



Fan items are an important source of revenue in such a sport-loving nation as Italy.

Not all roads lead to Rome

Our trip to Italy comes to a close with this issue. eppi magazine concludes the series by taking a look at the size and structure of the Italian market. Current market data, which beyond the continuing crisis is drawing a very promising picture, forms the basis for our findings.

The Italian promotional products market is everything but insignificant: Every fifth company in Italy implemented promotional products in 2010 and invested on average 17,000 Euros in the proceeds – these statistics are the outcome of a current survey, which the Italian industry association, Assoprom, carried out last year.

According to Assoprom this results in an estimated average annual turnover of 5.5 billion Euros. Even if this figure does include turnovers that have been made with retail business and other promotion or collection campaigns, promotional products do still contribute considerably. Also according to Assoprom's estimations

this amount is divided up between approx. 4,000 companies that operate on the Italian promotional products market.

High export share

Around 1,000 of them are promotional products suppliers – importers with a more or less specialised program as well as quite a large share of manufacturers, who actually produce their goods in Italy. The claim "made in Italy" still enjoys an excellent and widely recognised reputation especially in the fashion and design industries. Moreover, many product groups in Italy fall back on a

long industrial tradition and they are being carried on today – for instance in the leather goods sector: Italy has by far the highest number of leather processing companies in Europe. Writing instruments have been manufactured in Italian businesses for many decades. "Dozens of traditional manufacturers were located in Piedmont, the small handicraft firms kept on expanding into big companies," said Giuseppe Carretto, one of the CEOs of the Turin-based writing instrument specialists, Stilolinea, which still exclusively manufactures its products on-site. "Italian manufacturers simply have a certain image and this can of course be implemented as a sales tool." As a result many

Italian suppliers are very export-oriented – at the PSI in Düsseldorf the Italians traditionally form one of the biggest groups of exhibitors. Especially when one considers that European products are becoming more and more competitive as a result of the price increases in China.

Families, small businesses, the north/south divide

The remaining 3,000 of the estimated 4,000 Italian promotional products players are distributors, agencies and other service providers, who offer among other things also promotional products. As in other national markets it is also difficult here to define precise figures and draw exact borderlines. "For example printing shops, whose core business is completely different, often additionally offer several promotional products," the Assoprom President, Marco Busini, commented.

One thing that can certainly be said about the Italian industry: There are a lot of small and micro-enterprises and an enormous amount of family businesses. This causes structural problems above all for the promotional products trade: Small com-

panies can on the one hand react flexibly, but on the other hand the frequently owner-run businesses often have capital and liquidity problems, since for many customers it is common practice to exceed the payment terms – according to branch insiders 60 or even 90 days are no rarity here. Of course this applies to an even greater extent the more tense the economic situation is.

And of course the huge differences between the rich north and the weak south that are present throughout the entire Italian economy also apply for the promotional products market. "The Italian promotional products market is concentrated in the north and in central Italy," explained Federico Vitolo, CEO of the Rome-based company NBL Vitolo and board member of Assoprom. "In the south there are only a few suppliers and very small distributors who buy their products from the larger distributors."

Crisis management

Italy's economy is hallmarked by small and middle-sized firms, there are very few big companies. "That means a large number of smaller orders,

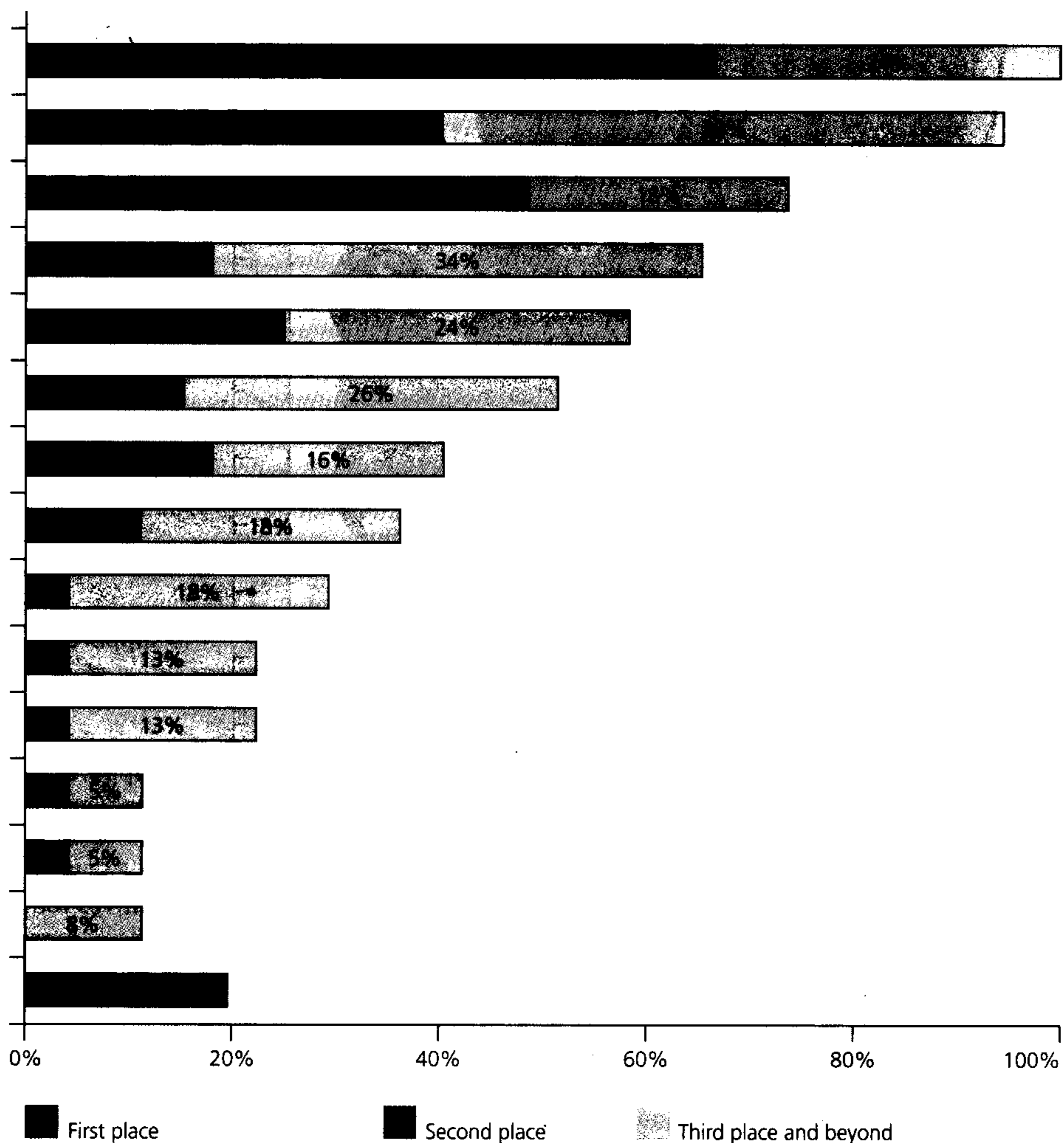
which compensate with better margins," is how Vitolo explained the effects on the promotional products market. Italy is only recovering from the impact of the financial crisis very slowly, the economic growth has been under the European average for years. "In 2009 the Italian promotional products industry suffered turnover losses of between 20% and 25%. In 2010 it broke even again, but the situation worsened again at the beginning of 2011," Vitolo commented. "The end customers are still frightened to invest. Budgets are being axed everywhere and it takes ages before a decision to place an order is taken."

However, the promotional products industry has not been as badly affected by the crisis as other industries, as Busini pointed out: "Due to our creativity and flexibility we have managed to compensate for the losses. Furthermore, the crisis had the positive effect that many market participants have realised how important alliances and partnerships between the distributors and manufacturers are, but also with the associations. Unfortunately, there is also a negative effect: I see a small increase in improvised operators that believe it is enough

2010 purchased items

(sample: Assoprom clients)

- **Office items** (calendars, note pads, etc.)
- **Stationery** (ballpoints, pencils, etc.)
- **Clothes** (T-shirts, jackets, caps, etc.)
- **Leather goods** (organisers, briefcases, etc.)
- **Food** (gift hampers, delicacies, wine, etc.)
- **Leisuretime items** (bags, sunglasses, etc.)
- **Computer accessories** (USB sticks, etc.)
- **Personal items** (ties, scarves, watches, etc.)
- **Sports items** (badges, sweatbands, etc.)
- **DIY items** (tools, torches, etc.)
- **Electronic items** (calculators, clocks, etc.)
- **Household items and fittings**
- **High-tech** (MP3 players, HiFi, cameras, etc.)
- **Games/toys/children's items**
- **Others**



Source: Assoprom

40% invested in only one category.

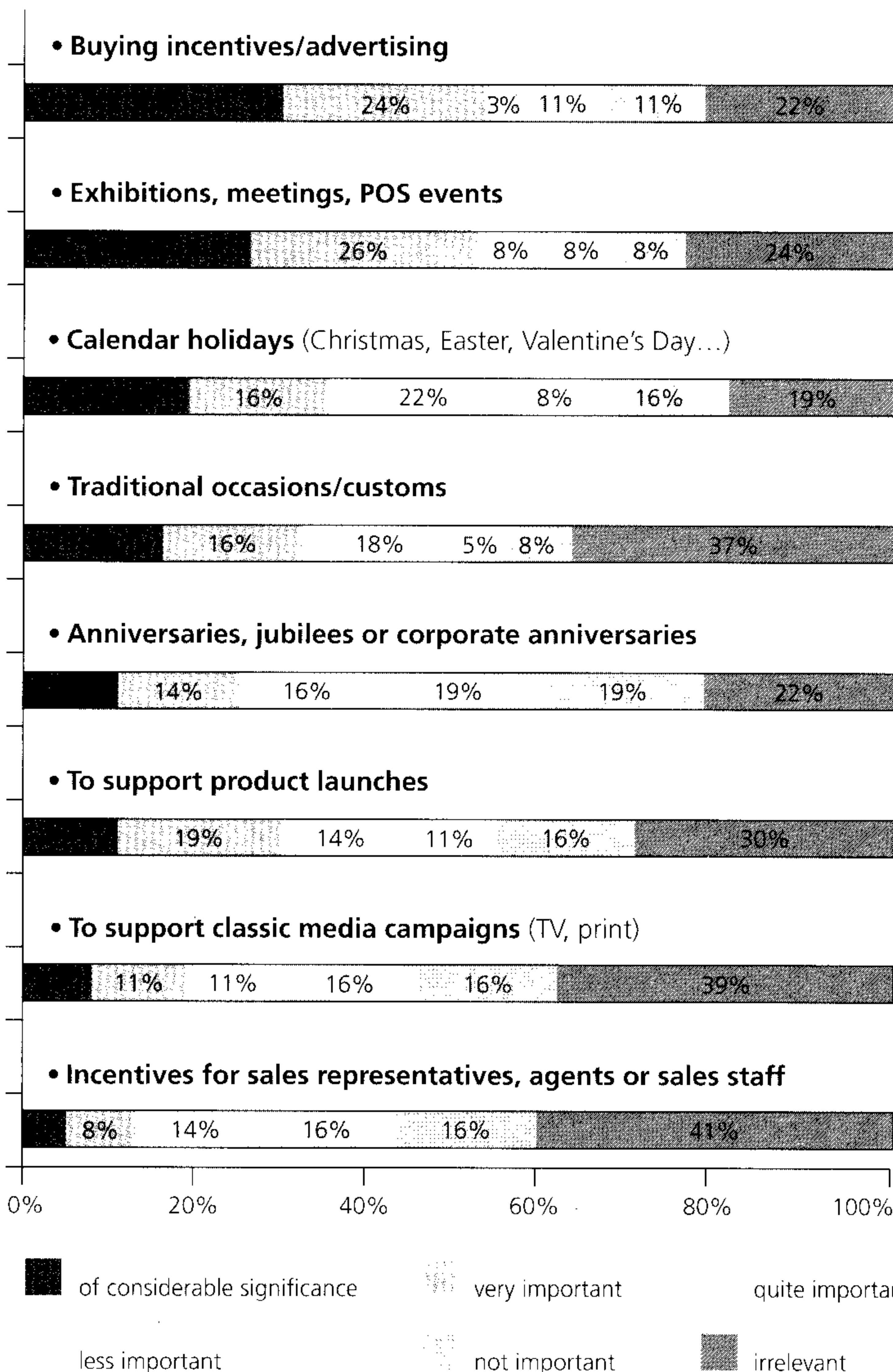
to have an internet connection and an aggressive discount policy, to replace within a few seconds, years of experience and professionalism."

Future prospects

The Assoprom survey leaves no doubt about the fact that there is plenty of potential on the Italian market for professionally-operating promotional products specialists. From a database containing 3 million companies, authorities and NGOs, 2,497 were selected at random and interviewed. At the same time a control group comprising of 128 existing Assoprom companies were posed the same questions – with in some cases extremely different results: For instance non-Assoprom customers mainly based their purchasing decisions on the price, whereas the Assoprom interviewees take a much more conceptual approach. This is also reflected by the popularity that different product groups enjoy (see diagram on pg. 81), and in the occasions for which promotional products are implemented (see diagram below) – apparently Assoprom customers implement targeted products much more frequently rather than sending out the obligatory "Christmas hamper".

Occasions for implementing promotional products

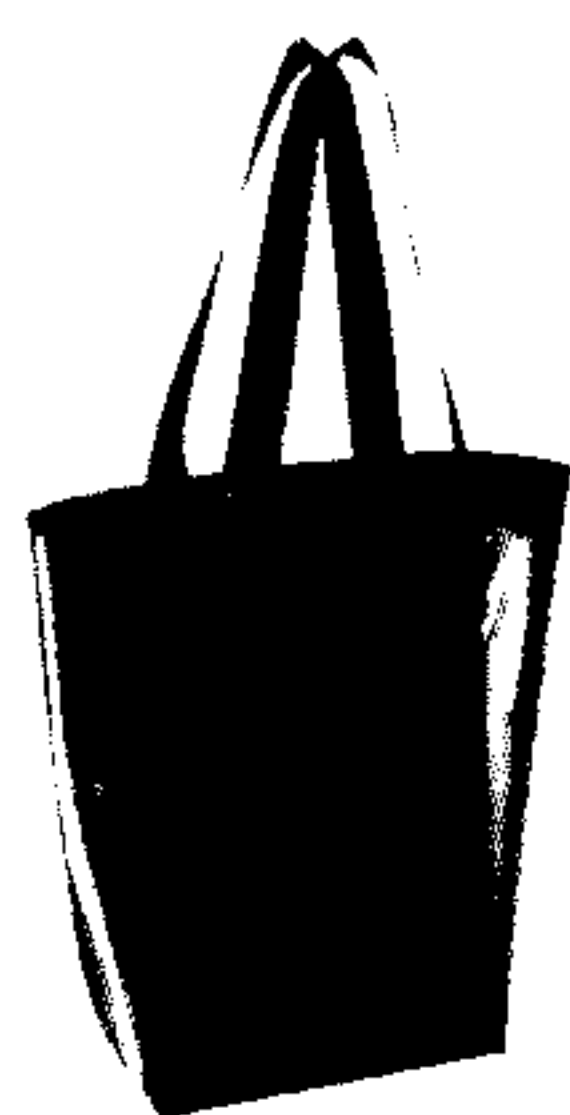
(sample: Assoprom clients)



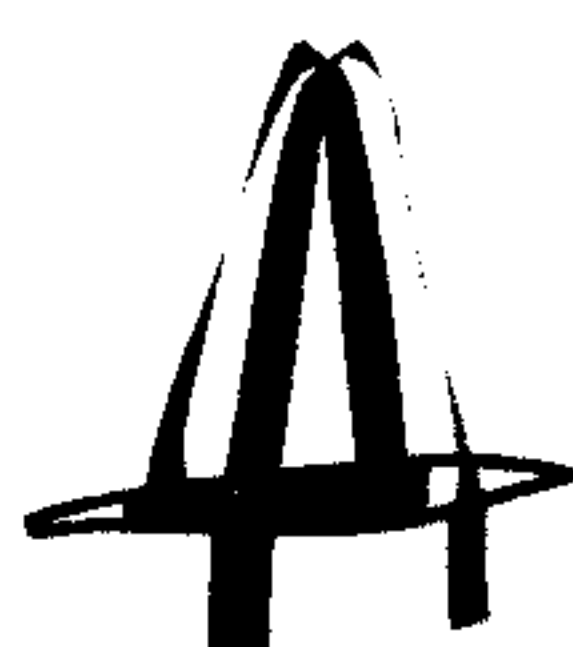
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57010



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57020



inside view

price off 100 pieces: 7,70€

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Source: Assoprom



Sales promotion at the POS – for instance in the form of large magazine onpacks – is extremely popular in Italy.

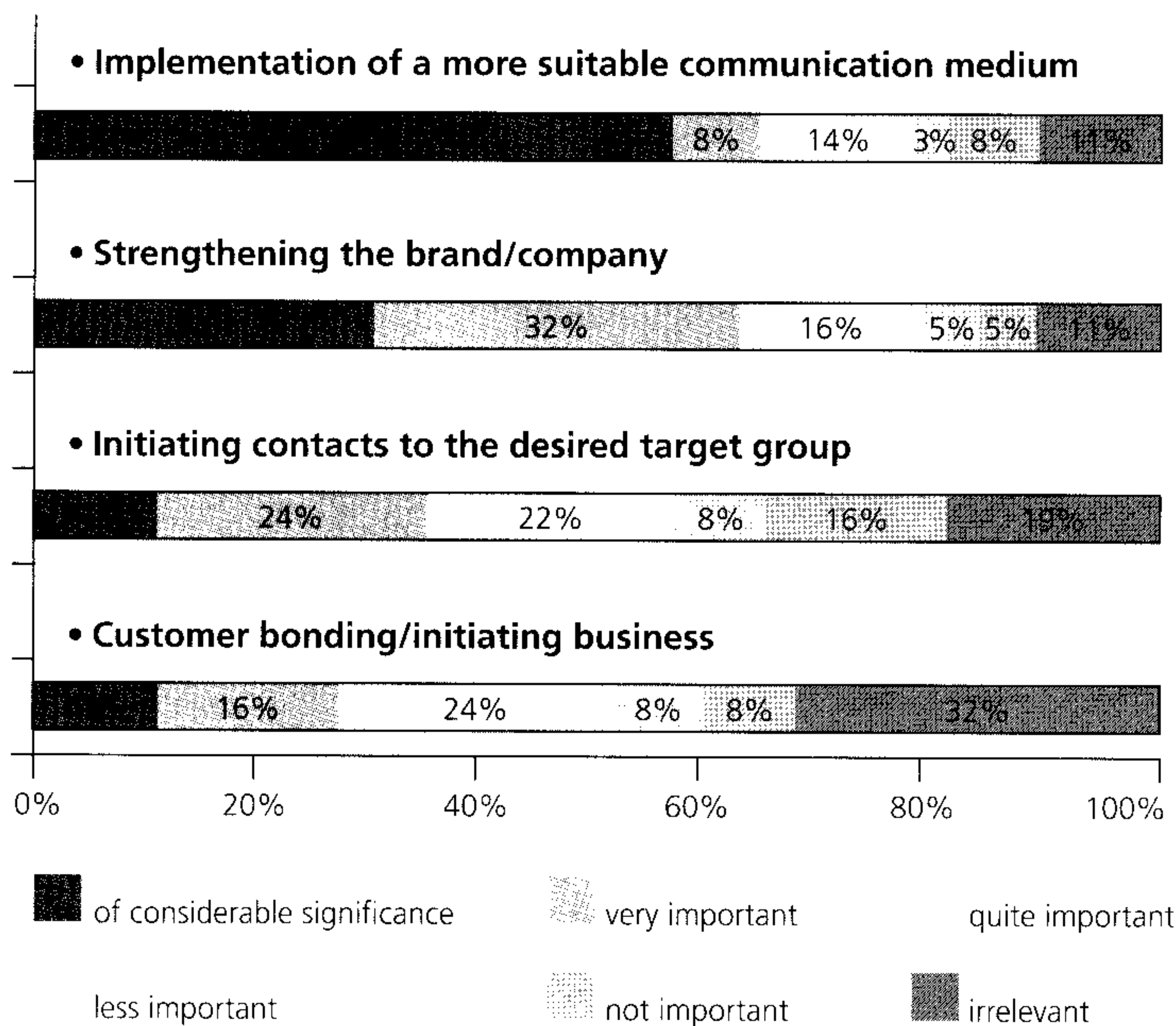
Last, but not least: There is room for development in the relationship between classic advertising and the use of promotional products in Italy. "In Italy promotional products don't have a particular relationship with the traditional visual communication," assessed Marco Busini. "Often advertising campaigns do not have a direct link with the promotional items. Big chains who implement promotional products in a targeted manner in sales promotions or promotional campaigns for instance are the exception to the rule. To enable this area to experience further growth, however, it must first acquire a greater importance for the communication agencies. Assoprom has long since launched a series of operations to show what important results can be achieved with an advertising campaign supported by our sector."

One can only hope for Italy in general and for its promotional products industry that the tense economic situation that the country is still undergoing will relax in the near future – there are obviously plenty of opportunities for growth. TB

photos: iStockphoto (1); Equipe Service Group (1)

Aims of the implementation of promotional products

(sample: Assoprom clients)



Source: Assoprom



Shoulderbag Arizona



price off 100 pieces: 15,80€

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