



Branding counts from mugs to steak knives

Promotional products have become a sales tool in the same way as direct marketing and advertising, says **Chris Tolhurst.**

Corporate gifts and promotional products have become a bigger part of the marketing mix as more companies look for new methods to boost sales and customer loyalty.

The Australasian Promotional Products Association says the promotional products industry in Australia generated sales of \$2.02 billion in 2006, up 30 per cent up on the revenues it generated in 2003.

These figures cover corporate gifts and consumer "gift with purchase" products and include spending on items from baseball caps and coffee mugs imprinted with a corporate name to dearer types of apparel and computer technology items.

APPA chief executive officer William Kestin says promotional products have been steadily taking market share from other types of marketing, such as direct mail and advertising, since 2000.

"Promotional products are now a full alternative to other types of marketing like direct mail, and larger corporates are increasing their spending on promotional products," Kestin says.

A key factor is longevity of use of products, which makes many companies view expenditure on these products as cost effective.

Kestin says 71 per cent of business travellers surveyed recently at Sydney Airport reported having received a promotional product in the last 12 months.

"Moreover, 33.7 per cent of this group had the item on their person," he says.

"The item was promoting the giver's logo repeatedly to the participant and their associates. The survey also found that 55 per cent of people kept their promotional product for more than one year, and 75.4 per cent said they kept their promotional product because it was useful."

The managing director of Sydney-based Conomos Corporate Marketing, Jennifer Conomos, says many companies now consider promotional products in the early stages of developing a marketing

campaign and will closely integrate the products with advertising and direct mail strategies.

"Companies organising promotional marketing pieces on a regular basis to go with a direct marketing campaign are aware that the higher volume runs must include a three to four-month production period to be able to produce a cost effective and completely customised product," Conomos says.

"(Marketing) people also allow time prior to this to develop and select a product and to be clever in their approach to a campaign so the product carries the message once the literature is thrown away.

"Those marketers who leave little time to organise such campaigns can expect to almost double their costs. You'll be able to pick them a mile away as they are the ones who will end up resorting to the mugs and pens."

With the growth in business-to-

'Companies entice with a gift to make the purchase more appealing.'

business marketing, there has been increased expenditure on expensive gift items, such as CD players, computer memory sticks and golf wear and accessories.

The product staples of the industry are caps and apparel, which make up 27 per cent of industry sales, according to APPA. The next most popular items are writing instruments, followed by office and other business accessories.

Promotional product firms argue that the industry is benefiting from a climate in which advertisers are taking a critical look at advertising expenditure and returns.

Operators say the better the quality of a promotional product, the longer it lasts and the more desirable it is to use. This makes cost per exposure diminish over time unlike the fixed exposure costs of advertising and direct mail.

However, the local promotional products sector has been affected by complaints and bad publicity.

Kestin says in the past year APPA

has received an increased number of complaints about poor products or service in the industry. However, 90 per cent of the complaints received by APPA are from companies that have bought promotional products from a non-APPA member.

"We are powerless to intervene on your behalf if you take that risk," Kestin says.

About 4500 businesses, from print brokers, stationers, embroiders and engravers through to dedicated promotional product agencies, claim to offer promotional product services.

"Many of these fringe companies buy from APPA promotional product professionals, add their mark up and pass it on to their clients," he says.

"Most advertising agencies fall into this category and rarely produce the products themselves."

Kestin says a key future trend in the industry is the expanding use of technology-based products that integrate eliciting a response from the receiver of the gift into a wider advertising campaign.

In Australian retailing consumer "gift with purchase" offers have traditionally been confined to niche retail sectors such as beauty and cosmetics sales. But both Kestin and Conomos say "gift with purchase" marketing strategies are now branching into new areas and that this reflects retailing trends in North America and Europe.

"As the marketplace becomes busy with many brands to choose from, companies are looking to entice consumers with a gift to make the purchase more appealing," explains Conomos.

"The beauty/cosmetics area has been doing this for years and doing it well.

"Then of course there are the liquor marketers, with bottle openers and key rings and kitchen appliances with cookbooks, aprons, cooler bags and so on.

"Consumers are looking for the best deal and sometimes this is the entire reason for getting people across the line in a buying decision between this brand and that brand."

Enticements

■ There has been more spending on expensive gift items such as compact disc players, computer memory sticks and golf apparel.

■ However, complaints about the quality of products and services has also increased.

■ Gifts with purchase offers are no longer confined to the cosmetics industry.

■ The product staples of the industry are caps and apparel, which make up 27 per cent of industry sales.