



create
promote
engage



What do our end-user customers *really* think about promotional products?

The contact –

Clare Murphy
Capital Content

clare@capitalcontent.com.au

www.capitalcontent.com.au

APPA is committed to providing its members with the most up-to-date information that can be used to help inspire and build your businesses.

As part of APPA's investment into profiling the promotional products industry, our second major survey is now complete and the findings released

This survey of more than 200 end-user customers in Australia and New Zealand and conducted by independent research company Sweeney Research, highlighted a number of valuable insights into how the wider marketing community perceives the value of promotional products, assigns annual budgets and uses our products in their marketing mix.

Objectives of end-user customer survey

Our first survey (conducted in 2013) looked internally – asking members to provide their views on the industry. This second survey focused solely on the perceptions of our customers who purchase promotional products. The key objectives of this survey were to:

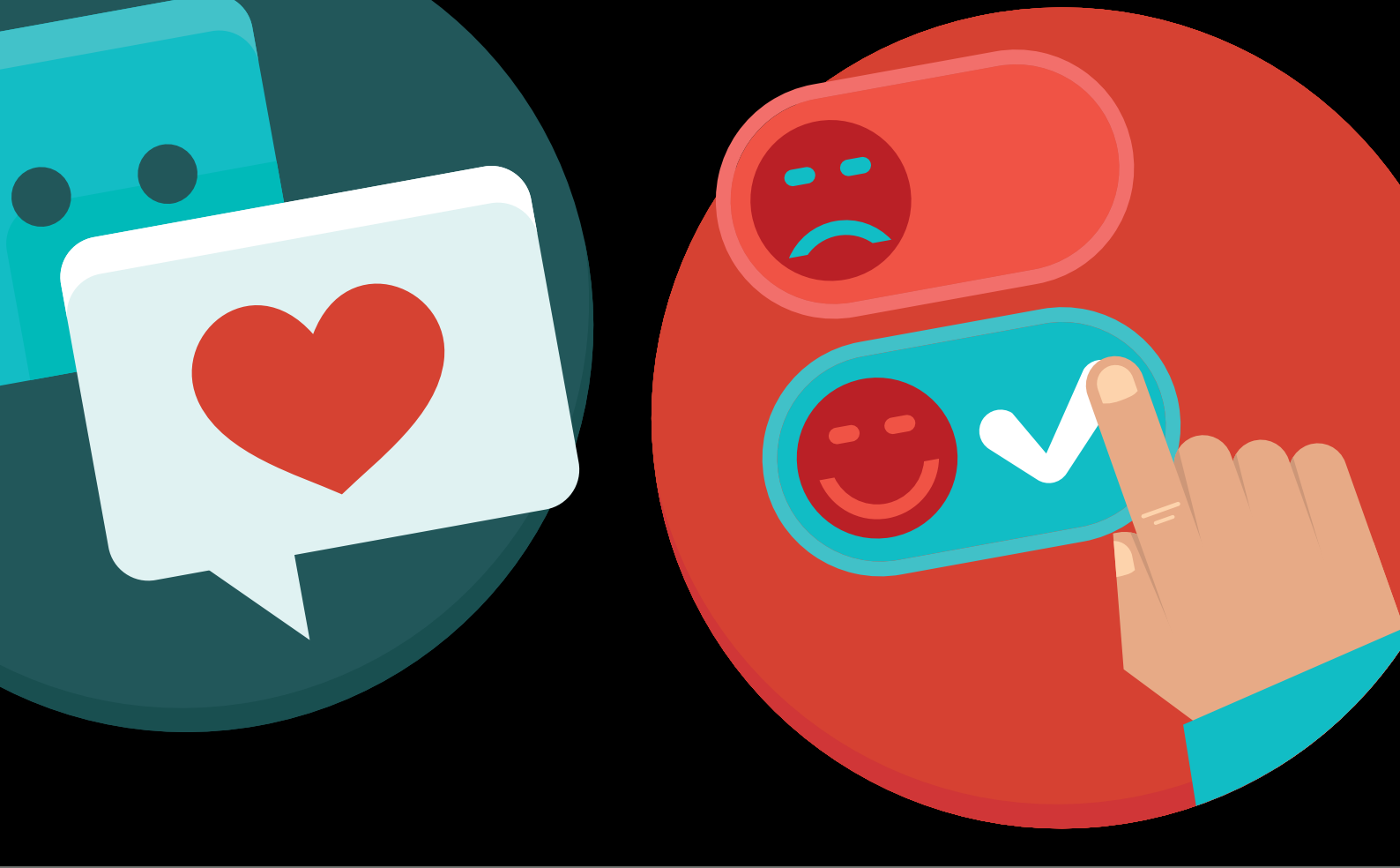
- Broadly profile the key decision makers who source and have experience of promotional products/.
- Develop a clear understanding of the current role of promotional products in end-users' marketing mix.
- Identify opportunities for increasing the prominence or understanding of the promotional products industry in end-users' consideration.
- Gain an understanding of how end-users perceive APPA and its reputation as the peak industry body.

SMEs love promotional products!

This sector continues to see value in the investment in promotional products as a means to deliver key marketing outcomes.

45% of all SMEs have an annual budget for promotional products.

The average SME spend per year is \$31,000. 54% of SMEs allocate 6% or more of their overall marketing budget to promotional products. The SME market is the most likely of all segments to increase their spend on promotional products in the next year (33%).



Who completed the survey?

The survey sample of end-user customers was provided by both our Australian and New Zealand members who emailed a survey link to their clients. Responses were provided anonymously, unless the respondent opted to provide their contact details for the prize draw to win one of five Apple iPads.

It is important to note that the term “supplier” when used in this survey refers to the supplier of the promotional product solution to the end-user client, not our industry’s traditional meaning attributed to the term “supplier”.

The survey’s primary target was individuals responsible for the placement of promotional product orders within their organisation. Here is a breakdown of the survey respondents by role and organisation type:

Sample Profile		
	Responses #	Proportion of Sample %
Job Role		
Marketing Manager / Coordinator	74	31
Secretarial / Office Staff	41	17
Brand Manager	19	8
Other	13	43
Organisation type		
Large corporate organisation (100+ Employees)	91	38
SME (100 or less employees)	78	33
Not for Profit	37	16
Other	31	13
TOTAL	237	100

SUMMARY OF KEY FINDINGS

Health of the industry

56% of survey respondents who allocate a budget expect to spend between \$10,000 - \$1million per year on promotional products. The highest spenders are large corporates followed by SMEs and not-for-profit organisations. For 70% of respondents, promotional products represent up to 10% of their annual marketing spend while 10% of respondents allocate 30% to the use of promotional products.

Looking ahead, 95% of all respondents expected their promotional product spend to either stay the same or increase. Reasons given included: changes to marketing strategy, an increased focus on marketing, general business growth or an increase in their marketing budget.

Positively, 75% or more of respondents believe their promotional product supplier is creative, proactive, understanding of business needs and provides value for money.

What do our end-user customers *really* think about promotional products?

Why do SMEs use promotional products in their marketing mix?

1. 87% of SME respondents said that promotional products help them connect with their consumers.
2. Likewise, 87% said promotional products increase awareness of their brand.
3. Other high ranking reasons for using promotional products among the SME base included encouraging brand loyalty (81%), providing added value to attendees at events and activities (79%) and creating a way to stand out from competitors.

Corporate Australia and promotional products

More than 75% of large corporate organisations allocate an annual budget to the use of promotional products in their marketing mix. Their average annual spend is \$43,000.

50% of large corporates with a promotional products budget allocate between 6-30% of their marketing budget to promotional products. Over the next year 95% see their annual spend on promotional products either staying the same or increasing. Less than 10% anticipated a decrease in annual spend.

90% of large corporates use promotional products to increase brand awareness. The next most popular reasons were: adding value to attendees at events or activities, reinforcing brand value, connecting with consumers and creating a way to stand out from competitors.

The most popular method of sourcing solutions and products was via a preferred or pre-existing supplier, highlighting the importance placed on strong relationships between distributors and their clients.

Unlike larger corporate organisations, SMEs typically use promotional products as offset printed material (signs, posters, brochures etc) and corporate gifts or event merchandise.

Importantly, SMEs see promotional products as representing value for money (79%), essential to SMEs who have smaller budgets and are looking for strong ROI.

Most large corporates (79%) prefer to source promotional products from a preferred, or pre-existing supplier, proving that client relationships really matter.

Corporate gifts were the most popular purpose of promotional products followed closely by corporate and event merchandise and offset printed materials.

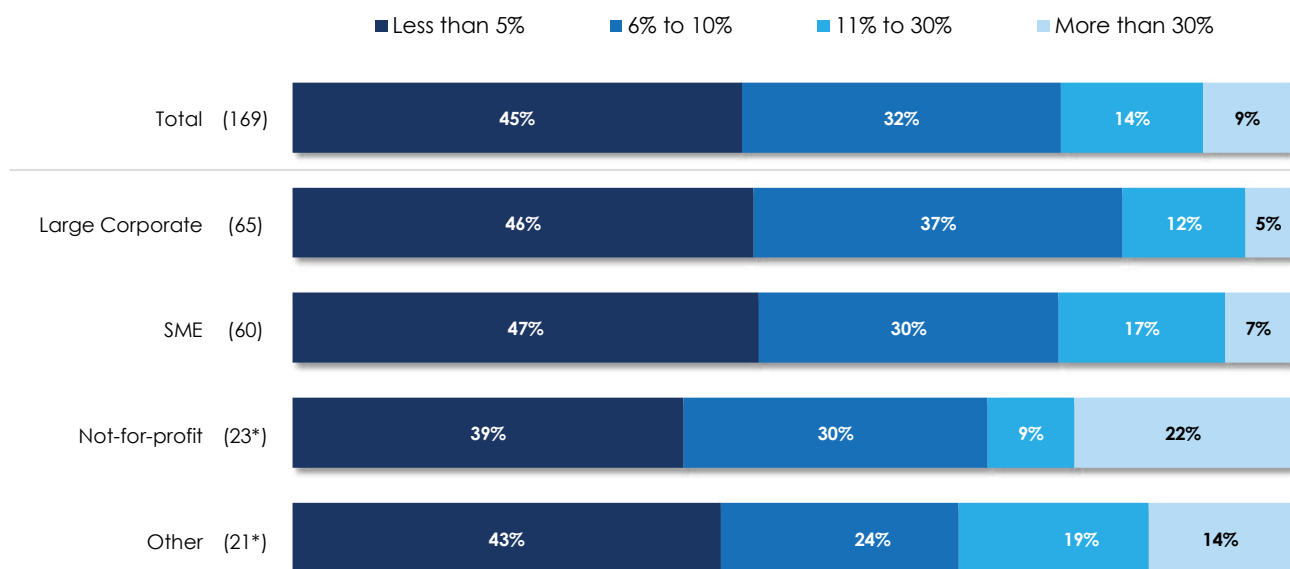
However, between 20-40% also used promotional products for employee motivation and incentive programs, recognition of employee service, point of sale packaging, direct mail advertising tools and gift with purchase.

Corporate Australia's perception of the promotional products industry and its suppliers is overwhelmingly positive. 84% agreed promotional products offer value for money and 81% said the suppliers they had worked with understood their business needs. Being proactive, creative and innovative were also highly regarded (70%+ agreed).

Budget allocation and forecasts

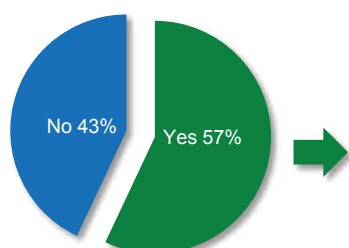
Most organisations surveyed allocate an annual budget to promotional product purchasing. Encouragingly, one of five anticipates spending more on promotional products in the next year.

Promotional Product Share of Marketing Budget



What percentage of your total marketing budget does your organisation's spend on promotional products represent?

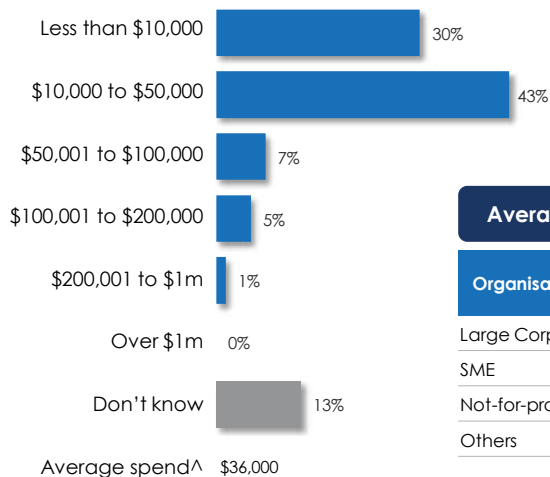
Budget Allocated



Budget Allocation by Segment

Organisation Type	% Yes
Large Corporate	76
SME	45
Not-for-profit	51
Others	42

Budgetary Allowance for Promotional Products



Average Spend^ by Segment

Organisation Type	
Large Corporate	\$43,000
SME	\$31,000
Not-for-profit	\$29,000
Others	\$23,000

Does your organisation have an annual budget or budgets for promotional products?

Approximately how much is your annual budget for promotional products?

22% expect their spend to increase



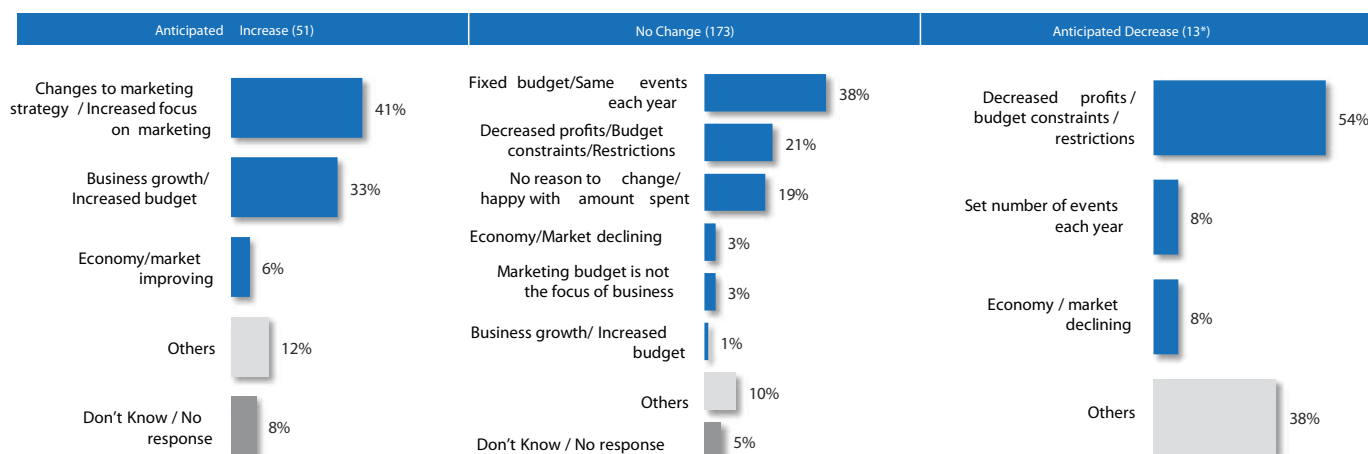
73% expect their spend to stay about the same



5% expect their spend to decrease



Reasons for Expenditure Forecast



Over the next year, do you expect your spend on promotional products will...?

Why do you think your promotional products spend will ... increase / decrease / stay the same?

What do our end-user customers *really* think about promotional products?

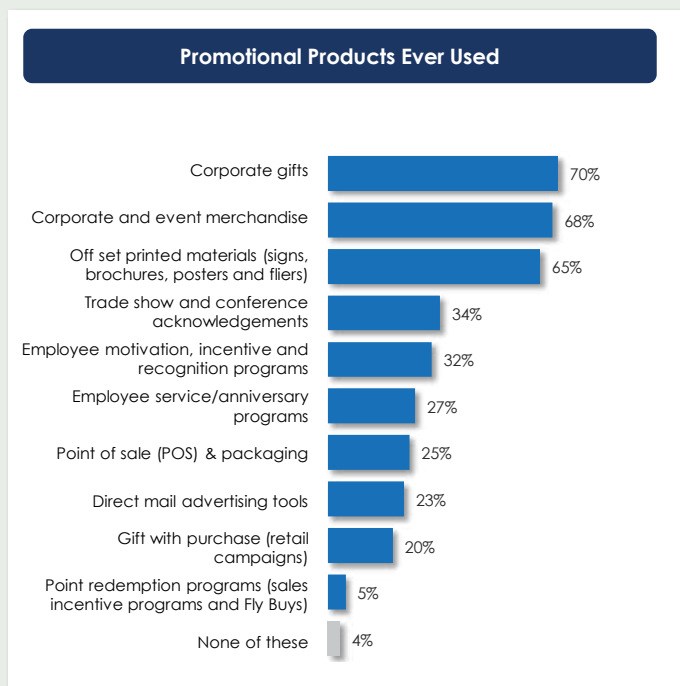
How do you source promotional products?

For the most part, promotional products are sourced through preferred or existing suppliers.

Channel Used by Segment					
	Total (237) %	Large Corporate (91) %	SME (78) %	Not-for- profit (37) %	Others (31) %
Preferred or pre-existing supplier	79	85	71	81	81
Online search	37	32	47	35	29
Recommendation from friend or colleague	29	25	31	32	32
Advertising online	7	10	6	5	3
Agency referral	5	8	5	5	0
Directly from overseas supplier or through an overseas agent	5	2	9	3	6
Advertising in trade publications	4	5	4	5	0
Trade fair	4	3	8	3	0
APPA.com.au search	1	0	3	0	0
Other	2	2	3	0	3
Don't know	2	2	1	0	3

What sort of promotional products do you use?

Corporate gifts and event merchandise are the most commonly used promotional products in the large corporate segment. SMEs typically use promotional products as offset printed materials.



Promotional Products Ever Used by Segment					
	Total (237) %	Large Corporate (91) %	SME (78) %	Not-for- profit (37) %	Others (31) %
Corporate gifts	70	87	67	43	61
Corporate and event merchandise	68	80	67	54	55
Off set printed materials	65	59	73	70	52
Trade show & conference acknowledgements	34	40	38	24	19
Employee motivation & incentive programs	32	46	26	24	13
Employee service/anniversary programs	27	41	19	19	13
Point of sale (POS) & packaging	25	22	35	14	23
Direct mail advertising tools	23	22	26	19	26
Gift with purchase (retail campaigns)	20	16	31	8	16
Point redemption programs	5	5	10	0	0
None of these	4	2	0	8	13

What do you think about your promotional product supplier?

Alongside the functional role of providing branded items, promotional products suppliers are perceived as offering value for money, and understanding of business needs and being proactive in seeking fresh solutions.

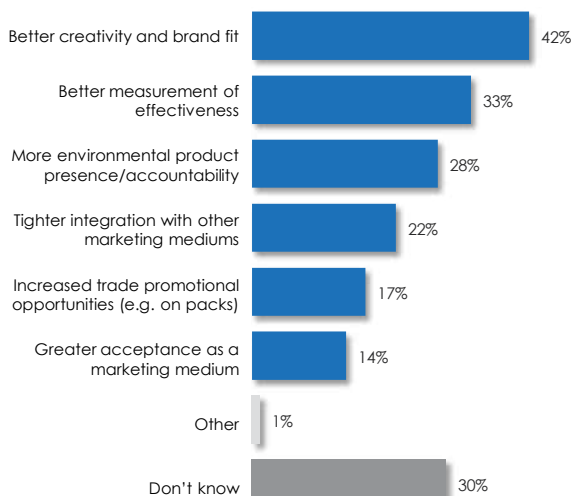
Perceptions of Promotional Product Suppliers – By Segment

	Total (237) %	Large Corporate (91) %	SME (78) %	Not for Profit (37) %	Other (31) %
Is where I source simple, branded items (e.g. caps, t-shirts, pens)	84	89	81	86	77
Provides value for money	84	81	79	97	84
Understands my business needs	81	86	72	84	87
Is proactive in seeking fresh solutions	77	81	68	81	84
Is creative	76	79	69	84	77
Is innovative	74	84	63	78	71
Is a genuine partner in determining the most appropriate promotional product for my activities	72	76	63	78	77

How can the promotional products industry address changing business needs?

Providing better creativity and brand fit were identified as the primary areas that could be improved by promotional products suppliers to address evolving business needs.

Potential Industry Enhancements



Potential Industry Enhancements by Segment

	Total (237) %	Large Corporate (91) %	SME (78) %	Not-for-profit (37) %	Others (31) %
Better creativity and brand fit	42	43	51	27	35
Better measurement of effectiveness	33	34	28	35	42
More environmental product presence/accountability	28	32	22	19	45
Tighter integration with other marketing mediums	22	23	23	22	16
Increased trade promotional opportunities (eg. on packs)	17	15	21	16	16
Greater acceptance as a marketing medium	14	11	17	22	10
Other	1	0	1	3	3
Don't know	30	30	27	41	23