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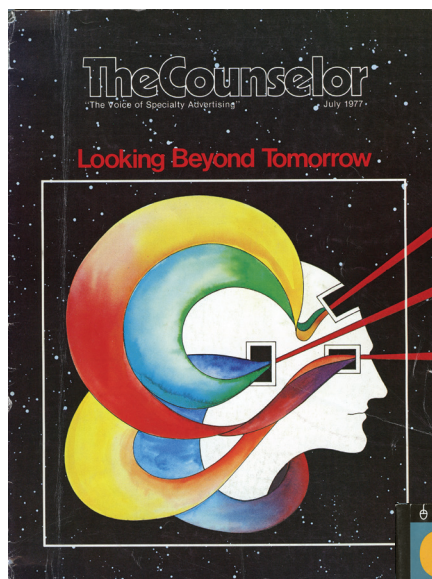
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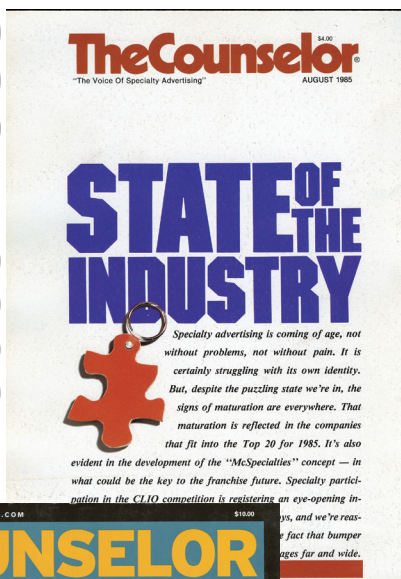
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# EDITOR'S LETTER YEARS IN THE MAKING

JULY 1977



AUGUST 1985



AUGUST 1994



JULY 2008



JULY 2013



Counselor is celebrating its 65th anniversary in 2019. Our signature issue, the State of the Industry report, was first published 42 years ago this month. Here's a look at some memorable SOI covers spanning the last five decades.

No doubt, a lot has changed in the promotional products market since 1977, when Counselor first published SOI. Back then, round metal ash trays, six-inch rulers and wooden golf tees were some of the most popular items – and just 46% of all distributors worked in the industry full-time. There were no Top 40 lists or awards profiles. There were, though, some interesting features in that first issue: a prediction that a global energy shortage would make plastics hard to come by, a debate over how to properly calculate industry sales and a fictional short story about a robot rep named REDS X. Those were definitely different times.

But the original SOI was also the beginning of an eye-opening age for distributors. Never before did they have access to industry-wide stats about the largest sectors for sales or a breakdown of distributors by demographics and services offered. That information was just a slice of what was to come.

In 2019, Counselor's State of the Industry issue is our most in-depth report ever. Using data from our annual SOI survey, we provide coverage and analysis of what matters most to the market. From topics like tariffs and tech threats to consolidation and compliance, SOI is your source for information, ideas and solutions.

Among our new sections this year is a five-page pullout spotlighting the most impactful charts in promo. There's also exclusive data on search trends, a unique look at company perks and policies, plus forecasts for the next two decades of the industry – this time without any mention of robots.

So delve in. Get an edge. Make your mark. And welcome to SOI 2019!

**Dave Vagnoni**  
Editor-in-chief, Counselor

2019

# STATE — OF THE — INDUSTRY

**Our annual report features exclusive data detailing trends, challenges and opportunities in the promotional products market.**

BY JENNIFER BILLOCK, JOHN CORRIGAN, JEAN ERICKSON, KYLE A. RICHARDSON, CHRISTOPHER RUVO, DAVE VAGNONI & ANDRAYA VANTREASE

RESEARCH BY NATE KUCSMA

## Healthy.

Competitive. Steady. When Counselor asked distributors for one word to describe the sales environment in 2018, these were the most popular answers. There's no secret why.

Throughout the year, as the U.S. economy gained steam amid low unemployment, increasing wages and reduced corporate taxes, the promo market benefited. Following a two-year stretch in which average distributor sales growth hovered around 3%, the ceiling was shattered in the second quarter. Revenue in Q2 jumped

3.86

The industry's predicted health score for 2019, according to distributors, measured on a scale of one to five.

by 5.3%, signaling the market was serious about taking a leap forward. Meanwhile, the Counselor Confidence Index, which gauges distributor sentiment, reached an all-time high reading of 117 in Q3. By comparison, when the U.S. was in the throes of a recession in 2009, the reading was 79.

Marketing spend was up. GDP was expanding. All was well. But by the fall of 2018, things began to change. Opening summer salvos of a trade war between the U.S. and China morphed into a tariff-slinging showdown by September. With costs of imported products from China on the rise, suppliers had to decide whether to pass higher prices onto distributors or eat margin. At the same time, distributors had to hold tough conversations with their customers, warning that tariffs could affect their planned orders.

So it came as no surprise that a few months into 2019, when Counselor again asked distributors to characterize the sales climate, that the responses were different. The most common answer – by a significant margin – was “slow.” Looking to the year ahead, distributors were feeling uneasy about the industry, forecasting a market health score of 3.86. Tracked on a scale of one to five, that figure was the second lowest since 2015.

117

Counselor Confidence Index rating in Q3 of 2018 – an all-time high.

Distributors in only one region – the Southwest U.S. – predicted the industry's health would improve in 2019.

This all leaves the promo sector in an important moment. Overall, the U.S. economy remains a positive. There's still market share to be won against other ad media. And there's plenty of room for both e-commerce and relationship-based sellers to thrive, even in the face of stirred up global headwinds.

What's your greatest advantage in an unsettled market? Information. And that's exactly what you'll find in our in-depth SOI report. As you work toward your goals, let the insights and advice on the following pages be your guide – so at the close of 2019, your one-word memory of this year will simply be: success.



## A Banner Year

By any measure, distributors produced solid results in 2018. The spring and summer months were especially strong, as sales growth between April and September rose to levels unseen in nearly four years. Notably in Q2, just one in seven distributors reported a decrease in revenue.

As distributors targeted growing promo markets like construction, hospitality and technology (analysis on page 26), their total number and value of orders increased. The wave of gains arrived as distributors diversified their offerings, providing clients with added services like graphic design, online company stores, and fulfillment.

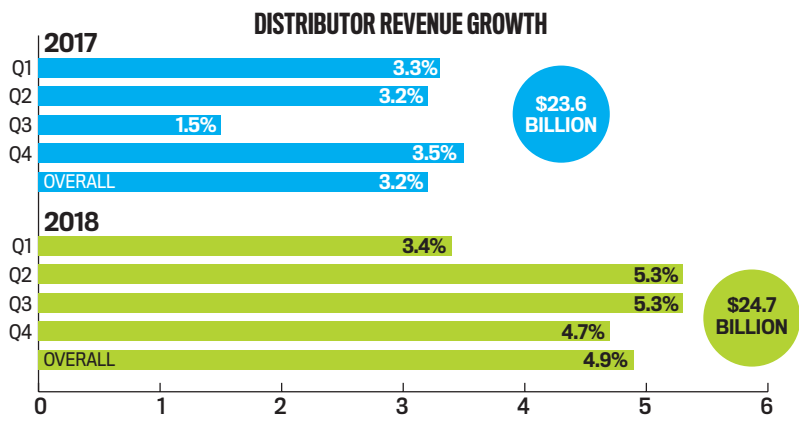
With sales improving, distributors spread the wealth, as the median annual salary of a rep rose to \$65,000, up from \$60,000 in 2017. Distributor owners enhanced benefits like health insurance and flexible scheduling, as well.

ASI 2018 data also showed the value of promo products in the eyes of buyers. Among the highlights: the average household in the U.S. now owns 30 promotional items; 85% of worldwide consumers remember the advertiser that gave them branded apparel; and people are nearly 2.5 times more likely to have a positive opinion of promo products compared to online advertising.

Numbers often tell the tale and in 2018 they authored a powerful story for promo.

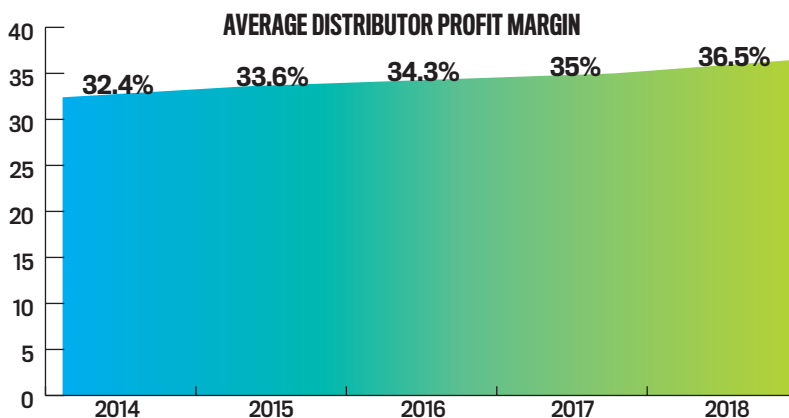
## SOARING SALES

While average distributor revenues grew faster in 2017 than U.S. GDP expanded, it was just an average year for promo products sales. Yet, 2018 ushered in a breakthrough stretch. The promo market roared in the last nine months of the year, leading to a new annual record for industry revenue.



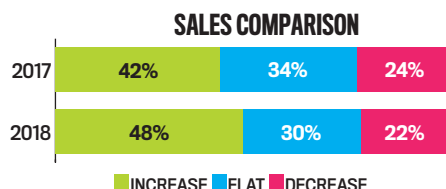
## Continued Gains

Despite increasing trade headaches and pressures from online competitors, distributors pocketed more money from orders in 2018. The average distributor profit margin hit a 10-year high, pushing ever closer to 40%. It hasn't been lower than 32% since before the Great Recession.

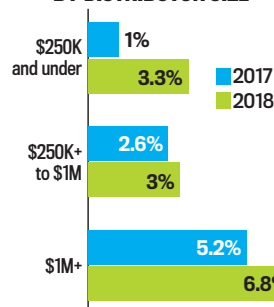


## Higher Ground

When Counselor asked distributors to report their 2018 promo revenue, nearly 50% said their sales improved compared to 2017. Among distributors that generated more than \$1 million in 2018 sales, 70% of them reported growth.



## AVERAGE SALES GROWTH BY DISTRIBUTOR SIZE



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# MARKET WATCH

A thorough look at the leading sectors for promo product sales and advice for making further gains.

BY JEAN ERICKSON

## Largest Overall EDUCATION

Once again in 2018, the education sector paced promo products spending, accounting for 12.6% of industry sales. Education has been the top distributor market for each of the last five years, bolstered by a variety of buyers across all types of schools.

“This sector is a portal to a younger audience, which tends to have a significant impact in the marketplace,” says Bill Mahre, president of Top 40 supplier ADG Promotional Products (asi/97270). “Distributors used to focus mainly on

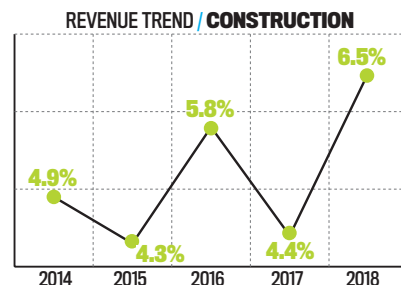
strength. “It can be done cost-effectively, and provides a much higher perceived value,” Mahre says. In particular, customized promo products make teacher appreciation gifts and college dorm welcome packages, according to suppliers.

While education sales remain strong, it’s notable that its growth versus other sectors has been stunted a bit in recent years. Nina Bloomstein Shatz, the director of business development at Top 40 distributor BAMKO (asi/131431), believes the slippage could be tied to funding issues in public education. “State budgets are being shifted, and fewer dollars are being sent to our schools,” she says.

Even if that trend continues, Shatz still thinks there are endless opportunities to boost education-related revenue if distributors are willing to try new avenues. “Informal education is a market that’s growing exponentially,” she says. This includes any learning that takes place outside of a classroom, like a Model Congress, teen travel programs, or coding and robotics conferences.

Teen travel programs send students on a learning adventure, and often feature a community service component so kids get volunteer hours that can be applied to their regular school year requirements. “These programs order a lot of promo, including apparel, backpacks and luggage tags,” Shatz says.

Some other trends for distributors to keep in mind when working with education clients: buyers want to see what products will look like, so pick pre-production samples over virtuals; among college students, die-cut stickers featuring their school’s logo or mascot are hugely popular; and protecting the environment is increasingly important to school administrators, making reusable straws, nonwoven totes and BPA-free water bottles big sellers. In terms of sustainability, “everything is with a purpose in mind,” says Shatz.

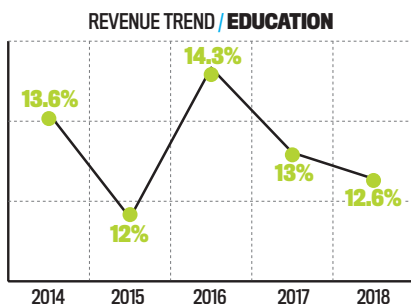


## On the Rise CONSTRUCTION

Now the fifth largest market for promo sales, the construction industry made up 6.5% of distributor revenues in 2018. A year ago, the construction sector contributed only 4.4% and was the tenth biggest market. What’s changed? Distributors point to one key difference.

“The economy is stronger, and people are feeling more comfortable spending money,” says Rod J. Thomas, an account executive manager at Marketeer Group/HALO Branded Solutions (asi/356000).

And more growth could be coming. The Bureau of Labor Statistics expects hiring of construction laborers and helpers to outpace the rest of the economy, projecting gains of



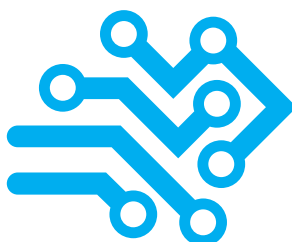
high schools and universities, but now we’re seeing demand from preschools, plus elementary and middle schools, a previously untapped market.”

The popularity of personalization is another factor driving the education market’s

**2012**  
The only year over the last decade that the tech market has contributed more than **6%** of yearly promo sales.

## Sector Swings

All industries have periods of strength and weakness, but looking at long-term trends can help determine where distributors should invest their resources. Here’s a snapshot of some featured markets, with percentages showing the difference in promo product spending between 2010 and 2018.



**TECHNOLOGY**

+2.3%



**FINANCIAL/INSURANCE**

-2.5%



12% between 2016 and 2026.

“New construction and home renovation drives our local economy. When the construction business is booming, all trades do well and they have more money to spend on promotional products,” says Ron Fisher, owner of Long Island, NY-based Fisher Signs & Shirts (asi/194583). “Budgets are increasing, companies are fully staffed and busy. They’re buying promo items to thank customers and to encourage new customers to check out their website.”

Kimble Walch, who counts construction as one of her biggest sectors for sales, thinks the election cycle and politics have played into construction’s recent leap. “My business tanked before the last election,” says Walch, a senior account manager at Zebra Marketing. “People were afraid and held off making any decisions to see who would be in office – now they’re building again.”

The majority of Walch’s construction customers are buying apparel for onsite safety programs. She also sells T-shirts for new hires, as well as backpacks and higher-end items for recognition and sales incentives. “My clients’ budgets are increasing and they’re hiring more people,” says Walch.

Even though construction sales are soaring, Thomas insists understanding the market’s business cycle remains the key to success. “Early spring and summer are prime building season, not the time to approach this industry,” he says. “Lay the

# \$7.39 billion

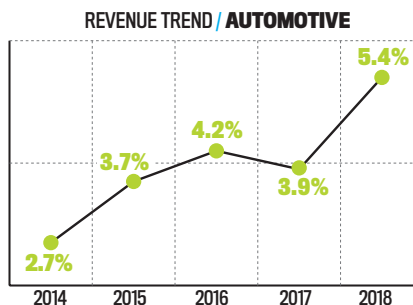
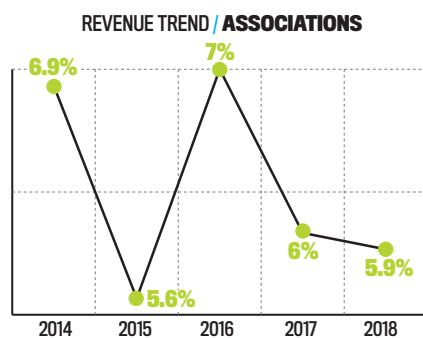
Total money spent by clients in the **top three markets** for promo product sales in 2018.

groundwork and reach out in the off season, which is late fall through winter.”

## Trending Down ASSOCIATIONS/CLUBS/ CIVIC GROUPS

As recently as 2016, this market was a top three sector for promo sales, annually producing about 7% of distributor revenues. The market has been on the decline since, though, presenting a challenge to firms that bank on local membership organizations for consistent sales.

“This is both an economic and generational occurrence,” says Tommy Levin, western sales director for Top 40 supplier Hit Promotional Products (asi/61125). “Attendance and membership has been steadily dropping with brick-and-mortar meeting halls and groups in favor of online activity and more contemporary organizations.”



Levin adds that younger crowds just aren’t interested in joining Elks clubs, hanging out at lodge meetings or mingling at monthly mixers like past generations. Without the financial support of membership dues, many of these groups face strained budgets, resulting in a drop in promo spending. So what can be done?

TJM Promotions (asi/342485) found a way to buck the overall trend by going where the money is – youth sports groups. “Our share of total sales to little leagues and associations is higher than the industry standard – we’re actually up around the 17%-19% range,” says Justin MacDonald, TJM’s general manager. “Most people ordering for a team or organization have full-time jobs apart from this task and need help to get these orders completed. If you make your customer look like a rock star, they’ll keep coming back.”

## Five Tips to Improve Sales to Automotive Clients

The auto market revved ahead in 2018, driving 5.4% of distributor sales. Here are strategies you can use to capitalize on this growing sector.

**1** New cars are regularly being introduced and staffers need to understand the features that come with each. “We do a lot of internal communications, like training materials for salespeople as well as for technicians,” says Shelly Aberson, president and founder of Aberson, Narotzky & White.

**2** In sales and marketing, dealerships are always focused on the bottom line, so first-class customer service is imperative. “With higher turnover margin, loyalty within a given workspace or manager is key,” says Adam Clark of Port City Apparel (asi/297176).

**3** Be practical. This sector favors functional products, like Yetis and Tervis tumblers, according to Nicole McNamee, managing director of global accounts at Top 40 firm Boundless (asi/143717). “Look at what’s on their desk and in their showroom to get a sense of their preferences,” she says.

**4** Keep up to date on happenings. Automotive clients are very community-oriented, sponsoring golf outings and local events, says Aberson. Offering to help promote these events is a sound strategy.

**5** Don’t forget about repair shops, which need signage, floor mats, point of sale and point of purchase items. “Headcount is increasing at the corporate level and more money is going into marketing,” says McNamee.



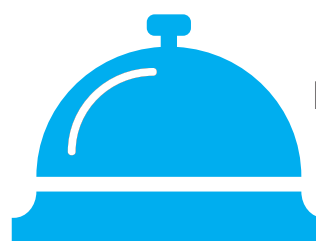
**PROFESSIONAL  
SERVICES**

+1.4%  
↑



**HEALTHCARE**

-0.5%  
↓



**HOSPITALITY**

+1.2%  
↑



As with nonprofits, being involved with a local organization offers an edge in winning orders. “It’s always easier to sell from the inside,” says Levin. Pitching promo products well in advance of specific events, like fundraisers, is also a good approach. Distributors should aim to make the buying experience straightforward – reducing steps, providing good/better/best merch options and offering guidance after hours.

“We encourage our reps to make themselves available for a conference call if a customer is presenting to a group and needs feedback,” says MacDonald. “In addition, if you do a good job, these team or group parents that own, run or work at other businesses could all be looking to you for their other promotional needs as well.”

## Forecasting Growth ELECTIONS

The 2020 presidential election may be well over a year away, but the field is already filled with potential contenders hoping to unseat President Trump. In the bare-knuckle 2016 election, Trump leveraged now iconic Make America Great Again (MAGA) hats, pushing the elections market to a multi-year highmark for promo sales. What will 2020 bring?

“The MAGA hats set a new standard for branding that’ll be picked up by other candidates,” says Nate Kucsma, executive director of research at ASI. “Distributors should certainly point to the success of the MAGA hat as a launching point for discussions.”

A&P Master Images CEO/partner Howard Potter expects “an even higher spike” in promo spending in 2020.

**2013** The last year the education market accounted for less than **12%** of annual distributor sales.

## CHART TOPPERS

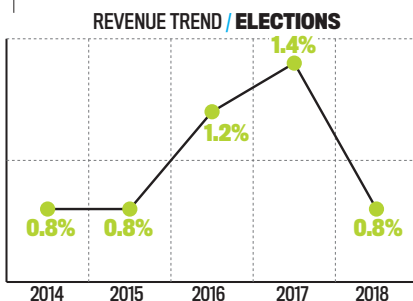
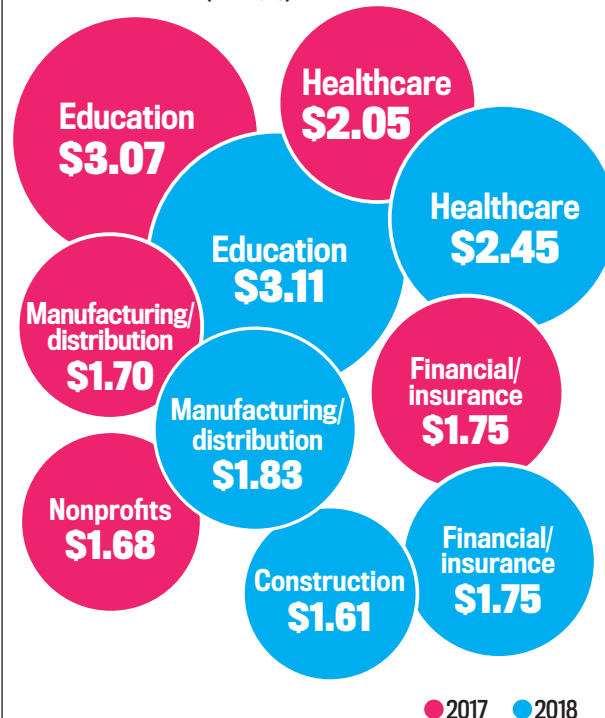
These are the top 15 end-user markets for promo sales. The numbers represent the percentage each industry contributed to total annual distributor revenue.

2017		2018
13%	Education	12.6%
8.7%	Healthcare	9.9%
7.2%	Manufacturing/Distribution	7.4%
7.4%	Financial/Insurance	7.1%
4.4%	Construction	6.5%
7.1%	Nonprofits	6.4%
6%	Associations/Clubs/Civic Groups	5.9%
4.6%	Technology	5.8%
4%	Hospitality	5.5%
3.9%	Automotive	5.4%
5.1%	Ad Agencies/Marketing Companies	4.9%
3.6%	Government	4.2%
3.7%	Professional Services	4%
3.6%	Consumer Products	3.2%
4.7%	Retail	3%

## THE LEADERS

Here’s the amount of money buyers spent in the largest five markets for promo sales over the last two years.

(in billions)

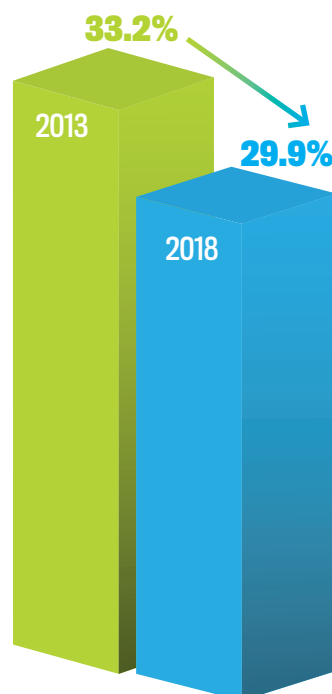


“Trump showed a different side of running an election and proved that promotional products are much stronger than people running for office knew,” says Potter.

Realizing that only a select few distributors will partner up with national campaigns, Mike Malinowski, VP of sales

## CLOSING THE GAP

The top three industries for promo account for less market share in 2018 than they did in 2013 due to strong growth in other industries.



for Top 40 supplier Gill Studios (asi/56950), suggests promo firms get started early to woo more local candidates.

“Once the filing deadline has been reached, the list of candidates becomes public record, effectively meaning it’s go time for distributors,” says Malinowski. He adds: “At House and Senate levels, there are strong contenders and gubernatorial races providing opportunities in 11 states in 2020. New candidates love social media to create traction. Rally signs and bumper stickers are great take-aways from those events.”

Pitching swag for school board and mayoral candidates can also be lucrative. “Some of the local, mom-and-pop style campaigns may have smaller war chests, but they’re easily approached, and their business is likely to have better margins,” says Shelby Goldblatt, owner of Gold Leaf Promotional Products. ■

# TARIFF TROUBLES

The trade war between the U.S. and China has proven increasingly problematic for promo firms, and more uncertainty may lie ahead.

BY CHRISTOPHER RUVO



If inevitability had a sound, it was the ping coming from the distributor's inbox. Days after President Trump placed 25% tariffs on \$200 billion worth of Chinese imports, a supplier had emailed a message. The note explained that in the "coming weeks, we will be increasing prices from 10% to 20%."

An outpouring of similar emails from suppliers to distributors made May a disconcerting month for the promo market. The messages highlighted the inarguable reality that the U.S./China trade war had driven price hikes on levy-listed promo products – and triggered a bevy of related disruptions that have been felt by many industry firms over the last year.

"It's affecting everyone," says Jonathan Isaacson, president of Top 40 supplier Gemline (asi/56070).

That initial burst of tariffs could be just an opening volley. President Trump has threatened to impose 25% tariffs on an additional \$300 billion in Chinese imports, which would include

promos in almost every category. Practically nothing would be exempt from levies, placing distributors in a tough spot.

"If we have to increase pricing to the end-consumer, we'll start to push them into other avenues of spending for their marketing dollar," says Bob

Herzog, CEO of Top 40 distributor Corporate Imaging Concepts (asi/168962).

## A Lasting Mark

Even if all tariffs are rescinded tomorrow, they'll have already left an indelible imprint on promo. For instance, they've caused suppliers – and distributors who source directly from China – to rethink the supply chain. Firms could shift production to the U.S. or partner with more domestic manufacturers to counter rising overseas costs.

Uncertainty over tariffs has led some suppliers to avoid producing physical catalogs, to offer print catalogs without pricing, or to put costs in their catalogs with the caveat that they're subject to change – a shakeup for an industry that's typically held to stable annual prices.

"This will be the first step in moving away from the

annual pricing commitment and toward a variable pricing model," says Howard Cubberly, general manager at Goldstar (asi/73295). "While it'll present difficulty in programs, company stores and repeat business, there really will be no choice."

Still, while tariffs are a challenge, some promo veterans believe the market will collectively overcome them. "Our industry is resilient and creative," says Bill Korowitz, CEO of Top 40 supplier The Magnet Group (asi/68507). "Before tariffs, we had Prop 65. Before that, it was product safety. We'll get through this with honest dialogue."

## A Domestic Revival

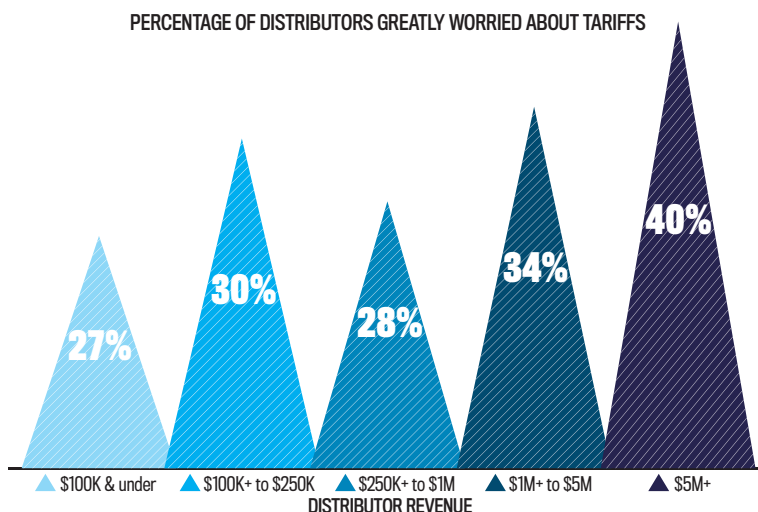
Tariffs on Chinese imports are fueling more requests for made-in-the-USA promotional products, while pushing sales at some suppliers higher.

Beth Friese, market-ing services manager at Fey Promo (asi/54040), says the Minnesota-based supplier has experienced greater growth in its U.S.-made products than its imported items since the tariffs took effect. "The uncertainty and concern of tariff impact has resulted in more interest in made-in-the-USA," says Friese. "This interest has brought renewed attention to these products."

Laurie Woodruff Jackson, founder of supplier Woody's (asi/98175), which primarily offers stateside-manufactured plastic drinkware, says her Santa Ana, CA-based company has had large former customers return since November of 2018. "The tariffs seem to have pushed the obstacles for doing business in

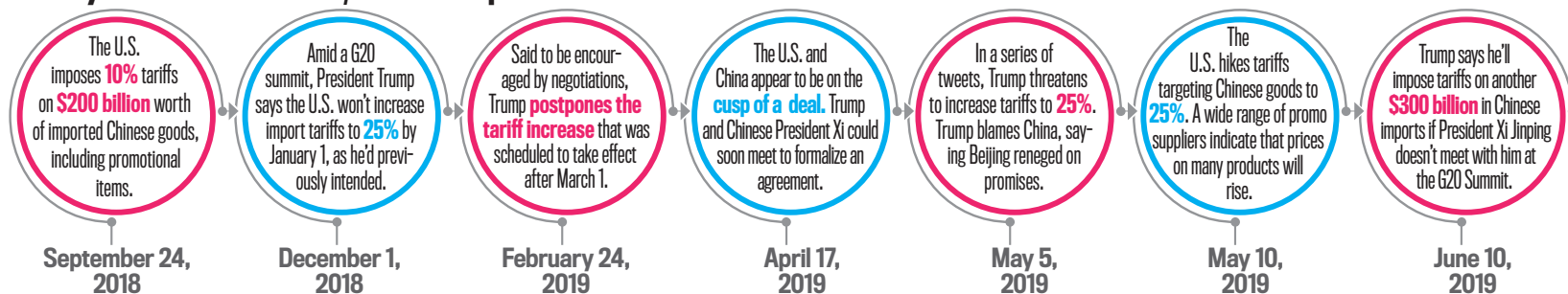
## DUTIES DISRUPTION

With the promo market's dependence on China for production, it's no surprise the majority of distributors are feeling uneasy about tariffs. A prolonged trade war would push prices higher, affecting margins and possibly even the value perception of logoed goods.





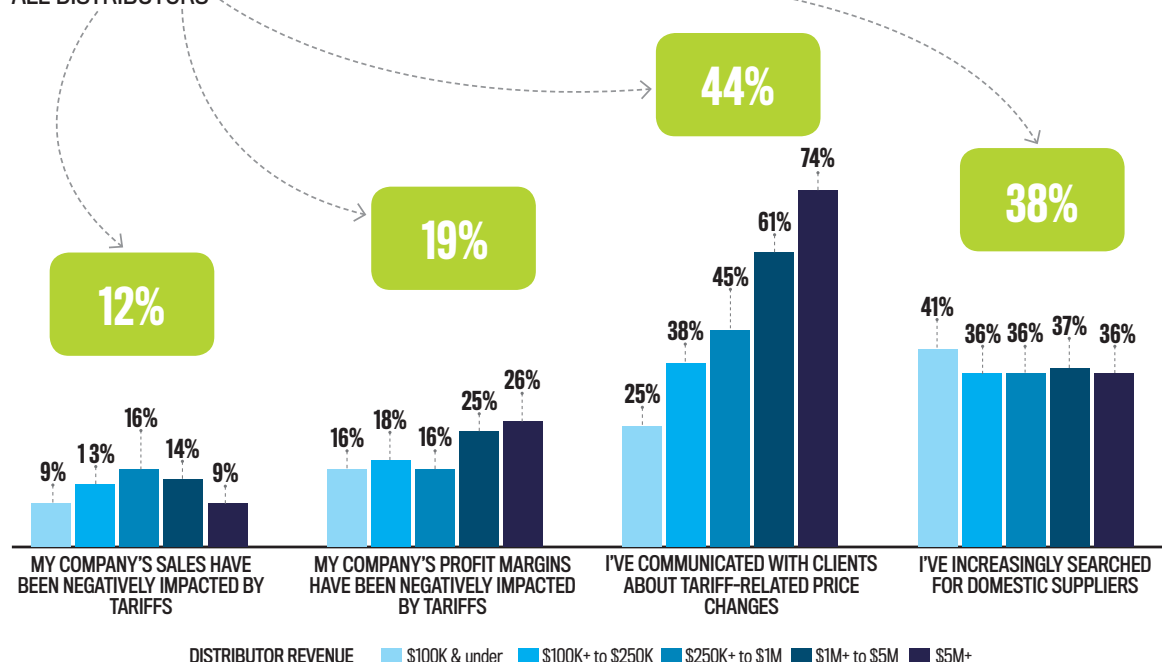
## Key Dates in the U.S./China Dispute



## TRADE WAR TRUTHS

The economic conflict between the U.S. and China has affected distributors in several ways beyond prices. For example, more than one-third of distributors have searched for domestic buying options, flipping their Asia-first sourcing approach.

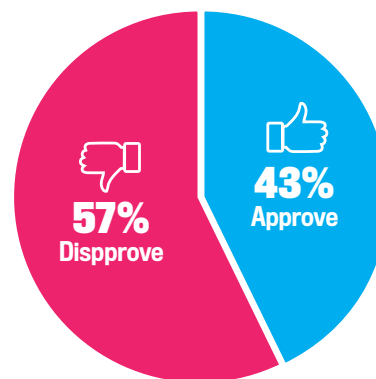
### ALL DISTRIBUTORS



## NET NEGATIVE

Counselor asked distributors if they think the Trump administration's international trade policies - including tariffs on Chinese imports - have been good for the promo products industry. While some see the potential for long-term gains, like a reduced trade deficit, most distributors disagree with the president's strategy.

### HOW DISTRIBUTORS RATE TRUMP'S HANDLING OF TRADE RELATIONSHIPS



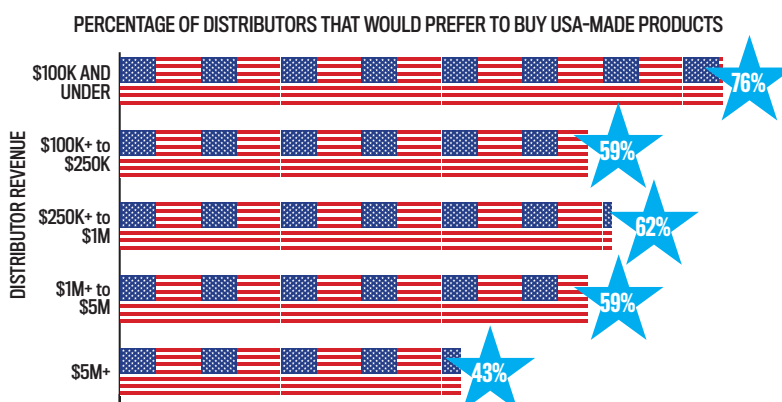
China to the point that it's not worth the potential cost savings," Woodruff Jackson says.

Top 40 supplier BIC Graphic (asi/40480) produces nearly 50% of its order volume in U.S. facilities. Since tariffs on \$200 billion in Chinese imports took hold last September, BIC has experienced a "slight uptick" in inquiries and website-based searches for USA-made products. Interest has been especially strong in proprietary brands, including BIC writing instruments and KOOZIE.

Will the appetite for American-made last? It depends on

## MIXED PICTURE OF PATRIOTISM

If given a choice, small distributors would rather buy promo items from domestic manufacturers. The largest revenue class of distributors has a different view, suggesting it would take a prolonged period of tariffs to change their price-driven overseas sourcing patterns.



several factors. If the U.S. were to suddenly lift tariffs, suppliers sourcing from China could reduce prices, stalling domestic manufacturing momentum. It's also possible that broader negative economic fallout from import levies could choke marketing budgets. "While we're expecting further ramp-up in made-in-the-USA products, especially in Q3 and Q4, we're also monitoring the impact tariffs will have on end-customers and whether it'll lead to reduced spending on promotional items," says Friese. ■

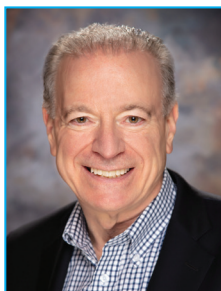




## DEBATE

# THE FUTURE OF CATALOGS

Should suppliers only publish digitally?



**Ira Neaman, Vantage Apparel**  
(asi/93390)

**NO**

Suppliers should still print physical catalogs. Here's why:

First, consider buyer preference. While new buyers are looking for quick information, suggestions, ordering tools and things that only digital can offer, legacy industry buyers still want a catalog. Focusing on both buyers means doing both. If you look at what's going on in publishing, e-book sales have been on the decline, and hardback and paperback books show steady increases. Younger generations favor the on-the-go convenience of reading on a mobile phone, while others are reverting to a non-technology experience.

**"There's power in face-to-face selling, and print catalogs enhance it."**

Next, it's important to appeal to the senses. Print lets you tell a story that can't be communicated in a five-inch space. The traditional layout of a print catalog allows for creative combinations of images and copy that's attractive to a buyer, and they'll be more likely to remember the brand. Paper selection, including weight and finish, is another non-digital opportunity to appeal to senses, communicate quality and position your brand.

Third, remember that there's power in face-to-face selling, and print catalogs enhance it. Today's buyers may be more protective of their available time, but meetings are still happening. Catalogs are a tangible representation of a brand and help establish legitimacy. They're also a better resource when multiple people need access to the same information. It's easier to share a catalog than your phone, and certainly easier to leave it behind.

Fourth, the phrase "do not disturb" applies here to buyers. They spend more time with your product line when they're offline – they aren't distracted by multiple alerts, messages and notifications, and can enjoy the experience of browsing through the 'book.' In fact, the act of turning pages is often described as satisfying by many people.

A final thought: Be judicious with print catalog quantities. While printed catalogs are still an effective, economical and entertaining tool, the overall environmental impact is important.

**55%** of distributors prefer **physical catalogs**, according to SOI data.



**Paul Lage, IMAGEN Brands**  
(asi/47700/93990)

**YES**

We've finally reached the time that physical catalogs have lost their effectiveness as the industry's primary selling tool for distributor owners, salespeople and end-users.

If you believe the catalog's primary function is to provide pricing for distributors and end-users, then catalogs aren't very helpful at all anymore. Most catalogs are simply a marketing tool instead of the all-encompassing selling and ordering bible that distributors used to turn to for buying promo products. In fact, we now steer customers away from the catalog to our websites for updated prices.

Our industry's history was built on a calendar with prices that would be good for the entire year. To keep that going, suppliers need to make a price determination in October so they can get their catalogs produced to start the next year.

We hold the previous year's prices until February to help distributors that sold orders at the old cost; this means suppliers must determine prices for a minimum of 15 months. That's a lifetime in our world. How can anyone predict what's going to happen with product costs, geopolitical gamesmanship or just the overall competitiveness that impacts our industry for that long?

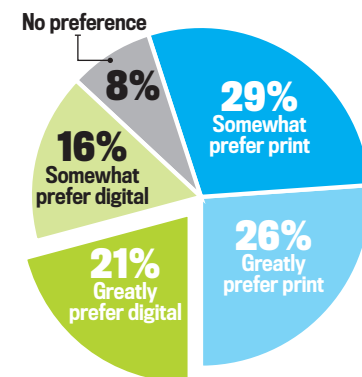
We need to be able to react quickly to changing market conditions just as every other industry does. This will lead to better and more competitive pricing for all. The recent tariff rollercoaster may be the catalyst for our industry to break away from this century-old printed catalog tradition. We're seeing several leading suppliers moving in this direction. We'll all have to rely on developing our distributor relationships, using our industry's search engines, digital catalogs and creating other tools to promote to distributors and end-buyers. The paradigm might've just been busted, and we should all embrace the new opportunities for the future.

**"We need to be able to react quickly to changing market conditions."**

### CATALOG CONUNDRUM

SOI data shows the majority of distributors still like physical catalogs.

#### DISTRIBUTOR CATALOG PREFERENCES



# TRIAL OF ERRORS

As industry firms handle more business, distributors and suppliers are sharing the blame for order mistakes.

BY KYLE A. RICHARDSON



**H**ow often do promo orders arrive with errors? SOI data shows it happens 11% of the time, with mistakes ranging from inaccurate quantities to incorrect products to imprinting errors.

“There are so many variables when something goes wrong,” says Kenny Ved, VP of sales at supplier Goldstar (asi/73295). “It could be on the distributor side, it could be on the supplier side, it could be at the factory level or with the shipping carrier. We’re human; errors happen.”

The growth of the industry – approaching \$25 billion annually – was cited by several firms as a big reason for the lack of quality control. More business is a good problem to have, but higher demand requires increased staff – a challenge in a tight labor market. “Our largest supplier partners are growing quickly and have many less-qualified oper-

ators to handle the growth,” says Jon Levine, president of The Image Group (asi/230069).

If finding people to fulfill orders is a major issue, the

speed with which those orders come in – and go out – is right next to it. SOI data shows that 36% of orders require a turnaround of five days or less, and one casualty of meeting those deadlines is adequate time for review. “When you shorten the order cycle, you increase the opportunity for issues,” Levine says.

Staffing shortages and expedited orders may be obvious culprits when it comes to errors, but the most frequently cited reason is also the most surprising – because many distributors are pointing the finger at themselves.

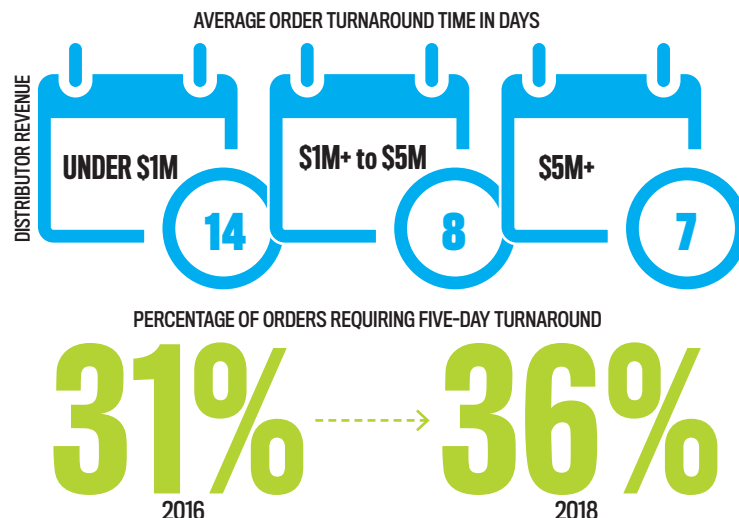
Most distributors interviewed by Counselor accepted at least part of the blame for order errors, noting a few reasons for issues: the complex diversity of order software across suppliers; the wide range of variables among items

**11%**  
of promo products orders were **delivered with errors in 2018**, according to distributors.

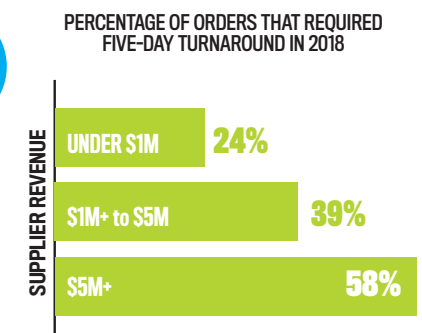
and decorations; and the high expectations for quick delivery from clients. “You can only push so many issues off onto the supplier,” says Bret Bonnet, president of Top 40 distributor Quality Logo Products (asi/302967). “It’s our job to set customer expectations. It’s our job to make sure all information is translated in the

## HURRY IT UP

Customers want their promo orders faster than ever and large suppliers especially are quickening process times. Among suppliers that annually generate more than \$5 million in sales, about six in 10 orders had to be expedited in 2018.



**11** The average **turnaround time** for orders in 2018, as reported by suppliers.

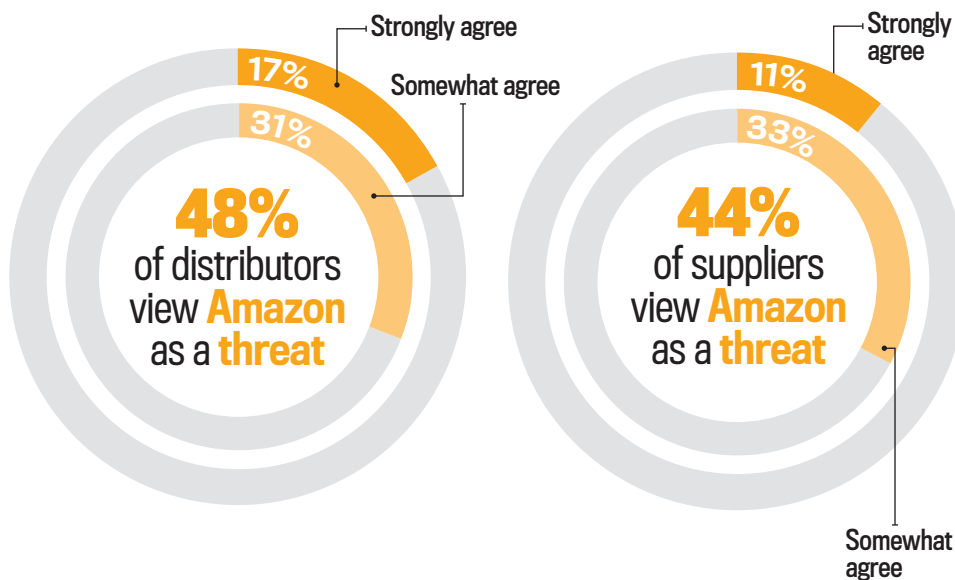




## MENACING GIANT

Distributors across all revenue classes view Amazon as a serious competitor in the promo space. Suppliers, though, are generally less concerned, in part because they can more easily leverage Amazon to sell their products.

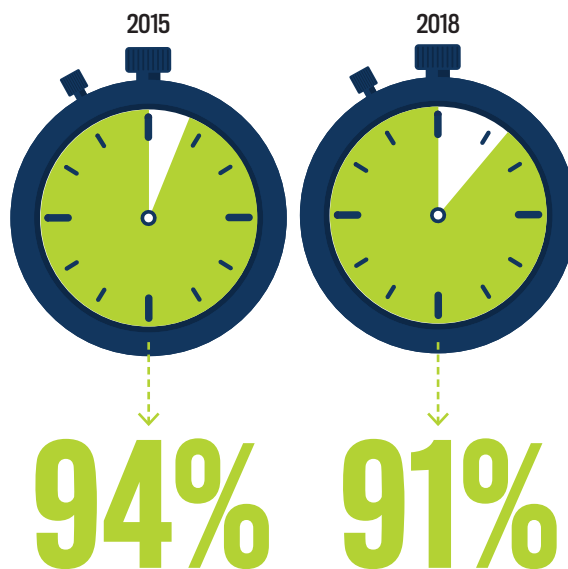
PERCENTAGE OF FIRMS THAT CONSIDER AMAZON A SIGNIFICANT BUSINESS THREAT



## GETTING LATER

According to distributors, suppliers are increasingly failing to provide products by the promised date. The trend is especially troubling as online competitors are delivering items sooner than ever.

PERCENTAGE OF PROMO ORDERS DELIVERED ON TIME



right format for the supplier.”

### Quite the Rush

It’s no secret that the internet has changed buyer expectations around shopping, customization and service, but no change has been as consequential – and costly – as expedited shipping. Promo buyers are coming to assume next-day and even same-day shipping as the norm.

“The expectation of fast turnaround, great quality, free shipping, and quick and easy returns have all become standard fare,” says Jeff Hall, president and CEO of Top 40 supplier iClick (asi/62124).

While more promo orders required a turnaround of five days or less in 2018 compared to prior years, a lower percentage arrived by the promised date – a big deal when competing against the streamlined processes of online firms. “The biggest challenges we have are bad purchase orders, incomplete information and bad artwork,” says Ved.

To combat avoidable errors such as these, more distributors are working to improve their order processing. “We’ve used a combination of investing in stronger internal systems, managing customer expectations, having better follow-up with vendors and pushing more spend to our reliable partners,” says Phil Koosed, president of Top 40 distributor BAMKO (asi/131431).

While smaller firms can’t afford quality-control departments, they can learn what goes into each order request so they can build those into their turnaround estimates. “Understand the time it takes for different decoration techniques,” says David Lever, director of sales for OTTO International (asi/75350). “For example, requesting a five-day turnaround on 5,000 pieces of a complex embroidery would be cut off prior to asking the supplier to make the mock up. If you know what goes into an order, you’ll know what can and can’t be accomplished.”

### The Amazon Effect

When you talk about rush delivery and intense client demands, you can’t avoid the trillion-dollar elephant in the room: Amazon. About 48% of distributors and 44% of suppliers agree that Amazon poses a threat to their business, and promo leaders are rushing to meet the high expectations set by the Seattle-based giant. Which begs the question: should they?

“There’s no question it’s incredibly expensive, time-consuming and complex to develop all of the systems, capacity and teamwork needed to produce customized products that ship next-day,” says Hall. “One of the reasons we’re starting to see so much consolidation in our industry is because of the resources it takes to offer these services.”

Opinions are divided as to whether competing with Amazon is a must of doing modern business or a recipe for failure. There are clearly industry execs, though, who believe expedited

orders have worsened the order cycle dynamic. “The industry has put unnecessary pressure on itself by offering 24-hour shipping at no charge,” says Trevor Gnesin, owner of Top 40 supplier Logomark (asi/67866). “This has allowed the end-user to leave everything to the last minute.”

Memo Kahan, president of Top 40 distributor PromoShop (asi/300446), feels the message to promo buyers needs to be reconsidered. “If we slowed everything down a little and gave factories enough time to produce, it would diminish the issues,” he says. “The customer is pissed off for sure. But it’s up to us to retrain them that they shouldn’t be ordering things today for tomorrow.”

There are some leaders, though, who relish a chance to stand out with speed. “The answer isn’t to run away from higher expectations,” says Koosed. “The answer is making investments in technology that allow us to exceed those expectations, no matter how high.” ■

# NOW SEARCHING

What products are distributors and end-buyers looking up most often online?  
ESP and ESP Websites data offer the answer.

## The Leaderboard

These were the Top 5 most searched items in ESP (by distributors) and ESP Websites (by end-buyers) in 2018.

### DISTRIBUTORS



### END-BUYERS



**106,433**

The number of **unique search terms** in ESP in 2018. **“Reusable bag”** and **“purple bag”** are examples of unique terms.

**0 for 12**

Not one tech promo item was ranked in the **top dozen search terms** last year.

**11,726%** Between 2016 and 2018, distributors **increased searches for the term “PopSocket”** by this staggering percentage. Here are other items that made significant leaps over that time period.



WIRELESS CHARGER.....	<b>+3,010%</b>
UNDER ARMOUR APPAREL.....	<b>+267%</b>
FANNY PACKS.....	<b>+167%</b>
COOLING TOWEL.....	<b>+101%</b>
YETI.....	<b>+59%</b>



## Spinning Into Insignificance

The **fidget spinner** was invented at least 25 years ago, but the product was forgotten as recently as 2016. After a meteoric rise, the item was one of the **most popular promo pieces of 2017**, ranking #4 in ESP searches. A year later, ESP searches for the product plummeted and it was ranked #222.

# MOST IMPORTANT CHARTS — *of the* — YEAR

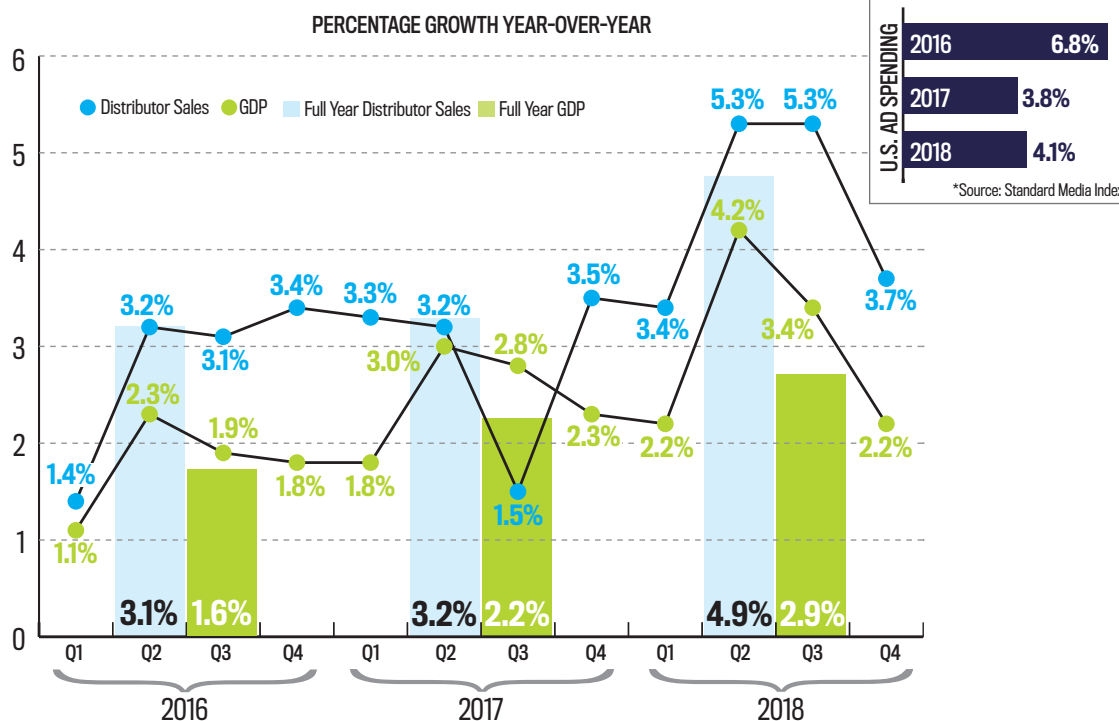
BY DAVE VAGNONI / ART BY HILLARY GLEN

Looking for a deep dive into market trends? This is the section for you.

For the first time ever, Counselor has compiled a list of the most impactful charts – those that explain what’s happening now as well as where the trend-lines are heading. Our aim is to offer a detailed picture of the promo industry in one expandable section. Use it throughout the year to help differentiate your firm, or refer back to it for strategic planning. Start by checking out the chart on the right of this page, and then open the gatefold for more exclusive data and analysis.

## DISTRIBUTOR SALES OUTPACE RISING GDP

Historically, distributor revenue growth parallels U.S. GDP expansion, with promo gains running a bit higher. Looking at recent data, only once in the last three years has quarterly promo sales growth dipped lower than its GDP counterpart. Also notable, in 2018, distributor revenue gains increased at a better clip than total U.S. ad spending, which should encourage promo firms working to wrestle market share away from other media, like local TV, radio and online ads.

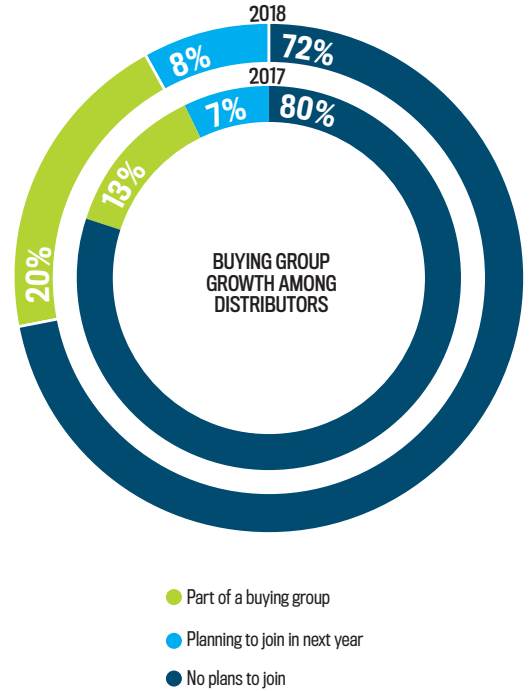
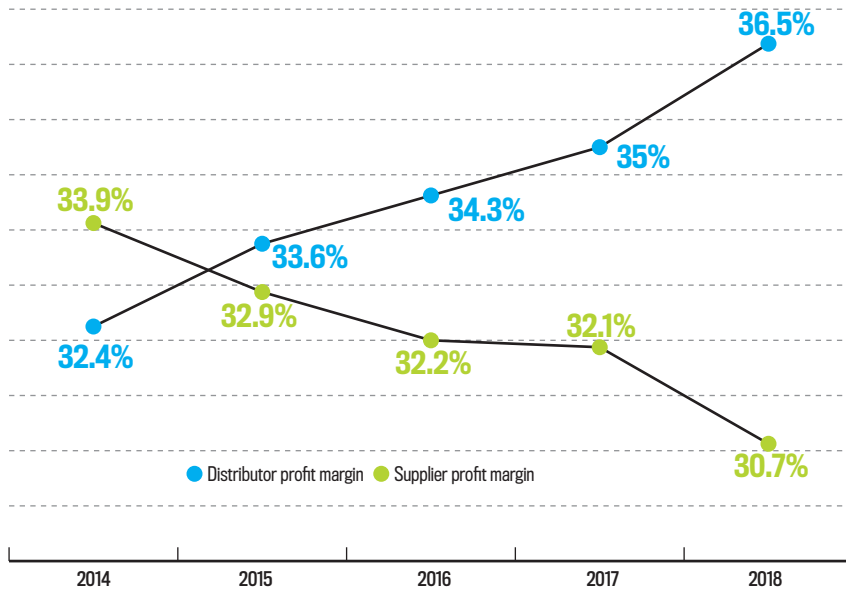




## OPPOSITE DIRECTIONS

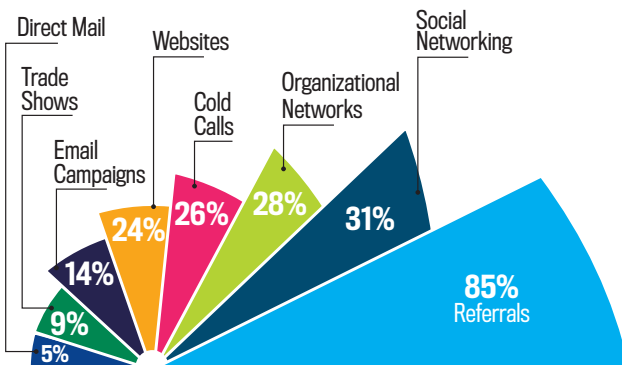
While distributors have reported increased average gross profit margins in each of the last five years, suppliers have seen a much different trend. What's causing the reversal? Even before the impact of tariffs on imported goods, suppliers faced pricing pressures on raw materials and demands from distributors for rebates. Another possibility: the recent growth of buying groups, which help distributors to band together for better pricing on orders.

AVERAGE PROFIT MARGIN BY YEAR

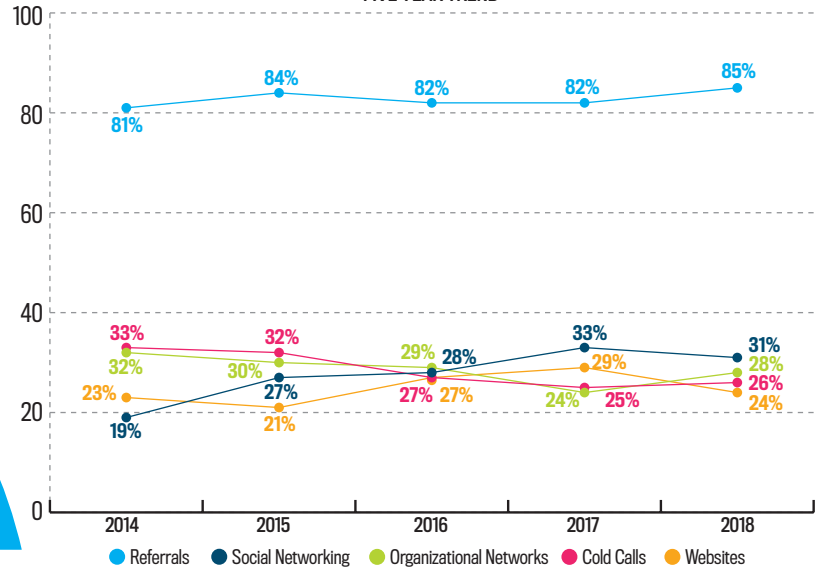


## SOURCES OF NEW BUSINESS

Referrals remained the top way distributors won new customers in 2018 – and by a huge margin. Meanwhile, more distributors leveraged social media for client acquisition than email campaigns, direct mail and print advertising combined. Old-school cold-calling bounced a tick higher after three straight years of declines.



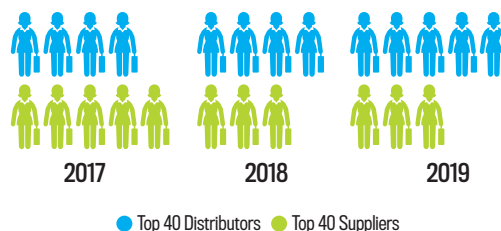
FIVE YEAR TREND



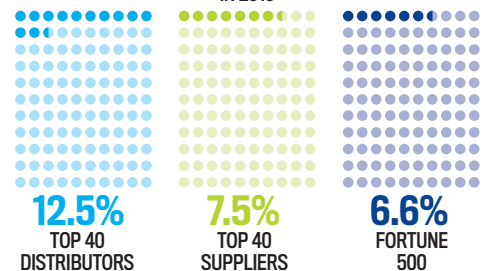
## LEADERSHIP INEQUALITY

Over the last three years, Top 40 companies in the promo products market haven't elevated many more women to their top posts. It's unlikely these figures will drastically change anytime soon; the vast majority of Counselor's Power 50 members – a list that includes many leading industry execs – don't plan on retiring in the next five years, ASI survey data shows. Still, Top 40 promo firms do boast a better male/female leadership ratio than 2019 Fortune 500 companies.

NUMBER OF FIRMS WITH WOMEN AS CHIEF EXECUTIVES



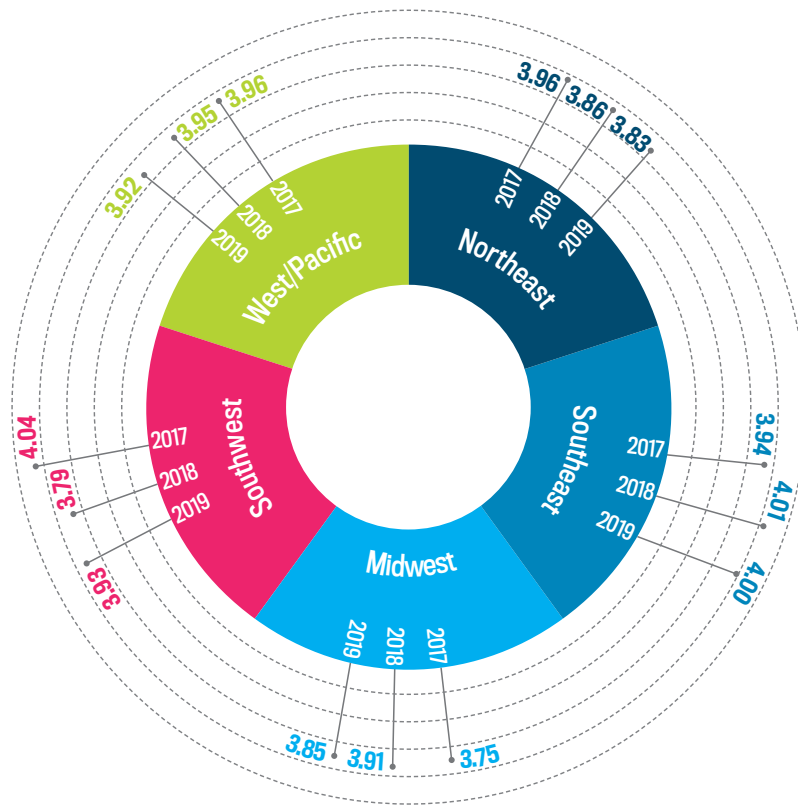
PERCENTAGE OF FIRMS WITH WOMEN AS CHIEF EXECUTIVES IN 2019



## FORECASTED HEALTH BY REGION

Asked to predict the coming year, distributors were more positive about the health of the promo industry in 2018 versus 2019. Distributors in three of the five measured regions were also more optimistic in forecasting 2017. The 2019 forecast drop among distributors in the West region bears close watching, as several of the fastest-growing U.S. states for promo sales are located there.

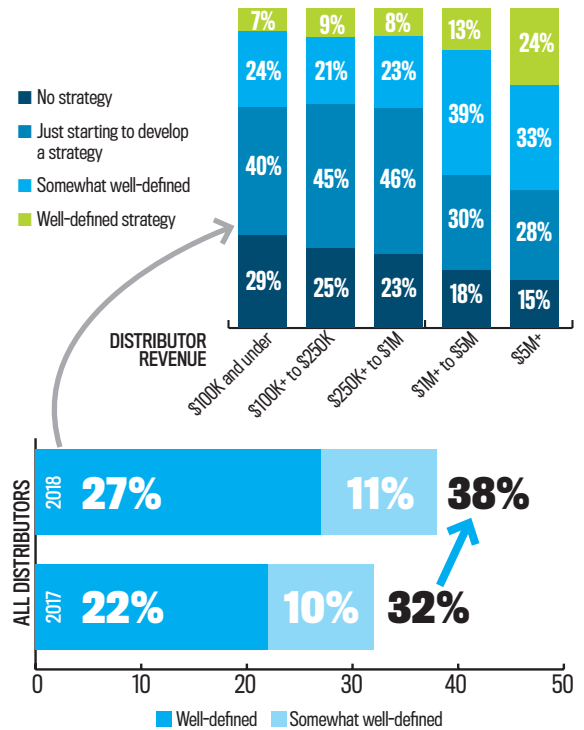
REGIONAL HEALTH SCORE (SCALE: 1=AILING, 5=ROBUST)



## NOT SOCIAL ENOUGH

In an age of brands pushing customer interaction online, distributors still haven't made significant investments in social media. In fact, in 2018, the majority of distributors either had no social media strategy or said they're just starting to develop one. Only one-quarter of distributors with annual sales of greater than \$5 million reported a well-defined social media plan.

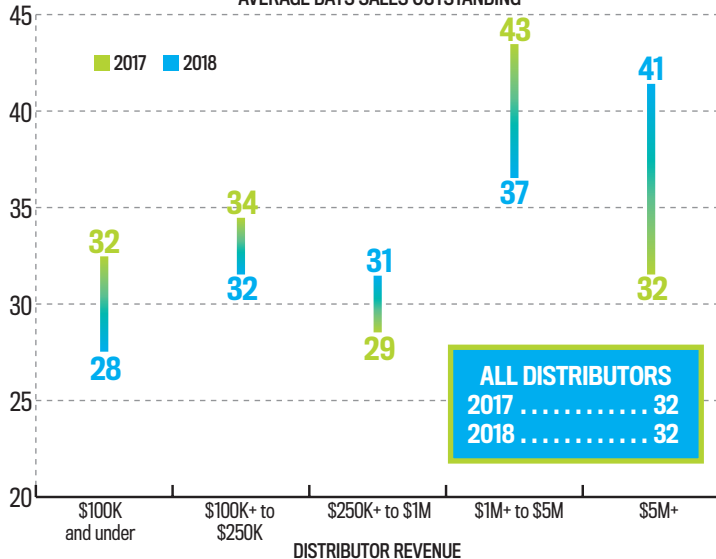
PERCENTAGE OF DISTRIBUTORS & THEIR SOCIAL APPROACH



## NET 30 NO MORE

The average distributor was paid by clients in 2018 in about a month, but the industry's largest companies are extending longer terms. Some may feel pressured to do so by demanding customers, but longer terms can also be used as a competitive advantage if a client is looking for a sweetener in a deal.

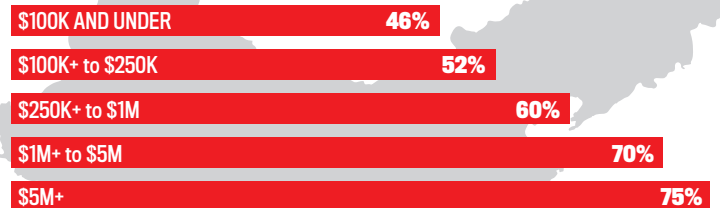
AVERAGE DAYS SALES OUTSTANDING



## GOING DIRECT

Traditionally, when the industry sales model is upended, it's been suppliers selling directly to end-buyers, cutting out distributors. But new SOI data shows distributors are going direct as well, sourcing right from Chinese factories. Larger distributors travel to China and strike up relationships there, while smaller distributors meet factory reps at industry trade shows. This "direct" approach offers distributors a way to boost margins and gain more control of the order process, particularly for custom work.

PERCENTAGE OF DISTRIBUTORS GOING DIRECT FOR AT LEAST ONE ORDER IN 2018

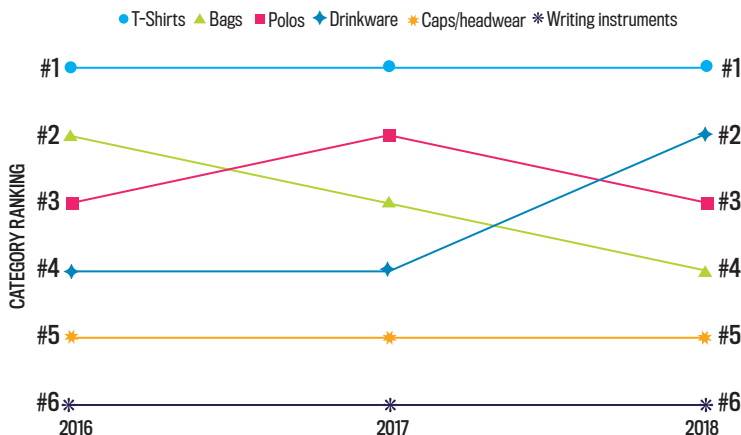


PERCENTAGE OF PRODUCTS DISTRIBUTORS SOURCED DIRECT

AVERAGE..... 12%  
MEDIAN..... 5%

## FOLLOW THE LEADERS

Since 2016, four product categories have ruled the top of the promo popularity charts. T-shirts now represent more than 15% of distributor sales and is the clear top category. But as bags have dropped in the rankings of late, drinkware vaulted higher in 2018. The promo market now offers so many styles and brands of drinkware that even more category growth could be coming.



## STAYING POWER

ASI's latest Ad Impressions Study shows consumers, on average, keep a logoed item they receive for about one year. Consumers hold on to outerwear, umbrellas and T-shirts the longest while headwear, writing instruments and calendars have shorter stays. Bags could be poised for a rise in future years, as more reusable options hit the market.

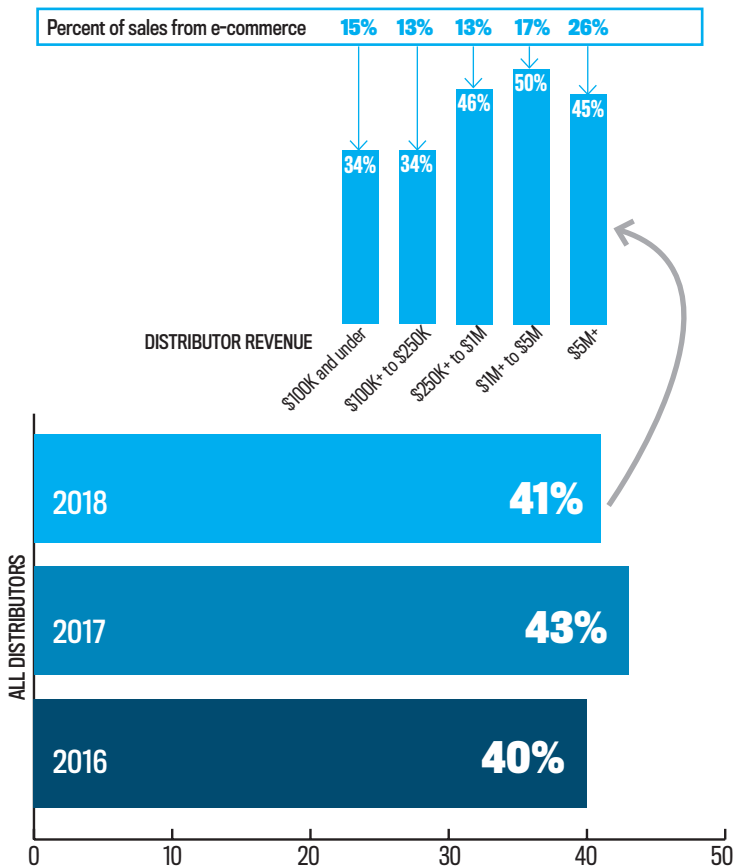
### NUMBER OF MONTHS CONSUMERS KEEP PROMO ITEMS



## WEB WONDERS

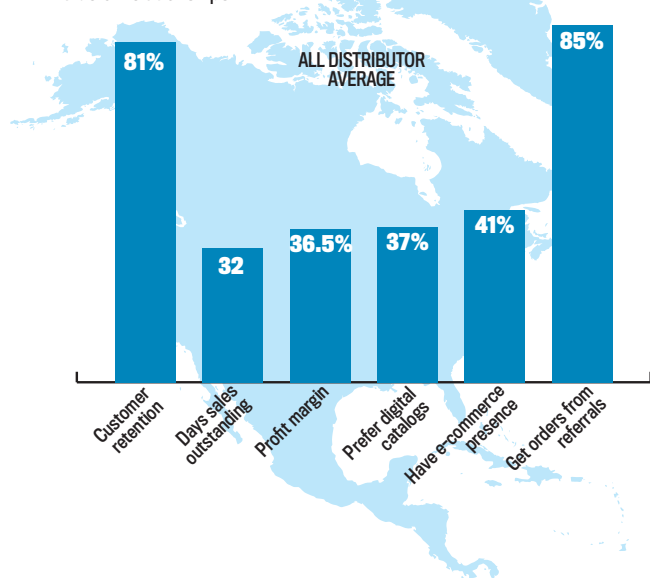
About four in 10 distributors used their website to sell promo products in 2018, a figure statistically unchanged from 2016. Distributors in the largest revenue category are most likely to leverage e-commerce and gain a high percentage of their sales from the web. But there's been no mad dash among distributors to build e-commerce-enabled sites.

### PERCENTAGE OF DISTRIBUTORS WITH E-COMMERCE CAPABILITIES IN 2018

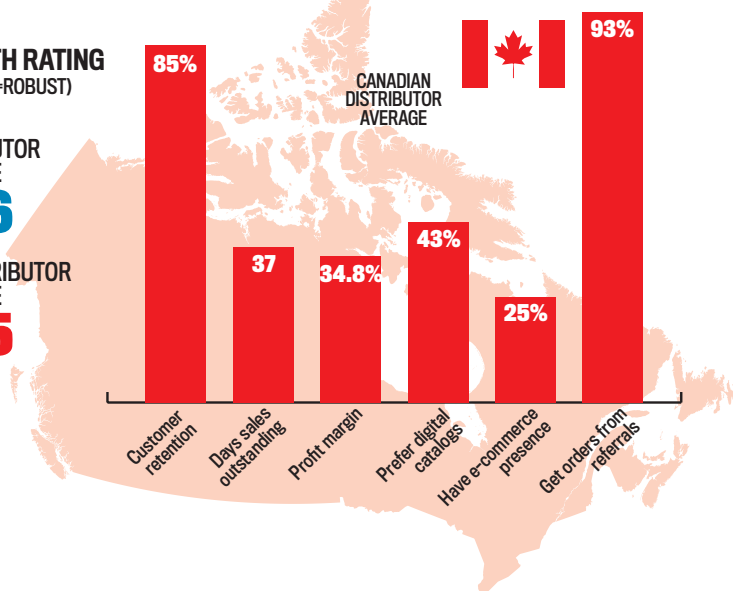
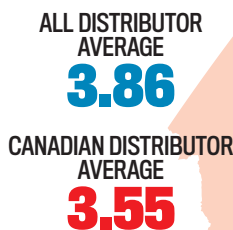


## HOW CANADIAN DISTRIBUTORS COMPARE

What's the temperature of the promo market in Canada? These stats provide an idea. In general, Canadian distributors are less positive about the health of the market when compared to other promo firms. They also reported lower 2018 profit margins. Strikingly, 93% of Canadian distributors earned business from referrals in 2018, demonstrating the value of relationships.



### INDUSTRY HEALTH RATING (SCALE: 1=AILING, 5=ROBUST)

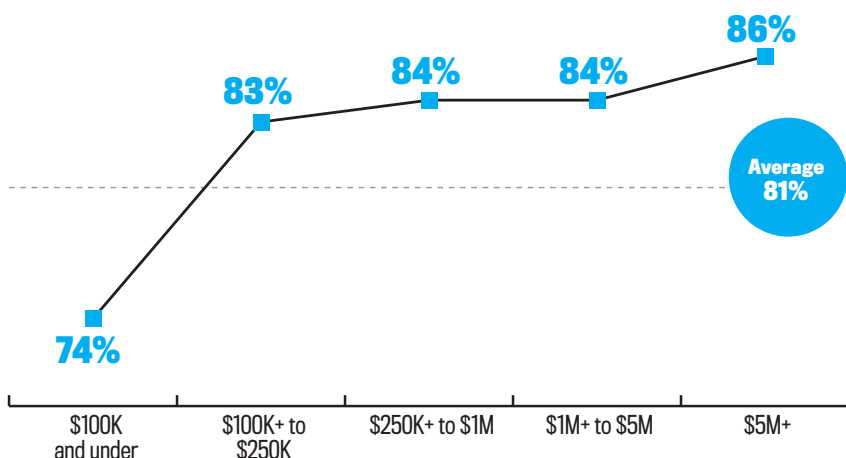




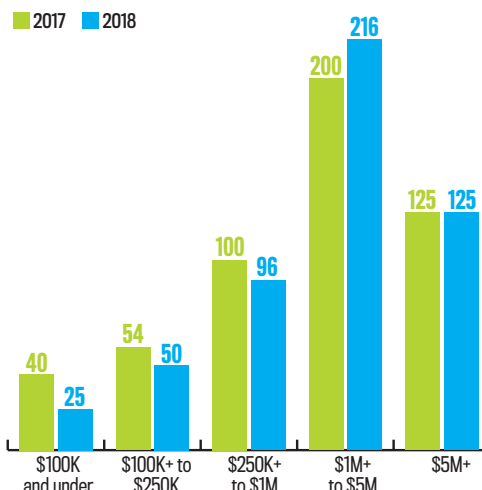
## TO RETAIN & SERVE

While larger firms performed best, distributors overall were successful at holding on to their customers in 2018. Distributors that produced \$1 million or less in 2018 sales worked with fewer clients, but Counselor data shows these firms still generated average annual revenue increases of more than 3%, which suggests they were able to be a bit more selective in choosing customers.

PERCENTAGE OF CLIENTS DISTRIBUTORS RETAINED IN 2018



MEDIAN NUMBER OF CLIENTS DISTRIBUTORS SERVED

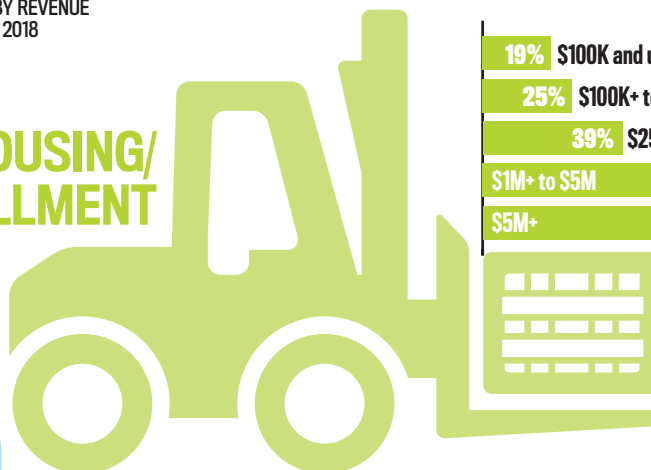


## DIVERSIFICATION OF SERVICES

As clients ask for more services, distributors are meeting the challenge. As the chart below shows, the majority of distributors in all revenue classes offer printing. Meanwhile, larger firms are tapping into technology through offerings like company stores and investing in warehousing, likely to run more program business.

PERCENTAGE OF DISTRIBUTORS BY REVENUE THAT OFFERED SERVICE IN 2018

### WAREHOUSING/ FULFILLMENT



19%	\$100K and under
25%	\$100K+ to \$250K
39%	\$250K+ to \$1M
76%	\$1M+ to \$5M
87%	\$5M+

### PRINTING

71%	\$100K and under
69%	\$100K+ to \$250K
68%	\$250K+ to \$1M
67%	\$1M+ to \$5M
61%	\$5M+

### ONLINE STORES

15%	\$100K and under
34%	\$100K+ to \$250K
47%	\$250K+ to \$1M
77%	\$1M+ to \$5M
82%	\$5M+



# PRODUCT SAFETY CONCERN & RESPONSIBILITY

Promo firms recognize the need for more awareness, but is that enough?

BY ANDRAYA VANTREASE



Most distributors agree that product safety is a serious issue – about 90% of them feel a personal obligation to ensure the items they sell are safe. To actually improve safety, though, that feeling must translate into action: properly vetting suppliers, learning labeling protocols and educating themselves and their clients.

“Distributors need to do their research and realize this is an issue that’s going to affect more products in the coming years,” says Kim Bakalyar, chief compliance officer and director of vendor relations at Top 40 supplier PromoShop (asi/300446). “Large clients have their own strict regula-

tory protocols that we have to follow, but the majority of smaller clients rely on their distributors to be proactive in delivering a safe and properly documented product.”

Larry Whitney, director of global compliance at Polyconcept (asi/78897), believes distributors need to be aware of two product safety categories as they evaluate vendors: the incidence of immediate harm caused by a product, like the battery of a power bank catching on fire; and regulations aimed at protecting against the effects of longer-term chemical exposure, even coming from common materials like plastics.

“As suppliers, we need to have testing processes in place

to account for both situations, ensuring that we’ve considered all possible scenarios before we launch a product, and our labs need to provide us with documentation for chemical testing,” says Whitney. “If we’re shipping to the U.S., we’re checking for chemicals like BPA and phthalates, while Europe has been more focused on lead and cadmium.”

State of the Industry data shows that while distributors and suppliers agree safety matters greatly, end-buyers don’t feel as strongly. Geography and markets that distributors serve factor into the equation.

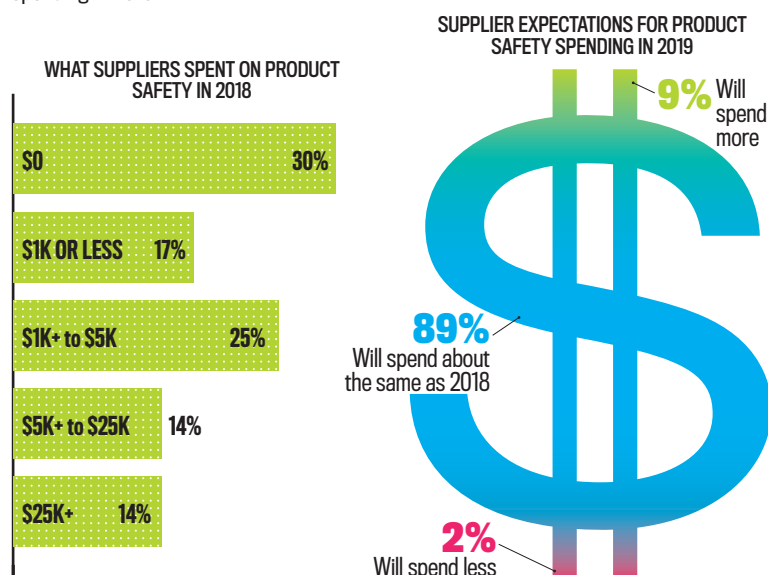
The Ken Young Company (asi/343681), for example, a \$4 million operation based in Cairo, GA, sells primarily to the agriculture sector, hospitals and schools within

a 100-mile radius of its warehouse. CEO Ken Young trusts his manufacturing partners to do their due diligence on fabrics and performance features before the product reaches him. To this day, none of his customers have proposed their own compliance processes specifically for promotional apparel orders. The process works for Young and he hasn’t faced safety issues.

On the other hand, Doing Good Works (asi/222095), a Santa Ana, CA-based distributor that does 90% of its multimillion-dollar business in the Golden State, sells to a more environmentally conscious market. “We only work with suppliers that are certified by Worldwide Responsible Accredited Production (WRAP), which has incred-

## UNSAFE PASSAGE

More than one-third of suppliers didn’t spend any money on product safety measures in 2018. Looking ahead, the vast majority of suppliers don’t plan to boost product safety spending in 2019.



## Unwanted Listings

Over the last year and a half, six promo companies have been publicly named in product safety recalls.

### February 2018

Alstyle Apparel & Activewear (asi/34817), in conjunction with U.S. and Canadian officials, **recalled approximately 297,600 infant bodysuits manufactured in Mexico**. The firm said snaps on the crotch of the garments could detach, posing a choking hazard.

### June 2018

In a similar case, Mississauga, ON-based Reward Connections Inc. (asi/307656) **recalled more than 5,000 Ottawa Senators-branded infant bodysuits**. In one case, the metal snaps on a suit detached. Reward Connections purchased the China-made apparel through supplier Blessing Promo Inc. (asi/37761).

### July 2018

In mid-summer of last year, Houston-based Hirsch Gift (asi/61005) **recalled 21,000 wireless charging pads**. The supplier received seven reports of the chargers overheating. The pads had been distributed as a giveaway to employees and customers of various companies.

### December 2018

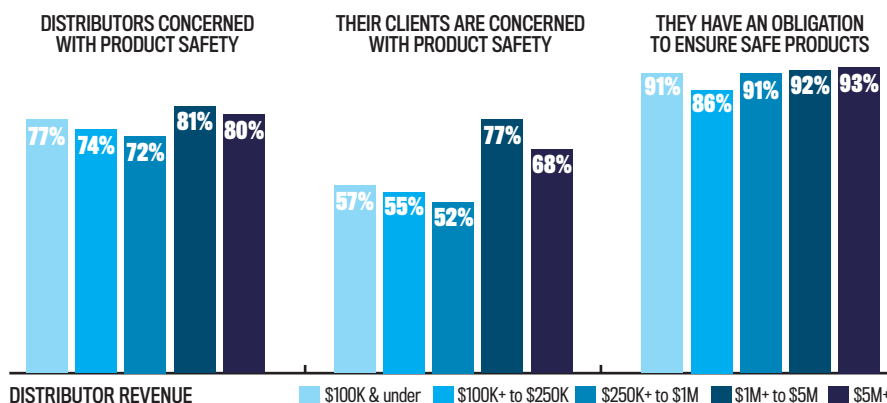
AAA Innovations (asi/30023) issued a **recall on Tito's Vodka-branded cooler/grills** that circulated in the promo industry. The Norwood, NJ-based supplier said it determined the grills could overheat and catch fire. While the grills were mainly used as part of retail store displays, some were also given away or raffled off.

### April 2019

Earlier this year, Spector & Co. (asi/88660), based in Saint-Laurent, QC, **recalled about 7,000 of its Elf power banks**. Spector received two reports of the power banks overheating, though neither case resulted in fire or property damage and no one got hurt.

## SAFE MODE

Counselor's SOI survey asked distributors how much product safety matters to them and their clients. While distributors across every revenue class believe they have a personal responsibility to sell safe promos, larger firms are generally more concerned about safety overall.



ibly high standards for every step of the supply chain,” says Logan Altman, director of customer experience at Doing Good Works, a role that covers operations, compliance and all vendor and client relations. “To us, safety means no pesticides on the cotton, to the clean and ethical factory environments, to the processing and transportation. Every step is important – and that’s what our customers appreciate.”

## The Burden of Cost

According to SOI supplier data, suppliers really aren’t ratcheting up their spending on product safety from year to year. While the median amount suppliers spent on product safety in 2018 nudged higher to \$2,000, 51% of firms spent \$1,000 or less. To understand costs, \$1,000 is about the price of a mere two chemical tests from a third-party lab. Just as troubling, about nine out of 10 suppliers don’t plan on spending more on safety investments in 2019. It’s simply a market reality that the only big spenders on safety are the highest revenue firms.

“In the last five years, we’ve hired two more full-time compliance personnel, increased third-party testing, developed internal screening equipment and incorporated two facilities into our QCA accreditation,” says Nathan Cotter, compliance manager at Florida-based Top 40 supplier Hit Promotional

Products (asi/61125), a firm with annual sales of more than \$400 million. “We spend over \$1 million annually, an expenditure that continues to increase each year as more oversight is required.”

Indeed, large manufacturers cover the costs for required testing to meet U.S. federal regulatory standards and work with clients on a case-by-case basis if additional concerns arise. Some larger distributors, meanwhile, are forming compliance departments and appointing vendor and safety relations roles to keep up with ever-changing regulations so reps can focus on what they do best: sell product.

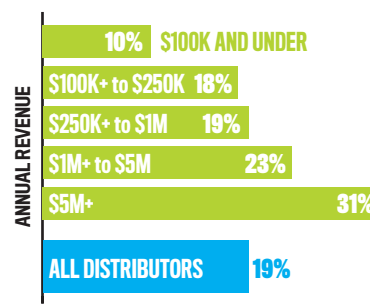
“My role was created because it was taking reps an inordinate amount of time to sift through regulatory information for clients,” says PromoShop’s Bakalyar. “We’re proactive with what’s coming down the pike, performing random testing on stock products, calculating costs for testing on custom orders – a fee that’s passed on to the client if the requirements are beyond federal standards – and preparing reps to communicate with customers in advance to avoid frustration, confusion and unwanted surprises.”

Distributors like PromoShop are clearly more the exception than the rule, however. Most distributors just don’t have the budget for safety investments, meaning they’re

## THE IMPACT OF PROP 65

Although California states manufacturers have the primary responsibility for providing Prop 65 warnings – which alert consumers to potential cancer-causing chemicals – everyone in the supply chain is liable. Following new and more rigorous mandates that took effect in 2018, some suppliers have upgraded their websites to include Prop 65 icons on certain pages to show distributors which products contain warning labels. Some worry the labeling will scare off buyers.

### DISTRIBUTORS REPORTING ANY BUSINESS IMPACT FROM PROP 65 RULES



100% reliant on suppliers to source responsibly.

“The cost of staying up to date on safety measures can be out of reach for some distributors, which limits their ability to compete for bigger clients,” says Shamani Peter, COO of Top 40 distributor Axis Promotions (asi/128263) in New York City. “But safety is a culture, and the values must come from the top down, with CEOs and COOs being willing to pay for the necessary systems and protocols to deliver safe products and grow the business.” ■



# DATA PORTRAIT

## THE LIFE OF A DISTRIBUTOR

Have you ever wondered how your work schedule compares to others in the market? Here's a snapshot of how distributors, on average, spend their time.

ILLUSTRATION: GLENN ZIMMER

**26%** of the day is spent working on **new orders**.

**49%** **don't** **travel overnight** for business.

**43%** never **work from home**.

**9** Average number of days each month that include **face-to-face meetings** with clients/prospects.

**80%** use **Facebook** for work. About **70%** use **LinkedIn** and **42%** use **Instagram**.

**21%** of the day is spent on **administrative tasks**, like billing.

**12%** of the day is spent **networking**.

**6:24 a.m.** Average **wake-up time** during the workweek.

**51%** continuously check their email. Another **26%** **check email** more than once every hour.

**50** Median number of **work hours** in a week.



# TOP PRODUCTS

This year's best-selling categories include a nod to apparel and a new leader in the hard-goods segment.

BY JENNIFER BILLOCK

## Largest Overall T-SHIRTS

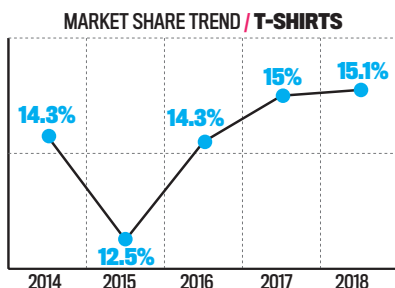
In 2018, for the fifth straight year, T-shirts reigned as the number-one promotional product category. Logoed tees made up 15.1% of distributor sales last year, a slight increase from 2017. The continued success of the product, distributors say, is partially because it's just so easy to sell.

"T-shirts make a great giveaway. They're both a memory and a walking billboard of what you're doing at the time you're doing it," says Jacque Lee, CEO of Silva Screenprinting & Distribution (asi/326062), which mostly sells tees for the corporate recognition and direct-to-retail segments. "They're also an easy way to document what's going on in your life cycle, like college or a new job."

Other distributors find they're selling tees mostly to professional groups, schools, small businesses and youth organizations like camps. Across the board, clients are sticking with moisture-wicking tri-blends, says Jeffrey Conger, owner of Infini-Tee Designs (asi/231079), because "cotton shrinks more."

As for color trends, Jo Girard, owner of Hot Shots Apparel (asi/227751), has seen an uptick in plain white tees with kitschy quotes from movies or sitcoms on them. Conger says the basic core shades are still winners, and safety colors – like neons – are always popular. Coral, Pantone's Color of the Year, has been gaining traction as well.

Fashionable decoration styles continue to range from

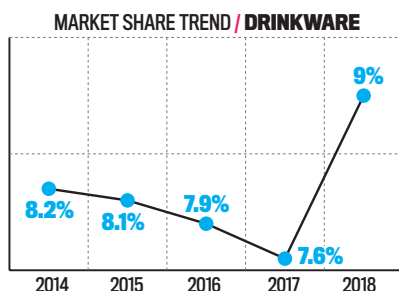


a bit retro – think fringe and tie-dye – to tech-enhanced and modern looks involving printing direct-to-garment. And while V-necks remain trendy, Lee says people are gravitating more toward gender-specific fits and designs and away from generic unisex styles. "People associate unisex T-shirts with trade show giveaways," she adds.

Of course, while trade show T-shirts may not be über-personalized, they can still be valuable for newer brands. "They last a long time, they're a crowd pleaser, and they make one's business feel legitimate once it's imprinted on a T-shirt," says John Fallon, general manager and partner at Speedy Bee Tees (asi/332198).

## On the Rise DRINKWARE

The second-largest category for 2018 promo sales, drinkware



has vaulted higher in popularity. Why? A few reasons: Increasingly, drinkware has become a fashion accessory; more buyers are moving away from single-use water bottles; and retail brands like YETI are now trendy in promo.

"These products have really increased sales for a lot of people," says Henya Betras, owner at Henya Direct (asi/224464). Back in the '90s, Benya thinks higher-end drinkware pieces

were too expensive, "but all of a sudden, there's been incredible awareness" in terms of value and functionality.

As ROI has improved, customers have been willing to pay more for durability and distributors see that continuing. "Stainless steel isn't going anywhere any time soon," says Palma Frable, operations director at Palm Trends Marketing (asi/348373).

An emphasis on health

## Getting More Out of the Bag

At their peak in 2008, promotional bags produced 12.4% of distributor sales. Over the last decade, though, the category has slipped. In 2018, bags brought in only 7.8% of promo revenues.

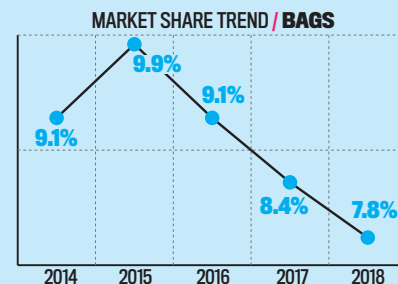
"Bag sales are declining because retail sales are declining overall," says Tracey Cohen, president of Target Print & Mail (asi/379133). "Amazon doesn't need bags."

According to Michele Houston, president at Benefit Marketing (asi/137279), "inexpensive single-use plastic bags are no longer popular. Clients don't want their brand to be associated with waste. We steer them toward a more sustainable material that can be used many times over."

Houston reports her bag sales are trending up, suggesting that if distributors concentrate on a pitch of sustainability, they could experience similar results as plastic bag bans have become more prevalent.

Local ordinances in states like California, Hawaii, Massachusetts and Washington are driving more people to grab a cloth bag, or even a reusable tote.

"The plastic bag bans have really stimulated our business as it's raised awareness of personal habits in relation to the environment," Houston says. "People are looking for more eco-friendly solutions."



# THE WORLD OF PROMO PRODUCTS

A breakdown of the most popular items, shown here as the percentage of distributor sales they represented in 2018.



Has been the **largest revenue** category every year since 2014



Hit a high mark of **9.4%** of distributor sales in 2014



Six years ago, this category was the **largest** for promo sales



Accounted for **\$2.22 billion** in distributor sales in 2018

Represents the **highest sales percentage ever recorded** for this segment



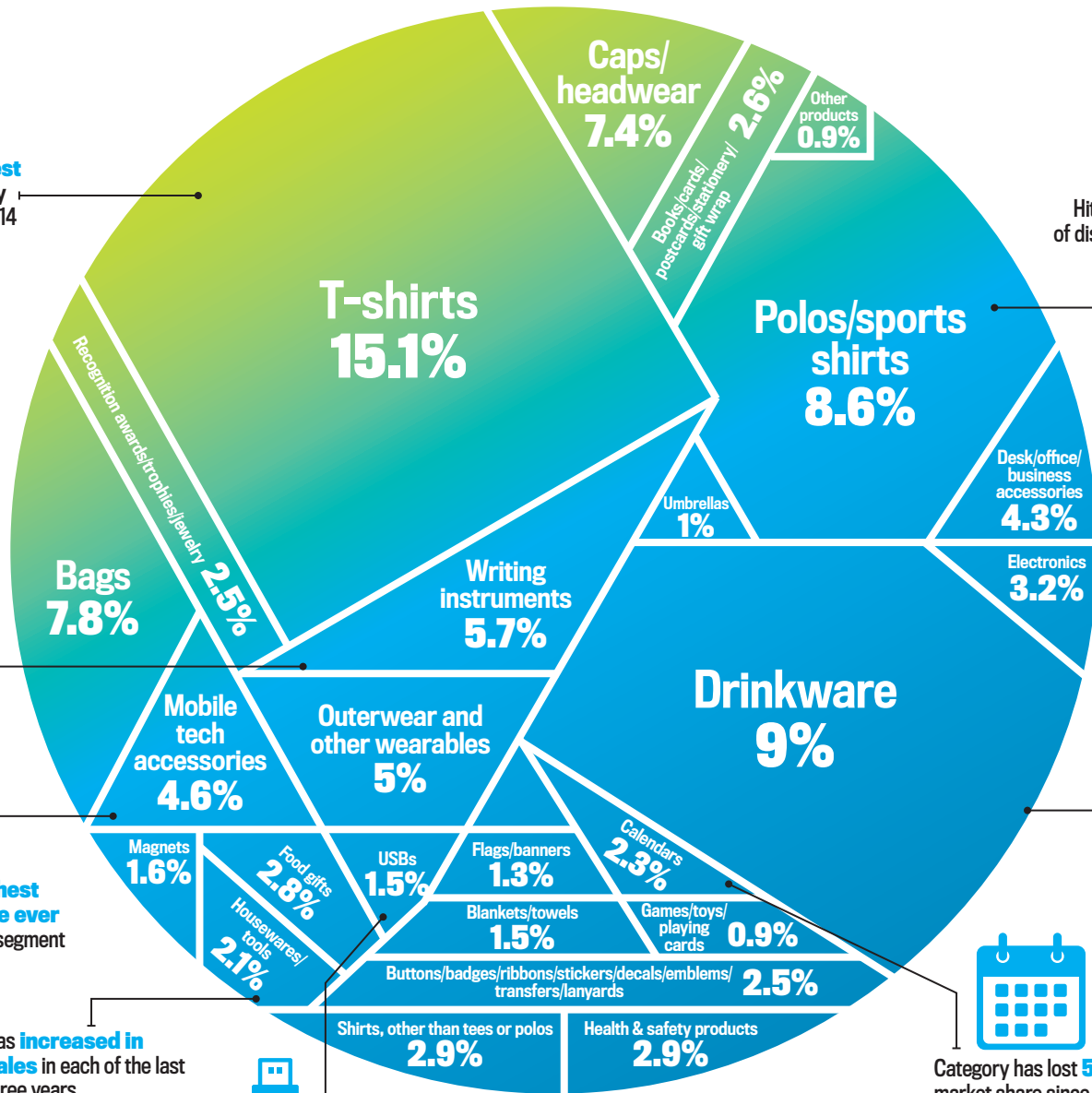
Has **increased in sales** in each of the last three years



Peaked in market share at **3.7%** in 2013



Category has lost **50%** of its market share since 2009



and sustainability has also given the drinkware category a boost. “So many people are into recycling and reusing,” says Brandy Meeks, owner at Element One Promotions (asi/161686).

Frale agrees, noting “people are so much more focused on taking in enough water every day. A lot of businesses are seeing that, and pretty

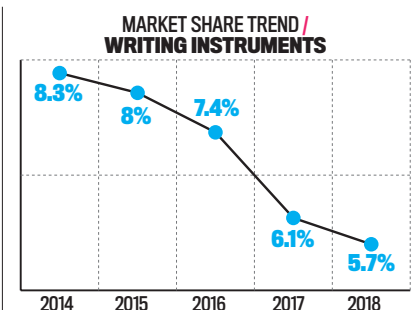
much any company can put their logo on it.”

Will sales of this market slow down? Betras doesn’t see it, believing drinkware could well surpass other products in popularity in the near future. “Pens are great, and so are T-shirts and caps,” she says. “But a two-year-old isn’t going to use a pen. A two-year-old to a 90-year-old, though, is going

to use a drinkware product every day, all day.”

## Trending Down WRITING INSTRUMENTS

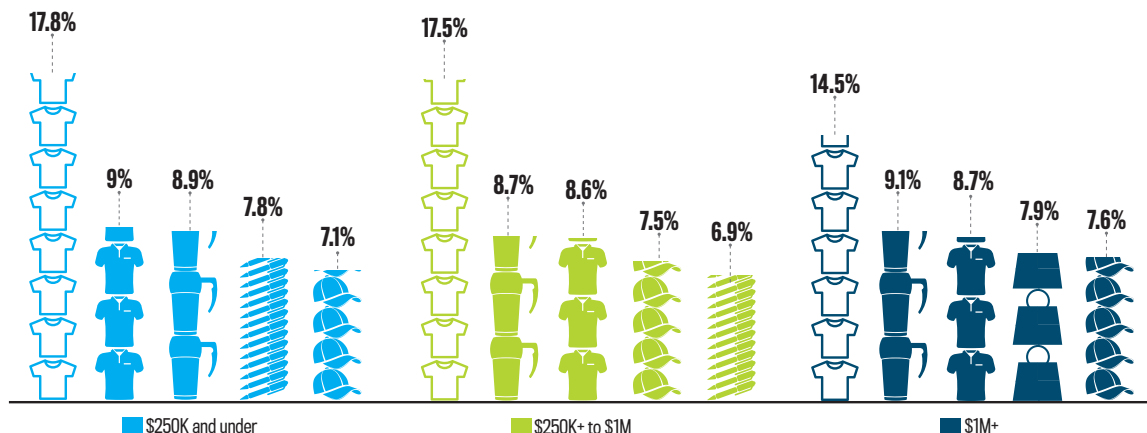
In 2013, logoed writing instruments accounted for 10.4% of distributor sales. After several years of market share declines, the category contributed just 5.7% to distributor revenues in 2018. The reason for the shift,





## ONE SIZE DOESN'T FIT ALL

Here's a look at the best-selling product categories for three different distributor revenue classes in 2018, with numbers showing the percentage of promo revenues.



according to distributors, is simple.

"More people are going toward electronic data," says Sally Back, owner of Back-home Creations. "It may be that they're using their tablets instead of using paper and pen. I do sell more pens with styluses now."

Indeed, while styluses are in, oversized and single-function pens are not on-trend, according to George Taggart, president of Medical Print Group (asi/267106). He further suggests distributors push fancy rubber grips, full-color imprinting and hybrid inks, as these features have been gaining popularity in the market.

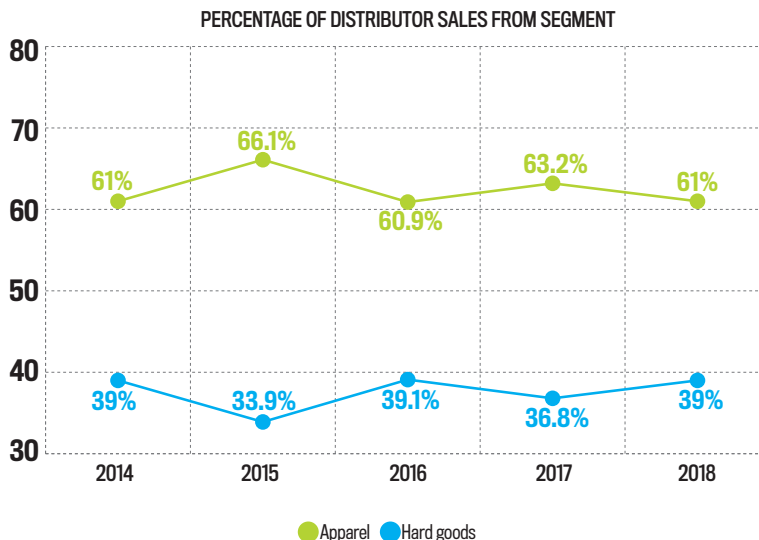
"The key is getting the pen to someone," says Dale Hannasch, owner at LA Advertising (asi/255484). "Put it in their hand and give them the feeling of getting a free pen. If they give their own pens out, their customers will probably feel that way too."

## Forecasting Growth HEALTH & SAFETY

If you're looking for a category to watch for gains, health and safety products certainly has a number of advantages.

## PERCEPTION VS. REALITY

With the rise of logoed T-shirt sales, some might think apparel is taking market share away from hard goods. However, the segment split has actually been relatively stable over the last five years.

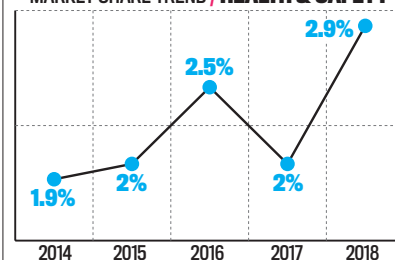


First, the segment increased market share to 2.9% in 2018, up from 2% the year prior. Also, the category benefits from practicality – items like hand sanitizers and lip balms are universally appreciated. Finally, the segment is ripe for new product entrants, especially as more Americans crave wellness ideas.

"When a new product is introduced in some product categories, there might be a long adoption time," says Nate Kusma, ASI's executive director of research. "But in this particular market, there's a quick adoption time. Be alert for new products and innovations coming out."

And with new innovations come a chance to profit, and

## MARKET SHARE TREND / HEALTH & SAFETY



# 2009

The last year health and safety products accounted for more than **4%** of distributor sales.

the health and safety market is one of the more lucrative places to find it, according to Timothy Lang, owner and founder of Team Lang Promotions (asi/466861) and a former healthcare director.

"There's usually a good budget, and if you provide a consistent and high level of service, you can generally keep clients longer than some other industries," Lang says.

The market dynamic is changing as well, Lang notes, giving distributors an edge. "Historically, there was split within the medical industry of B2B and B2C," he says. "Most primary care providers, urgent care centers and chiropractors would market direct to consumers, and large specialty groups would market B2B to other providers to get referrals."

With consumers more educated today "they'll often change providers if they're not satisfied," says Lang. "This is causing specialty groups, which is a very large segment, to start focusing more on B2C for engagement and retention." ■

# THE INCENTIVES OPPORTUNITY

Examining a tantalizing niche that few distributors target.

BY ANDRAYA VANTREASE

Companies are spending more than ever on non-cash rewards, creating a \$100 billion annual market, according to the Incentive Research Foundation. But Counselor SOI data shows that distributors aren't capitalizing, as incentive-related sales only make up 2% of all promo revenue. Among the barriers to entry: 54% of distributors report that they're not familiar with how incentive programs work and another 17% claim these programs are too complicated.

Sean Roark, VP at PromoPros (asi/300654) and IncentPros, agrees there's a learning curve with the category – but with vendor support and industry education, the added capability is worth it. "Seek out vendors that can handle the entire program for you – merchandising, website, inventory, decoration," says Roark. "Once you learn the vendor's capacities, you can customize the programs for any client who needs it."

Stock issues and model upgrades on premium retail

items can also be potential turn-offs for distributors new to the incentives scene; however, tools like ASI's ESP incentives search filter can aid reps in getting started. Helping distributors' cause: In recent years, products from popular brands like Under Armour, Apple and Bose have become available in the promo market and fit well into high-end incentive deals. "You're missing out if you're not asking about achievement, gifting and recognition programs in addition to the promos you're already providing," says Michelle Altobelli, owner of Altobelli Advantage (asi/119272).

Reps can get a foot in the door through awards like plaques and gift sets for corporate safety programs, employee recognition and service campaigns. "Recognizing employees with incentive items can boost morale and encourage people to perform better – plus, it's a more cost-effective and creative way to say thank you than cash bonuses," says Myles Fey, owner of Superior Awards & Promotions (asi/339662). ■

**\$500 million**

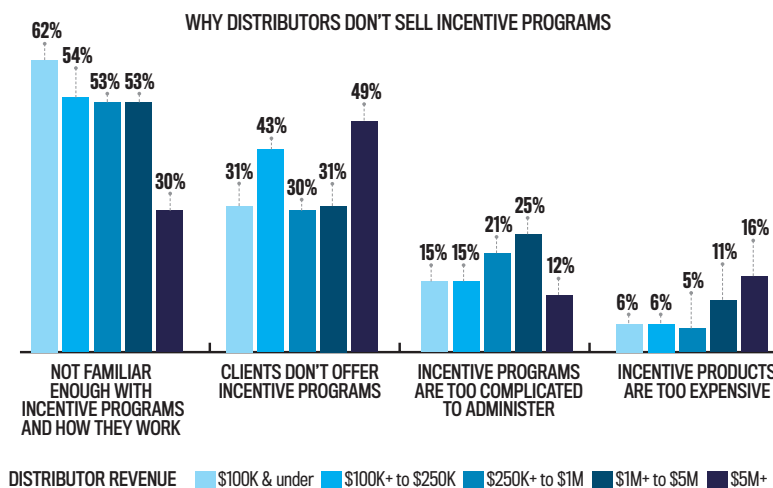
The **total revenue** distributors earned in 2018 from selling incentive programs, representing just **2%** of company sales.

**86%**

of end-buyers consider the **brand name** of an item when purchasing promotional apparel.

## NOT FEELING IT

Distributors across all revenue classes are hesitant to offer incentives for a variety of reasons, citing lack of knowledge, complexity and product cost.



## Five Tips for Selling Incentives

Not sure where to begin in pitching programs with higher-end gear? Here's advice for what to do and what not to do.

**1 Utilize your current customer list.** "Because your clients already consider you a trusted advisor, it's easy to begin a conversation about providing incentives," says PromoPros' VP Sean Roark. "They may be delighted to know you can help them with another part of their purchasing."

**2 Start simple.** For your first program, help clients add structure to recurring gift orders. If they give Employee of the Month, Length of Service or End of Year gifts, ask to set up a program that'll automate the orders. It takes the burden off the client and eases you into a program without too many parts.

**3 No freebies.** For one-off incentive orders, have a strong relationship with clients before volunteering ideas. "Clients who don't genuinely appreciate your time can buy the same product from Amazon once they know it exists," says Michelle Altobelli of Altobelli Advantage.

**4 Convey the value of acknowledgment.** Whether it's to say thank you or to motivate employees, Myles Fey of Superior Awards & Promotions suggests holding a meeting or sending out a company-wide email to acknowledge an honoree in addition to distributing incentives.

**5 Seek out educational resources.** Trade shows are setting up designated areas to highlight incentive items. ASI also offers online courses, lectures and search engine tools to give salespeople access to educational information about program business.

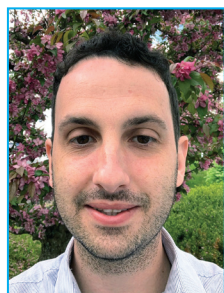
**"Serve another need"**  
SEAN ROARK, PROMOPROS

**"Don't give away ideas"**  
MICHELLE ALTABELLI,  
ALTABELLI ADVANTAGE

**"Create an experience"**  
MYLES FEY, SUPERIOR AWARDS  
& PROMOTIONS

# DEBATE BUYING GROUPS

Are they good for promo?



**Paul Dubois, Safety Made (asi/84514)**

**NO**

When it comes to buying groups, I feel there are pros and cons, but my instinct is that they're evolving into a negative for the end-buyer and the industry overall. The promotional products marketplace is unique in that the items offered come from a diverse supply

chain made up of suppliers large and small. Those suppliers work on an anonymous basis to protect the distributor partners. It's not like retail, where brands are built over time and consumers select products based on the brands they trust. In the promotional world, the end-buyer, in most cases, sees only the product, not the supplier's brand.

**"Larger suppliers can easily float the fees and corner the market."**

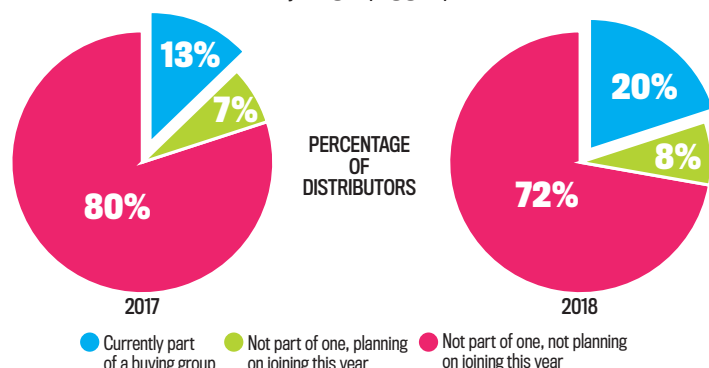
Buying groups create a reason for distributors to work with participating suppliers for financial incentive, not necessarily quality or service. Along

with this, buying groups are choosing their supplier participants not based on the best product or best service, but on compensation. It involves a pay-to-play structure where the larger suppliers can easily float the fees and corner the market while the smaller suppliers, sometimes with the better or more unique products, are excluded.

As a smaller supplier, I'm seeing the shift with buying groups toward exclusivity. I feel distributors are being led away from choice and toward a buying group's internal direction. This leads to a less competitive market where quality and service take a back seat and the end-buyer ultimately pays the price. I see the benefits from a smaller distributor's perspective where there's strength in numbers, but I don't believe a less competitive industry carries a long-term benefit for suppliers and distributors alike.

## GAINING MOMENTUM

SOI data shows more distributors are joining buying groups.



**Larry Cohen, Axis Promotions (asi/128263)**

**YES**

There are tremendous benefits for industry firms when coordination goes beyond the traditional vendor/distributor relationship. The strength is the stronger partnership that can be developed. And by the way, I hate the term "buying group," as it focuses on only

one aspect of the true value.

To me, this is about more than just buying things cheaper. I'm a strong believer that these partnerships are a two-way street. If we're going to ask suppliers for assistance, we need to support them in growing their business. This includes enhanced access to our sales teams, coordinated marketing initiatives and access to CEOs of the companies.

As a member of PeerNet, we have a full-time CEO who works with suppliers to help them communicate with the sales teams. Among the added value: a fully custom catalog that includes only products from our supplier partners, an enhanced online shopping site and off-site educational opportunities where suppliers can meet one-on-one with our teams.

In my opinion, the most valuable aspect of being a member of a group like PeerNet is the ability to learn from each other through meetings, monthly calls about best practices and joint marketing initiatives. The PeerNet group has developed educational tools that are focused on teaching each person what they need to know about compliance and regulatory issues. No one company would've been able to fund this tool, but combined resources make it possible.

Through the years, we've built a high level of trust. When something goes wrong, this trust lets firms fix issues faster and more efficiently. The overall goal for all members is to have a better experience at every point in the supply chain. Another important benefit: Groups have clout within the industry. We have a stronger voice and are able to have a greater impact.

**"I'm a strong believer that these partnerships are a two-way street."**

**20%** of distributors are now part of a **buying group**, a **7% rise** vs. 2017.



# SUPPLIER SENTIMENT

Geopolitical strife, rampant consolidation and shrinking margins have dampened spirits.

BY JOHN CORRIGAN

If distributors are a bit unsure about the 2019 promo products industry, suppliers are downright uneasy – and for several reasons. For example, a one-two punch of tariffs forcing cost increases and California raising its minimum wage has led Top 40 supplier Sunscope (asi/90075) to move its printing division from The Golden State – its home for more than 75 years – to Nevada.

“Unfortunately, we don’t have much of a choice,” says Dilip Bhavnani, COO of Sunscope. “Our clients don’t want to pay higher prices, so it forces you to change up your business.”

The sense of overall restlessness is reflected in more than just market chatter and operational decisions, but in SOI data as well. Suppliers reported a lower average health score for 2018 and fewer said their annual sales increased versus 2017. While suppliers note their average dollar value per order has risen sharply over the last two years – with the median order size increasing to \$800 – they add that their profit margins are slowly eroding as costs, related to areas like healthcare and compliance, rise.

Going forward, “smaller companies will have a hard time absorbing these costs,” says Sharon Eyal, CEO of Top 40 supplier ETS Express (asi/51197). “It will become too expensive.”

A tight labor market is another hurdle for suppliers to

**29%** of suppliers generate all their sales from promo products.

navigate. While smaller suppliers are more concerned with growing their business, larger firms are focused on recruiting and holding onto employees as quality control becomes a bigger issue. Asked to predict the future of the promo market, Yuhling Lu, CEO of Top 40 supplier Ariel Premium Supply (asi/36730), says this: “Finding and retaining good labor will be the dominant cost conversation.”

Another topic among suppliers: consolidation. Over the past few years, several Top 40 suppliers have been expanding their product lines through acquisitions to become one-stop shops, encouraging distributors to limit who they do business with. “Big suppliers now have such market power that it’s challenging for us to compete with them when we’re an under-\$20 million company,” says Kippie Helzel, senior vice president of sales at CPS/Keystone (asi/43051). “The same thing is happening on the distributor side. We’ve had to enact price increases separate from the tariffs partly because of what it costs to be a preferred vendor to a big distributor.”

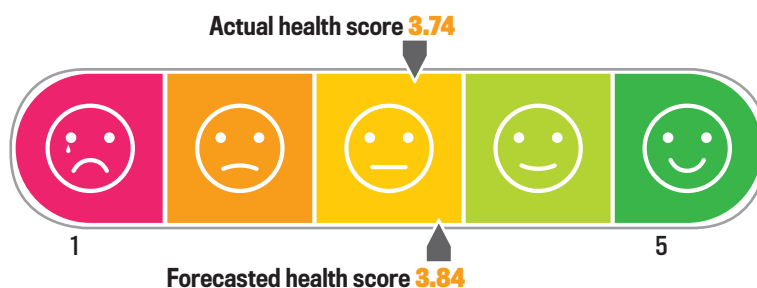
Faced with consolidation

**11%** of suppliers think the biggest 2019 challenge will be increased financial demands from distributors, like rebates.

## SLIPPING OPTIMISM

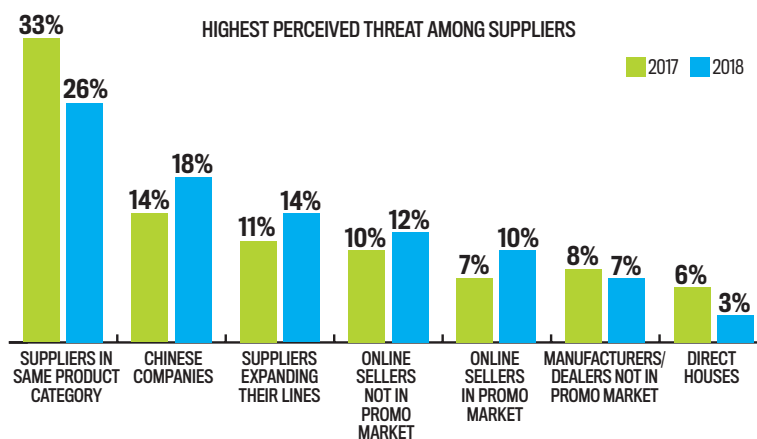
The overall industry health score for suppliers declined in 2018. The drop is noticeable because suppliers previously predicted better results for the year.

(SCORE: 1=AILING, 5=ROBUST)



## COMPETITIVE THREATS

While suppliers feel most vulnerable to other firms that offer the same types of products, they’re also increasingly worried about China-based companies taking their business.



domestically, are suppliers looking abroad for more business?

The answer is a resounding no. Beyond heavy hitters like Top 40 supplier Next Level Apparel (asi/73867) and Sign-Zone – parent company of Showdown Displays (asi/87188) – which are accelerating their expansion into Europe, most suppliers don’t appear very interested in following suit. According to SOI data, more than half of suppliers (60%) don’t sell outside the U.S., and most (70%) don’t plan on expanding beyond where they’re

currently operating. Simply put, many suppliers still view North America as the sole place to invest resources.

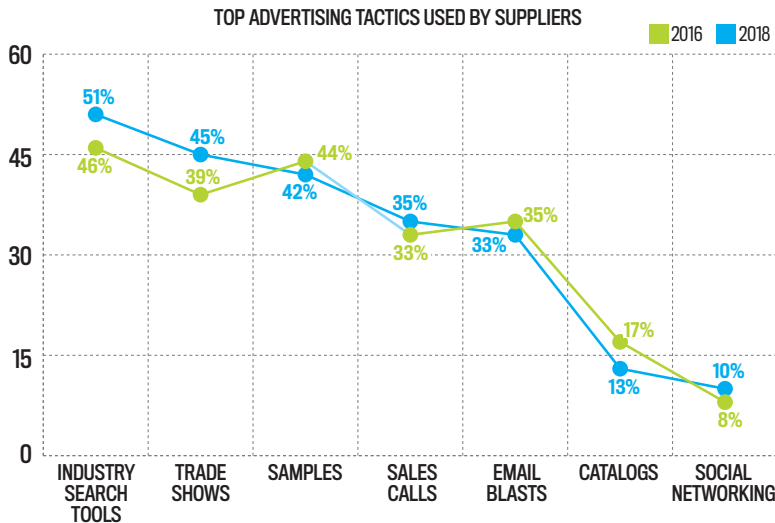
“The U.S. economy is still the largest and there’s so much potential here,” says Alan Tabasky, vice president and general manager of BEL USA (asi/39552). “There’s a lot to do here without learning the intricacies of foreign markets.”

## Marketing Methods

More than 50% of suppliers use online search tools like ESP to promote their brands, making

## PROMOTIONAL POWER

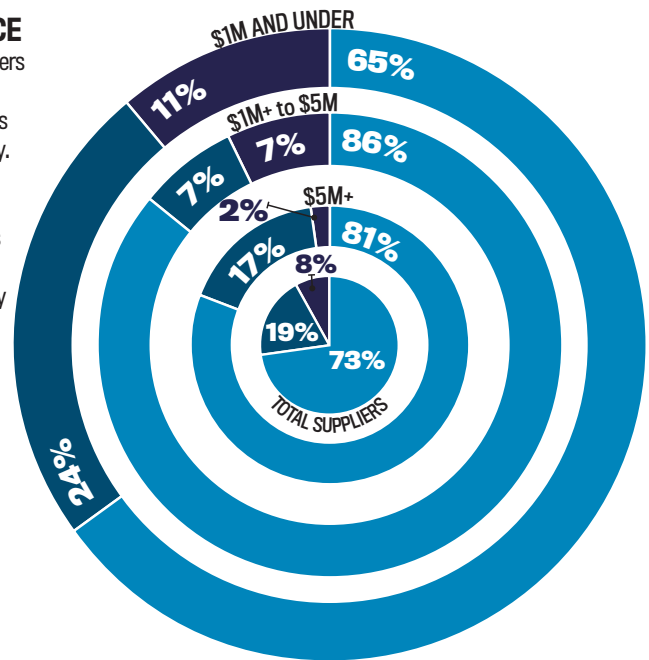
The most successful marketing strategies for suppliers in 2018 continued to be industry search tools, followed by trade shows and samples. The chart below shows what's changed over the last two years.



## CELL SERVICE

Nearly three-quarters of suppliers report that their website is now mobile friendly. By the end of this year, more than nine in 10 suppliers expect their sites will be responsively designed.

- Have a mobile-friendly site
- Plan on making site mobile friendly in 2019
- Don't have mobile-friendly site and have no plans to upgrade in 2019



this tactic the most successful of any approach. It's something that makes a lot of sense to Tabasky.

"Our marketing is more digital than anything else," he says. "BEL hasn't attended a regional or national show since 2010. It's not that we don't see value there, but we just focus where we see the highest ROI, and for us, it's digital and some print advertising."

Keeping with the online theme, 55% of suppliers say they're likely to increase email blasts in 2019. Additionally, both large and small suppliers claim they're going to boost their usage of social networking.

## Web Workings

After years of saying that maintaining a web presence is important, many suppliers are finally practicing what they preach. Nearly three-quarters of suppliers report their website is mobile friendly, up significantly from 2018. Meanwhile, about three in 10 suppliers say their website is e-commerce-capable, a number that's been growing steadily every year since 2016.

"We don't even touch a lot of our orders anymore – they

**32%** of suppliers have e-commerce-capable websites.

come to us online," says Gary Schultz, president and CEO of Top 40 supplier Edwards Garment (asi/51752). "Our distributor customers log in to a secure space on our website and we only see that increasing. We've already been mobile-friendly, but we're in the process of looking to upgrade our website."

SanMar (asi/84863), the promo industry's second-largest supplier by revenue, has significantly invested in its website by transitioning to e-commerce platform SAP Hybris. Blending its familiar design with upgraded

technology, SanMar has enhanced its website's hosting and data accessibility. "It's the number-one way we get orders," says Jeremy Lott, president of SanMar. "It's the primary way our customers access product information and sourcing."

## Talk Soon-ish

Did you know Amazon is delivering orders faster than suppliers are getting back to distributors after a trade show? According to SOI data, on average, three days will pass after a trade show before a supplier responds to a distributor's request. Of course, that depends on the size of the trade show and whether the distributor's request is a quote, product question or order.

"Three days is our absolute max on every sort of touch point, even though we're most likely to

respond within 24 to 48 hours," says Lucas Guariglia, president and director of sales at Rowboat Creative (asi/83710). "If you're looking for a quote, you'll get an immediate response. If we're stretched to our limit and you're looking for something else, we'll certainly do our best to respond as quickly as possible."

Trade shows have become the primary marketing method for Top 40 supplier Next Level Apparel (asi/73867), which exhibits at roughly 60 events a year. The supplier has found immense value in making these personalized experiences with a kiosk for visitors to share more information about themselves.

"We have a longer dialogue than normal at our booth because we want to maximize what our customers get out of the experience," says Mark Seymour, the firm's chief sales officer. "Every customer has their own unique situation, whether they're looking for catalogs, samples or just have a question. We send a follow-up email within a few days to make sure our visitors got everything they needed during the trade show. We want them to know we'll support any needs they have." ■

## PERPETUAL PAUSE

In an era where customers want answers fast, suppliers are still taking several days to engage with distributors following industry events.

	2017	2018	2019
NUMBER OF DAYS TO RESPOND TO DISTRIBUTOR REQUESTS AFTER TRADE SHOW			
Average	4	4	4
Median	3	3	3

# CONSOLIDATED SPEND

One-stop shopping is in vogue in the promo sector as suppliers covet more market share.

BY JOHN CORRIGAN

Despite the plethora of suppliers offering school spirit products and apparel, Concepts Inc./Half-time Boosters (asi/217965) is only interested in working with Pepco Poms (asi/77280). After 65 years in business, the Georgia-based distributor sees value in a trusted relationship and a single source for items. “When it comes to purchasing from Pepco, they always work with me on rush orders, especially during playoff season,” says DeeDee Williams, internal operations manager at Concepts Inc.

Other distributors differ from following Concepts’ lead. According to SOI data, 23% of distributors say they prefer to purchase from suppliers that offer both hard goods and apparel. As more distributors look for streamlined order processes, diversified suppliers are becoming all the rage.

Traci Kontoulas, owner of Alabama-based Paradise Promo-

tions & Designs (asi/129643), believes part of the sourcing preference – right or wrong – is generational. “Millennials want the easiest route – they search for someone who can do it all for them,” she says.

Convenience certainly plays a major role as well, Kontoulas adds, especially when bringing new management into the fold. Her sister joined the company two years ago, and Kontoulas says it’s been much easier just having her work with one supplier. “If there are fewer people involved in the transaction, there’s less confusion.”

But it’s not just confusion on the distributor side that factors into the equation. Matt Zinser, owner of New York-based KK Graphics Inc. (asi/243369), has been in the industry for less than a year. In that brief time, he’s had to endure misprints, delays and incorrect shipments from suppliers. While working with more

vendors might offer unique options, Zinser places a priority on accuracy. “If you find a reliable source, you’re going to go to them for as much as you need,” he says.

Beyond providing correct orders, there are other considerations for distributors. “Some suppliers might be more of an expert, but do they have the other qualities we’re looking for – ample inventory, meeting deadlines, transparency and communication?” asks Bruce Munro, president of Able Rec-

**23%**  
of distributors **prefer to buy from a supplier** offering both **hard goods and apparel**.

ognition (asi/102304). “When you have a supplier that you know will do what they say, you tend to stick with them for all products. ■

## A Bigger Bite

As distributors search for simple buying solutions, a few of the industry’s largest suppliers have begun offering added product categories.

Top 40 supplier HUB Promotional Group (asi/61966) has made eight acquisitions over the past two years, expanding its product line from just pens to technology accessories, lifestyle products, lanyards and more. “The one-stop shop trend is only going to excel among distributors, so we’re going to lean into it and present a well-rounded offering of hard goods,” says Chris Anderson, CEO of HUB.

Pennsylvania-based Top 40 supplier alphabroder (asi/34063) made a big move into the hard-goods segment in 2017, acquiring long-time Top 40 supplier Prime Line (asi/79530). The deal increased alphabroder’s 2017 sales by more than \$100 million. “Our customers have

told us they want choice and convenience,” says Dan Pantano, president of alphabroder. “Having a full line of hard goods and apparel creates a true one-stop shop solution that drives efficiency and value for our customers.”

Top 40 supplier Hit Promotional Products (asi/61125) continues to push into wearables, which now represents 10% of the company’s overall revenue, says president CJ Schmidt. There were growing pains along the way – Schmidt estimates it took 24-30 months for his firm to get a grasp on the new category. “We had to recruit the proper talent that had more experience than our staff did,” he says. “We also had to adapt our systems and implement metrics for apparel.”

**“The one-stop shop trend will grow”**

CHRIS ANDERSON, HUB

**“Choice and convenience matter”**

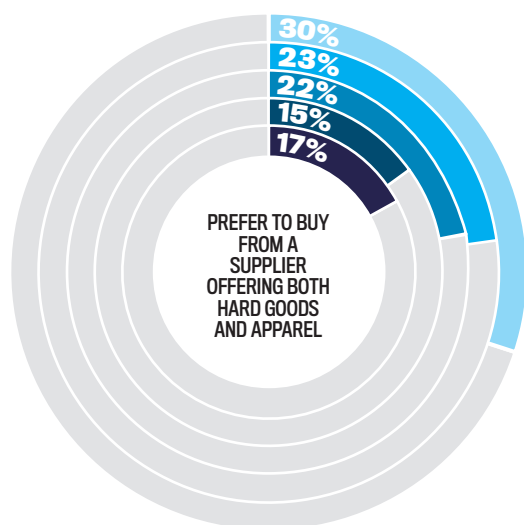
DAN PANTANO, ALPHABRODER

**“We had to recruit the proper talent”**

CJ SCHMIDT, HIT

## SINGLE SOURCING

Smaller distributors are most likely to order from a one-stop shop supplier.



DISTRIBUTOR REVENUE ● \$100K & under ● \$100K+ to \$250K ● \$250K+ to \$1M ● \$1M+ to \$5M ● \$5M+

**4** The number of Top 40 suppliers who provide **hard goods and apparel**. Five years ago, the number was one.



# FORECAST PROMO

A look at how technology and trends will shake up the market in the years ahead.

BY CHRISTOPHER RUVO

## Amazon Has Arrived, But Now What?

Like it or not, Amazon is already a player in the promo industry. There are services like Amazon Custom, which focuses on personalized products, and Merch by Amazon, which is disrupting the licensed merchandise space with its print-on-demand model. Amazon has obtained patents that indicate an apparel creation and delivery process involving fabric printing, cutting, sewing and dispatch to a buyer in one computer-controlled service. Given Amazon's penchant for disrupting verticals, it's worth asking: What will Amazon's role in the industry be in a decade?

Some promo execs think Amazon will function as a search engine where industry companies compete through paid advertising. Others believe an Amazon promo acquisition is coming. "The business leaders at Amazon will eventually purchase a giant player in our industry, and continue to purchase product through suppliers," says Kellie Claudio, senior VP of sales and marketing at Top 40 supplier Sweda (asi/90305).

Leo Friedman, whose distributorship iPROMO (asi/229471) sells on Amazon, predicts Amazon could cut out distributors altogether. "Amazon will most likely leverage their rapidly growing business platform to offer top-selling promo products as they do corporate gifts today," he says. "They'll use analytics to determine what to invest resources in."

## E-commerce Is Headed Toward Market Dominance

The way Sai Koppaka sees it, online transactions will account for more than half of total promo industry sales within the next three to five years.

The CEO/president of Bel USA, parent company of DiscountMugs.com (asi/181120),

## AN EYE TO BUY

Distributors expect Amazon to take a significant step into the promo market through an acquisition.



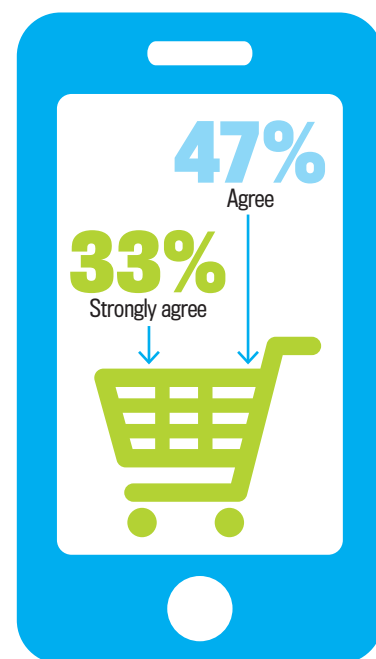
a Top 40 distributor that originates all of its sales online, isn't alone in thinking so. About 80% of respondents to Counselor's SOI survey believe that e-commerce revenue will overtake "traditional" distributor/end-buyer sales by 2025. Currently, about four in 10 distributors offer some degree of e-commerce, ASI research shows. On average, these distributors generate 16% of their total revenue from e-sales, with the largest firms gaining the most from the web.

"Our customers are increasingly comfortable with ordering online and using online design tools," says Koppaka. "I expect e-commerce transactions will accelerate exponentially as more promo companies invest in the online experience and leverage data

## DIGITAL DRIVE

In 2018, only 40% of distributors sold promo products online. But in five years, distributors think e-commerce-generated revenue will trump traditional selling.

BY 2025, E-COMMERCE WILL ACCOUNT FOR THE MAJORITY OF PROMO SALES



to predict customers' preferences and simplify the buying process."

## 3-D Printing Will Disrupt the Supply Chain

Action figures, food, shoes – even a house. These are just some of the things that have been created with 3-D printing, a process that involves producing physical objects from digital models with high-tech printers.

Some promo suppliers are already leveraging the tech. When developing new stress reliever shapes, Top 40 sup-

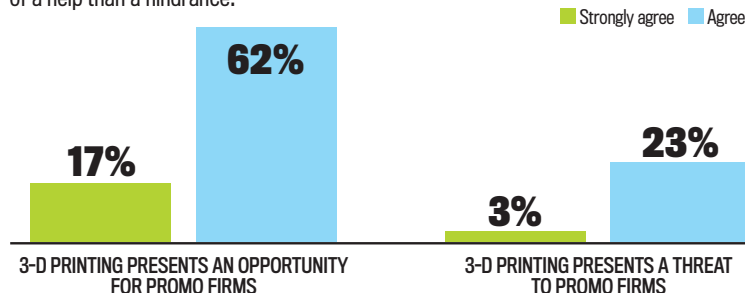
If the promo market grows at **5% annually**, distributor sales will reach **\$30 billion** by 2022 and **\$50 billion** by 2033.

plier Ariel Premium Supply (asi/36730) uses 3-D modeling software. “We use our 3-D printer to make an actual model of the design, which gets passed around for review,” says Christopher Duffy, Ariel’s director of marketing. “Once approved, we share the file with our factory, which has the same 3-D printer, and they can now replicate/produce the exact product we designed.”

Design models might only be the tip of the iceberg. Voodoo Manufacturing is already capable of producing high volumes of 3-D printed products at prices competitive with injection molding. The Brooklyn, NY-firm does work in the market, fulfilling

## A WELCOMED ADVANCE

Distributors are optimistic about 3-D printing, viewing the technology as much more of a help than a hindrance.



custom orders for firms like Top 40 distributor PromoShop (asi/300446).

One day, widespread adoption of 3-D printing at scale could bring big changes in promo. “We could see a possible disruption in the current

supply model of long product development cycles and the perceived need today for deeper inventories,” says Duffy. “3-D printing would let suppliers and distributors respond more quickly to end-buyers’ custom design requests.” ■

While several suppliers offer AR/VR products, future tech could be even more interactive.



## Four Ways AR & VR Will Impact Branded Merch

Augmented and virtual reality have been around for decades, but adoption among marketers has been slow. As the tech gains in popularity, it will begin to affect the promo market.

### 1 Corporate stores will come with corresponding apps for end-users.

The apps will feature Snapchat-style AR lenses that let people virtually try on wearables featured in the store. The AR-driven apps will help get sizing right, increasing satisfaction.

### 2 Distributors and end-clients will also use their VR-enabled smartphones

to access a virtual experience featuring promo gear. Picture this: Click on a quarter-zip in a digital catalog, and you’re transported to a trail in the woods where you and others are wearing the outerwear.

### 3 Sales professionals will routinely use AR and VR in their client presentations

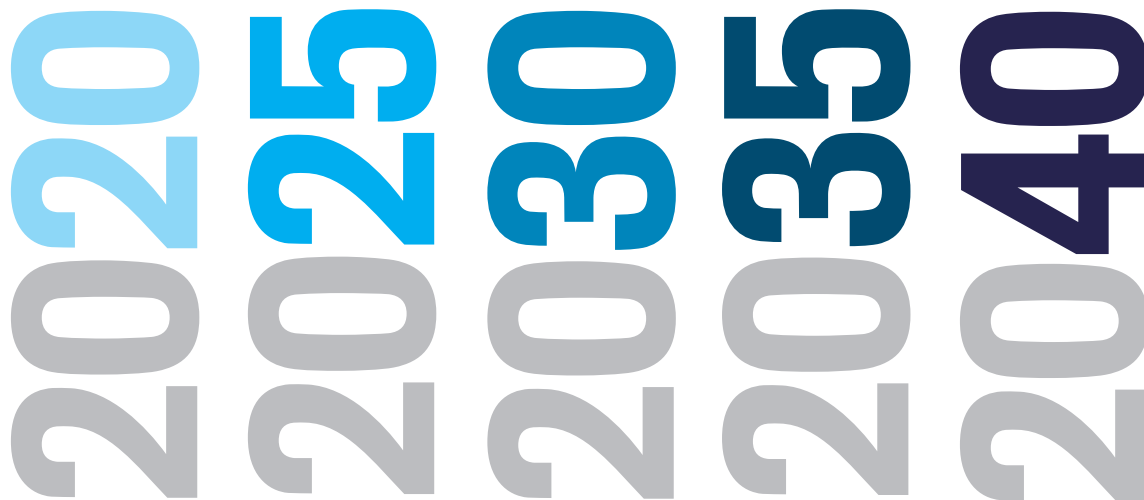
to help decision-makers visualize solutions. Cellphones will be able to project product demos.

### 4 Logoed gear will figure into experiential marketing initiatives that center on VR and AR.

There are already examples. Earlier this year, DreamWorks hosted pop-up VR installations to promote the film *How to Train Your Dragon: The Hidden World*. The installations included a gift shop where merch for the movie could be purchased.

## Predicting the Future: A Timeline

ASI editors use their crystal balls to imagine what’s ahead for promo over the next two decades.



“With a presidential election looming, the U.S./China trade war will end. Import tariffs will be rescinded, leading to a less combative global trade climate. The promo industry will breathe a sigh of relief.”

THERESA HEGEL,  
EXECUTIVE EDITOR  
OF WEARABLES

“At least five suppliers will post sales exceeding \$1 billion, and at least two will have sales above \$2 billion. One top 20 supplier will have gone out of business because of a product safety liability issue.”

NATE KUCSMA,  
ASI EXECUTIVE DIRECTOR  
OF RESEARCH

“Prospects will be greeted with targeted ads based on changes in vital signs and moods because of health-tracking wearable technology available first at retail and then in promo.”

C.J. MITTICA,  
EDITOR-IN-CHIEF  
OF ADVANTAGES AND  
WEARABLES

“Consolidation in promo will have accelerated to a point where smaller, independent companies will have largely disappeared, either having gone out of business or affiliated with larger firms.”

SARA LAVENDUSKI,  
SENIOR EDITOR  
OF ADVANTAGES

“The live events market will be the largest sector for promo sales as younger buyers put a premium on experiences. Another top five promo market will be the cannabis industry, thanks to easing regulations.”

DAVE VAGNONI,  
EDITOR IN CHIEF  
OF COUNSELOR

# TOP 40

Counselor's exclusive ranking of the distributors with the most revenue in the promotional products market.

# 2019 DISTRIBUTORS

## METHODOLOGY

To determine eligibility for Top 40 ranking, Counselor uses a multilevel approach. Before requesting financials, only firms that have been ASI members for a minimum of one year can participate. All firms are requested to submit their gross promotional products sales for calendar/fiscal 2018. Only North American sales are used to build the rankings. The 2018 sales of any firms acquired by a candidate were also included, provided the transaction was completed on or before January 15, 2019.

Distributors are asked to submit only sales for promotional products, "sold to clients for promotional, recognition or public relations (goodwill) purposes." Revenues from print/electronic advertising done for clients are not permitted. Further, of each distributor's promotional products sales, a minimum of 60% must have been for imprinted products.

Once all contending companies have submitted acceptable figures, the determination process begins. It involves research on each firm, including financial reports, year-end statements, annual reports and personal interviews conducted by Counselor's editorial staff. When a firm's sales figures are proprietary, the same criteria and resources are used to develop as accurate an estimate as possible – if an estimate was used, it is noted next to each company's 2018 sales.

**S**purred by a strong U.S. economy, distributor sales rose by 4.9% in 2018, hitting a record \$24.7 billion. Top 40 distributors posted even more impressive gains, generating \$6.9 billion in revenue, a year-over-year increase of 14.5%. Led by 4imprint (asi/197045), the five largest distributors in the market each recorded more than \$400 million in 2018 promo sales. Fifteen Top 40 distributors reported double-digit annual growth. Of that group, seven produced revenue hikes of more than 20%.

Similar to last year, there's minimal movement in the 2019 overall rankings. Twenty-six firms are either in the same position as 2018 or moved up or down just one spot. Corporate Imaging

Concepts (asi/168962) is the highest riser, jumping 16 spots following its acquisition of eCompanyStore. At the other extreme, A Brand Company (asi/141964/145177) drops eight slots amid falling sales and the divestiture of its Edmonton office.

Seattle-based Kotis Design (asi/244898) is the only new distributor on this year's Top 40 list, joining the exclusive group after reporting 2018 sales of \$45.6 million. Meanwhile, Sunrise Identity slides out of the rankings, as it was acquired by HALO Branded Solutions (asi/356000) last August.

To get a first look at the list and compare company financials, check out the chart on the right. Then, open the gatefold to see stats and highlights of each Top 40 firm.

	2018 SALES	2017 SALES	DIFFERENCE	RANKING CHANGE	WAS PROFITABLE	5 YR. AVG. ANNUAL GROWTH RATE	# OF CLIENTS	FINANCIALS CERTIFIED BY
	\$	\$	%	↕	💵	📈	👤	📋
1. 4imprint	\$714.6	\$608.0	17.5%	same ▶	Y	17%	500,000+	David Seekings, CFO
2. Staples (eg)	\$607.7	\$592.9	2.5%	same ▶	D	4.4%	D	NC
3. HALO Branded Solutions	\$605.0	\$416.4	45.3%	same ▶	Y	26.3%	70,000	Terry McGuire, senior VP
4. Cimpress (e)	\$450.0	\$240.0	87.5%	2 ▲	Y	N/A	D	NC
5. BDA	\$427.0	\$346.5	23.2%	same ▶	D	9.5%	D	Rob Martin, COO
6. Proforma	\$378.8	\$368.9	2.7%	2 ▼	Y	1.2%	D	Douglas Kordel, president
7. Taylor Communications	\$248.2	\$237.0	4.7%	same ▶	Y	5%	40,000	Michael Giachetti, VP
8. IMS	\$221.8	\$209.4	5.9%	1 ▲	Y	-2.1%	22	Dan Frailey, EVP
9. DiscountMugs.com	\$214.8	\$210.4*	2.1%	1 ▼	Y	11%	1,500,000	Sai Koppaka, CEO
10. Geiger	\$210.6	\$185.5	13.5%	same ▶	Y	5.8%	D	Jo-an Lantz, CEO
11. iPROMOTEu	\$198.4	\$174.5	13.7%	1 ▲	Y	17.7%	29,500	Ross Silverstein, CEO
12. American Solutions for Business	\$190.6	\$170.1	12%	1 ▲	Y	8.8%	50,000	Justin Zavadil, president
13. AIA Corporation	\$189.8	\$175.5	8.2%	2 ▼	Y	7.4%	N/A	Matt Gresge, CEO
14. Cintas (e)	\$173.2	\$168.2	3%	same ▶	D	3%	D	NC
15. InnerWorkings (e)	\$144.9	\$147.0	-1.4%	same ▶	D	5.1%	D	NC
16. Safeguard/Deluxe (eg)	\$126.5	\$110.0	15%	2 ▲	Y	24.2%	D	NC
17. Jack Nadel International	\$126.0	\$119.0	5.9%	1 ▼	Y	12%	10,000	Nauman Kahn, CFO
18. Kaeser & Blair	\$121.9	\$114.4	6.5%	1 ▼	Y	5.2%	D	Kurt Kaeser, CEO
19. Fully Promoted	\$104.1	\$101.3	2.7%	same ▶	Y	4%	600,000	Todd Newton, CFO
20. Boundless	\$98.0	\$84.4	16.1%	2 ▲	Y	14%	4,000	Henrik Johansson, CEO
21. BAMKO	\$86.5	\$79.9	8.3%	4 ▲	Y	30.6%	D	Jake Himelstein, CFO
22. G&G Outfitters	\$84.2	\$89.3	-5.7%	1 ▼	Y	6.8%	D	Dan Brady, CFO
23. Corporate Imaging Concepts	\$83.0	\$44.0	88.6%	16 ▲	Y	34.5%	500	Bob Herzog, CEO
24. Myron (e)	\$82.6	\$82.6	0%	1 ▼	D	2.4%	D	NC
25. The Vernon Company	\$82.5	\$77.7	6.1%	2 ▲	Y	4.5%	30,000	Joseph Stocker, VP
26. Positive Promotions (e)	\$82.4	\$82.4	0%	2 ▼	D	3.4%	D	NC
27. MTM Recognition (e)	\$79.8	\$79.8	0%	1 ▼	D	2.7%	D	NC
28. A Brand Company	\$79.5	\$89.5	-11.2%	8 ▼	Y	1%	71,000	Fred Parker, CEO
29. BrandVia Alliance	\$69.0	\$55.0	25.5%	2 ▲	Y	17.7%	250	James Childers, president
30. Summit Group	\$64.6	\$66.3	-2.6%	1 ▼	Y	-6.1%	D	Denis Harper, vice chairman
31. Overture Promotions	\$60.6	\$47.5	27.6%	6 ▲	Y	21%	2,500	Tej Shah, VP
32. ePromos Promotional Products	\$60.0	\$53.0	13.2%	same ▶	D	14.1%	D	Ken Domnitz, CFO
33. Genumark	\$57.7	\$52.5	9.9%	same ▶	Y	12.2%	2,000	David Lewenberg, COO
34. Brown & Bigelow (e)	\$57.0	\$57.0	0%	4 ▼	D	-1.6%	D	NC
35. Axis Promotions	\$53.7	\$50.5	6.3%	1 ▼	Y	7%	3,900	Larry Cohen, president
36. Artcraft Promotional Concepts	\$53.5	\$50.0	7%	1 ▼	Y	1%	5,000	Harold Zimmerman, VP
37. Zorch	\$48.9	\$48.4	1%	1 ▼	Y	7%	D	Mike Wolfe, president
38. PromoShop	\$47.6	\$45.8	3.9%	same ▶	Y	6.5%	2,200	Bob Golden, CFO
39. Kotis Design	\$45.6	\$34.0	34.1%	NR	Y	23%	D	Jeff Becker, president
40. Quality Logo Products	\$44.1	\$42.6	3.5%	same ▶	Y	14%	199,458	Bret Bonnet, president

E: ESTIMATE  
EG: ESTIMATE W/GUIDANCE  
\* RESTATED  
D: DID NOT REPORT

BLUE: NEW TO LIST  
NC: NOT CERTIFIED  
N/A: NOT AVAILABLE  
NR: NOT RANKED

Note: All revenues represent North American sales. Revenue figures are in \$millions.



# TOP 40 DISTRIBUTORS

**1 4IMPRINT (ASI/197045)**  
**Previous rank:** 1  
**2018 Revenue:** \$714.6 C  
**Headquarters:** London, U.K.  
**Year founded:** 1985  
**Ownership:** Public  
**Top officer:** Kevin Lyons-Tarr  
 For the second straight year, 4imprint tops the distributor rankings, bolstered by its aggressive marketing through TV and radio spots. Between 2013 and 2018, the firm increased sales by 223%.

**2 STAPLES (ASI/120601)**  
**Previous rank:** 2  
**2018 Revenue:** \$607.7 (estimate)  
**Headquarters:** Overland Park, KS  
**Year founded:** 1946  
**Ownership:** Private  
**Top officer:** Rich Witaszak  
 With company guidance, Counselor estimates Staples recorded a new high mark for promotional products sales in 2018. The revenue figure includes branded merch sales from Staples Inc., as well as gains from acquisitions like HiTouch.

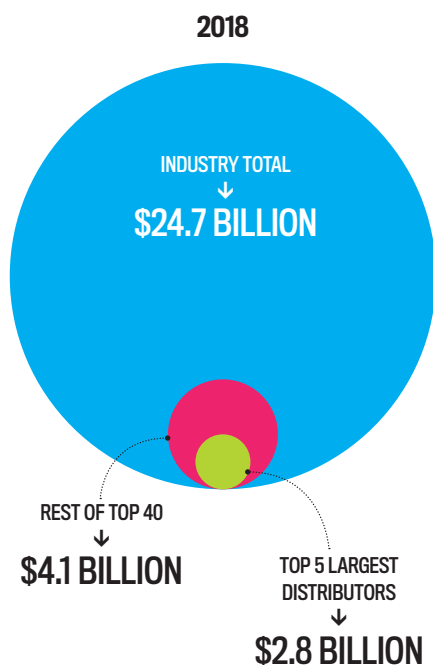
**3 HALO BRANDED SOLUTIONS (ASI/356000)**  
**Previous rank:** 3  
**2018 Revenue:** \$605.0 F  
**Headquarters:** Sterling, IL  
**Year founded:** 1952  
**Ownership:** Private  
**Top officer:** Marc Simon  
 Led by Simon, Counselor's Person of the Year, HALO is the talk of the promo sector because of its sheer number of recent purchases. Deals for CSE and Sunrise Identity have helped more than double HALO's sales since 2016.

**4 CIMPRESS (ASI/162149)**  
**Previous rank:** 6  
**2018 Revenue:** \$450.0 (estimate)  
**Headquarters:** Venlo, Netherlands  
**Year founded:** 1995  
**Ownership:** Public  
**Top officer:** Robert Keane  
 The parent firm of both National Pen and Vistaprint increased sales by 21% in fiscal 2018. National Pen's revenue was especially notable, as it rose to \$333 million, driving Counselor's estimate higher.

**5 BDA (ASI/137616)**  
**Previous rank:** 5  
**2018 Revenue:** \$427.0 C  
**Headquarters:** Woodinville, WA  
**Year founded:** 1984  
**Ownership:** Private  
**Top officer:** Jay Deutsch  
 After a busy year of deal-making in 2017, particularly in Europe, BDA's strong 2018 was fueled by organic growth. Known for its sports merchandising, the firm now has 75 offices and 210 full-time reps.

**6 PROFORMA (ASI/300094)**  
**Previous rank:** 4  
**2018 Revenue:** \$378.8 C  
**Headquarters:** Independence, OH  
**Year founded:** 1978  
**Ownership:** Private  
**Top officers:** Greg and Vera Muzzillo  
 Following a two-year stretch of flat sales, Proforma bounced back in 2018 as revenue pushed closer to \$400 million. The firm expects stronger growth as its owners leverage a new business management platform.

## SALES SEGMENTS



**7 TAYLOR COMMUNICATIONS (ASI/333647/121500)**  
**Previous rank:** 7  
**2018 Revenue:** \$248.2 C  
**Headquarters:** North Mankato, MN  
**Year founded:** 1912  
**Ownership:** Private  
**Top officer:** Deb Taylor  
 Backed by myriad marketing services, including an in-house creative agency, Taylor continues to make gains in the financial, healthcare and manufacturing sectors. Execs predict 2019 growth of up to 8%.

**8 IMS (ASI/215310)**  
**Previous rank:** 9  
**2018 Revenue:** \$221.8 C  
**Headquarters:** Morton Grove, IL  
**Year founded:** 1985  
**Ownership:** Private  
**Top officer:** Josh Tobey  
 Powered by business from major brands like McDonald's, IMS surges higher in the Top 40 rankings. The company's promo sales increased by 5.9% in 2018, reversing a trend of declines since 2014.

**9 DISCOUNTMUGS.COM (ASI/181120)**  
**Previous rank:** 8  
**2018 Revenue:** \$214.8 C  
**Headquarters:** Medley, FL  
**Year founded:** 1995  
**Ownership:** Private  
**Top officer:** Sai Koppaka  
 One of the market's largest e-commerce players, this BEL subsidiary has increased its sales by 72% since 2013. To compete with online competitors, the firm's execs have set a goal to get orders out in three hours or less.

**10 GEIGER (ASI/202900)**  
**Previous rank:** 10  
**2018 Revenue:** \$210.6 C  
**Headquarters:** Lewiston, ME  
**Year founded:** 1878  
**Ownership:** Private  
**Top officer:** Jo-an Lantz  
 After an incredibly active 2018, Geiger has continued making headlines this year, elevating Jo-an Lantz to CEO and announcing several acquisitions. The firm is forecasting 2019 growth of 12% as its corporate accounts expand.

All revenue figures shown in \$millions.

C = calendar year  
F = fiscal year  
NR = not ranked

## 11 IPROMOTEU (ASI/232119)

**Previous rank:** 12  
**2018 Revenue:** \$198.4 C  
**Headquarters:** Wayland, MA

**Year founded:** 1999

**Ownership:** Private

**Top officer:** Ross Silverstein

As the firm celebrates its 20-year anniversary, annual sales are rushing toward \$200 million. The company obtained financing last October from Align Capital Partners that's earmarked to enhance tech and recruiting efforts.

## 12 AMERICAN SOLUTIONS FOR BUSINESS (ASI/120075)

**Previous rank:** 13  
**2018 Revenue:** \$190.6 C

**Headquarters:** Glenwood, MN

**Year founded:** 1981

**Ownership:** Private

**Top officer:** Larry Zavadil

Since 2013, employee-owned ASB has increased sales by 60%, tapping into sectors like healthcare. Looking for every edge, the firm has built a retail, POP and permanent display division that's already paying dividends.

## 13 AIA CORPORATION (ASI/109480)

**Previous rank:** 11  
**2018 Revenue:** \$189.8 C  
**Headquarters:** Neenah, WI

**Year founded:** 1981

**Ownership:** Private

**Top officer:** Matt Gresge

Buoyed by 74 owners who grew their sales by double digits, AIA produced solid results in 2018 driving revenue near \$190 million. The company, which has made major enhancements to its tech services, is predicting 2019 sales of \$210 million.

## 14 CINTAS (ASI/162167)

**Previous rank:** 14  
**2018 Revenue:** \$173.2 (estimate)  
**Headquarters:** Cincinnati, OH

**Year founded:** 1938

**Ownership:** Public

**Top officer:** Scott Farmer

A steady performer in the uniforms segment, Cintas generated \$6.5 billion in 2018 sales, with organic growth of 7.1%. Counselor estimates the firm's promo revenues have climbed just north of \$170 million.

## 15 INNERWORKINGS (ASI/168860)

**Previous rank:** 15  
**2018 Revenue:** \$144.9 (estimate)  
**Headquarters:** Chicago, IL

**Year founded:** 2001

**Ownership:** Public

**Top officer:** Rich Stoddart

It was a trying year for InnerWorkings, which posted slipping sales and a net loss of nearly \$76.2 million in 2018. Executives believe better times are ahead, stressing early 2019 revenues were shattering previous highs.

## 16 SAFEGUARD/DELUXE (ASI/316203)

**Previous rank:** 18  
**2018 Revenue:** \$126.5 (estimate)  
**Headquarters:** Dallas, TX/Shoreview, MN

**Year founded:** 1916

**Ownership:** Public

**Top officer:** Barry McCarthy

With more than 5,000 clients in markets like healthcare and retail, Safeguard remains one of the fastest-growing Top 40 firms, according to Counselor estimates. Just five years ago, the company's promo sales were around \$40 million.

## 17 JACK NADEL INTERNATIONAL (ASI/279600)

**Previous rank:** 16  
**2018 Revenue:** \$126.0 F  
**Headquarters:** Los Angeles, CA

**Year founded:** 1953

**Ownership:** Private

**Top officer:** Craig Nadel

With a reputation for creative campaigns, JNI continues to win business in competitive sectors like technology and entertainment. The firm has grown by 87% since 2013 and projects \$147 million in 2019 sales.

## 18 KAESER & BLAIR (ASI/238600)

**Previous rank:** 17  
**2018 Revenue:** \$121.9 C  
**Headquarters:** Batavia, OH

**Year founded:** 1894

**Ownership:** Private

**Top officer:** Kurt Kaeser

A perennial Top 40 firm, K&B increased its sales by 6.5% in 2018, supported by its 1,900 dealers. Company leaders expect revenue to rise by about 8% this year with an emphasis on solutions selling.

## 19 FULLY PROMOTED (ASI/384000)

**Previous rank:** 19  
**2018 Revenue:** \$104.1 C  
**Headquarters:** West Palm Beach, FL

**Year founded:** 2000

**Ownership:** Private

**Top officer:** Mike Brugger

Last November, Fully Promoted named Brugger president, launching an eventful run. For example, the company has added a new franchise option that nixes the need for a retail location and production equipment.

## 20 BOUNDLESS (ASI/143717)

**Previous rank:** 22  
**2018 Revenue:** \$98.0 C  
**Headquarters:** Austin, TX

**Year founded:** 2005

**Ownership:** Private

**Top officer:** Henrik Johansson

Jumping up two spots in this year's rankings, Zazzle-owned Boundless trumpets a custom tech platform to recruit talent and serve its clients. The firm is forecasting 2019 sales gains of up to 20%.

## 21 BAMKO (ASI/131431)

**Previous rank:** 25  
**2018 Revenue:** \$86.5 C  
**Headquarters:** Los Angeles, CA

**Year founded:** 1999

**Ownership:** Public

**Top officer:** Phil Koosed

Since 2013, BAMKO has averaged annual growth of 30%, a testament to its 250 reps and order processing technology. The firm's client list features household names like Hulu, Airbnb, Tesla, AT&T and Sephora.

**7** The number of Top 40 distributors based in **Illinois**, the most of any state.

All annual revenue numbers are based on North American promotional products sales.

# TOP 40 DISTRIBUTORS

## 22 G&G OUTFITTERS (ASI/199904)

**Previous rank:** 21  
**2018 Revenue:** \$84.2 C  
**Headquarters:** Lanham, MD

**Year founded:** 1990

**Ownership:** Private

**Top officer:** Douglas Gardner

Despite adding more customers overall, DC-area G&G reported lower 2018 sales due to the seasonality of client spend. Leaders expect a bump up in 2019 revenue, triggered by relationships with brands like Burger King and Kohl's.

## 23 CORPORATE IMAGING CONCEPTS (ASI/168962)

**Previous rank:** 39  
**2018 Revenue:** \$83.0 C  
**Headquarters:** Northbrook, IL

**Year founded:** 1996

**Ownership:** Private

**Top officer:** Bob Herzog

By far the biggest riser on this year's list, CIC leaps 16 spots following its 2018 acquisition of eCompanyStore, a former Top 40 distributor. The firm is projecting 2019 sales of close to \$100 million.

## 24 MYRON (ASI/278980)

**Previous rank:** 23  
**2018 Revenue:** \$82.6 (estimate)  
**Headquarters:** Maywood, NJ

**Year founded:** 1949

**Ownership:** Private

**Top officer:** Jim Adler

After being ranked for three straight years at number 23, web-powered Myron drops one spot in the 2019 rankings. The 70-year-old firm remains family-run, with facilities in the U.S., Canada, Honduras and Europe.

## 25 THE VERNON COMPANY (ASI/351700)

**Previous rank:** 27  
**2018 Revenue:** \$82.5 F  
**Headquarters:** Newton, IA

**Year founded:** 1902

**Ownership:** Private

**Top officer:** Chris Vernon

Over the last five years, Top 40 mainstay Vernon has increased revenue by 24%, serving clients in the financial, tech and food/beverage markets. The firm's top goal for 2019 is a seamless ERP conversion to a cloud-based system.

## 26 POSITIVE PROMOTIONS (ASI/297370)

**Previous rank:** 24  
**2018 Revenue:** \$82.4 (estimate)  
**Headquarters:** Hauppauge, NY

**Year founded:** 1947

**Ownership:** Private

**Top officer:** Nelson Taxel

Based in Long Island, Positive operates as both a full-service agency and an e-commerce seller. Counselor estimates flat 2018 sales for the firm, but Positive's in-house decoration capabilities position the company well for the future.

## 27 MTM RECOGNITION (ASI/270880)

**Previous rank:** 26  
**2018 Revenue:** \$79.8 (estimate)  
**Headquarters:** Del City, OK

**Year founded:** 1971

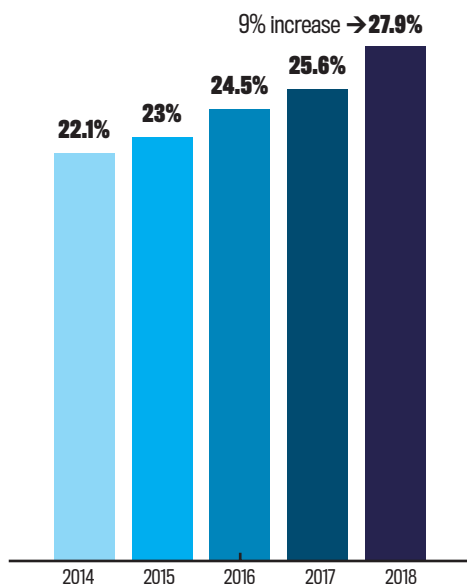
**Ownership:** Private

**Top officer:** Dave Smith

While MTM is known for making the Heisman Trophy, the firm also crafts personalized pieces for service, safety and other recognition programs. Counselor's revenue estimate keeps MTM among the market's 30 largest distributors.

## CONSOLIDATION RATE

The percentage of industry sales the Top 40 makes up continues to increase each year.



## 28 A BRAND COMPANY (ASI/141964/145177)

**Previous rank:** 20  
**2018 Revenue:** \$79.5 F  
**Headquarters:** Charlotte, NC

**Year founded:** 1995

**Ownership:** Private

**Top officer:** Fred Parker

After divesting its Edmonton office, A Brand Co. drops eight spots in the 2019 rankings. As the firm focuses on streamlining its North American operations, company leaders expect sales to rise by 5% this year.

## 29 BRANDVIA ALLIANCE (ASI/145037)

**Previous rank:** 31  
**2018 Revenue:** \$69.0 C  
**Headquarters:** San Jose, CA

**Year founded:** 2003

**Ownership:** Private

**Top officer:** Jim Childers

Based in Silicon Valley, BrandVia works with tech firms like Oracle, Cisco and Adobe. Its corporate swag programs and custom projects helped increase 2018 sales by more than 25% to near \$70 million.

## 30 SUMMIT GROUP (ASI/339116)

**Previous rank:** 29  
**2018 Revenue:** \$64.6 F  
**Headquarters:** Silver Spring, MD

**Year founded:** 1969

**Ownership:** Private

**Top officer:** Michael J. Harper

Another year of declining revenue - its fourth straight - drops Summit one spot in the rankings. The company, which employs 35 reps, is forecasting a return to growth in 2019 as it concentrates on serving profitable clients.

## 31 OVERTURE PROMOTIONS (ASI/288473)

**Previous rank:** 37  
**2018 Revenue:** \$60.6 C  
**Headquarters:** Vernon Hills, IL

**Year founded:** 2001

**Ownership:** Private

**Top officer:** Jo Ann Gilley

Since joining the Top 40 in 2016, Overture's sales have risen by nearly \$20 million, paced by business in the technology, healthcare and transportation sectors. The Chicago-area firm's 2019 ranking is its highest ever.

All revenue figures shown in \$millions.

C = calendar year  
F = fiscal year  
NR = not ranked

## 32 EPROMS PROMOTIONAL PRODUCTS (ASI/188515)

**Previous rank:** 32  
**2018 Revenue:** \$60.0 C

**Headquarters:** St. Cloud, MN

**Year founded:** 1998

**Ownership:** Private

**Top officer:** Jason Robbins

As more buyers shop for logoed merch online, ePromos has been one of the market's top beneficiaries. At the start of this decade, the firm had sales of \$23 million; by 2018, that figure had nearly tripled.

## 33 GENUMARK (ASI/204588)

**Previous rank:** 33  
**2018 Revenue:** \$57.7 C  
**Headquarters:** Toronto, Ontario

**Year founded:** 1980

**Ownership:** Private

**Top officer:** Mark Freed

The industry's largest Canada-based distributor, Genumark continues to report stronger promo revenue. Between 2013 and 2018, the firm improved sales by 78%, which company executives attribute to successful client acquisition.

## 34 BROWN & BIGELOW (ASI/148500)

**Previous rank:** 30  
**2018 Revenue:** \$57.0 (estimate)  
**Headquarters:** Saint Paul, MN

**Year founded:** 1896

**Ownership:** Private

**Top officer:** Bill Smith

Counselor estimates sales at B&B were flat in 2018, dropping the longstanding Top 40 firm four slots in the rankings. Hoping to energize its sales, B&B acquired Specialties Inc. (asi/331340) in January.

## 35 AXIS PROMOTIONS (ASI/128263)

**Previous rank:** 34  
**2018 Revenue:** \$53.7 C  
**Headquarters:** New York, NY

**Year founded:** 1991

**Ownership:** Private

**Top officer:** Larry Cohen

Serving almost 4,000 clients, Axis increased its annual sales by 6.3% last year. Among the firm's 2018 highlights was the purchase of Campus Stop (asi/336407), an online provider of branded merch to colleges and universities.

## 36 ARTCRAFT PROMOTIONAL CONCEPTS (ASI/125050)

**Previous rank:** 35  
**2018 Revenue:** \$53.5 F

**Headquarters:** Moorestown, NJ

**Year founded:** 1946

**Ownership:** Private

**Top officer:** Judith Zimmermann

Despite reporting slightly higher sales, Artcraft slides one spot in this year's rankings. With clients in the financial/insurance and pharmaceutical markets, the Philadelphia-area firm is forecasting 2019 revenue of \$55 million.

## 37 ZORCH (ASI/366078)

**Previous rank:** 36  
**2018 Revenue:** \$48.9 C  
**Headquarters:** Chicago, IL

**Year founded:** 2002

**Ownership:** Private

**Top officer:** Mike Wolfe

With revenue of nearly \$50 million, Zorch earns a place on the Top 40 for the third straight year. Employing only four sales reps, Zorch has built its brand on custom web portals that connect clients to vetted supplier partners.

## 38 PROMOSHOP (ASI/300446)

**Previous rank:** 38  
**2018 Revenue:** \$47.6 C  
**Headquarters:** Los Angeles, CA

**Year founded:** 1998

**Ownership:** Private

**Top officer:** Memo Kahan

Among distributors, PromoShop is a leader in product safety and compliance. The firm's diligence has been rewarded with a 32% revenue jump since 2013, boosted by clients in the consumer and automotive industries.

## 39 KOTIS DESIGN (ASI/244898)

**Previous rank:** NR  
**2018 Revenue:** \$45.6 C  
**Headquarters:** Seattle, WA

**Year founded:** 2003

**Ownership:** Private

**Top officer:** Jeff Becker

This year's lone Top 40 distributor newcomer, Kotis debuts after posting 34% sales growth in 2018. The firm melds creativity with smart tech, offering retail and company stores with tailored order management tools.

## 40 QUALITY LOGO PRODUCTS (ASI/302967)

**Previous rank:** 40  
**2018 Revenue:** \$44.1 C  
**Headquarters:** Aurora, IL

**Year founded:** 2003

**Ownership:** Private

**Top officer:** Bret Bonnet

For the second straight year, the final Top 40 spot goes to Quality Logo, which has increased its revenue by 70% since 2013. With nearly 200,000 clients, the company continues to leverage its website for sales.

# \$44.1 million

The 2018 sales of Quality Logo Products. It's the highest revenue figure ever for the 40th ranked distributor.

All annual revenue numbers are based on North American promotional products sales.



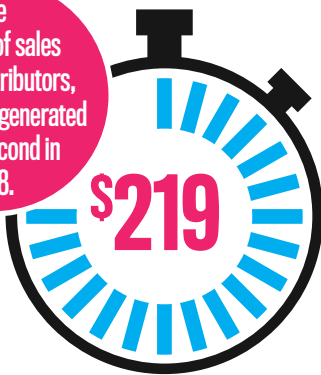
# TOP 40 DISTRIBUTORS

## BY THE NUMBERS

**\$670.5** million

The revenue spread between the first and 40th companies on the list. The 2017 spread was **\$565.4** million.

The amount of sales Top 40 distributors, as a group, generated every second in 2018.



The number that were on the Top 40 list five years ago.

**32**

The number that increased their year-over-year sales in 2018.



**10%**

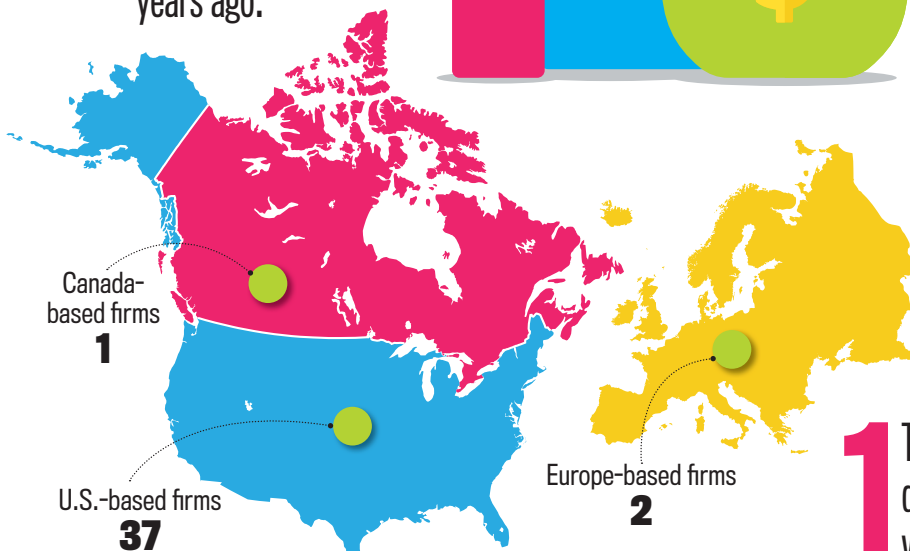
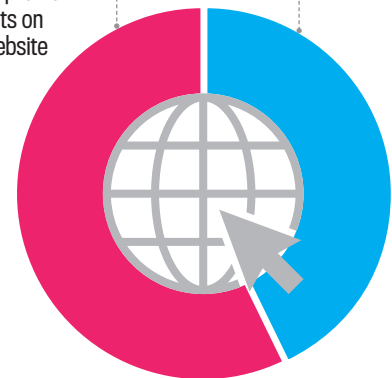
of Top 40 distributors are woman- or minority-owned.

### WEB WORKING

**57.5%**  
Don't sell promo products on their website

**42.5%**

Sell promo products on their website



**1** The number of new distributors on the list. Kotis Design debuted this year at #39, replacing Sunrise Identity, which was acquired by HALO Branded Solutions.



## THE SIMON STORY

### BIRTHPLACE

Chicago

### EDUCATION

Bachelor's degree in accounting from the University of Illinois; J.D. from the University of Illinois College of Law

### PRIOR TO HALO

Partner in law firm Neal, Gerber & Eisenberg until 1995; CFO of APAC, a national outsource telephone call service

### STARTED AT HALO

February 2001

### \$60 MILLION

HALO's revenue in 2003

### \$605 MILLION

HALO's revenue in 2018, an increase of more than 900% over 2003

### 2006

Simon is named Counselor's Person of the Year

### 2013

Simon ranks #1 on Counselor's Power 50 list for the first time. He reached the top of the rankings again in 2018.

Photography: Diane Duck Barton



# PERSON OF THE YEAR MARC SIMON

## *HALO Branded Solutions*

**FROM BANKRUPTCY** to the third largest distributor in the promotional products industry – that’s the transformation of HALO Branded Solutions (asi/356000) under CEO Marc Simon. It’s a phoenix-rising-from-the-ashes story that’s earned Simon universal respect in the market and unceasing praise from his staff.

“Our fast-paced growth can largely be attributed to Marc’s roots as an accomplished lawyer, CPA and corporate executive,” says Dale Limes, senior VP of sales at HALO. “His keen ability to see the future, understand opportunities and deliver on them is extremely unique in any industry.”

It is, in fact, so unique that Simon is the first industry executive to ever be awarded Counselor’s Person of the Year award for a second time.

### The Ace of Acquisitions

In recent years, Simon has operated on a scale that’s arguably unmatched by other promo industry C-suiters, especially when it comes to spearheading high-profile, revenue-building purchases. “You want your CEO to be the smartest person in the room, and in the 18 years I’ve worked with him, Marc has been just that,” says Terry McGuire, HALO’s senior VP of vendor relations.

Ranked number one on Counselor’s 2018 Power 50 list, which showcases the promo industry’s most influential people, Simon led the negotiation that saw HALO acquire Boost Promotional Branding in January 2019. The prominent Virginia company had been among the larger distributor members of Facilisgroup, a promo industry tech and consulting organization.

The Boost acquisition came fast on the heels of Simon orchestrating HALO’s purchase of two former Top 40 distribu-

tors in 2018 – Caliendo Savio Enterprises and Sunrise Identity. HALO also added Chamberlain Marketing Group in 2018 – the year after which HALO acquired American Pacific Promotions, Catalyst Marketing and Michael C. Fina Recognition.

Of the 2017 deals, the Fina purchase was particularly notable, representing an essential step in Simon’s plan to position HALO as a market leader that can provide a gamut of promotional products, recognition items and uniform apparel solutions to customers – all through an integrated offering. Moves like these show a lot has changed over the last two decades at HALO.

“When Marc came to HALO, it was in existential crisis,” says Jonathan Isaacson, president of Top 40 supplier Gemline (asi/56070). “HALO is now a well-respected leader in the industry with a clear value proposition. It’s hard to be anything but impressed with what Marc has accomplished.”

### From Near Ruin to Prosperity

As Isaacson alludes to, Simon needed all the business acumen that colleagues attribute to him to thrive at HALO. When he stepped into the CEO role in February 2001, he inherited a company on the skids – a result of mismanagement and related factors that occurred before he was at the firm. Even Simon admits that, at the time he agreed to take the job, he didn’t understand the full scope of HALO’s dire position. Tough decisions had to be made. Simon wasn’t afraid to make them, bulwarked by the belief that the ultimate end would be HALO ascending not just to viability, but prosperity.

He was proven correct. By May 2002, Simon had returned HALO to profitability. In May of the following year, he led the company’s emergence from the Chapter 11 bankruptcy it had entered in July 2001, and negotiated a deal that saw the Illinois-based distributorship acquired by private equity powerhouse HIG Capital.

Beneficial for HALO and HIG, the PE partnership was ahead of its time, foreshadowing what, in recent years, has turned into a proliferation of promo firms turning to private equity investment. Simon has led HALO into subsequent partnerships with other PE firms – the most recent of which with TPG Growth, a California-based company with \$14 billion in assets.

Indeed, members of HALO’s extended management team have received meaningful distributions upon each PE sale – a fact that swells Simon’s heart. “One of the most satisfying achievements has been our success in changing the lives of the families of our management team through the multiple private equity investments made in HALO,” says Simon.

A deep sense of caring for HALO’s people is characteristic of Simon, a north side of Chicago native who had such values instilled in him by his parents – a mother who was an educator and a hardworking father who owned a taxicab company. “Marc always puts his people first,” says Limes. Adds HALO Executive VP Jim Stutz: “Marc’s passion to be certain that each salesperson has the tools they need to be successful – and to align this with corporate goals – is his genius,” says Stutz, who offers a personal anecdote as evidence of Simon’s character. “My father passed away in January,” says Stutz. “When my family saw that Marc made the trip from Chicago to Toledo, OH, on a snowy day to attend the funeral, we all recognized that leadership extends well beyond just achieving business objectives.”

Looking ahead, Simon is eager to build on the gains that have seen HALO increase sales by 114% between 2016 and 2018 while maintaining the family feel that permeates the company. “The more we grow, the more attention we pay to the people who create this growth,” says Simon. “The successes our teams are enjoying inspire me to remain engaged and to continue to support their efforts to continue healthy growth.” – *Christopher Ruvo*

“IT’S HARD TO BE  
ANYTHING BUT  
IMPRESSED  
WITH WHAT  
MARC HAS  
ACCOMPLISHED.”  
JONATHAN ISAACSON,  
GEMLINE

# INTERNATIONAL PERSONS OF THE YEAR TOM & MICHAEL HUNG

*Headwind Group*

## THE STORY OF TOM HUNG'S SUCCESS

is like a roadmap for any business school major with dreams of becoming a global entrepreneur: With over 40 years in the promo products business, the chairman of Hong Kong-based manufacturer Headwind Group started his career as the director of North American sales for Midway, a Canadian importer. At the time, Midway represented some of the largest trading companies in Asia dealing in caps, garments, plush toys, bags, shoes, drinkware and several other products.

“This was the ‘golden era’ of trade between China and the advertising specialty industry, long before many importers had established manufacturing sources in Asia,” Tom Hung recalls. “Indeed, I was fortunate to be among the first wave of entrepreneurs to open up China to our industry.”

But it's his legendary *joie de vivre* and enigmatic charisma that really makes Hung so memorable. “You’ve never truly lived if you haven’t experienced a night out in Hong Kong with Tom Hung, the OG, at the 50s Club as he’s sipping on Johnny Walker and singing Connie Francis with the band,” says Heather Smartt, director of global category management for Top 40 supplier PCNA (asi/78897). “I could sit for hours and listen to Tom tell stories about his business adventures. He’s truly one of a kind.”

Michael Hung, Tom’s son with whom he shares Counselor’s 2019 International Persons of the Year award and Headwind’s general manager, concurs. “Anyone who’s met my father knows his personality fills up a room. He’s charming, honest, sincere and above all else, he’s loyal. I’ve taken a lot of his values as a businessman and integrated them into our corporate culture because I believe strongly this is a recipe for continued success.”



Michael Hung, general manager (left) and Tom Hung, chairman of Headwind.

## The Momentum Behind Headwind

After his time at Midway, Tom Hung ventured out on his own, setting up Headwind. His first customer was RCC (Radio Cap) which was at the time a relatively small decorator and then became part of Norwood (asi/40480).

“With the help of Steve Hill, John Finnell and many other industry veterans, we were able to grow our headwear business significantly all during the ‘80s,” Tom Hung says, pointing out that in the early years, China was a much more challenging environment than it is now. “Quality and labor standards, regulatory issues and costs were extremely volatile each year,” he acknowledges. “Our core customer base expanded rapidly during this period and I was fortunate to have a very loyal group of customers that included Norwood, Corvest, Hit (asi/61125), Magnet (asi/68507) and many other ASI suppliers. With the support of my customers, our mug business grew aggressively in the early 1990s – at our peak we were shipping nearly 2,000 containers of mugs and 700 containers of caps per year.”

But in 1994, China instituted a quota system on headwear exported to the United States, which caused a sharp rise in the price of caps. Tom decided at that moment to turn it into an advantage, moving quickly to open various factories in Bangladesh, Vietnam, Cambodia and Myanmar. “We enjoyed strong sales during this period until China lifted the quota system sometime in the early 2000s,” he says. “At that time, I decided to move our production back to China, where the bulk of it remains to this day.” Michael, who’s 39, was raised in the U.S. but now lives – like his dad – in Hong Kong and manages the day-to-day of Headwind’s operations. “I got my start with the company about 15 years ago in sales,” Michael says. “Like a lot of people in this business, it’s where I earned my chops and developed a good portion of the relationships that support me to this day.”

Michelle Armstrong, global bags sourcing and compliance director at Polyconcept, has known and done business with the Hung family for more than a decade. “Tom is the coolest man in the business, and I think there are many Top 40 suppliers that would not be where they are today without his influence in their business – and you can see his biggest impact in Michael, who’s one of the most creative professionals in our industry,” she says. “I’ve spent the last 10+ years getting to know Michael, and he always impresses me with his ability to stay one step ahead of the industry.”

Characteristically, Michael points to Tom’s direct influence on the trajectory of the business. “He taught our company the value of relationships with our clients – they’re the ones we attribute our success to, and they’re part of our family,” Michael says. “People like Hit Promotional Products founder Bill Schmidt Sr. really helped create huge growth opportunities for us and we



don't take that lightly. This value system is now an intrinsic part of our corporate culture – every single employee is taught from day one the importance of establishing long-term relationships with our clients.”

CJ Schmidt, president of Hit, can attest to the level of loyalty and commitment Headwind, under the leadership of the Hung family, shows its clients. “Tom Hung was crucial to the success of Hit during its initial growth and has been key in the years proceeding,” he says. “Not only has he been a trusted business partner for many years, but he was one of my dad’s closest friends and has become a personal friend of mine, as has Michael.”

Employing over 150 employees and with additional offices in Bangladesh and Vietnam, Headwind’s largest product categories are drinkware, headwear, bags, folding chairs, blankets, plush toys, mobile phone accessories and several other categories. “Our company motto is ‘manufacturing made easy,’ so we attempt to streamline manufacturing, design and sourcing services for our clients,” Michael says. “This means leveraging our 40+ years in the industry with design solutions at price points that work – and staying on top of the changing compliance requirements. It’s not rocket science, but it’s difficult to manage year after year.”

Michael concedes that the promo business overall is experiencing a lot of structural changes on the manufacturing side, mainly due to advances in automation and increasingly sophisticated logistics programs that allow for faster lead times and lower minimum order quantities. “On top of that, we’re facing regulatory issues like the recent tariffs, which are forcing companies like ours to adapt and set up manufacturing bases in other non-Chinese markets like Myanmar or Vietnam,” he says. “Of course, we view these changes as opportunities, not as obstacles, and we’ve moved quickly to adapt our business and embrace these changes. I think where all this is leading to is a highly efficient

business model that operates largely online in a comparatively more ‘seamless’ buying environment – similar to the Amazon model.”

But what sets Headwind apart from its competitors, Polyconcept’s Smartt maintains, is its formidable father-and-son duo. “In an industry where suppliers tend to end up with similar product portfolios, Tom and Michael have enabled Headwind to become a differentiator in the industry,” Smartt says. “Their ability to foresee a trend and execute while others are still sitting at their sketch pad is the reason why they’re innovators. Spending time with Michael has always been refreshing because we can talk about everything from business and design to the latest band. Having him as a friend is just a bonus for me.”

For Michael Hung, the bonus is that he gets to work in an industry he loves with a father who continues – even after four decades in the business – to operate with an entrepreneur’s passion and fearlessness. “Headwind is a family business and I’m part of a tradition that I’m very proud of,” he says. “I feel incredibly lucky to be able to continue growing what my father built.” – Michele Bell

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## DISTRIBUTOR ENTREPRENEUR OF THE YEAR JOHN HENRY III *JH Specialty*

**WITH A PRETERNATURALLY** positive outlook on life and as CEO of JH Specialty (asi/232445) – a mainstay on Counselor’s Best Places to Work list due to his employees’ off-the-charts job satisfaction – 40-year-old John Henry III doesn’t rely on profits to define what makes him happy.

It’s a business philosophy rooted in the Golden Rule. Henry, a tech-savvy entrepreneur, launched his first website for e-selling promo products after graduating from Indiana University in 2002, when others in promo were still questioning if they really needed email. Today, under Henry’s leadership, JH Specialty provides services, such as email marketing, SEO and website design – something a growing number of distributors are only now beginning to do. The diversified business model has helped propel the Midwestern firm into the high seven figures of revenue, while employing nearly 40 people.

“We can be the total solution for our clients – the partner they can outsource their marketing needs to,” says Henry, who jumped into promo as an undergrad, selling T-shirts to sororities and fraternities.

Henry’s ever-evolving SEO magic means

JH Specialty’s flagship YourPromoPeople.com and related microsites generate ample engagement. Still, it’s the human touch JH follows up with that transforms one-off orders into lucrative business relationships.

“We have multiple stories where a rush order for less than \$1,000 has turned into a six-figure account,” says Henry. “Technology is great, but it’s the people using the technology that make the difference.”

Henry encourages employees not to think of what they do as “selling product,” but rather about the end-results brought about by their solutions. “If you’re doing an order of thundersticks for a football game, think of the excitement that will deliver,” he says. “If you’re providing employee appreciation gifts, imagine the joy recipients will feel. We’re part of that, and it’s special.”

Henry says faith is the foundation for his upbeat outlook – a grounding that’s seen him, and JH, through difficult times. “We’ve had clients who represented as much as 50% of our revenue disappear due to reasons beyond our control, but we’ve never had to downsize,” says Henry. “We believe another door will always open, and it has.” – *CR*



## SUPPLIER ENTREPRENEUR OF THE YEAR TAYLOR TADMOR *Tekweld*

**BORN IN ISRAEL,** Taylor Tadmor moved to the U.S. when he was 13 years old because his parents thought it would provide him a better opportunity. Over the past 15 years, the president of Hauppauge, NY-based Tekweld (asi/90807) has been hell-bent on proving his parents right.

Tadmor graduated from Stony Brook University with a marketing degree and spent five years in the finance industry before selling offset printing to advertising agencies and liquor brands. When his friend took him to a local promotional products trade show, Tadmor noticed 90% of the goods were decorated mostly in one color. He had his epiphany and decided to bring full-color process items to the industry.

“I figured if I could make the item look better and offer fair market value with great customer service, people would come,” Tadmor says.

Customers certainly haven’t stopped coming. With five-star ratings in ESP performance categories such as product quality, delivery and imprinting, it’s easy to see why Tekweld’s sales grew 25% in 2018. And

over the past five years, Tekweld’s revenue has jumped a staggering 300%. Tadmor says the company has never experienced a down year.

“I work my balls off,” he says with a laugh. “Starting out, I couldn’t afford factory reps or multiline reps, so I hit the pavement and did a lot of guerrilla marketing. I would grab a company’s logo from their website, redraw it and put it on hand sanitizer, lip balm and microfiber cloths. When they received the product samples, they always got that wow factor.”

Tadmor picked those items because they were small and he was operating in a very limited space – a 1,800-square-foot office. These days, Tadmor has expanded his one-man army into over 300 employees working out of an 84,000-square-foot factory. They built the company’s ERP system from the ground up, continually conceive new product ideas and have maintained a breakneck pace for workflow in the digital age.

“We’re only as good as our last job and worst employee,” Tadmor says. “That’s all distributors remember.” – *John Corrigan*





Jamie McCabe (left) and his business partner, Colin Rous.

# DISTRIBUTOR FAMILY BUSINESS OF THE YEAR

## *McCabe Promotional Advertising Inc.*

**WHEN HIS PARENTS**, Jim and Sandi, began their London, Ontario-based distributor, McCabe Promotional Advertising Inc. (asi/264901) in 1981, Jamie McCabe was only six years old. “I started by sharpening pencils and emptying wastepaper baskets,” he says. “I’d work for the company in some capacity most summers and became full-time in 1999 after university.”

Now 44, Jamie is the CEO and leading the Facilis-affiliated company to sales of nearly \$20 million a year. “When I took over, everyone was so old through the eyes of someone who was 24,” he recalls, laughing. “Everyone had massive desks and there was so much paper. We had one computer for the whole company as well as a fax machine, a dot matrix printer and a soda machine. Now, we’re almost paperless, we have stand-up desks and have changed our articles of incorporation to be stakeholder-focused versus shareholder-focused.”

With 20 employees when the company started, Jamie McCabe now oversees a team of 50 in the company’s four Canadian offices – London, Toronto, Ottawa and Clinton – and is acutely aware of what it takes to be in

a family business, as so many are in the promo marketplace.

“You have to consider that there’s an added dimension of communication and relationship management,” he says, pointing out that there have been many more harmonious than difficult times. “There were disagreements and sometimes stalemates, but it never changed holiday plans and family milestones. At the time, I thought we were unique because we were dysfunctional, but once I started growing up I realized every family is to some degree; we just got to bring our baggage from work to home and vice versa. We definitely have a stronger and closer relationship because we had the opportunity to work together.”

Chuck Fandos, the CEO of Facilisgroup and Counselor’s 2016 Person of the Year, met Jamie McCabe when the company became a Facilis partner in 2011. “Back then, McCabe Promotional Advertising was well known in Canada and Jamie was beginning to take over the company,” Fandos says. “He was great at four things: vision, hard work, relationships and closing bars. In the past eight years I’ve watched Jamie grow, McCabe Promotional Advertising grow and Facilisgroup’s stature grow in Canada in large part because of Jamie’s success. Today McCabe Promotional Advertising is the largest Facilis partner in Canada and Jamie is the face of the company, representing rapid expansion, fearlessness and fun. He’s done it with a great team lead by Colin Rous, and it’s been an amazing transformation to watch – I’m very proud of what Jamie and McCabe Promo have accomplished. And although Jamie doesn’t close the bar every night anymore, he hasn’t lost his fastball. The scion has become a visionary leader with unlimited potential in front of him.”

Sandi McCabe admits that she and her husband never really expected their son to have a career at McCabe. “A summer job, yes. But it felt good to have him around all the time, so we kept offering him new experiences within the company with the hope that he’d stay for a while, gaining knowledge. He moved from shipping and receiving to order entry to sales support to sales. Jamie is great with people, so it was a natural fit. Eventually, we left the business and he stayed.”

The upside of working in a family business, Sandi says, was sharing common goals with her husband and son and working with them through every type of situation imaginable. She also acknowledges that as times change, the way she and her husband operated the company wouldn’t work as well today. “That’s why it’s been gratifying to witness how Jamie and his team have changed things up in so many ways and run our business better than we ever did.”

Looking forward to the company’s future in the next 10-20 years, Jamie

McCabe says his goals are consistent: “We’re about putting 12 months together better than the previous 12. The world is changing so quickly and we’re trying to adapt and stay relevant. I had a front-row seat to watch my parents build an incredible company founded on grit, high morals and service within the community. It was a unique opportunity and one I cherish. I got to see it all – the highs and lows and what you do from there. What mattered most of all was the journey.” – MB



The McCabe Promo team celebrates at last year’s Pride Parade in London, Ontario, where the company is based.

# SUPPLIER FAMILY BUSINESS OF THE YEAR

*Stahls'*



Dan, Ted and Brett Stahl

**INVENTIVENESS RUNS** in the Stahl family blood. Since the company's founding in 1932, it was the driving force of A.C. Stahl finding a business model in leftover felt scraps to the international expansion Stahls' (asi/88984) is experiencing in the current era, and everything in between.

"If you keep one ear to the customers and the other ear to the technologies that are happening in the world, you can create products before people even know they need them, solving problems they didn't even know they had," says Ted Stahl, executive chairman of the board and grandson of the firm's founder. "We've created a whole raft of new categories that never existed before."

As an example, when baseball teams started putting felt numbers on uniforms in the 1930s, the Stahl family was quick to seize on an opportunity by developing a die-punch system to cut numbers more efficiently than traditional handcutting.

A.C. and his wife Ethel had three children who worked in the business: Helen, Ernie and Gertrude. Ernie Stahl and his wife Ricki headed the Stahl Felt Stamping Co. – while their kids, including Ted, closely watched:

"We learned how to repair things and fill orders; we fixed toilets. As any entrepreneur knows, you wear many hats," Stahl says.

Ted and his brother Brian purchased the business when Ernie retired. Ted focused on marketing and business development, while Brian oversaw production and quality control. Another brother, Craig, who's since passed away, developed water-jet cutting technology, software and equipment. Ted's wife Mary was a big part of the business too, working trade shows to keep revenue coming in. "We'd take a lot of product, but if we wanted to eat that night, we'd have to sell something," Stahl says.

Today, the next generation is moving forward with Ted and Mary's sons Brett and Dan developing new products and guiding the company's international endeavors, respectively. Their daughter Erin manages the family foundation, which houses a collection of iconic products of the past. Stahls' also recognizes the role employees play. "Our staff has really made this success happen – the people who run the machines, look after our customers," Stahl says. "We consider them family." – *Karen O'Malley*

## PSST Decorator Spotlight

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## DISTRIBUTOR WOMAN OF DISTINCTION **ANNE MCKEOUGH** *Staples Promotional Products*

**ANNE MCKEOUGH** didn't just break through the glass ceiling; she shattered it and kept going.

The executive at Staples Promotional Products (SPP, asi/120601) has 20 years of industry experience, starting in a marketing VP role at Corporate Express at a time when some in the space would've balked at a woman holding such a pivotal leadership position.

Nothing was going to stop McKeough, though.

"I was the first female member of the executive team," McKeough says. "Within a year, I was running the sales team as well."

Witty, smart and strategic, McKeough's deft execution, genuine care for her team members and downright likeable personality helped her ascend to the vitally important position of VP of sales at SPP in 2008.

Much now rests in McKeough's capable hands. The mile-logging pro – she travels about 50% of the time – is responsible for spearheading sales strategy. Her approach includes accelerating new business development and winning deeper account penetration for a nine-figure distributorship that's

the second largest in the industry. McKeough is also responsible for recruiting and mentoring top talent, and creating a vision that facilitates the continual enhancement of a platform that supports the needs of today's high-spend global customers.

**"I LOVE TO BE CHALLENGED – TO ALWAYS  
RAISE THE BAR."  
ANNE MCKEOUGH**

She does all that and more with aplomb.

"Anne has one of the most strategic and creative minds that I've had the pleasure of working with," says Rich Witaszak, vice president and general manager at SPP. "She does what it takes to exceed customers' expectations, and is always willing to go the extra mile to make it happen."

For McKeough, it's not work – it's pleasure. "I love to be challenged – to always raise the bar, to strategize with clients and teammates, and to mentor others to grow and thrive." – CR

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## SUPPLIER WOMAN OF DISTINCTION

### LORI BAUER

*BIC Graphic*

**AT A TIME WHEN** young girls and older women alike look for role models who can show them the infinite possibilities available to them, there's Lori Bauer – a woman with smarts, style and sass to spare.

With more than 20 years in the promo marketplace, Bauer has been an integral part of Counselor Top 40 supplier BIC Graphic's (asi/40480) growth, with responsibilities spanning across sales and marketing, including new product development, branding, promotions and business strategy. As its vice president of sales, managing national accounts and special markets, Bauer serves on the corporate leadership team for BIC as well as on the senior staff team reporting to the CEO. She oversees a \$100M+ segment of overall company sales, handling national accounts that have delivered consistent year-over-year territory growth, out-pacing the rate of overall company gains. Perhaps most notable, though, is the fact that she's the first female in the history of BIC Graphic to be a VP in a sales or marketing role.

"I tell my daughters to never doubt their abilities or be afraid to take chances and get

**"I TELL MY  
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AND GET OUT  
OF THEIR  
COMFORT ZONE."**  
LORI BAUER

out of their comfort zone; never assume it's something you can't do," Bauer says. "It took me a while in my career to fully embrace my capabilities and push the envelope to expand into new roles, network within different channels and to not allow myself to be boxed into one particular concentration or thought process. I wish I would've challenged myself to think this way at a younger age."

David Klatt, BIC's CEO, points out that one of the first things he noticed when he joined the company was the outstanding relationships the sales team has with its customers. "I quickly realized those strong partnerships are largely a result of Lori's leadership," he says. "Her clients know they can rely on her to provide best-in-class service, and she's truly an asset to our leadership team at BIC Graphic."

Despite a very full roster of responsibilities at work and a husband, two daughters and a puppy at home, it's Bauer's voluminous slate of volunteer work that really sets her apart. In 2015, she was honored with the PPAI RAC Volunteer of the Year Award for demonstrating an outstanding level of volunteerism, leadership and significant, measurable contributions to a regional association. She has served several years on the board and as president for the Promotional Products Association of Florida (PPAF) and is passionate about the work she's done with the Promotional Products Education Foundation (PPEF), serving on the Board of Trustees for three years and leading the organization as the board chair in 2017. Outside the industry, she's a volunteer with Great American Teach-In, the Salvation Army, Give Kids the World Village and the Girl Scouts.

Paul Lage, CEO of Counselor Top 40 supplier IMAGEN Brands (asi/93990/47700) and the 2017 Counselor Lifetime Achievement Award winner, isn't merely a competitor, but someone who worked with Bauer for years at BIC as a trusted mentor. "I've had the honor to work with Lori and the pleasure to watch her grow into one of the most recognizable leaders of our industry," Lage says. "She's the face of BIC Graphic while she continues to give back to our industry in so many ways. She's a mentor and an example for all of us on the value of leading and giving."

Bauer maintains that her favorite aspect of the industry by far is the people and the relationships that embody it – whether internally at BIC Graphic, with distributor customers or other suppliers, who all work together to share knowledge and insights to support each other. "I also love that this industry has such an entrepreneurial spirit," she adds. "Whether a true family business or not, most companies work within this mindset. As part of this industry, I've been fortunate to wear many hats and expand into new roles. There are always new opportunities to challenge yourself. Though I have to say that over the years, it probably would've been a good idea to say no to that one last glass of wine with Dave Saracino and our pals at industry events – think of all the hours of sleep I could've banked!" she laughs. "But I would've missed out on a lot of laughs for sure."

And speaking of the illustrious Mr. Saracino, he has some thoughts about the woman who's been such a valued colleague over the years. "I couldn't imagine a more deserving winner of this award," says BIC's vice president of field sales and Counselor's 2016 Lifetime Achievement Award winner. "Her dedication to BIC, tireless participation on regional and national boards and, more importantly, her love and support of her family are just a few reasons she's a great choice. Lori travels the country on behalf of BIC and is always visible and vocal at distributor events throughout the year. Her intelligence, hard work, sense of humor and willingness to mentor others are keys to her success. Having said this, I truly believe Lori deserves this award for putting up with me as a co-worker for the last 20 years." – MB



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## TECHNOLOGY EXECUTIVE OF THE YEAR **JON NORRIS**

*Starline*

**TO DO CLASSWORK** in fourth grade, Jon Norris was given an Apple computer, which his school earned through the collection of grocery store receipts. Ever since, Norris has been implementing, innovating and improving technology wherever he goes. He started at Starline (asi/89320) right after graduating from the University of Buffalo in 2004 with a degree in industrial engineering (he later earned an MBA at UB), back when the supplier was going through a significant tech transition.

“We inherited a legacy system and have since developed a new ERP system that allows us to be nimble,” Norris says. “It was quite a daunting task to write everything from accounting to warehousing to infrastructure to HR to production and scheduling, but now we have the flexibility to make modifications that better serve our customers.”

Today, Norris – Starline’s millennial change agent – is VP of operations, responsible for manufacturing, customer service, warehousing and technology. “We look at everything from a technology-first standpoint,” says the forward-thinking Norris.

One of Norris’ passions is his involvement with PromoStandards, an industry initiative he helped found. It connects all elements of the supply chain via system integrations over a standard protocol. “You don’t get many opportunities in your career to have an impact on the way an industry does business in terms of transactional commerce and the way it communicates,” says Norris, a married father of two daughters. “I don’t think the industry was ready for this 10 or 15 years ago. At that time, we were still trying to figure out how to build a website and trying to ram through integrated commerce. Now we’re more mature, and it’s taken off like crazy in the last few years.”

Norris is also a workgroup chair for the PPAI Tech Summit Planning Committee and a board member for FedEx Customer Technology. He’s spoken at a dizzying array of events, including ASI and PPAI tech summits, the North American Leadership Conference and Staples (asi/120601) national sales meeting, and even ran tech for the Flat-Coated Retriever Society of America.

Going forward, what does Norris see happening with tech in the promo sector? “The largest companies are positioning themselves to be able to modernize their ability to transact business with website overhauls and ERP implementations. Even the small guys are realizing they can be a differentiator. Having a little passion goes a long way.” – *Joan Chaykin*



# BESS COHN HUMANITARIAN OF THE YEAR BRANDON MACKAY

*SnugZ/USA*

**THERE ISN'T MUCH** white space on Brandon Mackay's calendar.

When he's not in the office, the president of Top 40 supplier SnugZ/USA (asi/88060) can be found assembling meal kits for neglected children, helping out with Boy Scouts or participating in events benefiting causes like nature conservation and the Red Cross. If you can't track him down in West Jordan, UT, you better pull out a globe because Mackay's stewardship knows no borders. He travels to various countries, helping build schools from scratch.

These charitable works have become a family affair over the years, as Mackay has chaperoned a trip to Bolivia with his daughter Addie tagging along, and he's bringing his oldest son Chance to Peru this summer. Hannah, his oldest daughter, has been so inspired by her father's altruism that she went to Ecuador to work in an orphanage for two weeks, giving the staff there some much-needed time off.

"Growing up a faith-based person, you just always try to find ways to help and improve the life of others," Mackay says. "I've been very lucky and blessed and have been provided with a lot of opportunities and abundance. You try to put it to good work."

A proud member of the Church of Jesus Christ of Latter-day Saints, Mackay makes every effort to practice Gospel teachings, especially caring for the impoverished. He and his wife Liz are very involved with the church, volunteering with youth groups and creating opportunities for teenagers to have access to higher education.

Those acts of kindness extend to SnugZ



Mackay's children have joined him on service trips to South America.

**"GROWING UP A FAITH-BASED PERSON, YOU JUST ALWAYS TRY TO FIND WAYS TO HELP AND IMPROVE THE LIFE OF OTHERS."**  
**BRANDON MACKAY**



Mackay in Bolivia building a schoolhouse for children.

as well. Employees are encouraged to participate in Habitat for Humanity, food drives, Adopt-a-Highway, the Promotional Products Education Foundation and other humanitarian efforts. Whenever they're providing a service, they don't have to worry about taking personal days or unpaid leave. Mackay values compassion and generosity over the bottom line.

"There's nothing we say no to," he adds. "We always try to find a way to fund someone's need."

Mackay credits Patti Hicks, his mother-in-law and founder of SnugZ, with inspiring his passion for philanthropy, and does his best to follow her example of constantly helping others. When she passed away in 2004, Mackay and his cousin Charley Johnson, the former vice president of the company, quickly moved to help preserve SnugZ through its acquisition from her estate.

After deciding to move the firm's manufacturing from Nevada to Utah, they offered relocation to most factory workers, including transporting their families and their possessions to apartments with utilities already set up and refrigerators stocked. According to Mackay, 69 employees relocated and 65 of them moved to Utah sight unseen.

"This guy is the most charitable and selfless person I've ever met," says Brittany David, vice president of sales at SnugZ. "Brandon does so much for his family, community, co-workers, church and strangers, and does so with such heart."

Mackay's next goal is to build a not-for-profit inside the SnugZ facility that supplies underprivileged children with food kits to take home from school for the weekend. "Kids are taken care of once they're at school," Mackay says, "but it's after-hours that are really underserved in our society right now. If I work hard and do what's right, it always helps me provide the next thing I want to do." — JC



# COUNSELOR LIFETIME ACHIEVEMENT AWARD

## LARRY ZAVADIL

*American Solutions for Business*

**A MINNESOTA FARM BOY** starting his own company and building it into a \$300 million powerhouse to pass on to his son – that sounds like the American Dream. For Larry Zavadil, it's reality.

With entrepreneurship flowing through his veins, the University of Minnesota graduate dabbled in various industries before promotional products, selling pizzas, produce, auto parts and eventually printing and office supplies. For years, he told his wife Diane that he could sell anything to anyone. In 1980, she called his bluff, encouraging him to launch his own business. A year later, American Business Forms was born in his hometown of Glenwood, MN.

"We wanted to work under a bigger brand so we could go into market and compete with larger companies," Zavadil says. "You've got to have a name bigger than just who you are."

In order to remain relevant, Zavadil has led his company through constant evolution. It took a decade after its founding for the Top 40 distributor now known as American Solutions for Business (ASB, asi/120075) to start selling promotional products. Heading into the '90s, Zavadil and his team saw the potential of promo items as long-lasting marketing tools, and began shifting their business model to 60% print and 40% promo.

"We could see the opportunity and product offering for our customers," Zavadil says. "It's not solely about product – it's about solutions and ideas. In order to compete in an emerging e-commerce society, we've had to transition our business into a one-stop shop approach."

Zavadil's vision has certainly proven fruitful as ASB has achieved tremendous organic growth over the past four decades.

**"IT'S NOT  
SOLELY ABOUT  
PRODUCT –  
IT'S ABOUT  
SOLUTIONS AND  
IDEAS."  
LARRY ZAVADIL**



Between 2012 and 2017, ASB grew by 57%. In 2018, the company posted promo sales of \$190.6 million, up 12% year-over-year, pushing ASB closer to a top 10 distributor ranking.

In 2000, Zavadil took a different leadership path, selling to his employees and making ASB a 100% ESOP (Employee Stock Ownership Plan) company. A couple of untimely deaths within his inner circle forced him to question his own mortality, as well as the future of the company.

"I thought if that had been me in either of those cases, what would happen to the company?" he says. "If we merged with or sold to somebody, the first thing they would do is shut down our facility and our small town would suffer. The best outcome was selling to the employees who could maintain our company culture. We've tried to create an environment where salespeople could grow their business much easier with our support. Under ESOP, they have a piece of the overall company while still owning individual business."

When the recession hit in 2008, Zavadil returned to the helm, helping guide ASB back to growth in a time of economic uncertainty. Nearly a decade later, his youngest son Justin had climbed the company ladder, being named president by the board of directors. The father-son team ranked 32nd on the 2018 Counselor Power 50, up from 35th in 2017. The duo rose 17 spots during the preceding two years.

Talking about his father, Justin says, "he's taught me that the relationships you have in life are more important than success or money, that people remember how you make them feel and to always do the right thing for the right reason." – JC

# TOP 40 SUPPLIERS

Counselor's  
exclusive  
ranking of the  
suppliers with  
the most  
revenue in the  
promotional  
products  
market.

## METHODOLOGY

To determine eligibility for Top 40 ranking, Counselor uses a multilevel approach. Before requesting financials, only firms that have been ASI members for a minimum of one year can participate. All companies are then requested to submit their gross ad specialty sales for calendar/fiscal 2018. Only North American sales are used to build the rankings, and sales of any firms acquired by a candidate are also included, provided the transaction was completed on or before January 15, 2019.

Suppliers are also required to provide only ad specialty sales, defined as "any product you've sold, with or without imprints or personalization, provided that you sold it to and/or through recognized, traditional promotional products or premium distributors/resellers." All sales of imprinted goods are accepted, but only 25% of sales of blank merchandise.

Once all contending companies have submitted acceptable figures, the determination process begins. It involves research on each firm, including financial reports, year-end statements, annual reports and personal interviews conducted by Counselor's editorial staff. When a firm's sales figures are proprietary, the same criteria and resources are used to develop as accurate an estimate as possible - estimates made by Counselor are noted immediately after the 2018 revenue is shown for each company.

**F**or the second straight year, there's a new number-one supplier in the promo market. With a nearly 20% rise in 2018 sales, driven by a diversified product line of apparel and hard goods, alphabroder (asi/34063) jumps past SanMar (asi/84863) in Counselor's 2019 rankings. As they annually battle for the top spot, both firms appear set to eclipse \$2 billion in yearly promo revenue in the near future.

While the industry's largest suppliers are growing steadily, there's one notable change in the top 10. Heritage Sportswear, which reported 2017 sales of \$141.6 million, has fallen out of the rankings after a judge recently ordered its liquidation.

Court papers show the Ohio-based supplier had financial struggles that left it unable to meet obligations to creditors.

Heritage's exit is just part of this year's turnover. In total, three new firms join the 2019 Top 40 Supplier list, led by iClick (asi/62124). The company has ridden the PopSockets craze to become one of the market's fastest-growing suppliers, with 2018 sales of \$69.2 million. To demonstrate its rapid gains, only two years ago the supplier recorded total revenue of \$19 million.

To learn much more about this year's Top 40 Supplier honorees, open the gatefold. But first, check out the chart on the right to get a snapshot of year-over-year changes.

	2018 SALES	2017 SALES	DIFFERENCE	RANKING CHANGE	WAS PROFITABLE	5 YR. AVG. ANNUAL GROWTH RATE	# OF CLIENTS	FINANCIALS CERTIFIED BY
	\$	\$	%	↕	💵	📈	👤	📋
1. alphabroder	\$1,640.0	\$1,370.0	19.7%	1 ▲	D	14.6%	D	Chuck Pfister, CFO
2. SanMar (eg)	\$1,610.0	\$1,400.0	15%	1 ▼	D	10.5%	D	NC
3. S&S Activewear	\$722.0	\$485.0	48.9%	2 ▲	D	21.8%	D	Jim Shannon, president
4. Polyconcept North America	\$654.1	\$606.3	7.9%	1 ▼	Y	6.8%	22,000	David Farr, CFO
5. Gildan (e)*	\$650.0	\$540.0	20.4%	1 ▼	Y	N/A	D	NC
6. Hit Promotional Products	\$430.4	\$397.1	8.4%	same ►	Y	17.7%	35,000	Gary Meadows, CFO
7. BIC Graphic	\$314.1	\$313.1	0.3%	same ►	D	-2.8%	D	Eric Mikesell, CFO
8. Next Level Apparel*	\$209.5	\$201.2	4.1%	same ►	Y	N/A	500+	Mark Seymour, CSO
9. HUB Promotional Group	\$197.8	\$103.5	91.1%	6 ▲	Y	39%	12,000	Chris Anderson, CEO
10. Staton Corporate & Casual	\$165.1	\$158.6	4.1%	1 ▼	Y	9%	2,000+	Billie Staton, president
11. TSC Apparel	\$140.0	\$130.0	7.7%	same ►	Y	7%	30,000	Dave Klotter, CEO
12. Magnet Group	\$117.9	\$114.2	3.2%	same ►	Y	6.4%	15,000	Bill Korowitz, CEO
13. ETS Express	\$112.0	\$98.3	13.9%	4 ▲	Y	14.7%	8,500	Sharon Eyal, CEO
14. Logomark	\$104.5	\$108.9	-4.0%	1 ▼	D	0.4%	D	Trevor Gnesin, president
15. Gemline	\$104.0	\$99.8	4.2%	1 ▲	Y	2.1%	D	Jonathan Isaacson, president
16. Sunscope	\$101.4	\$105.7**	-4.2%	2 ▼	Y	2.5%	9,850	Vidya Bhavnani, CFO
17. Sweda Co.	\$96.0	\$91.6	4.8%	2 ▲	Y	3.4%	16,000	Jim Hagan, CEO
18. 3M/Promotional Markets (e)	\$90.2	\$93.0	-3%	same ►	Y	-2%	D	NC
19. Cutter & Buck	\$72.0	\$61.0	18%	4 ▲	Y	2%	10,000	Christopher Yaw, corporate director
20. Edwards Garment	\$70.3	\$68.6	2.5%	2 ▲	Y	4%	7,500	Anthony Violante, VP
21. iClick	\$69.2	\$37.4	85%	NR	Y	33.5%	15,535	Jeff Hall, CEO
22. ADG Promotional Products	\$62.5	\$72.0	-13.2%	2 ▼	Y	1%	10,000	Bill Mahre, president
23. Ariel Premium Supply	\$61.2	\$52.3	16.9%	3 ▲	Y	16%	11,079	Yuhling Lu, president
24. IMAGEN Brands	\$60.6	\$71.5	-15.3%	3 ▼	D	-1.6%	D	Beth Banfill, VP
25. Blue Generation	\$60.3	\$60.0	0.4%	1 ▼	Y	3%	13,500	Phillip Rubin, CEO
26. Gill Studios	\$59.3	\$51.0**	16.3%	4 ▲	D	6.5%	D	Jamie Fain, president
27. Bag Makers	\$56.1	\$50.9	10.2%	1 ▲	Y	2.5%	8,000	Scott McFadden, CFO
28. Innovation Line	\$56.0	\$51.0	9.8%	1 ▼	D	26%	25,000	Andy Quan, CFO
29. Chocolate Inn/Lanco	\$55.0	\$49.0	12.2%	4 ▲	Y	36%	20,000	Lance Stier, chairman
30. Stouse	\$54.3	\$50.9	6.7%	1 ▼	Y	4.8%	D	Clay Davis, president
31. Garyline	\$53.7	\$49.2	9.1%	1 ▲	Y	5.7%	8,000	Gary Hellinger, CEO
32. Tri-Mountain (e)	\$53.0	\$55.8	-5%	7 ▼	Y	-5.6%	D	NC
33. Vantage Apparel	\$51.4	\$49.6	3.6%	2 ▼	Y	1.2%	8,500	Ira Neaman, president
34. Evans Manufacturing	\$51.0	\$48.2	5.8%	same ►	Y	32%	11,000	Alan Vaught, president
35. SnugZ/USA	\$50.7	\$43.3	17%	3 ▲	Y	10%	800	RaNell Flefer, CFO
36. Spector & Co.	\$50.0	\$43.0	16.3%	NR	Y	12%	10,000	Robert Spector, president
37. Charles River Apparel	\$47.0	\$45.0	4.4%	same ►	Y	7%	15,000+	Robert Lima, controller
38. Delta Apparel	\$46.2	\$46.2	0%	3 ▼	Y	N/A	D	Mary Bostwick, director of marketing
39. Gold Bond	\$45.1	\$41.6**	8.5%	3 ▼	Y	7%	D	Mark Godsey, president
40. Stormtech	\$42.2	\$39.5	7%	NR	Y	4.3%	9,533	Blake Annable, CEO

E: ESTIMATE

EG: ESTIMATE WITH GUIDANCE

\* 25% OF SALES TO OTHER SUPPLIERS

\*\* RESTATED

N/A: NOT AVAILABLE

D: DID NOT REPORT

NC: NOT CERTIFIED

BLUE: NEW TO LIST

NR: NOT RANKED

Note: All revenues represent North American sales. Revenue figures are in \$millions.

# TOP 40 SUPPLIERS

**1 ALPHABRODER (ASI/34063)**  
**Previous rank:** 2  
**2018 Revenue:** \$1,640.0 F  
**Headquarters:** Trevoze, PA  
**Year founded:** 1919  
**Ownership:** Private  
**Top officer:** Norm Hullinger  
 Few suppliers in the promo market can match alphabroder's consistent growth over the last several years. Its near 20% sales increase in 2018, boosted by hard-goods offerings, catapults the company back into the top ranking.

**2 SANMAR (ASI/84863)**  
**Previous rank:** 1  
**2018 Revenue:** \$1,610.0 (estimate)  
**Headquarters:** Issaquah, WA  
**Year founded:** 1971  
**Ownership:** Private  
**Top officer:** Marty Lott  
 With guidance from the company, Counselor estimates SanMar improved 2018 revenue by 15%, continuing its rise toward the \$2 billion mark. The family-run firm attributes its gains to excellent service and new brand additions.

**3 S&S ACTIVEWEAR (ASI/84358)**  
**Previous rank:** 5  
**2018 Revenue:** \$722.0 C  
**Headquarters:** Bolingbrook, IL  
**Year founded:** 1988  
**Ownership:** Private  
**Top officer:** Jim Shannon  
 Over the last two years, S&S has opened or expanded several distribution centers, including a Reno facility that offers one-day shipping to West Coast customers. The expansion strategy has led to booming sales.

**4 POLYCONCEPT NORTH AMERICA (ASI/78897)**  
**Previous rank:** 3  
**2018 Revenue:** \$654.1 C  
**Headquarters:** New Kensington, PA  
**Year founded:** 1986  
**Ownership:** Private  
**Top officer:** David Nicholson  
 Led by Nicholson, a former Counselor Person of the Year, PCNA rode 2018 market share gains to a 7.9% sales jump. Nicholson is now teaming with new Polyconcept CEO Neil Ringel - previously a Staples exec - to further growth.

**5 GILDAN (ASI/56842)**  
**Previous rank:** 4  
**2018 Revenue:** \$650.0 (estimate)  
**Headquarters:** Montreal, Quebec  
**Year founded:** 1984  
**Ownership:** Public  
**Top officer:** Glenn Chamandy  
 As its imprintable segment soars, Counselor estimates Gildan increased its 2018 promo revenue by \$110 million. The firm's figure combines revenue from Alstyle and American Apparel, plus 25% of sales to other suppliers.

**6 HIT PROMOTIONAL PRODUCTS (ASI/61125)**  
**Previous rank:** 6  
**2018 Revenue:** \$430.4 C  
**Headquarters:** Largo, FL  
**Year founded:** 1981  
**Ownership:** Private  
**Top officer:** Elizabeth Schmidt  
 For the first time ever, Hit pushed its promotional sales north of \$400 million, benefiting from 30 different product lines that include apparel. Company executives are projecting a 2019 revenue increase of 7%.

**7 BIC GRAPHIC (ASI/40480)**  
**Previous rank:** 7  
**2018 Revenue:** \$314.1 C  
**Headquarters:** Clearwater, FL  
**Year founded:** 1981  
**Ownership:** Private  
**Top officer:** David Klatt  
 Following three straight years of declining revenue, BIC reported a modest bump in 2018. The supplier has worked to expand its brand offerings, which now feature items from Tervis (asi/90914) and Peerless Umbrella (asi/76730).

**8 NEXT LEVEL APPAREL (ASI/73867)**  
**Previous rank:** 8  
**2018 Revenue:** \$209.5 C  
**Headquarters:** Gardena, CA  
**Year founded:** 2003  
**Ownership:** Private  
**Top officer:** Joe Simsolo  
 After debuting on the Top 40 in 2018, NL has kept its momentum going. Last August, the firm secured private equity backing from Blue Point Capital and inked partnership deals with two European wholesalers in 2019.

**9 HUB PROMOTIONAL GROUP (ASI/61966)**  
**Previous rank:** 15  
**2018 Revenue:** \$197.8 C  
**Headquarters:** Braintree, MA  
**Year founded:** 1954  
**Ownership:** Private  
**Top officer:** Chris Anderson  
 In June, Anderson was named CEO, replacing Joe Fleming who remains on HUB's board. Under Fleming, HUB was active, purchasing BCG Creations (asi/37693), Origaudio (asi/75254) and HandStands (asi/59525) since last fall.

**8** The number of Top 10 suppliers that offer apparel.

**10 STATON CORPORATE & CASUAL (ASI/89380)**  
**Previous rank:** 9  
**2018 Revenue:** \$165.1 C  
**Headquarters:** Dallas, TX  
**Year founded:** 1981  
**Ownership:** Private  
**Top officer:** Billie Staton  
 Rounding out the top 10 is yet another apparel supplier - Staton. Featuring a lengthy list of brands like Comfort Colors, Reebok and Anvil, the company has increased its promo revenue by 45% over the past five years.

**11 TSC APPAREL (ASI/90518)**  
**Previous rank:** 11  
**2018 Revenue:** \$140.0 C  
**Headquarters:** Cincinnati, OH  
**Year founded:** 1975  
**Ownership:** Private  
**Top officer:** Dave Klotter  
 With the retirement of exec Bob Winget, Klotter joined TSC as CEO last summer, transitioning from a career in the consumer goods sector. Klotter is expecting strong results in 2019 as TSC looks to expand private label offerings.



All revenue figures shown in \$millions.

C = calendar year  
F = fiscal year  
NR = not ranked

## 12 THE MAGNET GROUP (ASI/68507)

**Previous rank:** 12  
**2018 Revenue:** \$117.9 C  
**Headquarters:** Alpharetta, GA

**Year founded:** 1985

**Ownership:** Private

**Top officer:** Bill Korowitz

It was another positive year for Atlanta-based TMG in 2018 – revenue improved by just over 3%. Notably, the firm also christened a new facility in South Carolina this past October, dedicated to the late Castelli exec Fran Ford.

## 13 ETS EXPRESS (ASI/51197)

**Previous rank:** 17  
**2018 Revenue:** \$112.0 C  
**Headquarters:** Oxnard, CA

**Year founded:** 1985

**Ownership:** Private

**Top officer:** Sharon Eyal

One of the fastest risers on the Top 40 list, ETS has quadrupled its sales over the last decade. Guided by Eyal, the 2018 Counselor Person of the Year, ETS is the market's clear leader in the rapidly growing drinkware category.

## 14 LOGOMARK (ASI/67866)

**Previous rank:** 13  
**2018 Revenue:** \$104.5 C  
**Headquarters:** Tustin, CA

**Year founded:** 1993

**Ownership:** Private

**Top officer:** Trevor Gnesin

After reporting a 4% drop in 2018 sales, Logomark dips one spot in this year's rankings. The firm will try to plot a rebound in 2019 as it works to offer new products as well as one-day rush service to its 9,000 distributor customers.

## 15 GEMLINE (ASI/56070)

**Previous rank:** 16  
**2018 Revenue:** \$104.0 C  
**Headquarters:** Lawrence, MA

**Year founded:** 1958

**Ownership:** Private

**Top officer:** Jonathan Isaacson

Known for offering popular brands like Moleskine, RuMe and Miir, Gemline jumps up one slot in the Top 40. The company also made a key hire last August, tapping Nicole Verspyck, formerly of Life Is Good, to serve as VP of sales.

## 16 SUNSCOPE (ASI/90075)

**Previous rank:** 14  
**2018 Revenue:** \$101.4 C  
**Headquarters:** Los Angeles, CA

**Year founded:** 1943

**Ownership:** Private

**Top officer:** Kumar Bhavnani

Following two consecutive years of gains, Sunscope reported a 4.2% decline in promo products revenue in 2018. To improve sales performance in 2019, company leaders plan to focus more on direct import programs and custom designing.

## 17 SWEDA CO. (ASI/90305)

**Previous rank:** 19  
**2018 Revenue:** \$96.0 C  
**Headquarters:** City of Industry, CA

**Year founded:** 1976

**Ownership:** Private

**Top officer:** Jim Hagan

As it pushes toward \$100 million in sales, Sweda took an aggressive step in January, adding apparel to its product mix. Its first wearables offerings include brand Mill42 as well as clothing from Adidas, Oakley and Champion.

## 18 3M/PROMOTIONAL MARKETS (ASI/91240)

**Previous rank:** 18  
**2018 Revenue:** \$90.2 (estimate)  
**Headquarters:** Maplewood, MN

**Year founded:** 1902

**Ownership:** Public

**Top officer:** Michael Roman

As 3M loses market share in the promo sector, Counselor pegs the supplier's sales at just above \$90 million. Going forward, 3M's parent firm bears close watching as it takes cost-cutting actions amid the U.S./China trade war.

## 19 CUTTER & BUCK (ASI/47965)

**Previous rank:** 23  
**2018 Revenue:** \$72.0 F  
**Headquarters:** Seattle, WA

**Year founded:** 1990

**Ownership:** Public

**Top officer:** Joel Freet

Leveraging its partnerships and licenses with the NFL, NCAA, MLB and PGA, Cutter & Buck continues to grow its sports-wear business. The firm, which increased promo revenue by 18% in 2018, is already up 20% YTD in 2019.

## 20 EDWARDS GARMENT (ASI/51752)

**Previous rank:** 22  
**2018 Revenue:** \$70.3 C  
**Headquarters:** Kalamazoo, MI

**Year founded:** 1867

**Ownership:** Private

**Top officer:** Gary Schultz

Michigan-based Edwards Garment climbs into the top 20 following another healthy year of gains. Execs credit a strategic focus on program business for the firm's 2018 uptick and forecast 2019 sales of more than \$73 million.

## 21 ICLICK (ASI/62124)

**Previous rank:** NR  
**2018 Revenue:** \$69.2 C  
**Headquarters:** Seattle, WA

**Year founded:** 2001

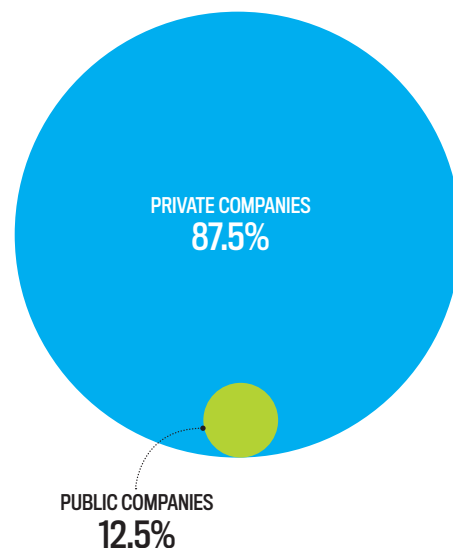
**Ownership:** Private

**Top officer:** Jeff Hall

Capitalizing on demand for items like PopSockets and Qi wireless chargers, iClick bursts into the Top 40 after reporting an 85% sales increase in 2018. The company's goal is to become the market's top choice for tech promos.

## OWNERSHIP STRUCTURE

The majority of Top 40 suppliers remain privately held in 2019.



All annual revenue numbers are based on North American promotional products sales.

# TOP 40 SUPPLIERS

## 22 ADG PROMOTIONAL PRODUCTS (ASI/97270)

**Previous rank:** 20  
**2018 Revenue:** \$62.5 C  
**Headquarters:** Mankato, MN

**Year founded:** 1989

**Ownership:** Public

**Top officer:** Deb Taylor

The loss of major programs and the declining promo pen category sent sales at ADG downward in 2018. As the firm celebrates its 30th year in business, company leaders anticipate a small jump up to \$63 million in 2019 revenue.

## 23 ARIEL PREMIUM SUPPLY (ASI/36730)

**Previous rank:** 26  
**2018 Revenue:** \$61.2 C  
**Headquarters:** St. Louis, MO

**Year founded:** 1993

**Ownership:** Private

**Top officers:** Yuhling Lu and Tai Lin

After rising 14 slots in last year's rankings, Ariel moves into the top 25 for 2019 with revenue surpassing \$60 million. The firm's sales have doubled since 2013 and execs believe a new West Coast facility will only multiply gains.

## 24 IMAGEN BRANDS (ASI/47700/93990)

**Previous rank:** 21  
**2018 Revenue:** \$60.6 C  
**Headquarters:** Mason, OH

**Year founded:** 1914

**Ownership:** Private

**Top officer:** Paul Lage

Sales at IMAGEN, which includes brands Crown Products and Vitronic, have slumped in recent years and 2018 was no different. To reverse the trend, the firm is working to speed up production times and personalize its customer service.

## 25 BLUE GENERATION (ASI/40653)

**Previous rank:** 24  
**2018 Revenue:** \$60.3 C  
**Headquarters:** Long Island City, NY

**Year founded:** 1944

**Ownership:** Private

**Top officer:** Eric Rubin

With the 2019 launch of its Untucked Collection, Blue Generation keeps expanding beyond its well-established uniform styles. The company expects new looks, along with greater distribution, to grow its sales going forward.

## 26 GILL STUDIOS (ASI/56950)

**Previous rank:** 30  
**2018 Revenue:** \$59.3 C  
**Headquarters:** Lenexa, KS

**Year founded:** 1934

**Ownership:** Private

**Top officer:** Jamie Fain

Boosted by competitive political races, Gill reported surging sales in 2018 through products like bumper stickers and decals. Its revenue jump of 16.9% was the firm's largest since 2015 – a good sign as 2020 primaries loom.

## 27 BAG MAKERS (ASI/37940)

**Previous rank:** 28  
**2018 Revenue:** \$56.1 C  
**Headquarters:** Union, IL

**Year founded:** 1980

**Ownership:** Private

**Top officer:** Maribeth Sandford

Breaking a two-year stretch of revenue declines, Bag Makers reported double-digit growth in 2018. Executives attribute the solid rise to the introduction of added imprint processes and earning valuable program business.

## 28 INNOVATION LINE (ASI/62660)

**Previous rank:** 27  
**2018 Revenue:** \$56.0 C  
**Headquarters:** Los Angeles, CA

**Year founded:** 1980

**Ownership:** Private

**Top officer:** Eddie Blau

Between 2013 and 2018, sales at Innovation Line increased by 185%, leading to the firm's first appearance on the Supplier Top 40 list last year. Now offering 30 different product categories, the company serves 25,000 clients.

## 29 CHOCOLATE INN/LANCO (ASI/44900)

**Previous rank:** 33  
**2018 Revenue:** \$55.0 F  
**Headquarters:** Hicksville, NY

**Year founded:** 1918

**Ownership:** Private

**Top officer:** Lance Stier

Making the Top 40 for the second straight year, Chocolate Inn/Lanco reported 2018 promo sales growth of 12.2%. A combination of M&A activity, deeper account penetration and successful new items drove the revenue rise.

## 30 STOUSE (ASI/89910)

**Previous rank:** 29  
**2018 Revenue:** \$54.3 C  
**Headquarters:** New Century, KS

**Year founded:** 1977

**Ownership:** Private

**Top officer:** Clay Davis

With the retirement of Bruce Reed, Stouse hired Davis in March to take over a firm that grew sales by 6.7% in 2018. Under Davis, Stouse has launched a new website that provides order history, e-commerce features and free sales tools.

## TRENDING UP

Most Top 40 suppliers recorded higher revenue in 2018.



## 31 GARYLINE (ASI/55990)

**Previous rank:** 32  
**2018 Revenue:** \$53.7 C  
**Headquarters:** Bronx, NY

**Year founded:** 1963

**Ownership:** Private

**Top officer:** Gary Hellinger

Over the last decade, Garyline has improved sales by nearly \$25 million, and more gains may be coming. About 95% of the firm's production is domestic, making the supplier attractive to buyers as tariffs rise on Chinese goods.

C = calendar year  
F = fiscal year  
NR = not ranked

All revenue figures shown in \$millions.

## 32 TRI-MOUNTAIN (ASI/92125)

**Previous rank:** 25  
**2018 Revenue:** \$53.0 (estimate)  
**Headquarters:** Irwindale, CA

**Year founded:** 1994

**Ownership:** Private

**Top officer:** Daniel Tsai

Using market intel, Counselor estimates sales at Los Angeles-based Tri-Mountain were lower again in 2018, dropping the company seven spots in the rankings. Hoping for a turnaround, the firm is introducing several new 2019 styles.

## 33 VANTAGE APPAREL (ASI/93390)

**Previous rank:** 31  
**2018 Revenue:** \$51.4 C  
**Headquarters:** Avenel, NJ

**Year founded:** 1977

**Ownership:** Private

**Top officer:** Ira Neaman

Higher demand for retail brands Greg Norman and Polo Ralph Lauren pushed Vantage's sales above \$50 million last year for the first time since 2012. Company execs are forecasting 2019 revenue growth of up to 7%.

## 34 EVANS MANUFACTURING (ASI/52840)

**Previous rank:** 34  
**2018 Revenue:** \$51.0 C  
**Headquarters:** Garden Grove, CA

**Year founded:** 1994

**Ownership:** Private

**Top officer:** Alan Vaught

Serving 11,000 distributors, 25-year-old Evans continues to increase its sales, which were up 5.8% in 2018. Looking ahead, the firm's top 2019 goal is to control costs while maintaining high delivery and service levels.

## 35 SNUGZ/USA (ASI/88060)

**Previous rank:** 38  
**2018 Revenue:** \$50.7 C  
**Headquarters:** West Jordan, UT

**Year founded:** 1989

**Ownership:** Private

**Top officer:** Brandon Mackay

Steered by Mackay, this year's Bess Cohn Humanitarian of the Year, SnugZ has grown its sales by 60% over the last five years. The firm is also well respected for its creative marketing and strong company culture.

## 36 SPECTOR & CO. (ASI/88660)

**Previous rank:** NR  
**2018 Revenue:** \$50.0 C  
**Headquarters:** Montreal, Quebec

**Year founded:** 1950

**Ownership:** Private

**Top officer:** Robert Spector

One of the industry's fastest-growing Canadian firms, Spector debuts on the Top 40 list after recording 12% sales growth in 2018. The company, which was acquired last year by Blue Point Capital Partners, projects to hit \$56 million in 2019 revenue.

## 37 CHARLES RIVER APPAREL (ASI/44620)

**Previous rank:** 37  
**2018 Revenue:** \$47.0 C  
**Headquarters:** Sharon, MA

**Year founded:** 1983

**Ownership:** Private

**Top officer:** Barry Lipsett

Geographic growth and gains with key styles powered Charles River to a 4.4% rise in 2018 sales. Known throughout the market for its philanthropic efforts, the wearables company has set a \$50 million revenue target for this year.

## 38 DELTA APPAREL (ASI/49172)

**Previous rank:** 35  
**2018 Revenue:** \$46.2 F  
**Headquarters:** Greenville, SC

**Year founded:** 1999

**Ownership:** Public

**Top officer:** Robert W. Humphreys

For 2018, Delta reported flat promo sales, sending the supplier falling in this year's Top 40 rankings. The future seems brighter, though, as the firm recently reported a 7.4% jump in total company revenue for the first half of 2019.

## 39 GOLD BOND (ASI/57653)

**Previous rank:** 36  
**2018 Revenue:** \$45.1 C  
**Headquarters:** Hixson, TN

**Year founded:** 1951

**Ownership:** Private

**Top officer:** Mark Godsey

Exclusive items and a bigger presence on social media contributed to Gold Bond's 2018 growth. With its 52 service and sales reps, the southern Tennessee supplier is aiming this year for a new company record in revenue.

## 40 STORMTECH (ASI/89864)

**Previous rank:** NR  
**2018 Revenue:** \$42.2 F  
**Headquarters:** Burnaby, BC

**Year founded:** 1977

**Ownership:** Private

**Top officer:** Blake Annable

The third newcomer on this year's Top 40 Supplier list, Vancouver-area Stormtech vaults into the rankings on the strength of \$42.2 million in 2018 promo sales. The company, which specializes in outerwear, serves 9,500 distributors.

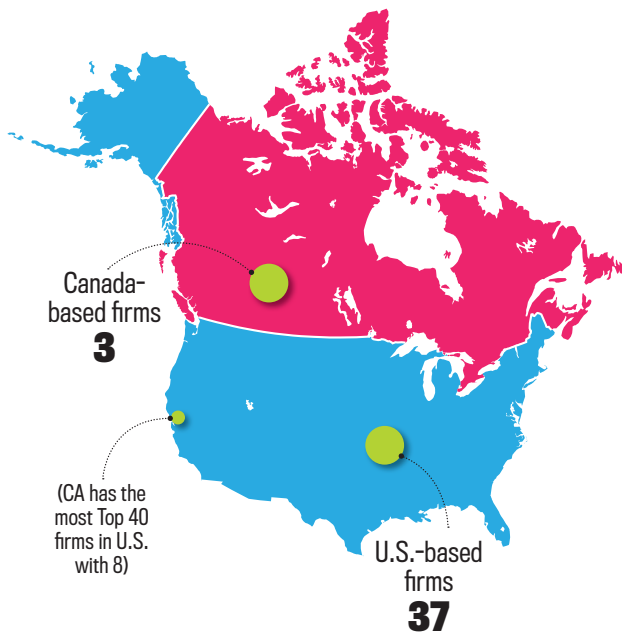
# \$40.9 million

The 2018 sales of Cap America, which just missed earning a Top 40 spot.

All annual revenue numbers are based on North American promotional products sales.

# TOP 40 SUPPLIERS

## BY THE NUMBERS



**\$1.6 billion**



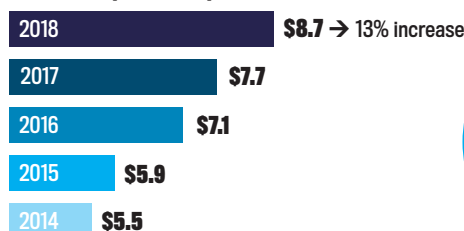
The number that were on the Top 40 list five years ago.



### RAPID RISE

The total sales of Top 40 suppliers keep trending sharply higher, with the largest firms controlling a significant amount of overall revenue.

(in billions)



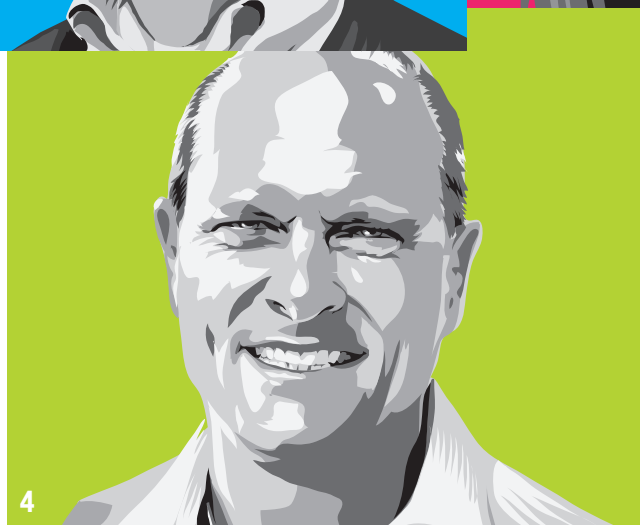
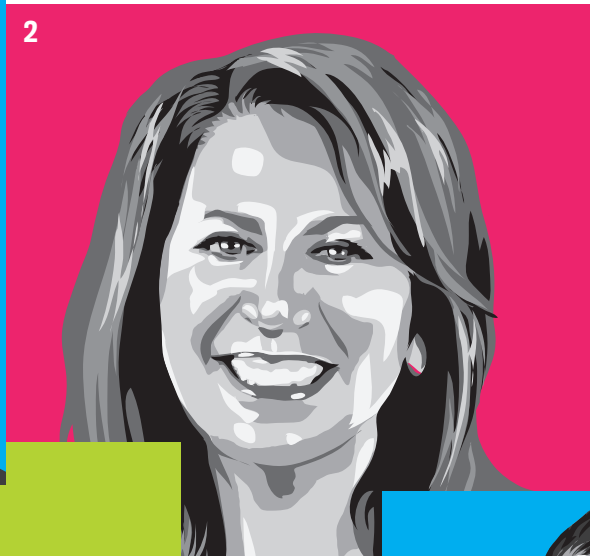
**\$42.2 million**

The 2018 sales of Stormtech. It's the second-highest revenue figure ever for the 40th ranked supplier.



# THE LAST WORD

Power 50 members make predictions for 2020.



## 1 Norm Hullinger CEO, alphabroder (asi/34063)

“The overall industry is healthy but inflationary cost increases, like raw materials, labor and freight, are impacting manufacturers. Ultimately, this will require price increases through to the end-user. The biggest threat, though, is the risk of an economic slowdown, which could reduce spend on promo products.”

## 2 Joan Landorf EVP, Axis Promotions (asi/128263)

“All consumers, particularly millennials, want experiences, so the live events market will make gains. Music festivals, beauty conventions and trade-specific events will be driven by influencers, performers and digital media. Branded merch can enhance these experiences and make them more memorable.”

## 3 Jo-an Lantz CEO, Geiger (asi/202900)

“Given all the uncertainties with global trade, offset by a continued strong U.S. economy, plus a presidential election year, Brexit and a growth slowdown in China, we need to be ready for any possibility. The impact of on-again/off-again tariffs is a real issue for production partners who need to plan inventory.”

## 4 David Klatt CEO, BIC Graphic (asi/40480)

“I’d expect technology items to see fast growth next year and beyond, spurred by cross-category applications. Travel and outdoor are popular, but products like solar chargers, portable audio and international adapters are tech pieces that enhance promo campaigns in these categories and get the attention of end-users.”

## 5 Matt Gresge CEO, AIA Corporation (asi/109480)

“As long as there’s not a major economic or global event, the market will grow slightly faster than U.S. GDP. Beyond industry health, the accelerating pace of consolidation on the supplier and distributor sides will be a storyline to watch. Private equity money keeps pouring in and valuations are rising.”