

# Understanding Today's Promotional Products Industry

PPAI 100 Supplier  
Sales Insights  
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Alok Bhat

*Market Economist, Research & Public Affairs Lead*



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Promotional Products Work!<sup>®</sup>

# Overall Sales Revenue Dynamics

The promotional products industry has recorded a **+2.22%** revenue increase in August and September 2024, slightly trailing the 2.4% inflation rate. While the gap between revenue growth and inflation has narrowed, the industry is navigating these economic pressures with resilience.

As inflation eases, firms using AI, agility, and innovation will gain an edge by boosting efficiency and customer engagement, turning challenges into growth opportunities



**↑ 2.2%**

*Note: The annual inflation rate for the United States was 2.4% for the 12 months ending September 2024.*

# Order Volume Growth vs. Inflation



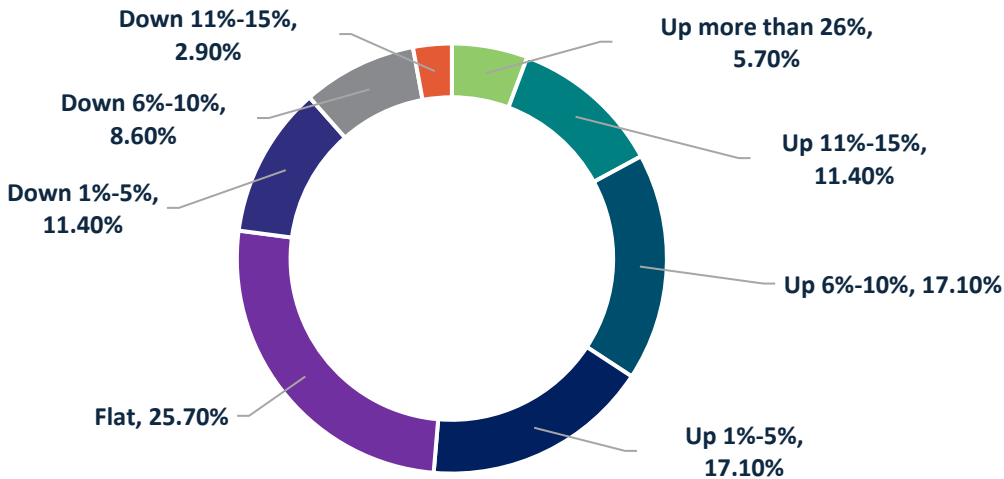
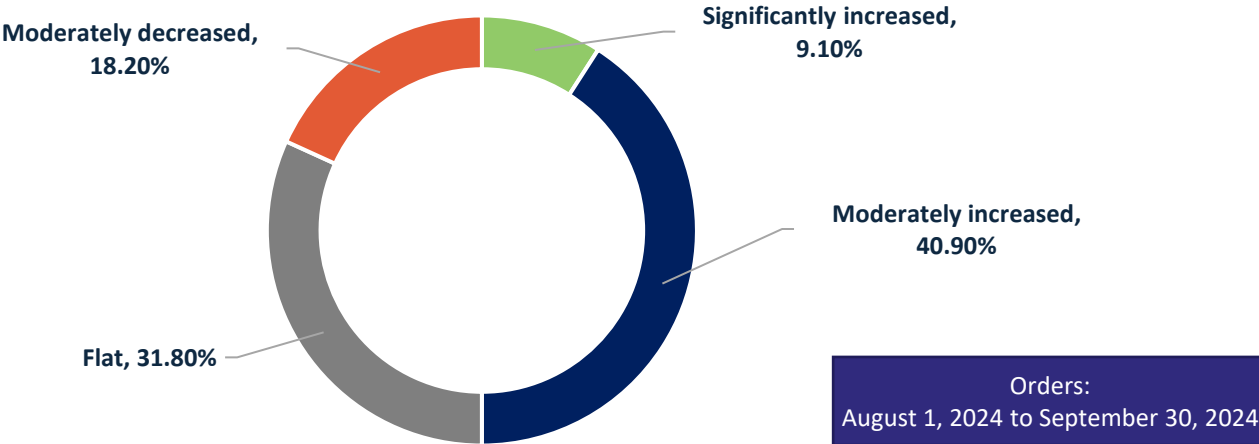
**Growth vs. Inflation:** **50%** of PPAI 100 suppliers reported order growth, with 9.1% seeing significant increases. While inflation has eased in recent months, overall growth remains slightly behind, signaling that demand is strong but still impacted by lingering cost pressures.



**Stability:** **31.8%** of suppliers saw flat order volumes. Though stable, these firms may face shrinking margins as inflation, even at a lower rate, continues to affect operational costs.



**Minimal Decline:** **18.2%** faced order declines, likely feeling the effects of inflation on both costs and customer demand, signaling a need for strategic shifts to mitigate further losses.



Order growth is strong for half of PPAI 100 suppliers, but with inflation easing, those facing flat or declining volumes need to pivot fast to protect profits.

# Unit Sale and Order Dynamics



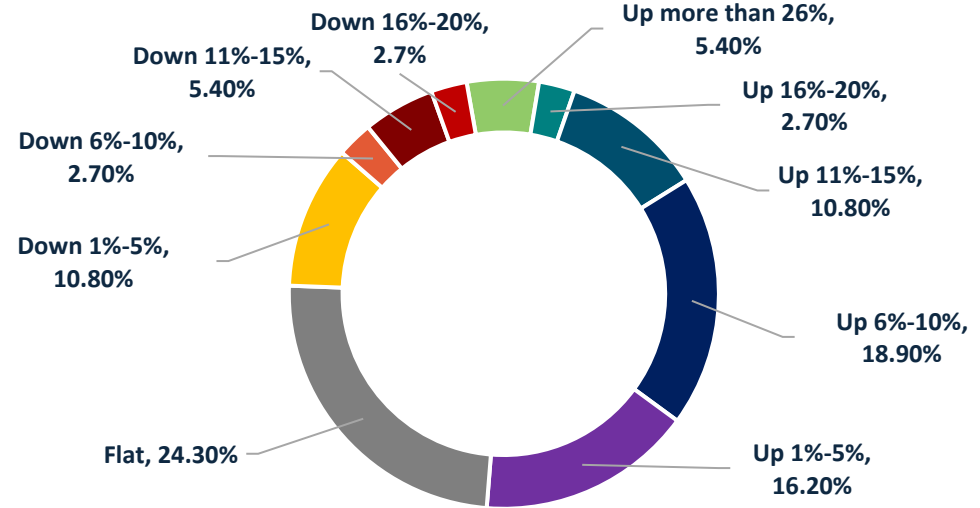
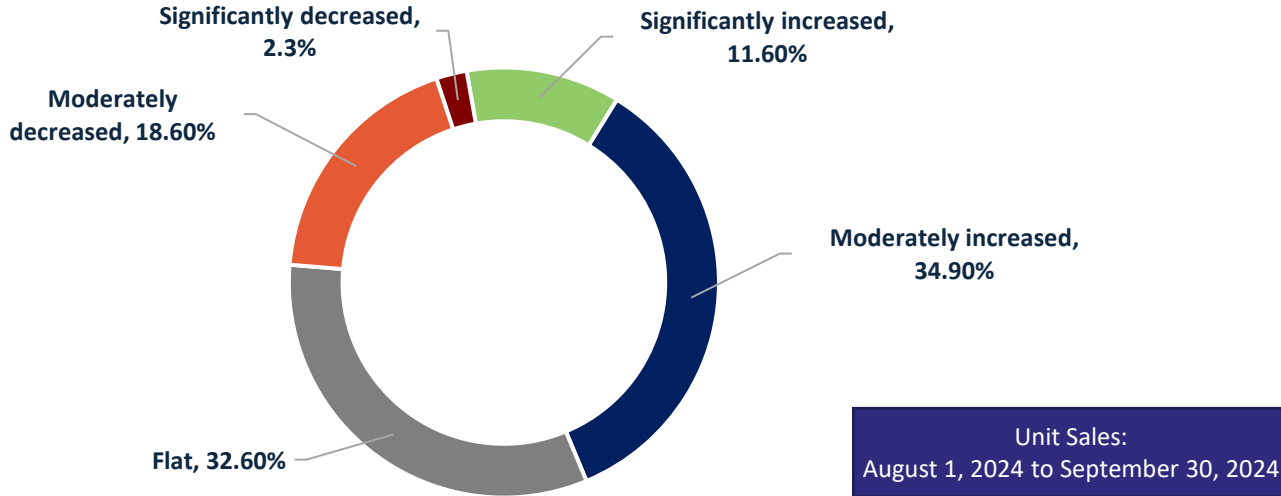
**Growth: 46.5%** of PPAI 100 suppliers saw unit sales growth, compared to 50% reporting order growth. While demand is strong, both unit sales and order growth remain slightly below inflation.



**Stability: 32.6%** of suppliers reported flat unit sales, similar to the 31.8% reporting flat order volumes. These firms could see margins squeezed as inflation continues to increase costs.



**Decline: 20.9%** experienced declines in unit sales, aligning with the 18.2% reporting order declines. These suppliers may need to innovate or adjust strategies to counter inflationary pressures and declining demand.



Demand is rising, but with unit sales and orders trailing inflation, staying ahead means finding ways to boost volume or optimize costs quickly.

# Dynamics of Sales Revenue



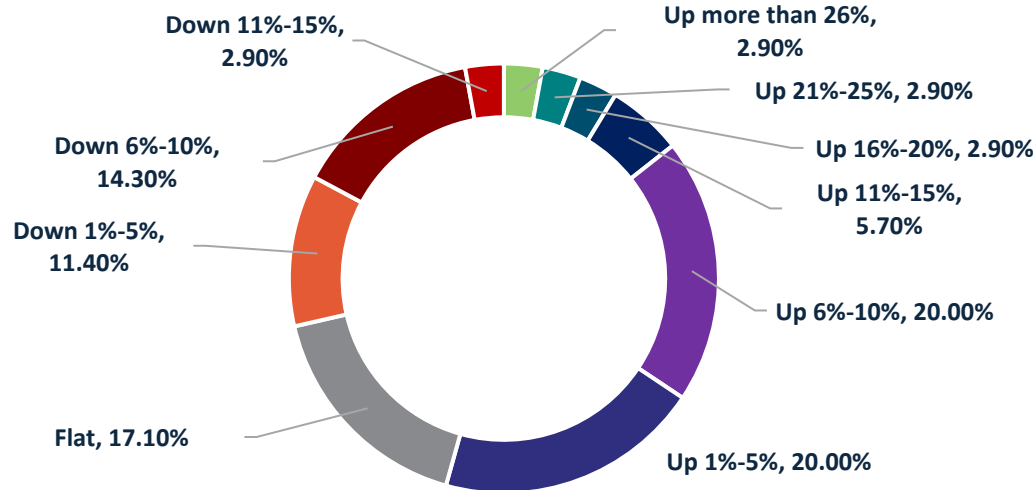
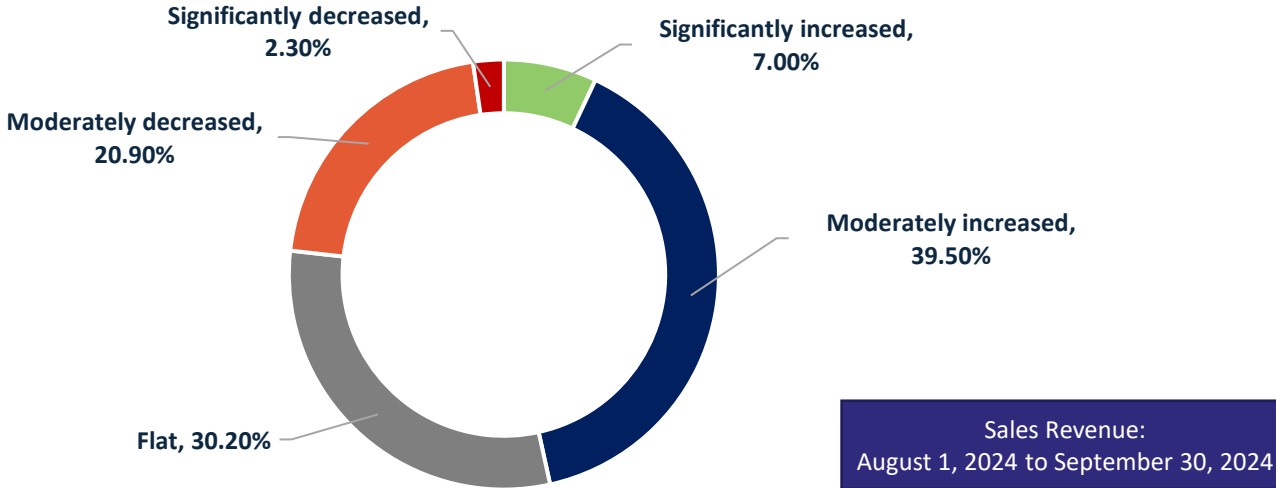
Revenue Growth: **46.5%** of PPAI 100 suppliers reported increased sales revenue, with 7% seeing significant gains.



Stability vs. Stagnation: **30.2%** reported flat revenue, suggesting stability but with potential stagnation risks.



Declining Revenue: **23.2%** experienced revenue decreases, indicating challenges for a significant portion of the market.



Revenue is growing, but with inflation still outpacing gains, suppliers must act fast to adjust pricing and boost efficiency to stay competitive.



# Year-to-date Sales Revenue Trend



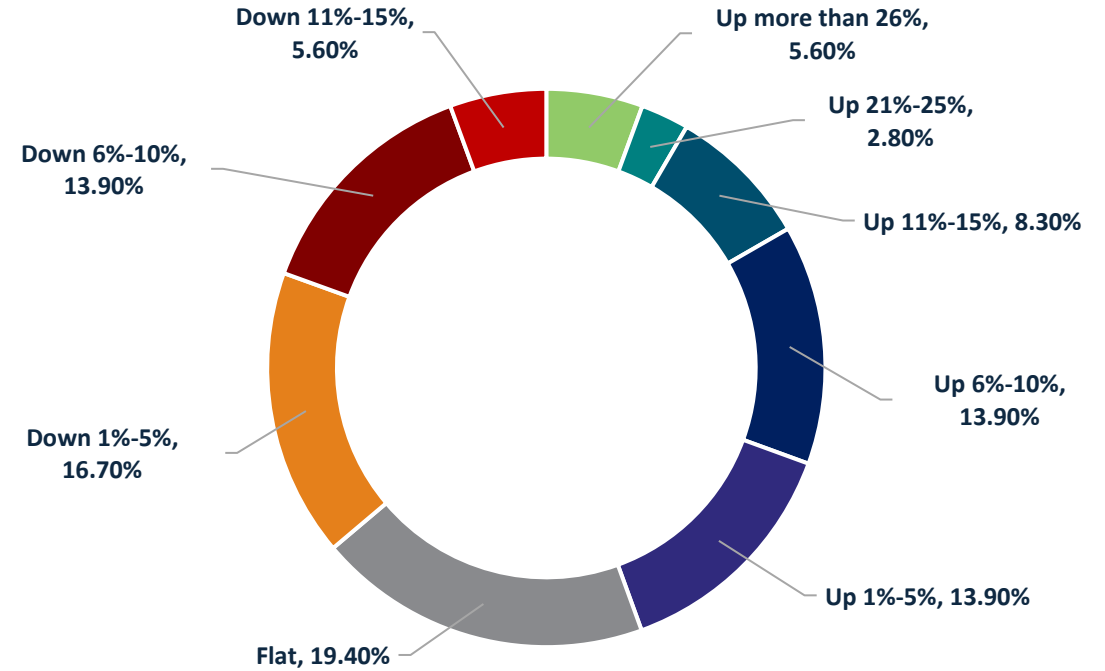
**Growth: 30.6%** of PPAI 100 suppliers reported revenue increases of 6% or more, with 5.6% seeing growth over 26%.



**Stability: 19.4%** of PPAI 100 suppliers reported flat revenue, maintaining stability but facing margin pressure from inflation.



**Decline: 36.2%** saw revenue declines, with 5.6% reporting drops of more than 11%, signaling significant challenges.



Year-to-date 2024  
Sales Revenue (through September)

Year-to-date, some PPAI 100 suppliers are thriving, but those with flat or dropping revenue need to tighten pricing and streamline costs to stay competitive.

# Deeper Insights: Navigating Business Challenges



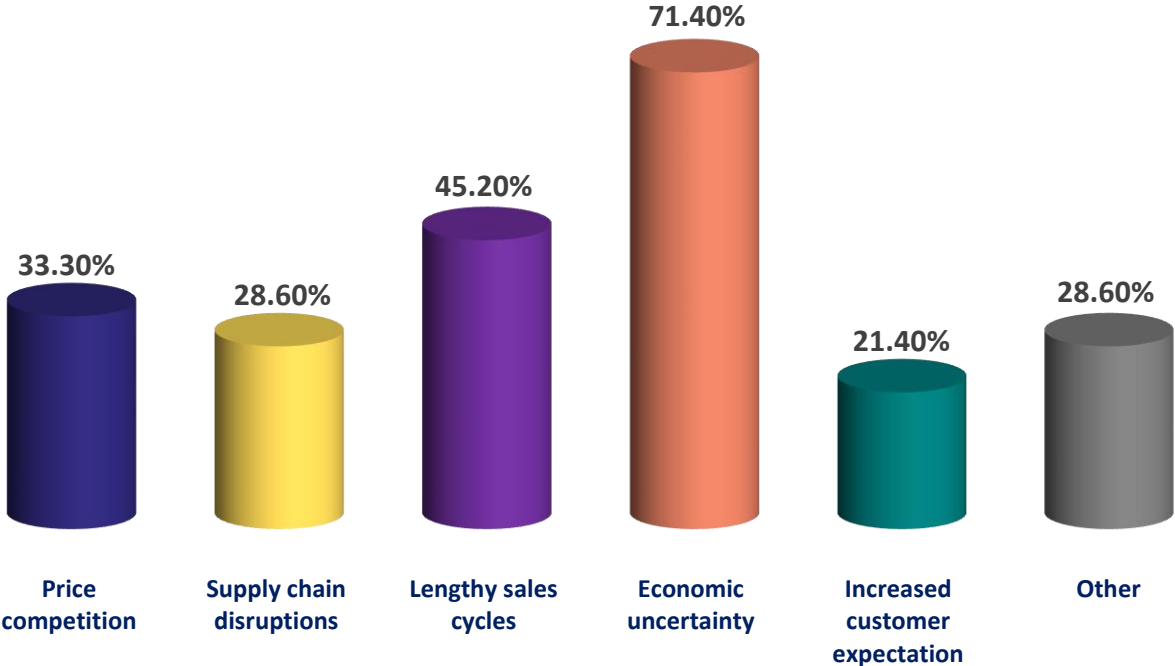
**Top Concerns:** Economic uncertainty (71.4%) and lengthy sales cycles (45.2%) are the most pressing issues, highlighting the broader market instability affecting decision-making and deal closure timelines.



**Competition Pressures:** 33.3% of PPAI 100 suppliers are facing intense price competition, while 28.6% struggle with supply chain disruptions, indicating operational challenges beyond pricing.



**Other Challenges:** Several respondents pointed to customers sourcing directly – cutting out suppliers – and political uncertainty affecting budgets, as well as increased material costs and a surge of new competitors, especially in drinkware.

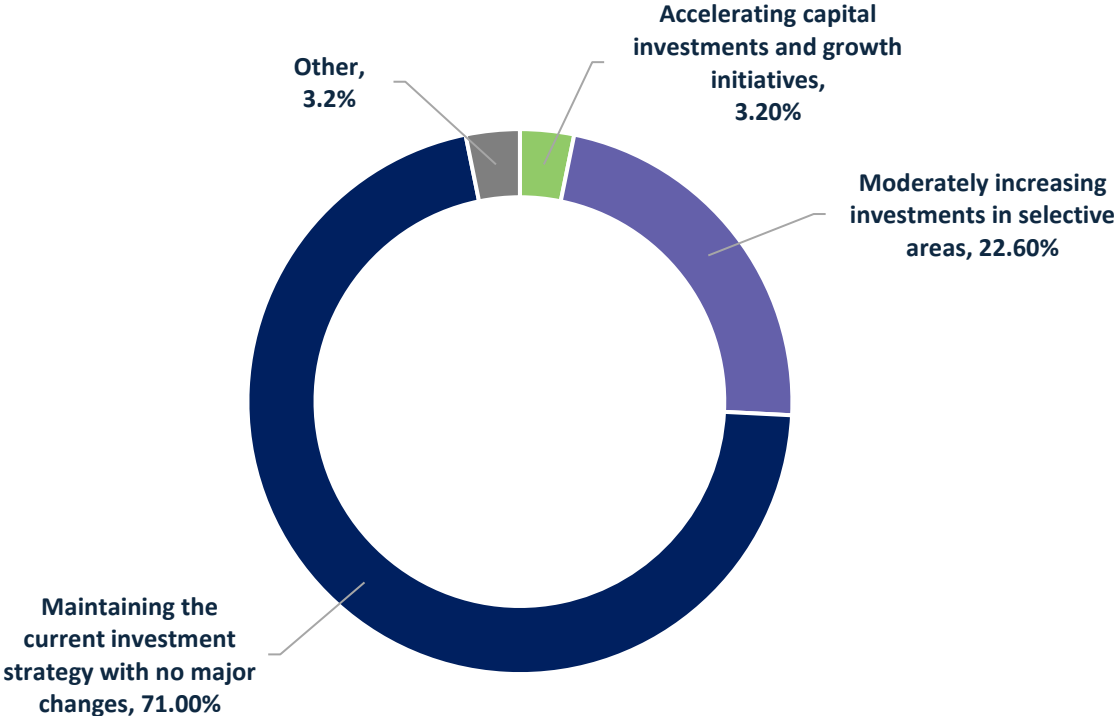


Business Challenges

With economic uncertainty and direct sourcing on the rise, PPAI 100 suppliers need to stay agile and competitive to navigate shrinking budgets and shifting customer demands.

# Fed Rate Cut: Most Hold Steady, Some Eye Growth

While the Fed's rate decrease has not led to major shifts in investment strategy for most PPAI 100 suppliers, some are exploring selective investment opportunities to drive growth.



Fed Rate Cut Effects



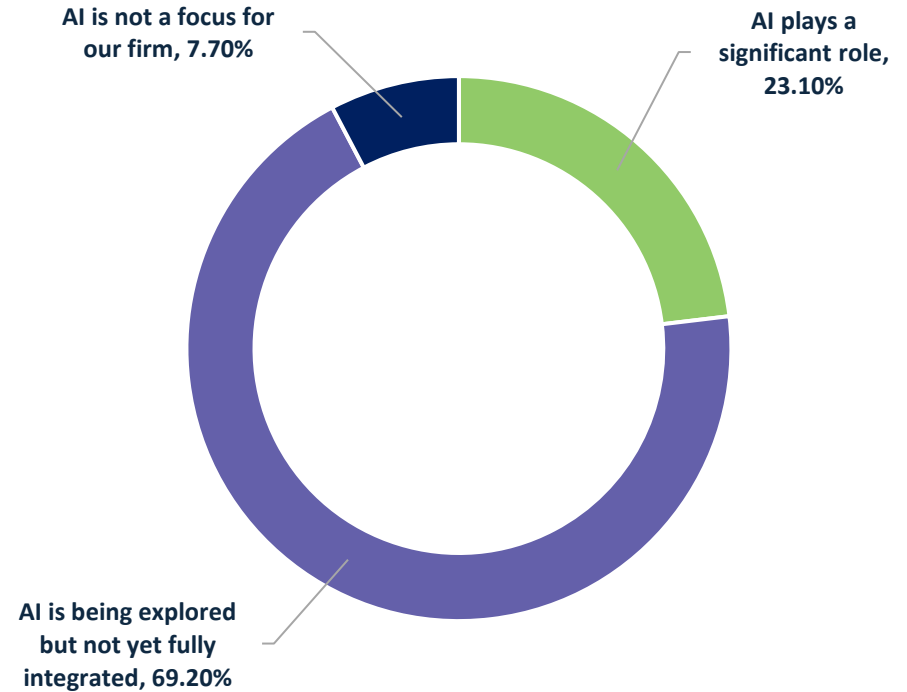


# AI and Digital Transformation

# AI Adoption Among PPAI 100 Suppliers

## 92.3% On Board with AI

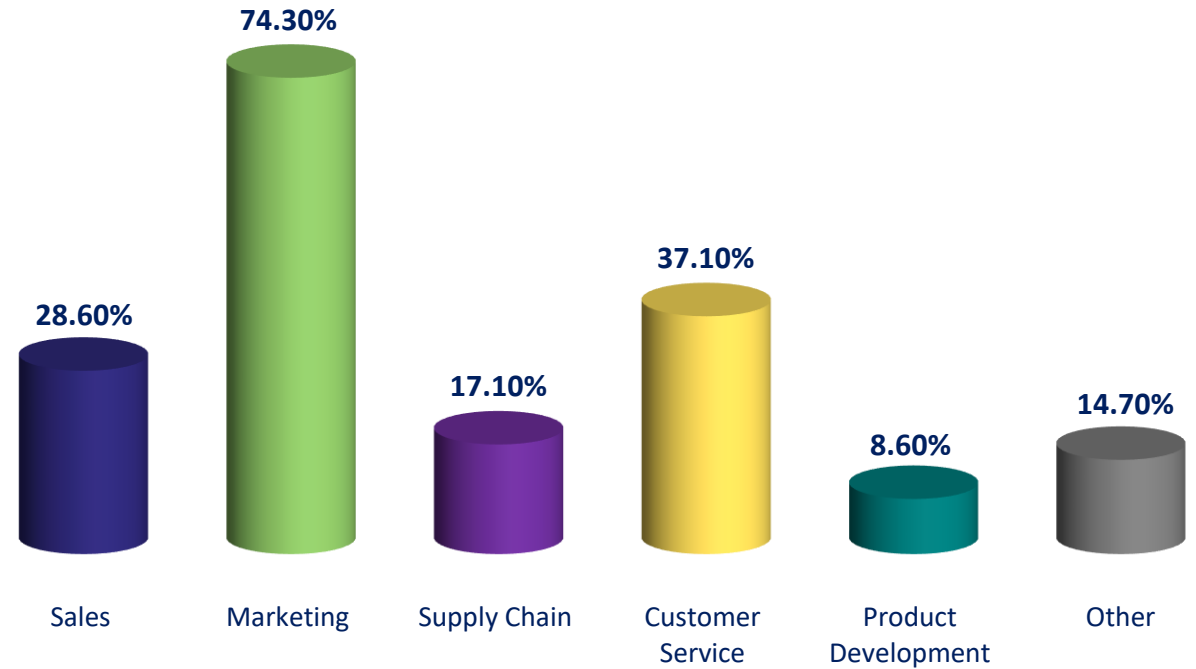
Nearly 7 in 10 PPAI 100 suppliers (69.2%) say they are exploring artificial intelligence tools, with another 23.1% saying AI technology already plays a significant role in their operations. Fewer than 1 in 10 (7.7%) said AI is not a focus for their businesses.



Artificial Intelligence Impact

# AI Driving Transformation Across Key Business Areas

AI is making waves across business operations for PPAI 100 suppliers – driving significant gains in marketing, enhancing customer service, and optimizing sales efficiency. Back-end functions like finance, order processing, and production are also being transformed. AI is reshaping how these suppliers engage, streamline processes, and innovate.



AI in Key Business Areas

# Challenges in AI Implementation



**Internal Expertise Shortage:** 69.4% of PPAI 100 suppliers face challenges due to a lack of internal expertise, making this the most significant barrier to AI adoption.



**System Integration Issues:** 50% report difficulties in integrating AI with existing systems, slowing down adoption across the board.



**Data Privacy and Compliance:** 30.6% are concerned with data privacy and compliance, reflecting the regulatory hurdles associated with AI.



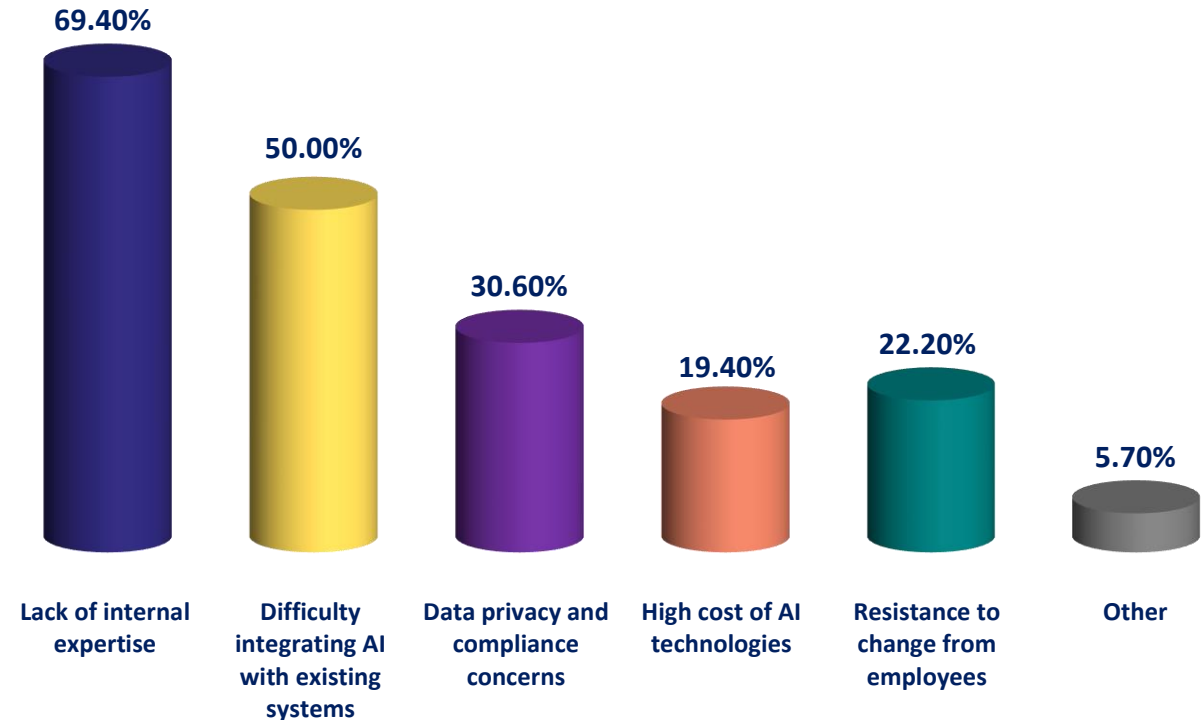
**Cost Concerns:** 19.4% cite the high cost of AI technologies as a barrier, reflecting financial hurdles for many firms.



**Employee Resistance:** 22.2% are dealing with resistance to change from employees, signaling cultural challenges in AI implementation.



**Other Challenges:** Customer engagement and operational hurdles were also cited, highlighting sector-specific concerns.

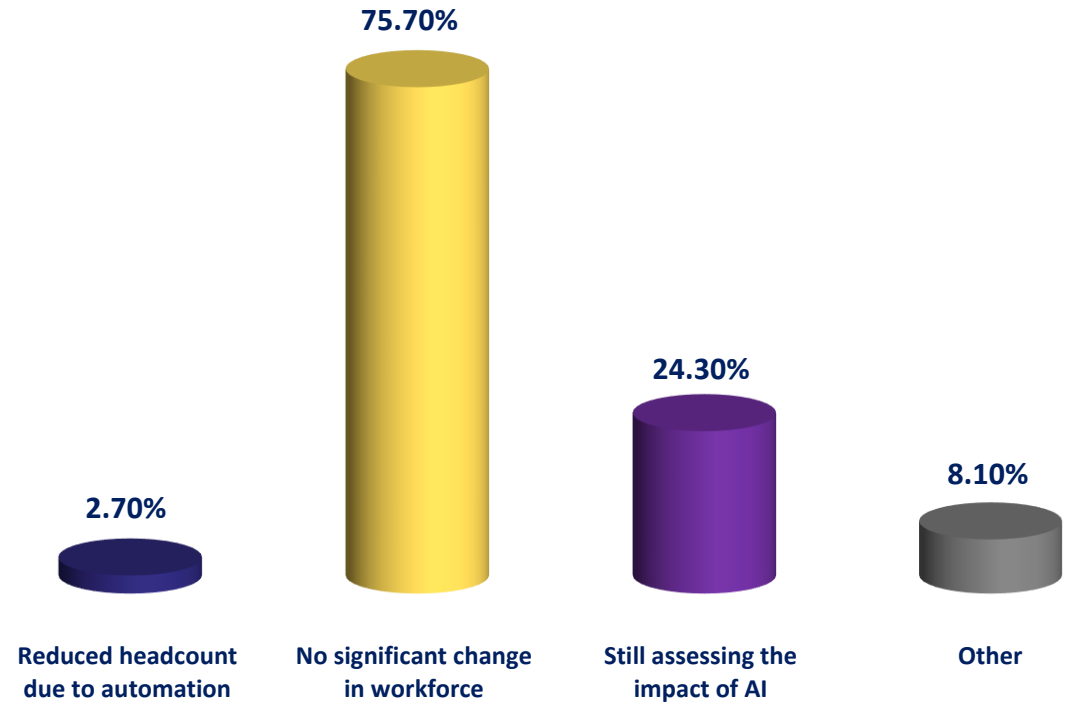


Challenges in AI Implementation

AI's potential is undeniable, but firms are hitting roadblocks – internal expertise and system integration stand out as the biggest hurdles to widespread adoption.

# AI's Impact on the Workforce

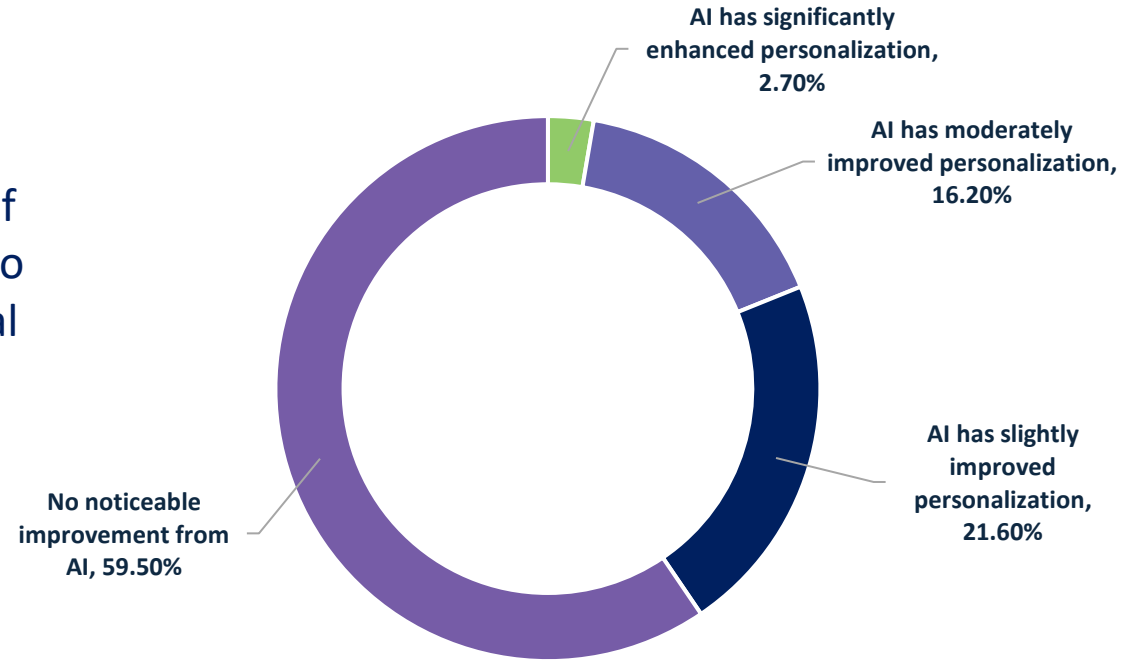
AI has not yet significantly affected workforce structures for most of the PPAI 100 suppliers, although new AI-focused roles are emerging, and many firms are still assessing its long-term impact.



AI Impact on Workforce

# AI's Impact on Personalization

While AI is starting to improve personalization, the majority of suppliers have yet to see significant benefits. Firms will need to continue refining their AI strategies to fully unlock its potential for personalized customer interactions.



AI Impact on Personalization



# Primary Goals for AI Implementation (Next 1-3 Years)



**Efficiency and Customer Focus:** 83.3% of firms, including PPAI 100 suppliers, aim to use AI to increase operational efficiency and improve customer experience, highlighting the dual focus on optimizing processes and enhancing customer interactions.



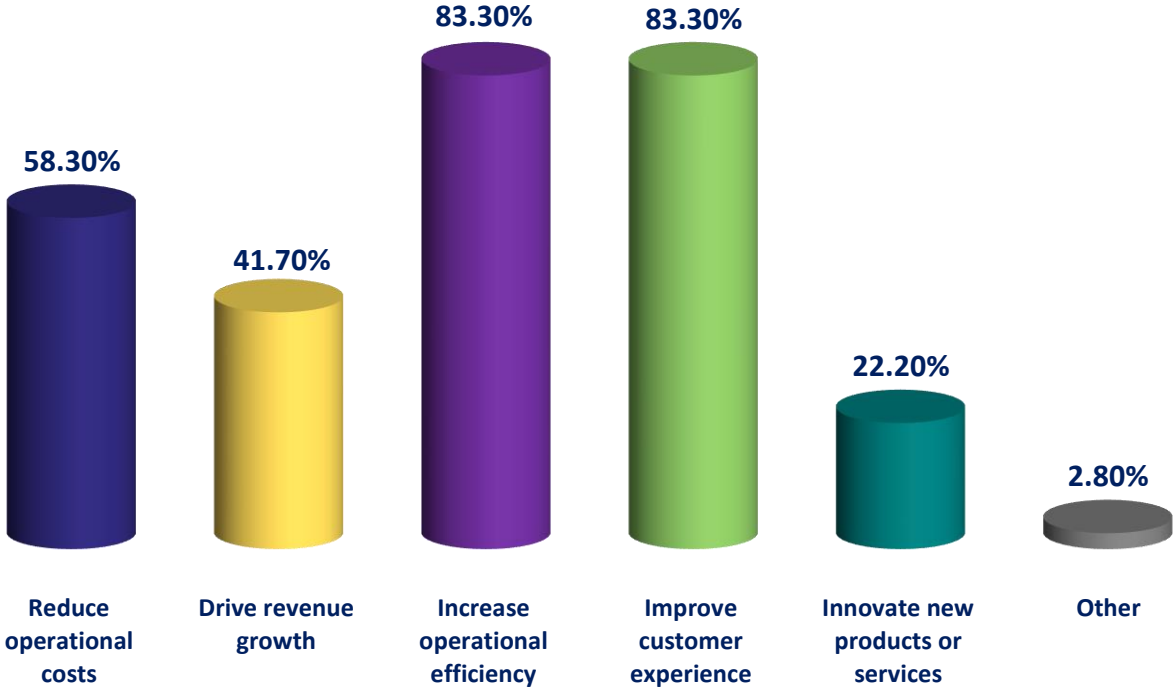
**Cost Reduction:** 58.3% are prioritizing AI to reduce operational costs, reflecting a strong drive to streamline expenses in a competitive market.



**Revenue Growth:** 41.7% are focused on using AI to drive revenue growth, underscoring the potential for AI to boost top-line performance.



**Innovation:** 22.2% are looking to leverage AI for innovating new products or services, showing that while efficiency is key, some firms are also eyeing future product development.

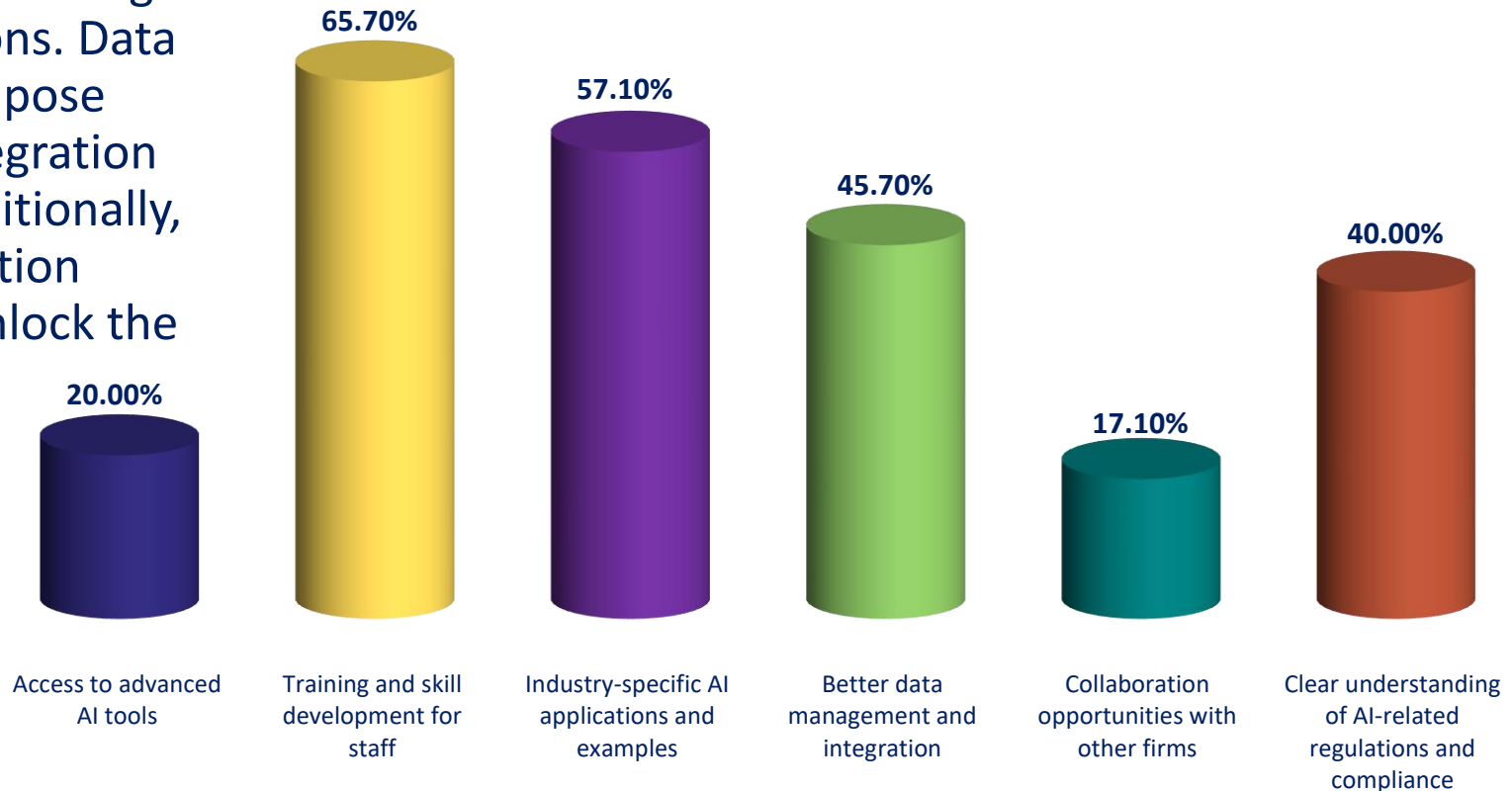


Primary Goals for AI Implementation

Firms are betting big on AI to streamline operations and elevate customer experiences, with cost savings and revenue growth following close behind.

# Gaps in AI and Digital Transformation

The biggest hurdles for suppliers are staff training and the need for industry-specific AI solutions. Data management and regulatory clarity also pose significant challenges, requiring better integration and clearer guidance on AI compliance. Additionally, access to advanced tools and collaboration opportunities need improvement to fully unlock the potential of AI.



Gaps in AI and Digital Transformation



*Data sourced from the collective responses of PPAI 100 suppliers via a flash survey conducted in October 2024.*

