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PPAI SURVEY REVEALS EFFECTIVENESS OF BUSINESS GIFTS

Irving, Texas (September 29, 2008) Business gifting represents the most popular application of promotional products and is often considered one of the most effective uses of promotional merchandise for obtaining and retaining customers with a no-strings-attached pitch. However, recently, a debate has arisen about the true definition of a business gifting and how effective it really is. To uncover the truth, **Promotional Products Association International (PPAI)** sponsored a study conducted by Louisiana State University and Glenrich Business Studies.

With business gifts accounting for 18.6 percent of distributor sales in 2006, PPAI asked Louisiana State University and Glenrich Business Studies, a research firm based in Oregon, to investigate the business gift market and uncover answers to a few pertinent questions. The findings, as derived from a questionnaire mailed to 6,000 sales and marketing executives, are as follows:

What Are Business Gifts?

The survey defined business gifts as “merchandise bestowed for the purpose of achieving customer and employee goodwill and relationship retention, given with the sponsor’s identification appearing either on the item or accompanying it (e.g., on a card) and presented for the personal use of the recipient or a limited class of people.” Ninety-six percent of those surveyed agreed with the definition.

Respondents were also asked how they think business gifts differ from advertising specialties and incentives. Once again, response from the survey indicated that end-buyers and promotional product professionals both view there to be no difference between the two.

What Are The Costs Of Business Gifts?

Although price points do not figure into customary definitions of business gifts, they are very much present in buyer interpretations. Two-thirds of respondents said price is a criterion in the way they picture business gifts. The Internal Revenue Service also has a picture of business gifts, limiting write-offs to \$25.

Agreeing with the IRS, 29 percent of those surveyed said price should be in the \$10 - \$24.99 range to be considered a business gift. However, 35 percent of those surveyed said price should be \$25 to \$49.99, and more than 20 percent thought the ideal price was \$50 or higher.

Who Gives Business Gifts?

In 1991, PPAI-sponsored research by Frank N. Pierce, Ph.D., University of Florida, found that only 48 percent of business organizations were engaged in gift giving. As of 2007, however,

according to a study by GfK Custom Research for the Incentive Federation, U.S. businesses and nonprofits spent \$5.59 billion on gifts. A recent study by Glenrich Business Studies showed that more than 80 percent of businesses are gift givers.

“The market for business gifts is usually influenced by organization size,” said Richard Ebel, principal, Glenrich Business Studies. “The greater the revenues accrued, the more likely some of it is spent on gifts. Gifting is also influenced by the specific industry.”

Why Are Business Gifts Given?

The most commonly cited reasons for giving business gifts include:

- To thank customers- 70 percent
- To build goodwill- 66 percent
- To develop business- 50 percent
- To recognize employee performance, longevity- 50 percent
- To generate referrals 31 percent
- To influence purchasing decisions- 22 percent
- Customers expect them- 12 percent
- Other- 7 percent

Selecting Business Gifts

Among those who buy business gifts, the survey showed that the preferred choices of items ranged from office/business accessories (favored by 47 percent of respondents) to gifts for the home (18 percent).

In selecting gifts, the study also showed that buyers are likely to choose items with the most universal appeal to the class of recipients or select things matching what the buyer knows about the customer’s interests.

For some buyers, the choice depends on the recipient’s position in the customer organization’s hierarchy. For higher-echelon management, “I would look at something more targeted than generic,” said Wilson Camelo, vice president of public relations for Bauza and Associates. “I also look for gifts that relate in some way to the recipient’s business.”

How Effective Are Business Gifts?

Overall, the results of the survey demonstrate that buyers find business gifts to be very effective. Of the respondents who measure their own results of business gifting, nearly 60 percent of this group claimed that the bestowal of gifts was either “effective” or “very effective.”

“Business gifting is really a tangible way of saying thank-you,” said Steve Slagle, CAE, PPAI president and CEO. “And in such a competitive marketplace, where retaining clients can be challenging, a few thank-you’s can go a long way in creating and maintaining a beneficial business relationship. And when you add the high-touch element of promotional products to the mix, it is possible to reach each client on an individual basis, and that personal touch is particularly important when you’re showing them how much they’re appreciated.”

Two duplicate surveys were mailed at two-week intervals to a sample of 6,000 sales and marketing executives responsible for purchasing promotional marketing items and business products and services. This sample was composed of senior management, brand, sales, marketing, advertising and promotion managers, and human resources directors. Surveys were also e-mailed to another list of 15,600 individuals fitting the aforementioned job titles. Usable responses totaled

756, and the response rate was 10.3 percent for mail, slightly less than one percent for online. The error rate of +/- 3.5 percent conforms to accepted social science research norms.

For more details about this study, please contact Anne Lardner at 972-258-3041 or AnneL@ppai.org.

Promotional products are an essential element in the marketing mix. Adding your message to a tangible product turns an ordinary message into a marketing experience your audience can see, touch, hear, smell and even taste. Promotional products are the only way to make a sensible—and memorable—impression. For more information about Promotional Products Association International (PPAI) or to learn more about the proven power of promotional products (including research and case studies), visit the PPAI website at www.ppai.org or contact PPAI at 972-258-3041 or PR@ppai.org.

PPAI—the promotional products industry’s only international not-for-profit trade association—offers education, tradeshow, business products and services, mentoring, technology and legislative support to its more than 7,500 global members. Promotional products are more than a \$19.4 billion industry and include wearables, writing instruments, calendars, drinkware and many other items, usually imprinted with a company’s name, logo or message. PPAI created and maintains the UPIC (Universal Promotional Identification Code), the industry’s only free identification system and universal company database.

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