

## What is the Incentive Federation and who are its members?

The Incentive Federation is a 501(C)6, non-profit, tax-exempt organization whose membership and leadership includes the industry's national trade associations, as well as individual industry companies. It is under The Incentive Federation umbrella that the collective interests of the Incentive Marketing Association (IMA), the Promotional Products Association International (PPAI), The Recognition Professionals Association (RPI) and The Incentive Research Foundation (IRF) are represented.

## In This Issue

**Federation Board Elected for 2024**

**IRF Study Industry Outlook**

**Promo Growth**

**Tax Considerations Project**

## 2024 Incentive Federation Board Approved

The 2024 IFI Board of Directors has been elected by the IFI membership. A new Board member, Adrienne Forrest, CPIM, Senior Vice President for Corporate Sales at Citizen Watch America joins the Board next year. Adrienne is a veteran professional in the incentive industry and her company has been a long time IFI supporter.

The new Board will be comprised of the following industry professionals:

**Richard Blabolil**, CPIM, President, Marketing Innovators International

**George Delta**, Esq, Executive Director and Legal Counsel, Incentive Federation, Inc.

**Dale Denham**, MAS+, President, Promotional Products Association International

**Michael Donnelly**, CPIM, President, Hinda Incentives

**Adrienne Forrest**, CPIM, Senior Vice President Corporate Sales, Citizen Watch America.

**Brian Galonek**, CPIM, President, All Star Incentive Marketing

**Theresa Harkins-Schulz**, SPHR, CCP, CRP, Senior Vice President - Customer Experience, Inspirus/Sodexo Benefits and Rewards Services

**Richard L. Low**, CPIM, Division Director, Richmond, The Image Group.

**Sean Roark**, CPIM, Executive Vice President, Promotion, Incentive and Engagement Professionals, Inc.

**Karen Wesloh**, CAE, CMP, Executive Director, Incentive Marketing Association

Sue Voyles, President of Word and Vision Consulting, leaves the Board after serving IFI for several years as President of Logos Communications, a prominent public relations and communication consulting firm for our industry. Sue sold her former company in early 2023 and formed her current firm with her husband this year. The IFI wishes to thank Sue for her service to the IFI Board and for the many years of IFI membership.

The Board convenes quarterly for conference calls, typically either a Zoom or Teams video call. The Board members do not meet face-to-face but do commit critical time to consult on and approve Federation initiatives. The Federation was founded in 1984 and has been a voice for the industry by monitoring, lobbying and communicating about government legislative and regulatory matters that impact the industry. The IFI has also conducted several valuable industry research studies since 1996, the most recent of which in 2022 established the annual revenue from incentives, recognition, corporate gifts, awards, rewards and travel at \$176 billion dollars.

## IRF's *Industry Outlook for 2024: Merchandise, Gift Cards and Event Gifting Reports Measured Optimism Moving Into Next Year*

The recent study reports a generally positive outlook, with overall rewards budgets continuing to increase in both North America and Europe. Expectations are levelling out compared to the optimism directly following the pandemic, as incentive professionals are challenged by economic uncertainty, rising costs, and a tight labor market.

"The *Industry Outlook for 2024* provides good news about growth of incentive program budgets and use of merchandise, gift card, and event gifting. But there are some indicators that incentive professionals are proceeding with caution," said Stephanie Harris, IRF President. "As uncertain economic conditions continue, we see organizations taking a more measured approach to budgets. However, the drop in program cancellations makes it clear that these programs are producing value for companies globally."

Key findings, benchmarks, and year-over-year comparisons reported in this new research include:

- North American budgets for 2024 see a net increase of 37%. European budgets are also up, with 48% expecting to increase spending in 2024.
- Following a considerable jump between 2021 and 2022, North American per-person spend has increased only slightly, from \$1,060 in 2022 to \$1,090 in 2023.
- Just over half (52%) of European respondents expect an increase in the number of award earners in 2024.
- There are fewer program cancellations, with only 20% of North American respondents cancelling a program in 2023, down from 37% in 2022. European stakeholders reported a similar positive trend with cancellations at 29%, down from 48% in 2023.
- The average value of a North American merchandise reward is \$177, down from \$191 last year. The European average merchandise reward value has increased from €152 to €174.
- For gift cards, North America respondents foresee a 42% net increase, with Europe reporting a 37% net increase.
- The top event gifts in both North America and Europe are nationally recognized branded merchandise, local products, and gift cards.

To view or download a copy of study, visit the [Industry Outlook for 2024: Merchandise, Gift Cards and Event Gifting webpage](#).

## PPAI Research Shows Promo Growth Continuing To Slow In Q4

Promotional products industry revenue had only modest growth in October and November, growing at a rate of only 0.96% compared to the same months in 2022.

This makes October and November the slowest two-month period of the year so far, according to PPAI, just after **August and September had produced the slowest month up to that point** at 1.3% revenue growth. This growth is being noticeably outpaced by the annual rate of inflation, which was 3.2% for the end of November, according to the **U.S. Bureau of Labor Statistics**, though it has also begun to level over the past several months.

The latest revenue data isn't cultivated from the same methodology as the annual Distributor Sales Volume Estimate, which polls distributors of all sizes. Rather, the current assessment is discerned from the aggregated results of PPAI 100 suppliers responding to a flash survey.

Alok Bhat, market economist and senior manager of research at PPAI, has noted a number of factors that distributors and suppliers are attributing this minor growth to. Continued economic uncertainty is becoming an even more significant concern among promo companies in Q4 while price competition and long sales cycles remain business challenges for many.

“This shift [from 1.3% growth in August and September to 0.96% growth in October and November] underscores the importance of strategic agility to enhance growth and market competitiveness,” says Bhat. Bhat also notes “market optimism” and “industry resilience” when looking at the order volume reported by suppliers, as well as a blend of “growth, stability and decline among distributors,” which he says calls for “agile, adaptive strategies to meet evolving trends and consumer needs.”

## **The IFI Provides Guidance for Clients About the Tax Considerations for Employing Various Incentive Programs**

The IFI Board signed off on its latest project entitled “Tax Considerations for Incentives, Recognition and Safety Programs,” a compilation of various industry papers published by industry experts. The project to consolidate complex information from numerous lengthy documents was headed by Mike Donnelly, President of Hinda Incentives and an IFI Board member.

Incentive, recognition, and safety programs are designed to engage eligible participants, improve performance, and encourage loyalty. These programs can excite and motivate eligible participants to take actions the sponsor promotes while simultaneously creating advocates for the company. Rewards often have tax consequences for either the recipient or the sponsor and this new document provides easy to understand guidance for sponsoring companies.

The user-friendly PowerPoint and infographic presentation tools will be available in early 2024 and are ideal to provide to any client that may find the IRS rules and regulations confusing or intimidating. A webinar explaining the often complex details will be announced after the holidays and clients will be invited to attend.

### ***Things to Know and Think About***

To find other important meetings, trade events and educational offerings in the coming weeks and months, check the Incentive Industry Calendar at [www.incentivefederation.org](http://www.incentivefederation.org). Provided exclusively by the Incentive Federation, Inc.

## **ASI Show Orlando – January 3-5, 2024, Orlando, FL**

The first promotional product trade show of the year is a must-attend event! Start the year off right at ASI Show® Orlando, the largest promo product trade show on the East Coast.

To learn more, click [here](#).

## **The PPAI Expo 2024 – January 16-18, 2024, Las Vegas, NV**

The industry's largest trade show provides the opportunity to see tens of thousands of promotional products and more than a thousand exhibitors. The PPAI Expo serves as the launchpad for the year, with new events and products every year. This 4-day event includes a professional development conference (January 15) followed by three days (January 16-18) of open show floor with products from both domestic and international brands.

To learn more, click [here](#).

## **ASI Show Ft. Worth – March 4-6, 2024, Ft. Worth, TX**

ASI Show® Fort Worth is strategically positioned in the #1 region for promotional product sales and product sourcing.

To learn more, click [here](#).

## The Federation in 2024

If you have ideas or opinions about what the IFI should be focused on, or if you have questions, advice for the Board, or want to raise issues for the Board to think about, our Chair Karen Wesloh at [kwesloh@incentivemarketing.org](mailto:kwesloh@incentivemarketing.org) or Steve Slagle, IFI managing Director at [steves3309@gmail.com](mailto:steves3309@gmail.com) or 864-710-6739.

## 2024 IFI Board of Directors

**Richard Blabolil**, CPIM, President, Marketing Innovators International, **Vice Chair for Corporations**

**George Delta**, Esq., **Executive Director, and Counsel**

**Dale Denham**, MAS+, President and CEO, Promotional Products Association International, **First Vice Chair-Associations**

**Michael Donnelly**, CPIM, President, Hinda Incentives, **Director**

**Adrienne Forrest**, CPIM, Senior Vice President for Corporate Sales, Citizen Watch America

**Brian Galonek**, CPIM, President, All Star Incentive Marketing, **Secretary**

**Theresa Harkins-Schulz**, SPHR, CCP, CRP, Senior Vice President - Customer Experience, Inspirus/Sodexo Benefits and Rewards Services, **Director**

**Richard L. Low**, CPIM, Division Director/Richmond, The Image Group, **Director**

**Sean Roark**, CPIM, Executive Vice President, IncentPros, Inc., **Treasurer**

**Karen Wesloh**, CAE, CMP, Executive Director, Incentive Marketing Association, **Chair**