

# 2021 / Market Outlook

## **Get the latest on the current state of the economy and the promo industry – and learn what to expect going forward.**

Stability is at the core of the market outlook in 2021, both from within the industry, but also for the greater economy. This comes despite the continued turbulence of the pandemic. Thanks to the efforts of many sectors, including our industry, active solutions were developed throughout 2020 that will continue to bolster this stabilization in the coming year.

It is yet to be known what total recovery might look like, or if it will happen at all this year. Much of the recent adaptations to business are expected to remain commonplace for years to come, if not forever. Many industries look to the forced nature of adopted procedures early in the

pandemic as opportunistic and will continue to evolve these practices as they see fit.

### **Volatility vs. Stability**

Each day brings new news of stability, but also relative volatility associated with the continued evolution of the global situation. The U.S. economy finished last year ahead of market predictions, but still lower than what

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would be considered typical. This gave economists an early indication that 2021 will continue the path of recovery. The economy, both of the U.S. and many western nations, is expected

to grow at an almost normal rate this year. This is a sign of coming stability throughout many sectors, including our own.

### **Manufacturing**

What was a dismal manufacturing and production rate through mid-year 2020 is now considerably more maintained. China, the largest foreign exporter of promotional goods, witnessed unprecedented losses to its manufacturing in March and April of last year. But, by year's end, China's manufactured exports had outpaced even the year prior. While Chinese exports to the U.S. were down for the year, the maintained balance was in no small part thanks to critical protective equipment – namely, face masks.

The total global manufacturing sector ended 2020 in a great position. It not only recovered from a significant and devastating decline in the second quarter of the year, but it

also continued to exceed expectations. The U.S. and Germany, along with China, ended the year in a period of expansion, meaning that overall manufacturing is at its highest point in history among these three nations. This came despite the pandemic, government restrictions, and manufacturing delays due to earlier staffing issues. While many continue to remain cautiously optimistic about the output in 2021, it appears that a necessary balance has been struck to create growth and opportunity throughout the market.

Looking forward, manufacturing will help continue to bolster a weak global economy. China and other eastern manufacturing hubs expect the continued need for consumer goods to amplify their market projects in the year ahead. The U.S. is also expecting economic and GDP growth, though not nearly as significant as in Asia. Demand for

common household goods and electronics due to the stay-home orders of many western nations will help drive a boom in these manufacturing areas this year, if not also in years to come.

### Shipping

Global demand for consumer goods has created somewhat of a shipping bottleneck that is expected to continue through the first quarter. Manufacturing hubs are still playing catchup from earlier slowdowns and working to fulfill an untested consumer demand late in the last quarter of 2020. This means that importing and shipping will continue to be slower than usual for the time being. It is necessary to be aware of the global shipping challenges that exist throughout many industries right now. While analysts predict that some ease will occur after the first quarter, the demand appears to be ever-growing. With stability, unfortunately, continues to come counteracting volatility.

Within the industry, it appears that slower shipments continue to be a hurdle even within the first month of the year. Smaller businesses with smaller shipments are witnessing the greatest reduction in shipping speed. Some gradual hope continues to arise from the downtrodden airline industry in that many major carriers have increased

their freight capabilities. However, this comes with substantial added cost, while earlier being accepted by the manufacturer, is now being passed along to customers. At one point this was considered acceptable to gain access to critically low suppliers. But, as manufacturing has picked up, shipping costs continue to be high against the lack of logistic support.

### Industry

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industries are now seeing signs of hope. The travel industry, specifically the airline sector, experienced the most significant losses in history throughout 2020. This was even more catastrophic in that air travel was due to be one of the largest growth industries as projected early last year. Still, losses during quarter four were substantially less than analysts predicted. Continued government stimulus and corporate solvency are helping to minimize the market's

volatility. Much of the travel industry indicates that they are willing and able to weather the storm one more year but will need to see a massive turnaround by the end of 2021. Hotel bookings after the news of vaccinations spiked and have continued to rise, indicating a hopeful return to travel this year.<sup>1</sup>

The consumer market continues to be one of the more volatile throughout the economy. Traditional retail sales were down at the conclusion of 2020, but online sales were up. It should be noted the normalcy that has been developed in the e-commerce market thanks to the surging pandemic. Even at the pandemic's conclusion, traditional retail sales may, for the first time, be forever outweighed by online consumption.

2021 has certainly greeted us with hope, optimism, and the ability to reset – though for many, the fear of the unknown and the lingering trauma of 2020 remains. During a typical yearly transition, most of us find ourselves seeking our own individual and uniquely relatable ideas of what we look forward to in the new year. It is important to maintain hope and optimism for the year ahead. Balance has certainly been struck and industry growth is on the horizon.

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