calendars (6%), textiles (6%), desk and business accessories (5%) and buttons, badges, ribbons, stickers and magnets (5%) generate revenues in the \$200 million range annually.

These three categories have been dominant since PPPC first undertook this study in 1998. The only significant change in market share occurred in the wearable category, which experienced an 11.1 percent decline in share of overall promotional product sales from the 1998 study. Despite this apparent decline in overall share actual sales of wearables as promotional products grew more than 250 percent to its present day level of \$1.2 billion.

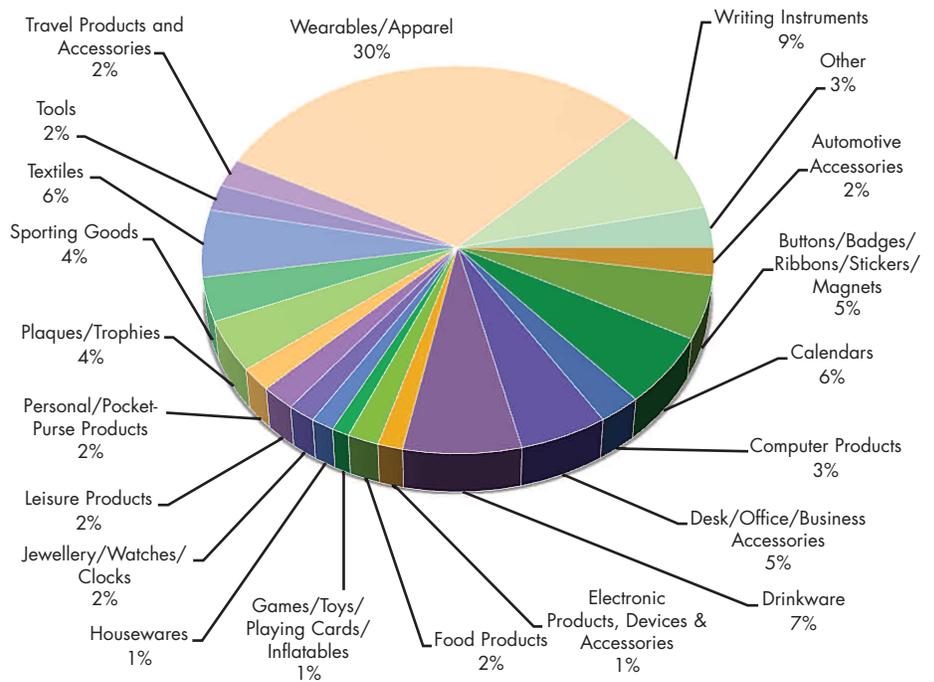
**Wearables, writing instruments, drinkware, textiles, calendars and office accessories account for nearly two thirds of the market**

Some other categories of promotional items, such as electronics products and accessories are increasing in popularity but constitute a very small share (1%) of the overall market.

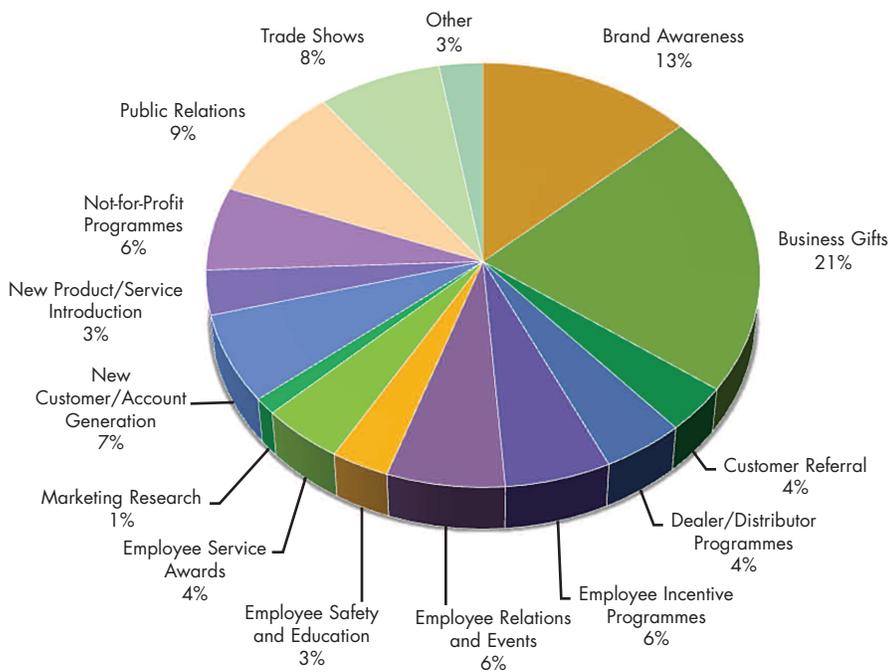
Flexibility and versatility are often over-looked attributes of promotional products. Together they provide important clues to the popularity and growth of this communications medium because promotional products have demonstrated success in supporting a very wide range of business initiatives.

The pie chart below shows the many varied program applications of promotional products.

Marketing and sales related applications continue to be an



Sales of promotional products by category



Promotional product applications

important part of this business. Trade shows, new product/service launches, new account generation, customer referral and brand awareness programs collectively account for 35 percent of all sales of promotional products. However the largest single application for promotional products is business gifts at 21 percent.

**Employee programs account for \$754 million in promotional product sales annually.**

Employee programs are also important users of promotional products. Employee service awards, safety and education programs, employee relations and events and incentive programs combined, account for 19 percent of promotional product sales.

**Marketing applications generate 35 percent of promotional product sales**