



The French industry

Allez les Bleus!

France is the biggest country in the EU as measured by its area, and it is also one of the biggest promotional products markets in Europe. Starting with this issue, eppi magazine is presenting a series on the French industry, which presents not only highly interesting suppliers with exciting products, but also for all European market participants beyond the borders, established structures and a lot of potential.

Business district La Défense in Paris: The French capital is the undisputed hub of the French economy.



When talking about a country and its promotional products market, one of the first questions that arises is how big this market is. It is nearly always difficult, if not impossible, to answer this question. This is also true of the French market: There are only indications and vague estimations on the volume of the French promotional products industry. "There are no reliable figures on the size of the market," said Pascal Renard, President of the 2fpco (French Association of Promotional Product Professionals). "I would estimate the number of companies active on the promotional products market to be approx. 2,500. Approx. 700 of them are strictly speaking distributors or consulting agencies." 2fpco itself has 172 members in total, divided up into the three categories: suppliers (manufacturers and importers), printers and distributors.

A current survey carried out by the French advertising research institute IREP (Institute of Advertising Research & Studies) offers a further indication on the volume of the French promotional products market. The institute, whose members include advertising companies, agencies and media, carries out surveys on the French advertising industry on an annual basis. Promotional products are included in the list of annual advertising spending. According to the survey around 1.3 billion Euros was spent on promotional products in 2013. In comparison: According to IREP, the overall volume of the French advertising market was around 30 billion Euros in 2013. Vague indications, which do however underline that the French promotional products market is anything but small, on the contrary it is actually one of the biggest markets in Europe.

Many small companies

Yet, the average size of a French promotional products agency is not big: According to the findings of another survey, many of the market players in France are small companies. This survey was carried out by the French publishing

company 656 Editions in the spring of 2014 in cooperation with 2fpco in the course of the last CTCO Show in Lyon (February 4-6, 2014) when 483 visiting promotional products distributors were interviewed. The respondents – mostly executives – were questioned on among others their company's alignment, customers and product trends. According to the results, 88% of the interviewed companies employ less than ten people, whereby the majority of the jobs are in the sales sector. The annual turnover of 35% of the respondents lay between 300,000 and 1 mil. Euros and only around 22% of the

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Pascal Renard,
2fpco

companies turn over more than that. The distributors evidently secure themselves considerable margins of on average between 30% and 40%. As far as the sales channels are concerned, catalogues are still very popular, more than half of the respondents don't even have a web shop.

According to the survey, to a large extent medium-sized customers on a regional radius are served. According to Renard, it is difficult to say which sectors implement a lot of promotional products: "Generally speaking, there is a demand for promotional products in all sectors, one cannot really claim that any one sector is particularly active. In terms of the areas of application, the end-of-year business plays a major role as well as trade fairs and events, for example in the sport sector." According to the survey, the price is decisive for the purchase decision.

Upside potential

This is not surprising in terms of the European comparison or against the background of the economic situation in France: The economy is flagging and the effects on the promotional products industry are immediately tangible: According to IREP, advertising spending in France declined by around 3% in France in 2013, and in fact by 3.5% in the promotional products sector. "The mood on the market is rather flat and hesitant," confirmed Renard. "That in turn affects the order behaviour: The users often take last minute, overhasty decisions."

Guillaume Abou, CEO of 656 Editions, comes to a similar conclusion: "It is difficult to make a forecast. One can say that it is generally more difficult for big companies with high overheads. Specialists and companies that place their bets on innovation have a clear advantage. As far as the distributors are concerned, many companies are expanding their business with new areas and services, such as printing services for instance. The attendance figures of the C!Print, the printing



Popularity of product groups among French users



source: 2fpco 2013

Importance of product groups for distributors

(in terms of sales)

VERY IMPORTANT

Textiles

Writing Accessories

Give-aways

Electronic and PC Accessories

Mugs

Caps & Umbrellas

Bags

Office Accessories

LESS IMPORTANT

fair that we organise parallel to the promotional products and textile fair CTCO, is clear proof of this. Two years ago only 35% of the promotional products distributors that came to the CTCO, also visited the CIPrint, today it is 70%."

In terms of the standing of the promotional product among the users there is definitely potential for improvement – especially as far as classic advertising is concerned: "We have no visibility at all as an industry," commented Renard. "Metaphorically speaking, the promotional product has no nobility title and is not perceived as an independent medium. Hence, it is rarely explicitly mentioned in the briefings for campaigns." The 2fpco has set itself the key task of changing this.

Good framework conditions

The association was already able to record one big success: In 2004, a year after it was refounded, 2fpco managed to considerably improve the fiscal framework conditions for the promotional product: "In the course of a lobby campaign in 2005, we managed to more or less double the tax deductibility of promotional products," reported Renard. "Due to our efforts the value limit was increased from 35 Euros up to 60 Euros. Today, it is in fact 65 Euros. That means companies can write off the costs of promotional products for customers and employees against their tax, as long as they don't exceed the amount of 65 Euros (per recipient, per year, including packaging and dispatch). Furthermore, buying them has to be in the interests of the company, the reason for the purchase has to be legal and the promo-

tional product may not be implemented in the interests of exploitation." Many countries can only dream of a value limit of 65 Euros – in Germany for instance the limit is currently 35 Euros.

A further pro-argument that leads to acceptance for the promotional product among the users. As well as the fact that the promotional product is obviously extremely popular among the recipients: In 2013, on behalf of 2fpco

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Guillaume Abou,
656 Editions

1,000 French consumers were questioned on the theme of haptic advertising. The result: 99% of the respondents owned one or more products and 97% had a positive opinion about promotional products.

According to the survey, the product best-sellers include textiles, writing instruments and give-aways. Also popular: electronic products of all kinds. "High-tech is popular, primarily accessories for PCs, tablets and smartphones are a significant trend," reported Renard. Fur-



In the course of the "caravane publicitaire" (advertising caravan) which accompanies the Tour de France, millions of promotional products are given away each year. Also, some promotional products companies are among the sponsors and advertisers.

thermore, the 'Made in France' seal is held in high esteem. Many famous French brands are extremely active on the B2B segment and promotional products manufacturers who produce in France benefit here – Renard: "There is still a high share of 'made in France' promotional products in France and the corresponding manufacturers, in the plastic injection moulding sector for example."

That doesn't mean that the French market isn't open to interesting players from the rest of Europe – the growing number of European suppliers at the relevant trade shows proves the opposite. An important prerequisite for doing business successfully in France: Speaking the language. "Every company that wants to do business in France has to have good French skills, because this is a necessary prerequisite for the commercial business transactions," noted Abou. "Furthermore, it is helpful to dispose of stocks in France, or at least close-by. Finally, visiting the appropriate trade fairs is a must." Renard also confirmed this: "I advise every supplier, who intends to enter the French industry, to use the big trade fairs to make their companies more well-known."

The next issue of *eppi magazine*, No. 101 will inform about the trade show landscape in France and which important groups and service providers exist on the market. However, prior to that the following pages will present companies and product ideas from "la belle France". ■ TB

En Français

advertising	publicité
promotional product	objet publicitaire
gift	cadeau
advertising message	message publicitaire
logo	logo
branding/individualization	marquage
print	impression
colour	couleur
packaging	emballage
bespoke product	fabrication spéciale
price	prix
discount	remise
minimum order quantity	quantité d'ordre minimum
lead time	délai de livraison
company	entreprise
supplier	fournisseur
producer	fabricant
importer	importateur
distributor	distributeur
user	annonceur
recipient	utilisateur
target group	groupe cible
trade fair	salon



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