

Understanding Today's Promotional Products Industry

PPAI 100 Distributor Sales Insights September 2025

Alok Bhat

Market Economist, Research & Public Affairs Lead

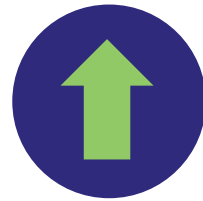


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Promotional Products Work![®]

Overall Sales Revenue Dynamics

In July and August 2025, the promotional products industry grew by just **0.7%**, up slightly from 0.37% in the previous cycle.

Yet with inflation at 2.9% and tariff uncertainty persisting, revenue growth has been offset by rising procurement costs and inflationary pressure, hitting margins and limiting profitability.



0.7%



Note: The annual inflation rate for the United States was 2.9% for the 12 months ending August 2025.

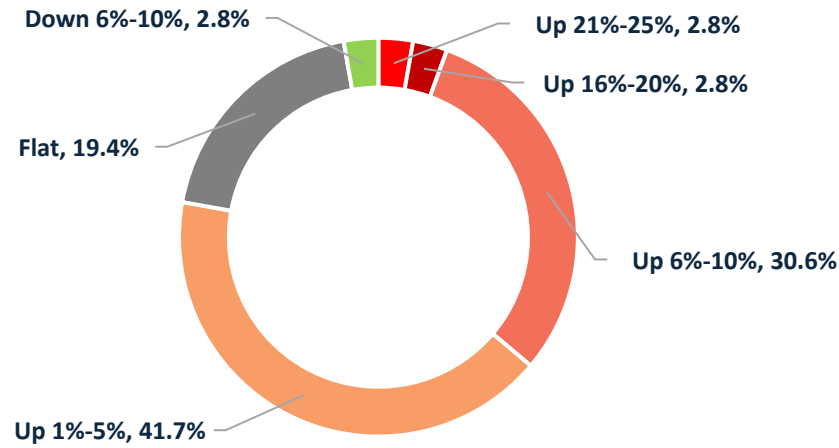
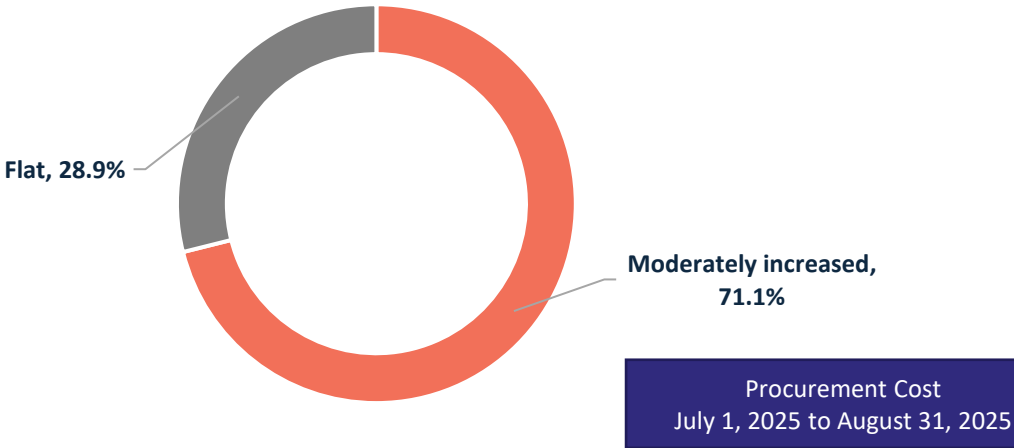
Procurement Trends & Cost Pressures



Costs Rising: Nearly three-quarters of PPAI 100 distributors (**71.1%**) reported higher procurement costs, though most increases were modest (1%-10%). Rising freight, compliance and tariffs continue to add pressure.



Flat Costs: About **29%** reported stable procurement costs. For some, supplier inventory and existing agreements are buffering the impact, though this may not hold long term.



Managing steady cost increases is critical for distributors to preserve margins in a budget-tight market.

Inflation & Margin Pressures



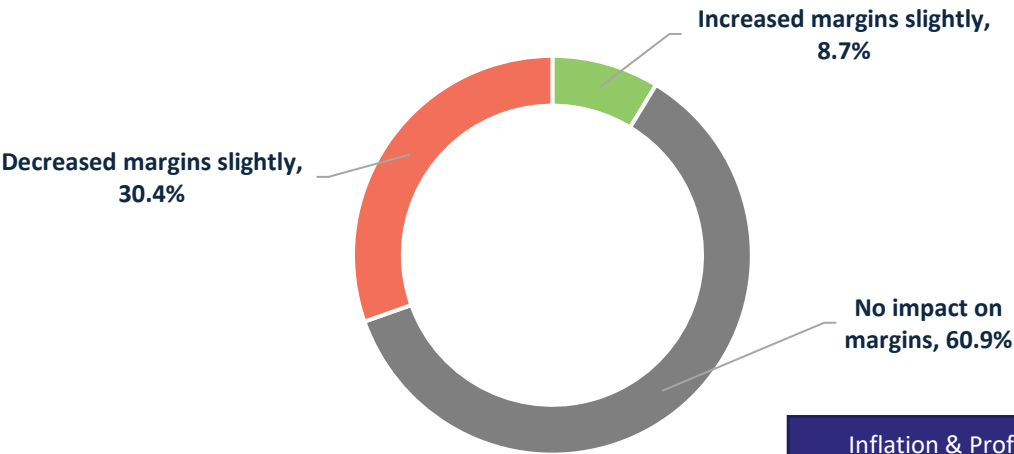
Margins Increasing: Only **8.7%** of PPAI 100 distributors reported margin gains, and most were slight. These reflect tighter cost controls or selective projects where pricing held firm.



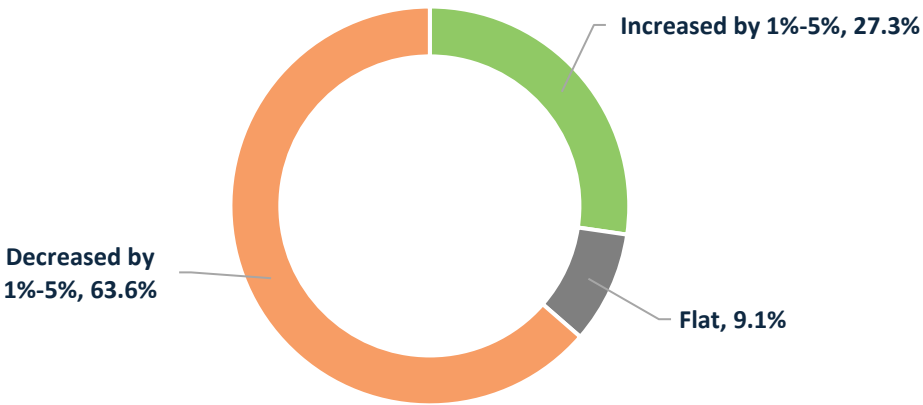
No Impact: The majority (**60.9%**) said inflation had no impact on margins. In many cases, this means revenues are just covering rising costs, leaving little room for real improvement.



Margins Decreasing: About **30%** experienced margin erosion, mostly slight. Rising procurement costs and buyer resistance to price increases are the main drivers.



Inflation & Profitability Trends
July 1, 2025 to August 31, 2025



Margins are holding steady for most distributors, but stability is not the same as strength.

Dynamics of Sales Revenue



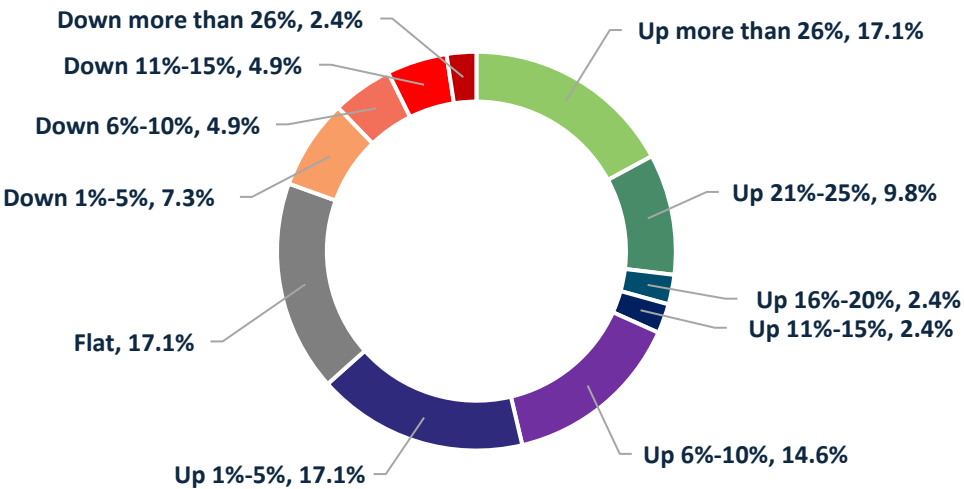
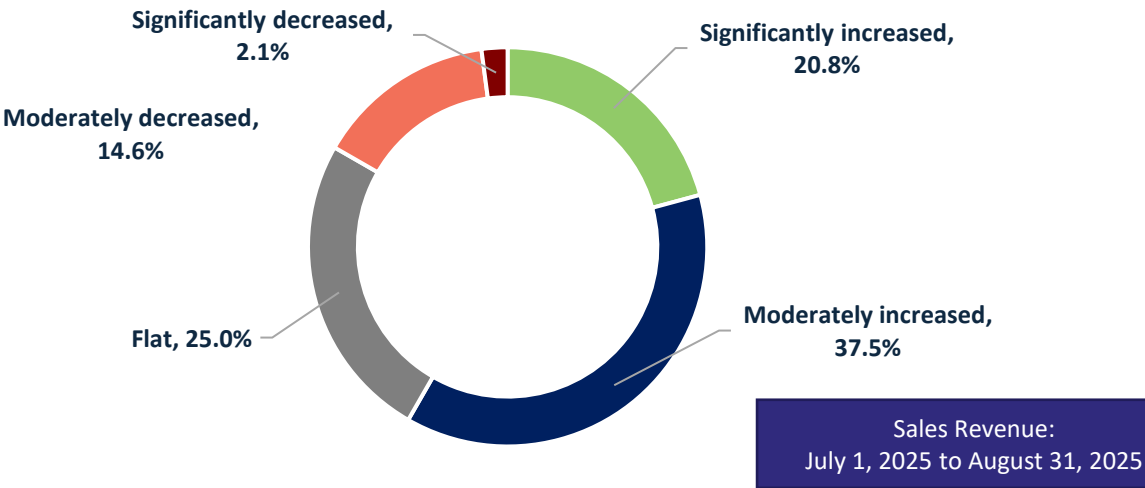
Revenue Growth: 58.3% of PPAI 100 distributors reported revenue growth, including 20.8% with significant gains. Most increases were moderate (37.5%), suggesting momentum is concentrated in select programs and verticals. Many firms remain shielded from some cost headwinds due to supplier inventory, but this effect may not last as the year progresses.



Flat Revenue: A quarter (25%) held flat. While this signals stability, it often masks tighter margins as costs continue to rise.



Declining Revenue: About 17% saw revenue decreases, mostly moderate. This shows that even with stronger demand overall, not all firms are benefiting equally.



Growth remains concentrated and uneven, with optimism tempered by shifting buyer behavior.

Supply Chain Logistics Impact



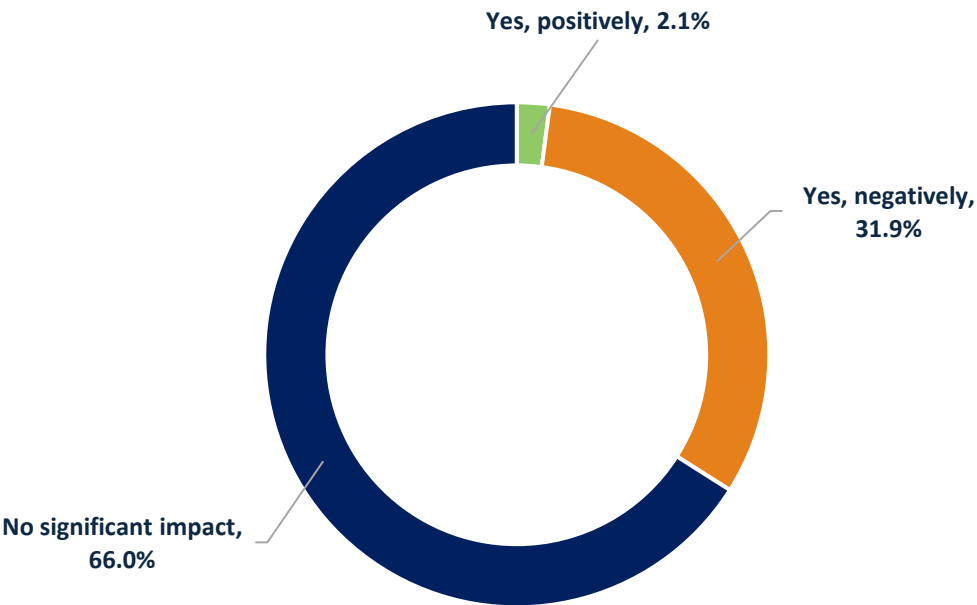
Negative Impact: About **32%** of PPAI 100 distributors reported higher costs or slower deliveries due to supply chain shifts. Tariffs and freight remain key pressure points.



No Significant Impact: Two-thirds (**66%**) said supply chain changes have had little impact recently, reflecting relative stability compared to the disruptions of past years.




Positively: Only **2.1%** saw improvements, typically from localized sourcing or simplified vendor networks.





Supply Chain Impact
July 1, 2025 to August 31, 2025

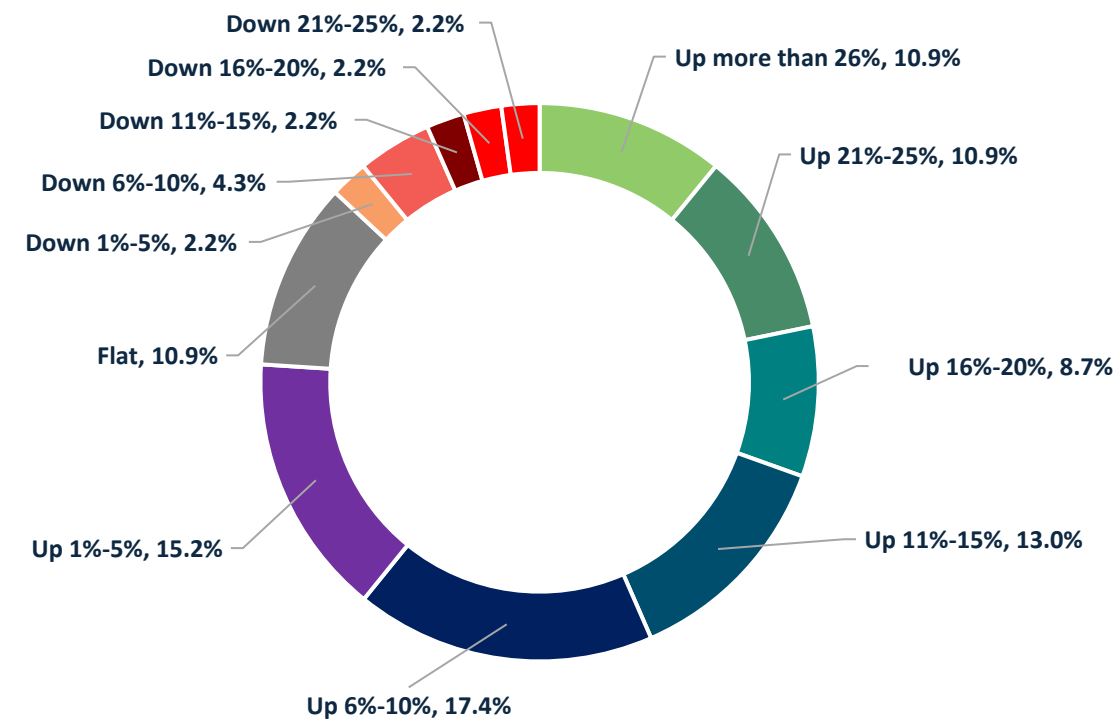
Supply chains are steadier, but cost and tariff pressures still weigh on a third of distributors.

Year-to-Date Sales Revenue Trend

 **Revenue Growth:** **76.1%** of PPAI distributors reported higher sales through August 2025. Growth is more widespread than on the supplier side, with a meaningful share achieving double-digit increases.

 **Flat Performance:** About **11%** reported flat revenue. Stability is positive in a cost-pressured environment, but it often comes with margin squeeze.

 **Revenue Declines:** Roughly **13%** saw year-to-date declines, a smaller share than suppliers. Most of these were moderate, reflecting client caution or delayed program activity.



Year-to-Date 2025
Sales Revenue (through August)



Distributor Insights: What End Buyers Value in 2025

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Speed, price and customization dominate, and sustainability is rising but not yet universal.



Speed First: 68.9% of PPAI 100 distributors say buyers are prioritizing faster turnaround and rush delivery. Promo is increasingly expected to match e-commerce service levels.



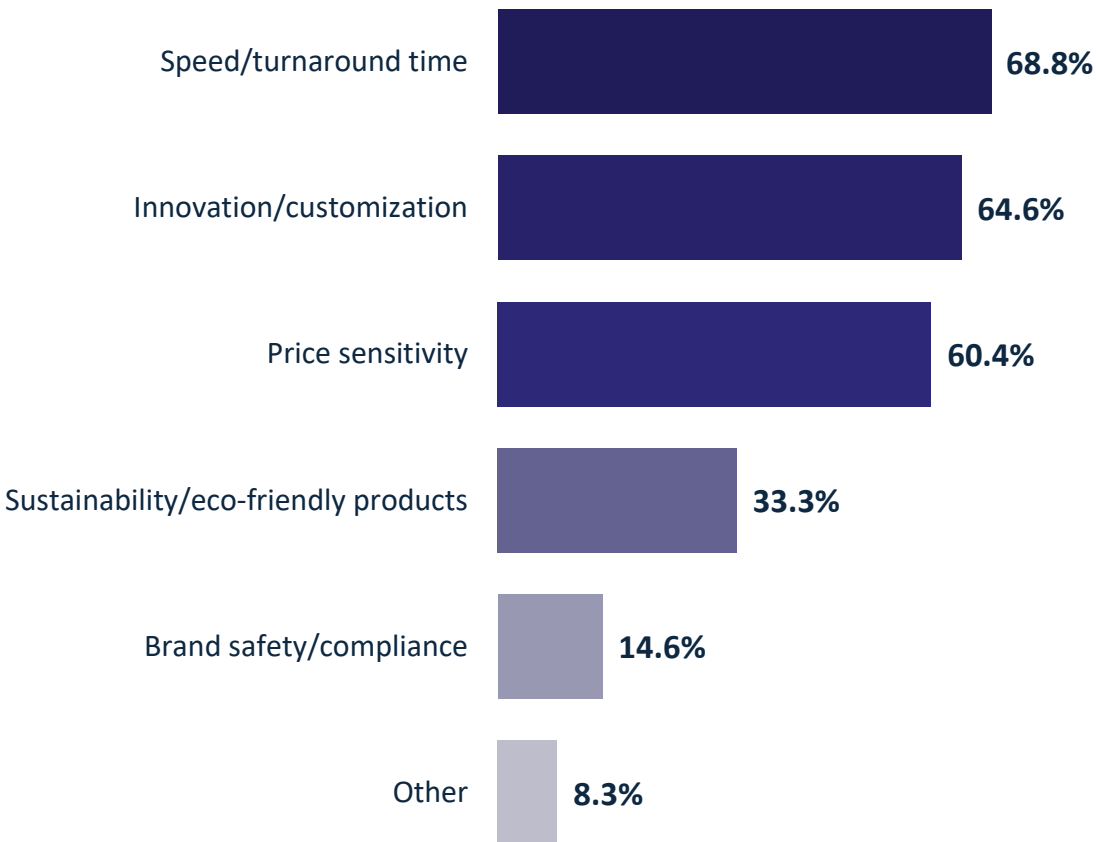
Customization & Innovation: 64.6% highlight buyer interest in unique products, personalization and digital tie-ins. Creativity is becoming a stronger differentiator once baseline cost and speed are met.



Price Sensitivity: 60.4% report buyers pressing harder on cost, reflecting tighter budgets and an expectation of more for less.



Sustainability & Compliance: 33.3% note buyer requests for eco-friendly products, higher than what suppliers reported. By contrast, only 15% cite brand safety/compliance, showing ESG is a selective but growing priority.



Distributor Insights: Price Sensitivity Trends

More buyers are tightening budgets, with very few easing pressure.



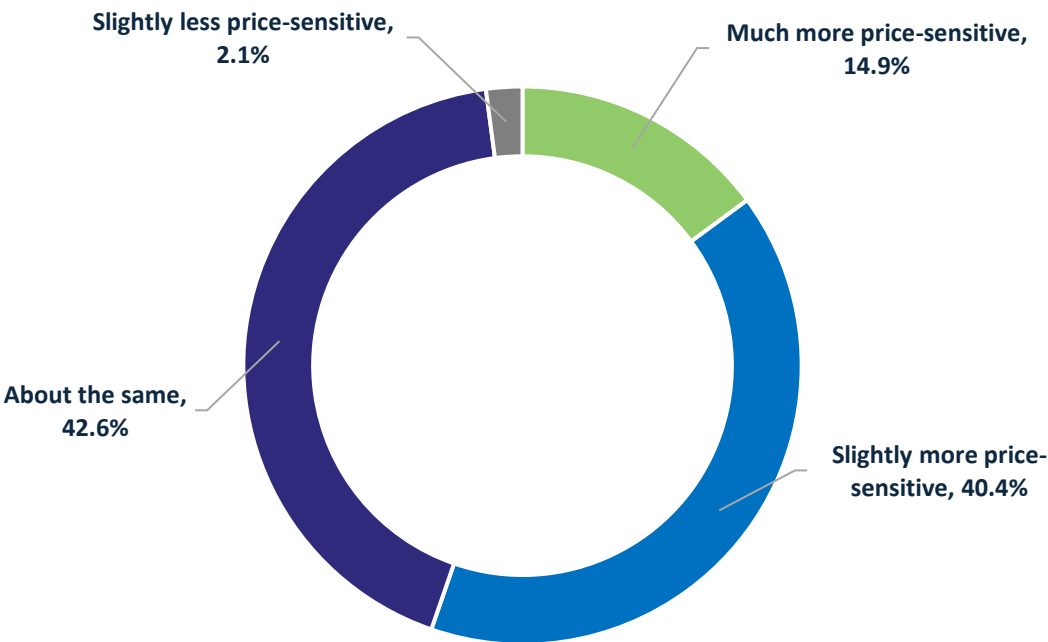
More Price-Sensitive: Over half of distributors (**55.3%**) report buyers have become more price-sensitive compared to last year. This shift is driving harder negotiations and stricter budget checks.



About the Same: **42.6%** say price sensitivity is unchanged, but with inflation and tariffs in play, “same” still means high scrutiny on cost.



Less Price-Sensitive: Only **2.1%** see buyers easing up on price, underscoring how rare premium flexibility is in 2025.



Price pressure is intensifying for most distributors. Even where it is unchanged, clients remain highly focused on cost, leaving little room to pass along rising expenses.

Distributor Insights: ESG & Product Origin Requests

Interest in ESG and product origin is present but not consistent across buyers.



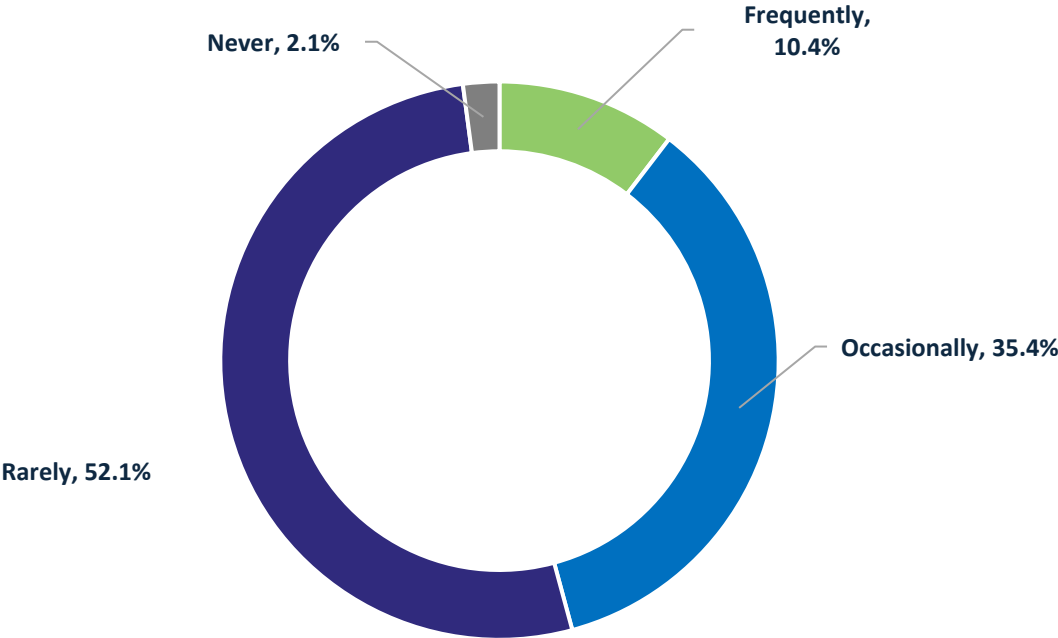
Occasional Interest: 35.4% of distributors say buyers ask about product origin, materials, or ESG credentials in some projects, often when brand reputation is at stake.



Frequent Requests: 10.4% report frequent inquiries, suggesting ESG is a priority for select industries but not yet mainstream.



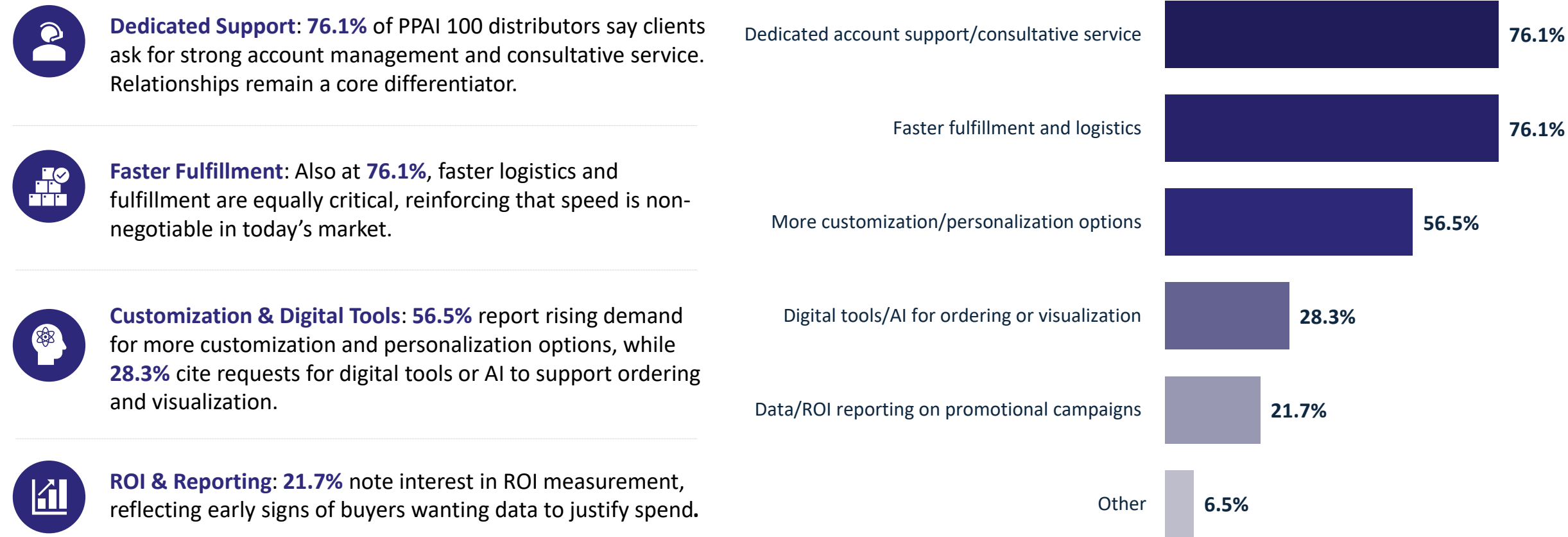
Rare or Never: 54.2% say these questions come up rarely or never, showing ESG concerns remain uneven across the market.



ESG isn't every buyer's priority yet – but when it is, it can make or break the decision.

Distributor Insights: Service Differentiators

Clients value support and speed most, while digital tools and ROI tracking are emerging.



Distributor Insights: Role of Promo in Campaigns

Promo is seen as an important tool but rarely as the lead channel.



Complementary Channel: Half of distributors (**50%**) say clients view promo as a complement alongside digital, events and other media. This confirms its position as part of integrated marketing plans.



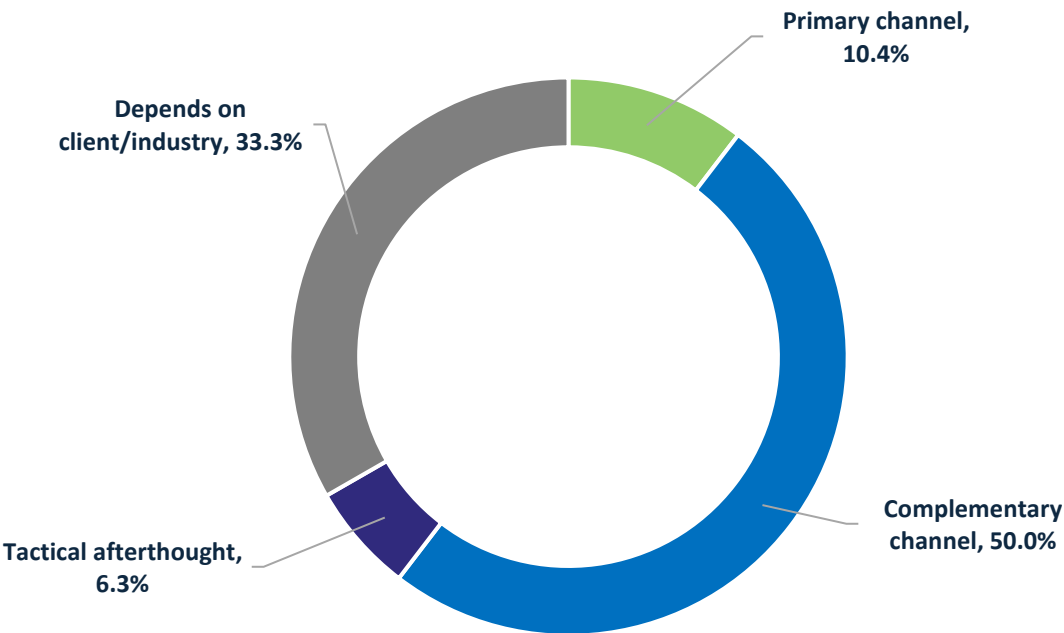
Primary Channel: Only **10.4%** report clients treating promo as the lead vehicle for brand-building. These are typically sectors with strong reliance on physical engagement.



Depends on Client/Industry: **33.3%** note that usage varies widely depending on the sector and client objectives.



Afterthought: A small share (**6.3%**) say promo is still considered a tactical filler, highlighting lingering perception gaps.



Distributor Insights: Client Budget Trends

Budgets are flat to down, with only a small share increasing spend.



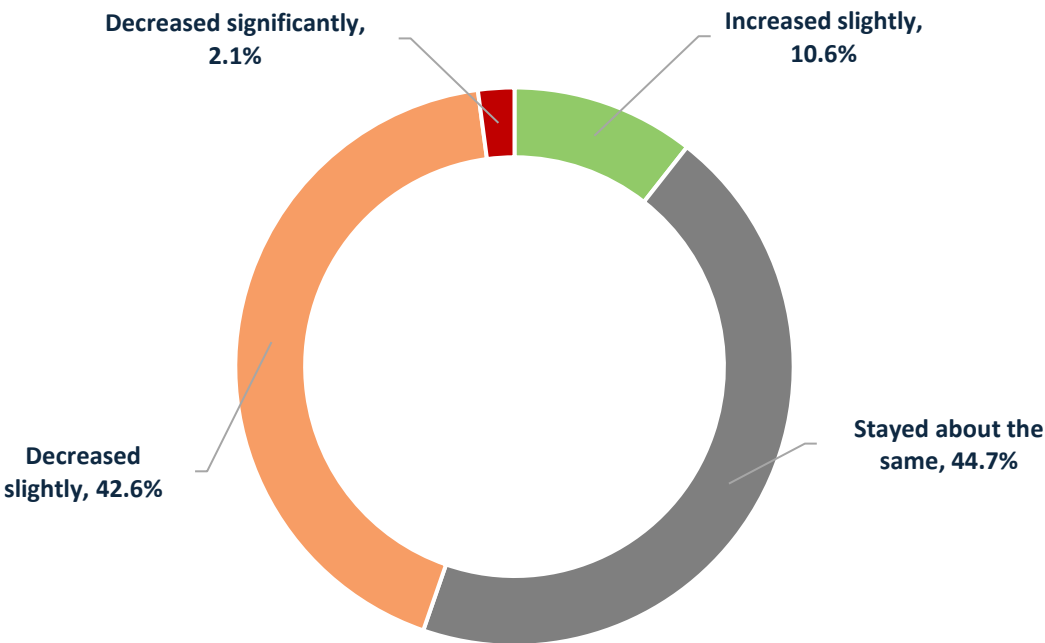
Decreasing Budgets: **42.6%** of PPAI 100 distributors report clients have slightly reduced their promo budgets over the past year, reflecting ongoing cost caution.



Flat Budgets: Another **44.7%** say budgets have held steady. In practice, this often means spending power is shrinking once inflation and tariffs are considered.



Increasing Budgets: Only **10.6%** saw budgets rise, limited to specific clients or sectors prioritizing brand engagement.



Distributor Insights: What Gets Cut First

Quantity and quality are the first to go when budgets tighten.



Quantity of Items: 60% of PPAI 100 distributors report that clients reduce order quantities first: fewer pieces to stay within budget.

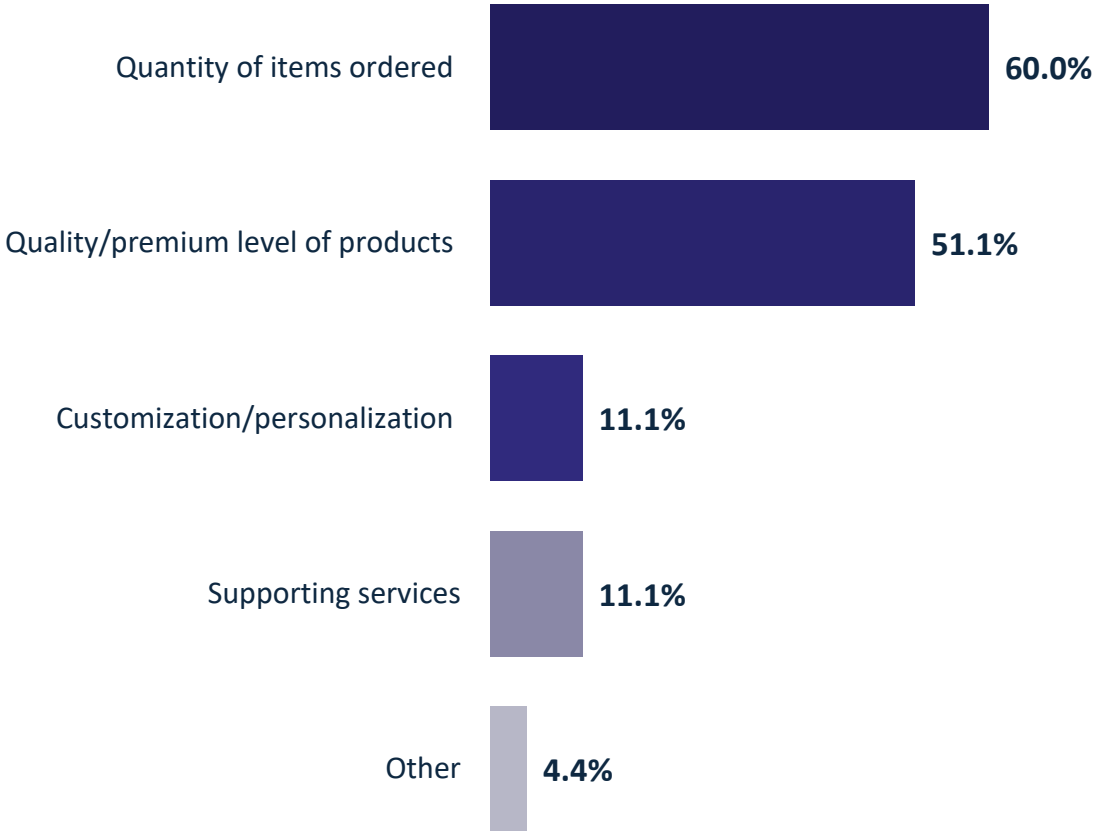


Quality/Premium Level: 51.1% say clients downgrade from premium to standard products, reflecting a shift from aspirational to practical choices.



Customization & Services: Only 11.1% see clients cutting back on customization or support services (kitting, fulfillment, reporting), showing that added value often survives budget cuts.

Buyers cut quantity and quality first but still expect service and customization.



Distributor Insights: Emerging Buyer Expectations



Faster & On-Demand: PPAI 100 distributors report growing demand for shorter lead times, just-in-time ordering and on-demand production with minimal order quantities.



Digital & AI Tools: Clients increasingly ask for digital stores, AI-enabled ordering and seamless admin/shipping efficiency, reflecting expectations shaped by e-commerce.



Retail Brands & Lifestyle Products: Requests for specific retail labels (e.g., Spanx, Lululemon) and consumer-style products are rising, as buyers look for promo to mirror retail trends.



Tariff Pressures: Several distributors warn tariffs are driving up costs and even jeopardizing large recurring projects, showing how trade policy is directly shaping client expectations and spend.





*Data sourced from the collective responses of PPAI 100 distributors
via a flash survey conducted in September 2025.*

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