



# Profitable Playthings

**Despite the ubiquitous nature of promotional products there is still a degree of ignorance in the marketplace. Simon Young discovers that there is no substitute for experience and professional accountability.**

**T**he world of promotional products and corporate gifts is the world of marketing that few of us hear about, but almost all of us experience. From branded noisemakers at sports events to the collection of pens and desk accessories, promotional products are all around us.

As an industry, promotional products and corporate apparel is a huge one. APPA, the Australasian Promotional Products Associa-

tion, estimates total promotional products sales for 2006-2007 to be \$244 million, an increase of 15 percent in the past two years. If promotional products were counted in the ASA's advertising industry turnover, they would appear just south of magazines and higher than outdoor, cinema and online.

But as experienced industry operators will

tell you, there are two distinct groups within the industry. First, there are the majority – the 200 or so smaller companies that focus on product and price. These companies are often not members of APPA.

Glenn Jones of Hillcrest Promotions says the cost of entry is very low in promotional products, but often new operators aren't aware

of the many factors involved.

“It’s one thing getting the sales,” says Jones, “but there’s a lot more to having a successful company. To me service is everything. It’s the only thing that sets you apart from others.”

William Kestin, the Melbourne-based CEO of APPA, has some horror stories to share about

promotional product “bargains” that went wrong. There’s the transistor radios that were a dollar per unit cheaper than the competition, but were the wrong frequencies for the target market, resulting in a useless product and a drawn-out legal wrangle for compensation. There’s the accidental poisoning of almost 5000 guests at a function,

thanks to some “inferior knock-offs” of a patented Multicoloured Lightcube product.

Slightly less drastic but just as painful were the pencils emblazoned “Don’t Do Drugs” that, with a few deft twists of the pencil sharpener, insisted that school students “Do Drugs”!

Kestin says the stories bring home the value

## Trends

### Quality on the up

The age of cheap and cheerful promotional products is on the way out, thanks to increasing demand for higher quality from clients (at the same prices, of course), and technological advancements.

Craig Rogers, group product manager for Crippz, says it’s not just the quality that’s improved, but quality control. “We get a lot fewer mistakes in shipments from China these days,” he says.

Graeme Foster, director of the Proclaim Group, says even China is outsourcing these days, to Bangladesh, testament to the rising price of doing business in China.

### Eco-friendly

Last year’s Stern Report and *An Inconvenient Truth* burned awareness of environmental issues into the consciousness of ... well, everyone. Including marketers. Has that awareness led to greater sensitivity when marketers commission promotional products?

Kind of. Rogers says some great eco-friendly products are coming out, but marketers are caught between being seen to do good, and paying a higher price for sustainable products.

“There should be a lot more sustainable products out there but there aren’t because it’s really hard to manufacture right now,” says Rogers. “There are still a lot of plastics in the world that you can’t recycle.”

Rogers also says many people don’t recognise the difference between recycled and recyclable material. “They’re not the same thing,” he says. Recycled material is often not recyclable. Perhaps a more sustainable alternative is reusable products, although that depends on the habits of the end user.

A planet-saving alternative that doesn’t depend on changing habits is the use of corn starch instead of plastic. Corn starch looks and acts like plastic, but it breaks down naturally in a landfill. It’s currently being used for everything from takeaway food packaging to pens.

While corn starch is as functional as plastic, it doesn’t yet have the smooth finish of plastic. This is a common issue for environmentally friendly products, and Rogers says the products by themselves won’t be impressive. “You need to communicate that they are environmentally friendly, and why that’s important,” says Rogers.

There’s also tacit demand in the marketplace for locally made prod-

ucts, but often the price is prohibitive. Bob Faram, director of Below the Line Marketing, says, “We’d all like to buy New Zealand made, but the reality is it only happens a fraction of the time, because we can make that budget stretch a lot further by taking offshore.”

Faram says that while the desire is there in principle to see sustainable, ethical, locally made products, “it’s like organic food – not likely to get cheaper”.

(See box story “Saving the planet from your desk.”)

### I need it now

Promotional products suppliers face a conundrum when they bend over backwards to get a job done on a tight deadline. Imprint Marketing’s Phil Monastra says six weeks used to be the minimum lead time; now two to three weeks is the expected norm.

“That gives us barely enough time to get the job done,” says Monastra, “let alone thinking of ways to do it better, which is what we do best.”

While technology has sped up many processes including manufacturing and proofing, shipping is still a fixed time cost.

### Apparel trends

New Zealand corporate apparel keeps up with the times better than its Australian counterpart. That’s according to Craig Rogers, group product manager for Crippz.

He says New Zealand buyers don’t buy in the same quantities as their trans-Tasman neighbours, and smaller shipment sizes means Kiwi marketers are able to respond to changes in fashion more quickly than across the ditch.

And fashion matters in corporate apparel. Consumers and marketers are beginning to expect from branded apparel the same detail and quality that they receive from retail.

Dave Bunnell of Team Wear says gender-specific cuts are also appearing in corporate apparel, and shapeless cotton t-shirts have given way to polyester-based stretch t’s.

### Co-branding

Several industry people note the move toward familiar, product-specific brands. Impact Marketing’s Phil Monastra notes a move towards Parker and Schaeffer pens, for instance.

## Saving The Planet From Your Desk

**Corn starch pens.** They look like plastic pens, but they're made of corn starch, which breaks down in a landfill. (Source: Crippz)

**Recycled pencils.** Just like an ordinary pencil, but instead of wood, these ones are made out of recycled newspapers. If you can read Chinese, you may even be able to read your pencil! (Source: Crippz)

**Wooden clothes?** Lenzing Modal is stretchy fabric made from beech wood fibres, instead of synthetic material. It's currently available in any colour you like, as long as it's black, but that range is set to expand soon. (Source: Crippz)

**Seedy matchbooks.** They look just like matches but these sticks create plants instead of burning them. Known as "Seedsticks" the biodegradable sticks can simply be torn off the matchbook and planted. Each pack holds 10 sticks – that's potentially 70 plants. (Source: APPA)

of experience and professional accountability. "Ninety percent of complaints we receive are from companies who have bought promotional products from a non-APPA member," he says. "We are powerless to intervene on marketers' behalf if they take that risk. Corporate clients can lodge complaints for resolution with APPA and we will liaise with our members to help resolve your problem.

But APPA can only assist in dispute resolution if the promotional provider you deal with is an APPA member!"

The other side of the industry is the 80 or so firms that are APPA members, and who are more focused on strategy. Often these are distributors rather than direct importers or manufacturers, so they face a constant challenge to add value to a potential commodity market. It's these companies that are experiencing sustained growth as more marketers take seriously the potential of promotional products and corporate gifts.

They're adding value in a number of ways, both knowledge- and infrastructure-based. On the knowledge front, it's hard to beat the extensive networks and relationships built by long-time operators.

That, combined with size, gives many operators a key advantage. "Not many companies can meet the minimums to go offshore and get the price advantage and also full customisation," says Bob Faram, director of Below the Line Promotions.

Phil Monastra, director of Imprint Marketing, says companies are realising the benefits of outsourcing more of the process, including importing, warehousing, logistics management and distribution. More and more suppliers are moving

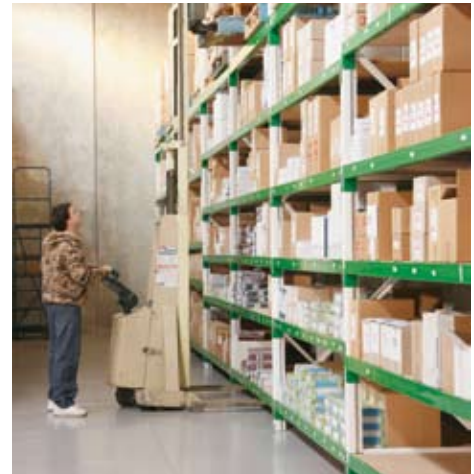
to provide internet-based order management as part of their service.

One such company is Proclaim Solutions Group,

a newcomer to the industry that uses its experience in print management to provide self-service solutions for clients.

Proclaim provides soft-proofing, where clients approve designs online instead of checking products in person. "Unlike a PDF where clients have to print out, mark up changes, scan the image and email it back, this soft-proofing process lets a client use their mouse to mark what they want done," says Proclaim's founder and owner Graeme Foster.

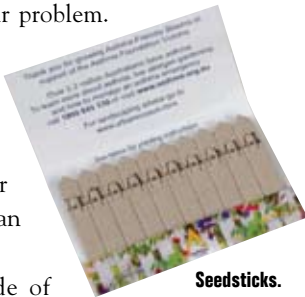
The approval system also ensures only one



Proclaim – self-service solutions.

person in a client team has final say, to prevent stagnation by committee. "A client may have five people with different ideas, but there's only room for one person that runs the project in our system," says Foster.

Craig Rogers, group product manager of Crippz, says his team is often brought into the creative process to develop a product that extends a brand message beyond media and instore advertising. Kestin says in some cases a promotional product becomes the centrepiece for an advertising or communications cam-



## Any Colour You Want

Whatever Freud's definition of sublimation, Dave Bunnell's definition is full colour printing on fabric. Bunnell is the director of Team Wear, which provides branded apparel.

"Sublimation is a very important trend," he says, referring to the printing process which allows any kind of graphic to be printed anywhere on a garment. "It's taken off in sportswear, and it's about to take off in the corporate market," says Bunnell.

He says one particular application would be for marketers to ensure the exact PMS colour of their brand can be used on apparel.

paign, such as the Boony doll campaign for Australia's VB.

Customers who bought a "slab" of VB received a figurine in the likeness of Australian cricketer David Boon. The figurine had a "magic box" installed which interacted with TV coverage of the VB cricket series. Audio triggers from the broadcast set off pre-programmed phrases from the doll.

"VB doubled sales during the promotion," says Kestin, "as well as garnering a huge amount of free media coverage – every form of media covered the Boony dolls." The dolls also became an item of value, with one fetching up to \$200 on eBay. And yet the products were relatively inexpensive to make.

"People are willing to spend a little more on promotional products," says Kestin, "because they've all seen the products that don't work. What does it say about the brand when a product doesn't work? Consumers see a direct correlation."

The Boony doll campaign received every major marketing award in Australia, says Kestin. And although much of the attention went to ad agency George Patterson Y&R, Kestin says the real hero of the campaign was Sydney's Accure Promotional Marketing Solutions.

While Kestin says, on behalf of the industry, that "we don't mind being the silent heroes behind the scene", the ignorance about promotional products among the industry is beginning to bug some.



Graeme Foster – feeling the love.

Tim Cripps is MD of Crippz Promotional Products. He lectures once a year to marketing students at Victoria University, but says half a day out of a three-year course is not enough to prepare future marketers for a product they'll be dealing with regularly.

"We go in with a bag of ideas, showing what the brief was, and what concept we came up with, and then the results," says Cripps. "They can see the amazing results – the lights do come on, but there's very little time spent afterwards on promotional products, because it's not in their syllabus."

But should it be? Tom Agee, senior lecturer in the University of Auckland's department of marketing, says there just isn't room in a bachelor degree strong on theory to expound on the practical benefits of promotional products.

"If we're only teaching one paper about marketing communications – because that's where promotional products would fit – we just can't give it any more than a passing mention," says Agee.

Not that he's at all dismissive of promotional products or their impact. "I used to sell the stuff," he says. "The whole idea of a promotional product is to keep the brand in front of a person for a long time. There's nothing worse than going into a prospect's office and seeing someone else's pen or calendar!"

But while it's important, so are a lot of other things. "We've got about 30 hours with our students," he says. "We'll probably spend a third of that time on theory, and the rest on the marketing communications mix."

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