



PULSE OF THE MARKET

As the third quarter of 2009 came to a close, *Counselor* convened a Webinar to find out how industry experts think the market will fare in 2010. Here are their forecasts – and strategies for success next year.

Leading into the fourth quarter this year, *Counselor* had a very important question for industry prognosticators: What will the market look like next year? ◦ Yes, we asked three executives from *Counselor* Top 40 companies to do their best Nostradamus impression and predict how business will be in 2010 – as well as the strategies necessary to succeed in an uncertain market.

In September, we hosted an educational Webinar designed to provide distributors with insights into a potential rebound for the market in 2010.

Moderated by *Counselor* Senior Editor Michele Bell, the panel discussion consisted of Vera Muzzillo, co-CEO of Proforma (*asi/300094*), David Nicholson, president of Polyconcept North America, and Memo Kahan, president of Promo Shop (*asi/300446*).

Here are some excerpts from their conversation. To watch the entire Webinar, and to view any session on our online education series, please go to www.asicentral.com/webcasts.

Michele Bell: What is your outlook for 2010? How do you think the industry will respond to the overall economy next year?

David Nicholson: I'd say we have a view that we still think there's going to be a slow recovery, not only next year but probably for the next two to three years. And I think that directly impacts our industry. I think the areas for our industry that are more likely to return and probably see some growth will be things like events that have been really cut back over the last year. Those will pick up. Certainly employee recognition will be another area that should return. However, end-user budgets will continue to be tight, and how that plays out in the industry is going to be very interesting to see over the next 12 months.

Memo Kahan: I think consolidation



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POLYCONCEPT NORTH AMERICA

will continue to happen in the market. But from a global, economic aspect I couldn't tell you what we're in for. We were hopeful that it would never be called a recession, and then it was. And we were hopeful that toward the end of this year we would see some signs. We actually are seeing some signs, but to what extent, I'm not sure. I'm extremely concerned about unem-

ployment because that will have an overall long-term impact on the economy. But I think that the companies that can control their spending today and strategize for an upturn tomorrow will be in a much better standing than most.

Vera Muzzillo: I believe our industry is going to recover, although it will recover slowly. And I think one of the lessons that's coming out of this economy is that spending is going to be under tighter guidelines and management than ever before. Therefore, at those companies that were used to buying from their favorite distributor, they are going to reevaluate these partnerships and look for the most effective and efficient way to manage their promotions. At Proforma we've actually seen an increase in the number of orders per month, but we've seen smaller dollar size on those orders. So the sales are out there. Distributors just need to focus on finding the most efficient ways to get those sales. And I would encourage all distributors and all suppliers that there has never been a better time to take advantage of the opportunity to gain market share. I think that those companies that are the most well-poised both financially, creatively with technology and marketing are going to be able to take advantage of this opportunity today.

Bell: What have each of you done to keep your companies healthy during a difficult 2009?

Muzzillo: First, we've looked at sales diversification. We don't rely just on promotional products; therefore, we haven't seen as



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much of a downturn in sales as I think other distributors have. The second thing that we have done, which is more of a behind-the-scenes thing to keep the company healthy, is we offer credit insurance programs which have actually saved our owners more than a million dollars over the last year by backing up their product calls.

Nicholson: We’ve taken a hard look at expenses, cash positioning and insuring that the basic parts of the business we maintained and remained focused on. I think more recently the focus has shifted to looking at opportunities that are available. So we’re starting to look a little bit longer-term, and the one thing we really looked at as a positive, if there was a positive to the downturn, is that it gave us some momentum for change and a little bit more of a willingness to look at some areas of business that in the past we really had not looked at. It’s allowed us to make some changes that not only have kept us healthy during the downturn, but I think leave us in a great position as we start to see things recover.

Kahan: I think we all got a little bit on the sluggish side. Phones were ringing, life was good and we lost sight of what got us here. So we started to focus again on the basics of sales, how to make a cold call, how to engage, how to follow up. We had to retrain ourselves, because the world around us is different and the things that used to work yesterday don’t work today. So we started by re-engaging with our salespeople with regards to training and making sure every minute of their day was more effective and more efficient. On the back-

end, like everyone else, we had to make some hard decisions, some cuts. I think we’re going to be much better because of it in the long term, and now it’s a matter of how long you can sustain in this environment without having to make further decisions or further cuts. But the focus is now sales, and that’s the most important thing and the biggest thing that we’re working through.

Bell: As far as sales go, which end-user markets do you think are fertile for ad specialty sales right now?

Muzzillo: Early in the second quarter of this year, we identified those vertical markets that seemed to be experiencing significant levels of stability and/or growth. Specifically we’ve focused on health care and education. Our education sector has been the most successful to date with over 100 appointments for meetings set in this segment for either informational or proposal inquiries.

Kahan: Consumer brands need to continue to enhance the lives of the people that buy and that have the buying power. Even though today they have a little less to spend, they still want them to buy their product. So I believe that we’ve seen some good reactions and successes in the consumer world, and also the telecommunications world. They’re spending the money. They need to market and they need to get their message out.

Bell: As far as marketing is concerned, what strategies have you used to

attract new clients and to keep existing ones?

Kahan: We’re trying to focus on added value. So we’re starting to work with our clients in getting more involved with their thoughts before they call us and say “We need T-shirts.” We’re trying to figure out what they’re really going to do with those T-shirts. What’s going to happen with them after we deliver them? And we’re also trying to educate our clients on how broad our services are beyond T-shirts and hats.

Muzzillo: We’ve been investing in technology and trying to be more creative in that avenue. We’ve increased our presence on the Web, expanded our Web site content and added specific and product-focused Web pages. We’ve also engaged, to some level of success, in social networking channels like Twitter and LinkedIn. So we’re trying to really be as creative as possible, particularly in this downtime, to take advantage of what we perceive as the opportunities to expand market share.

Nicholson: I’d say the first thing we’ve done is looked at the universe of distributors and really tried to identify those that we felt were well positioned to succeed and thrive in this type of environment. So really the first part of our strategy was figuring out who we want to continue to market to. The second big piece is the idea that you have to bring something to the table that is unique and goes beyond price or just the product. So, we’ve really challenged ourselves to look at how we provide value and ensure that the investments we’re making are important to our clients. ○