

Understanding Today's Promotional Products Industry

PPAI 100 Supplier
Sales Insights
September 2025

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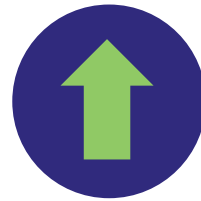


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Overall Sales Revenue Dynamics

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.

Dynamics of Sales Revenue



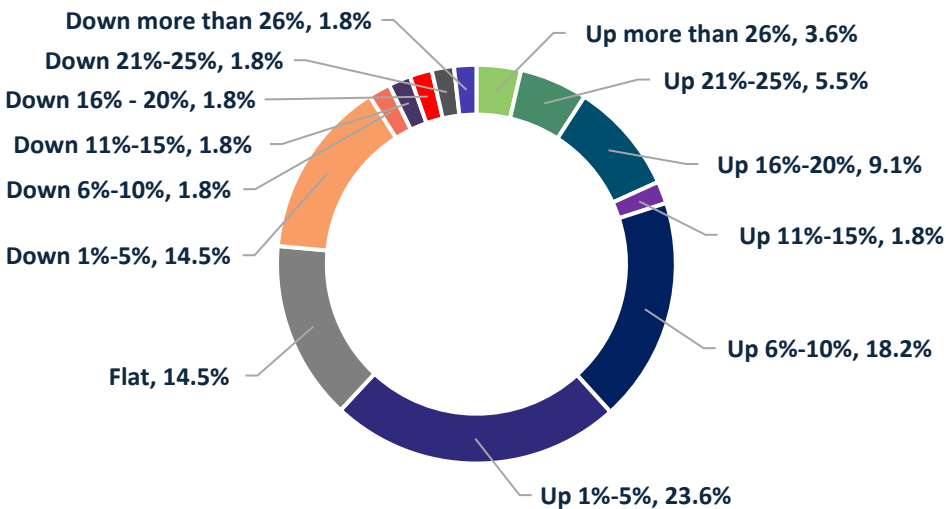
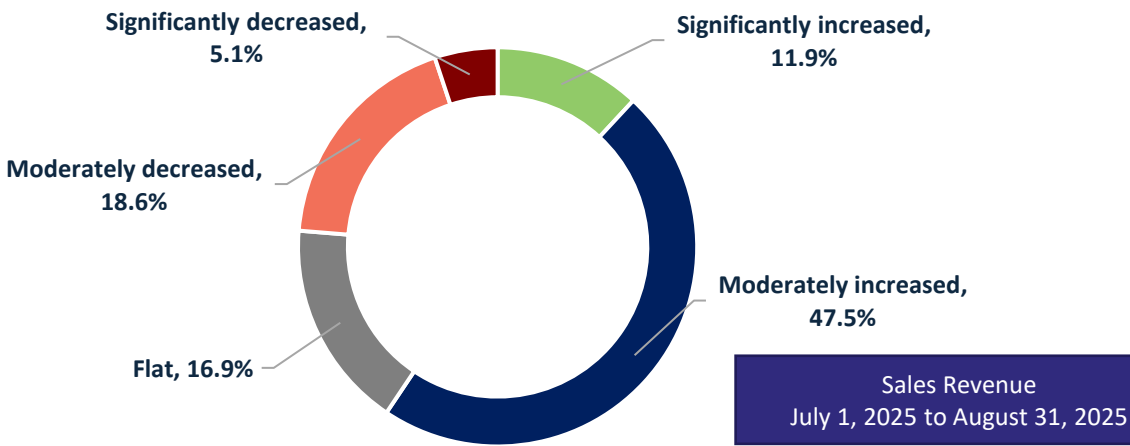
Revenue Growth: Nearly **60%** of PPAI 100 suppliers reported revenue growth, but most gains were modest and often only kept pace with inflation. Growth is uneven and concentrated in select areas rather than broad across the industry.



Flat Revenue: About **17%** of PPAI 100 suppliers reported flat sales. While this suggests steadiness, rising procurement costs and ongoing tariff pressures mean many of these firms are likely experiencing margin squeeze despite stable top-line figures.



Declining Revenue: Nearly **1 in 4** suppliers saw sales declines. These were most common among firms tied to discretionary or one-off orders, where projects are being delayed or buyers are pushing back on price adjustments.



Supplier growth is modest, but rising costs and inflation continue to hit margins.

Procurement Trends & Cost Pressures



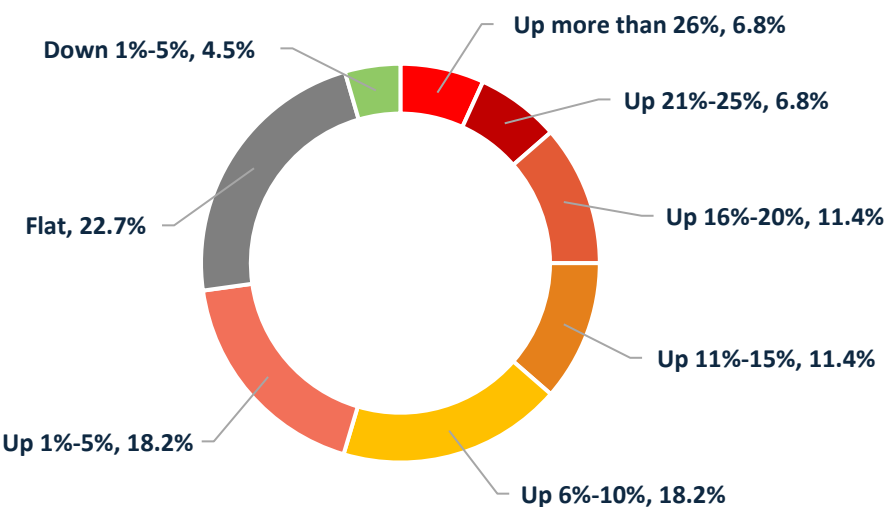
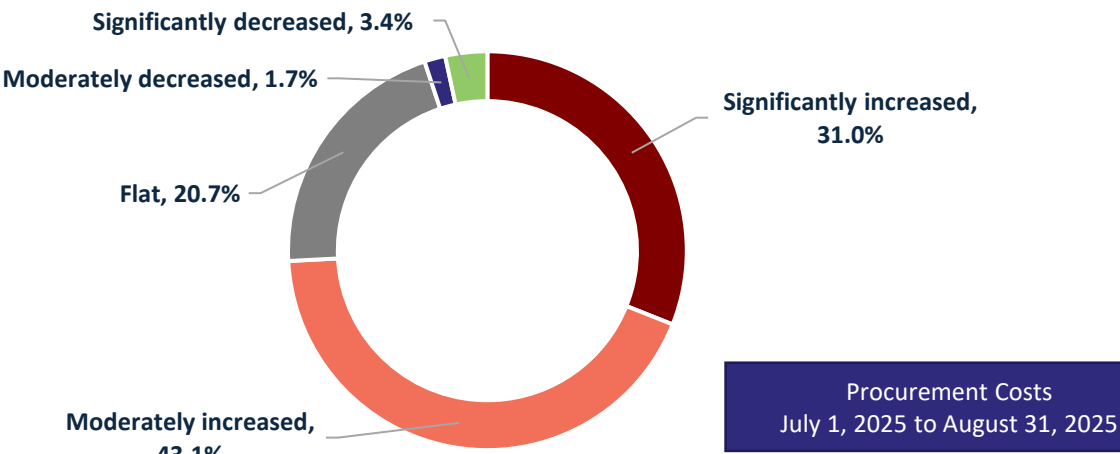
Costs Rising: Nearly three-quarters of PPAI 100 suppliers (**74.1%**) reported higher procurement costs, with almost one-third seeing significant increases. This continues a steady upward trend, driven by testing/compliance requirements, logistics and tariff-related pressures.



Flat Costs: About **21%** of PPAI 100 suppliers reported stable costs. While this signals some relief, flat input costs in today's inflationary environment are rare and may reflect firms with stronger supply contracts or diversified sourcing.



Decreased: Only **5.1%** reported cost declines. These cases are exceptions, often linked to scale efficiencies, nearshoring or long-term supplier agreements.



Procurement costs keep rising, making it harder for suppliers to protect margins.

Inflation & Margin Pressures



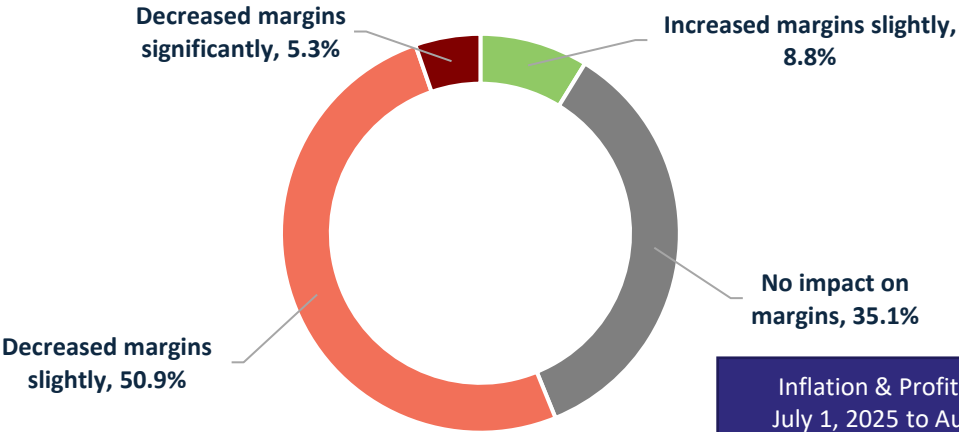
Margins Decreasing: More than half of PPAI 100 suppliers (**56.2%**) experienced margin erosion, with **5.3%** reporting significant declines. Inflation, procurement cost spikes and tariff-related pressures continue to eat into profitability.



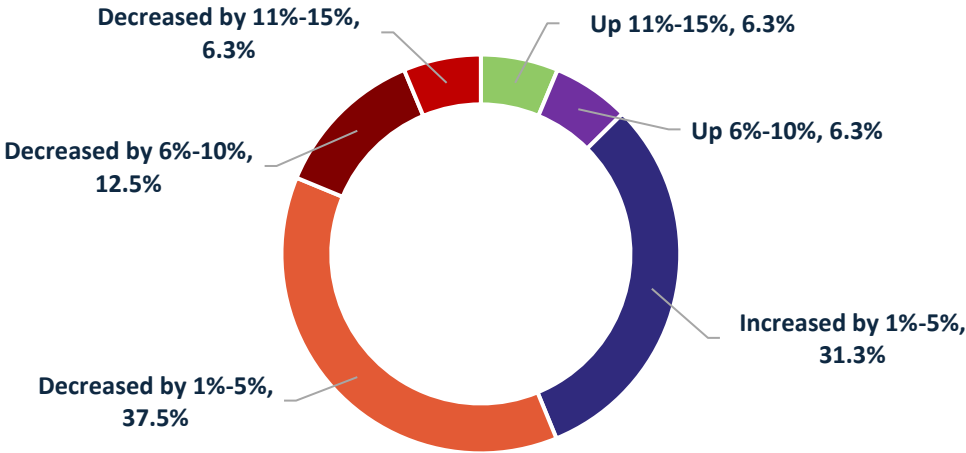
No Impact: About **35%** reported no change. For many, this means revenues are just offsetting rising costs without true margin expansion.



Margin Increasing: Only **8.8%** of suppliers saw margin improvement, mostly slight. Gains reflect tighter cost controls or selective price increases that stuck.



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



Most suppliers see margins shrinking as costs rise faster than revenues.

Supply Chain Logistics Impact



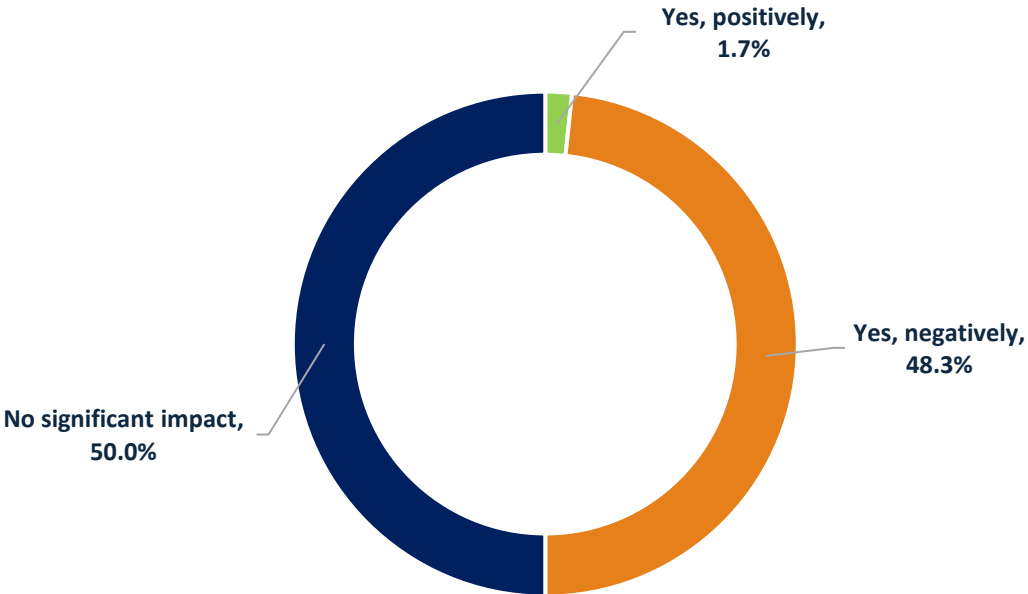
Negative Impact: Nearly half of PPAI 100 suppliers (**48.3%**) reported higher costs or slower delivery tied to supply chain issues, with tariffs and freight volatility adding pressure.



No Significant Impact: **50%** indicated stability, showing that for many, logistics disruptions have leveled off compared to earlier years.



Positive Impact: Only about **2%** of suppliers saw improvements from recent logistics shifts. These are isolated cases, often tied to regional sourcing or simplified supply lines.



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

Supply chains are more stable, but tariffs and freight costs remain a burden.

Year-to-Date Sales Revenue Trend



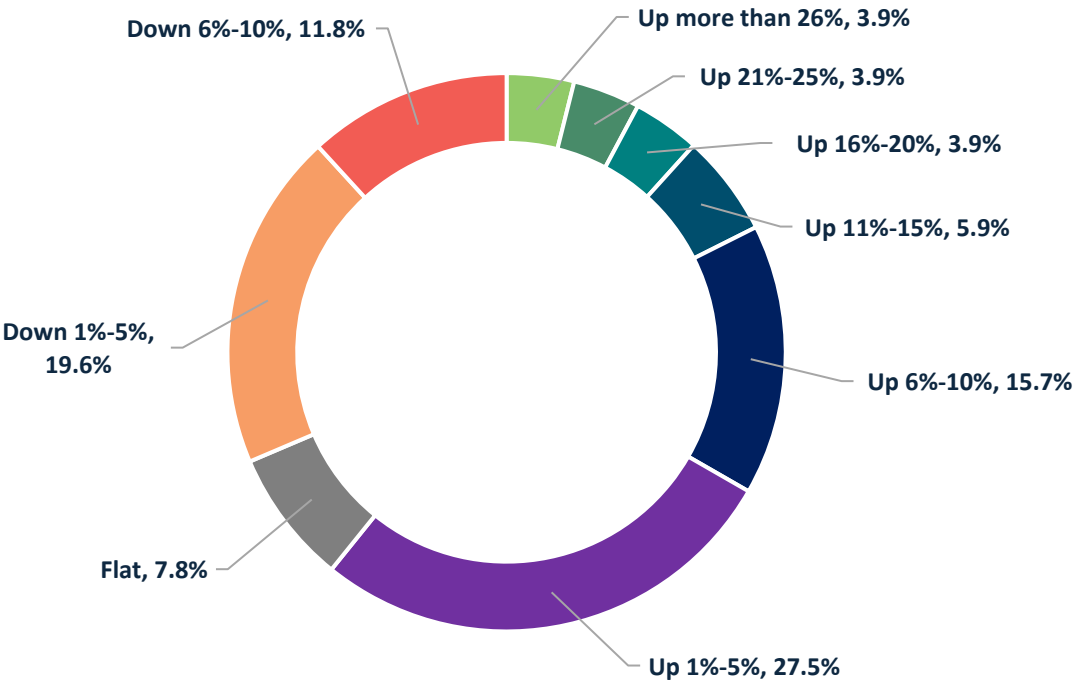
Revenue Growth: Nearly **6 in 10** PPAI 100 suppliers reported year-to-date growth. But most gains are modest, with over **40%** clustered in the +1% to +10% range. Only about 4-6% achieved double-digit increases, underscoring the lack of strong expansion.



Flat Performance: Roughly **8%** of PPAI 100 suppliers reported flat performance. In today’s environment, flat revenue usually masks margin squeeze, not stability.



Revenue Declines: About one-third (**31.4%**) of suppliers are in decline, with most losses in the -1% to -10% range, pointing to uneven demand and pressure on discretionary projects.



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

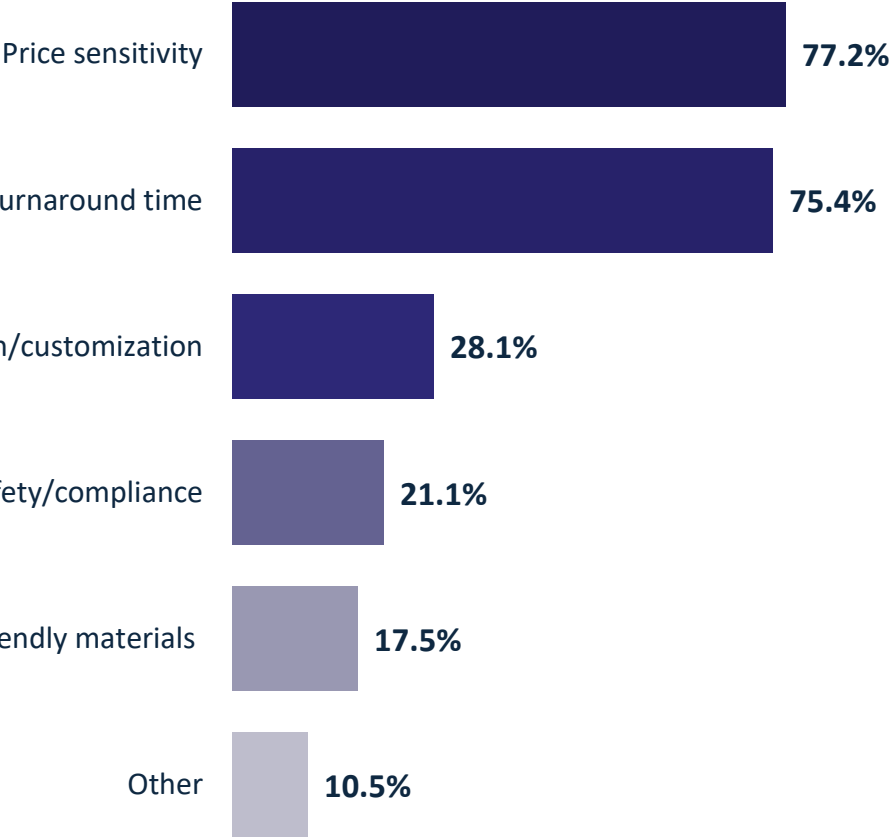
Most suppliers are growing only slightly, while many continue to lose ground.



Supplier Insights: What Distributors Are Asking For in 2025

Supplier Insights: Buyer Priorities In Distributor Orders

Suppliers see cost and speed as dominant, with innovation, compliance and origin emerging as differentiators.



Cost & Speed Dominate: PPAI 100 suppliers report that distributors are most focused on price (**77.2%**) and speed (**75.4%**).

This reflects today's reality: Customers have tight budgets, shorter lead times and "Amazon-like" expectations.



Selective Differentiators: Distributors are also asking for innovation/customization (**28.1%**) and compliance (**21.1%**) once core needs of cost and speed are met.

Creativity, unique offerings and brand protection remain important differentiators.



Sustainability & Origin: Only **17.5%** of PPAI suppliers see sustainability requests from distributors, and demand is uneven and sector-specific.

There is also growing interest in products made in the USA, product value and usability and country of origin, alongside reports of projects being canceled outright instead of scaled down.

Supplier Insights: Product Demand Shifts

Distributors lean toward lower-cost options, while most see no clear shift in mix.



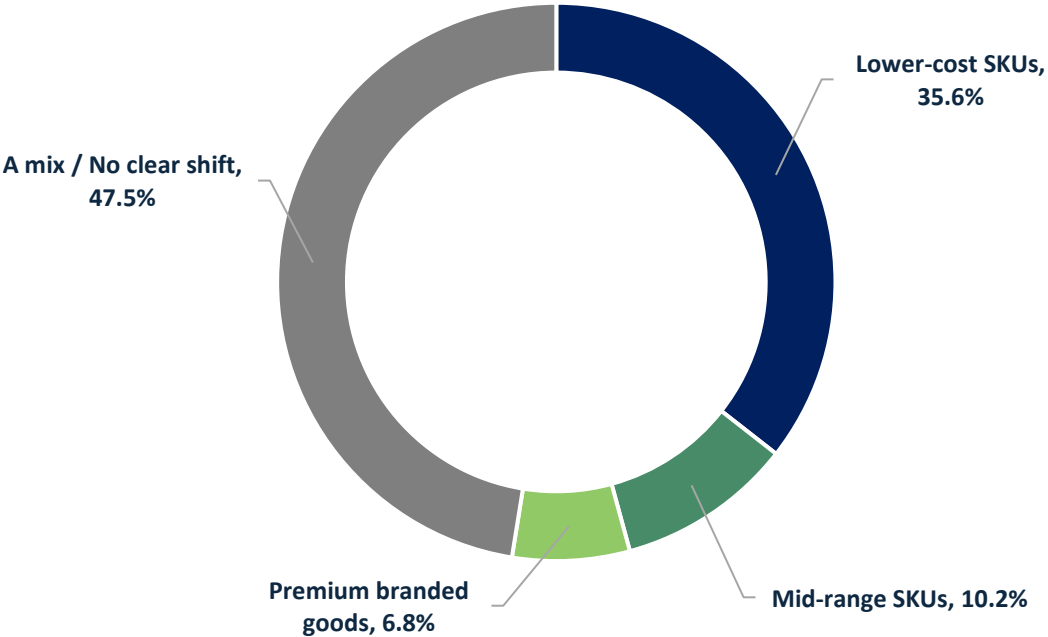
Lower-Cost SKUs Rising: Over a third (**35.6%**) of suppliers report stronger demand for budget products. This reflects tight distributor and end-buyer budgets, with volume often prioritized over premium features.



Mid & Premium Still Limited: Only **10.2%** see more demand for mid-range products and just **6.8%** for premium branded goods. High-quality and retail-inspired items remain niche as cost pressures dominate.



No Clear Shift for Many: Nearly half (**47.5%**) of suppliers say there's no clear change in product mix. This suggests demand is fragmented, with some buyers trading down while others hold steady.



Supplier Insights: Compliance Requests

Compliance may not be universal yet, but for many buyers it's already a deal-breaker.



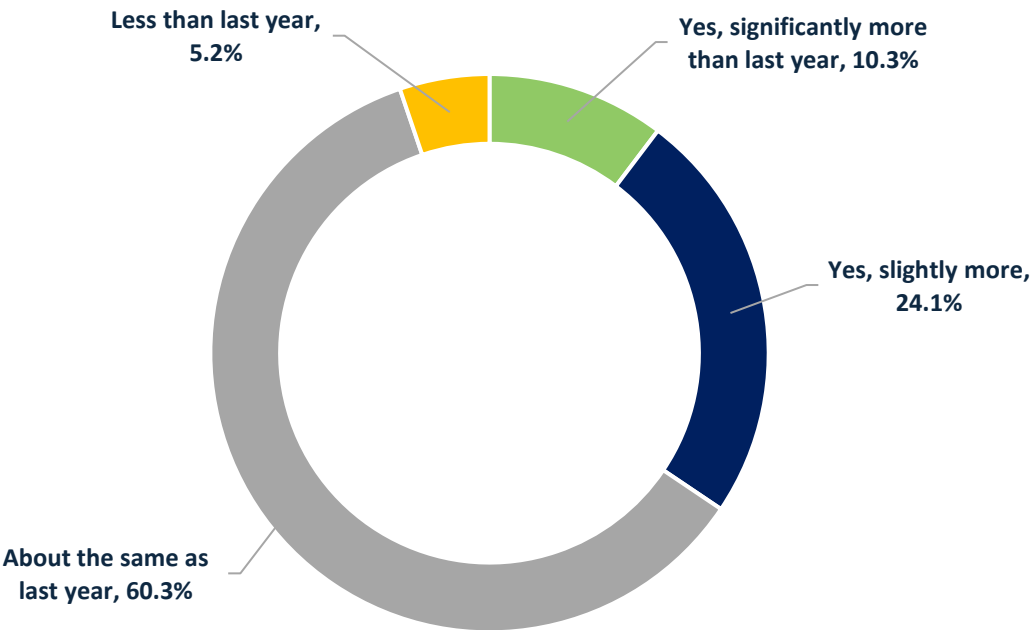
Growing Requests: About one-third of suppliers (**34.4%**) report more distributor requests for compliance and certification support, covering PFAS disclosure, safety testing and ESG documentation. This signals a gradual but notable shift toward greater accountability.



Stable for Many: The majority (**60.3%**) say compliance requests are unchanged from last year, showing that while expectations are growing, it's not yet a universal demand across distributors.





Minimal Decline: A small group (**5.2%**) report fewer compliance requests, suggesting variability tied to client mix or sectors less focused on ESG and testing.





Supplier Insights: Order Customization Shifts

Personalization and bundled solutions are leading, while digital remains niche.

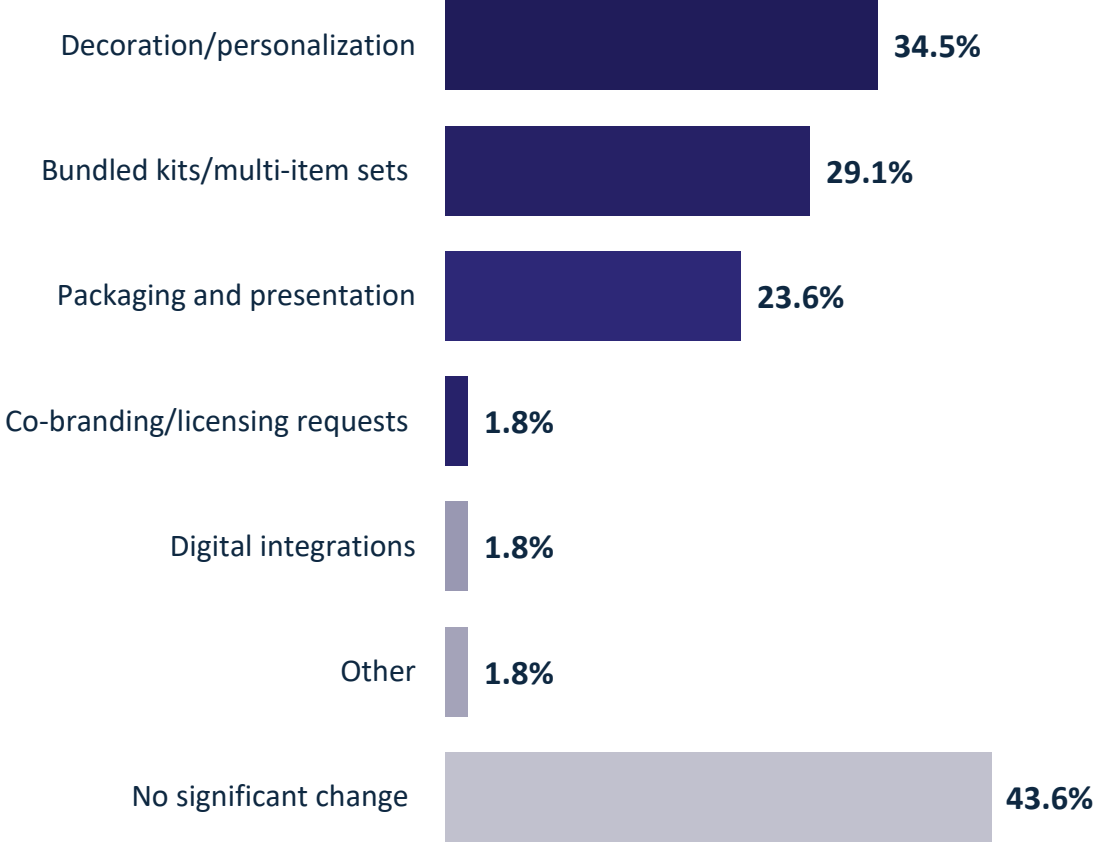
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Personalization Leads: About **35%** of suppliers report stronger demand for decoration and personalization. Buyers continue to view personalization as a simple but powerful way to add impact.
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Kits and Packaging on the Rise: **29.1%** see growth in bundled kits, while **23.6%** point to retail-style packaging and presentation. Together, these reflect the shift toward gifting, experiences and retail-like presentation in promo.
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Digital Integrations Still Minimal: Only **1.8%** mention NFC, QR or AR features. While tech integration is emerging in other sectors, it remains a small niche in promotional products.
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No Change for Many: Nearly **44%** report no significant shift in customization requests, showing that while some buyers push for more, many continue to order standard products.



Supplier Insights: Order Lead Times

Rush orders are rising, but most lead times remain unchanged.



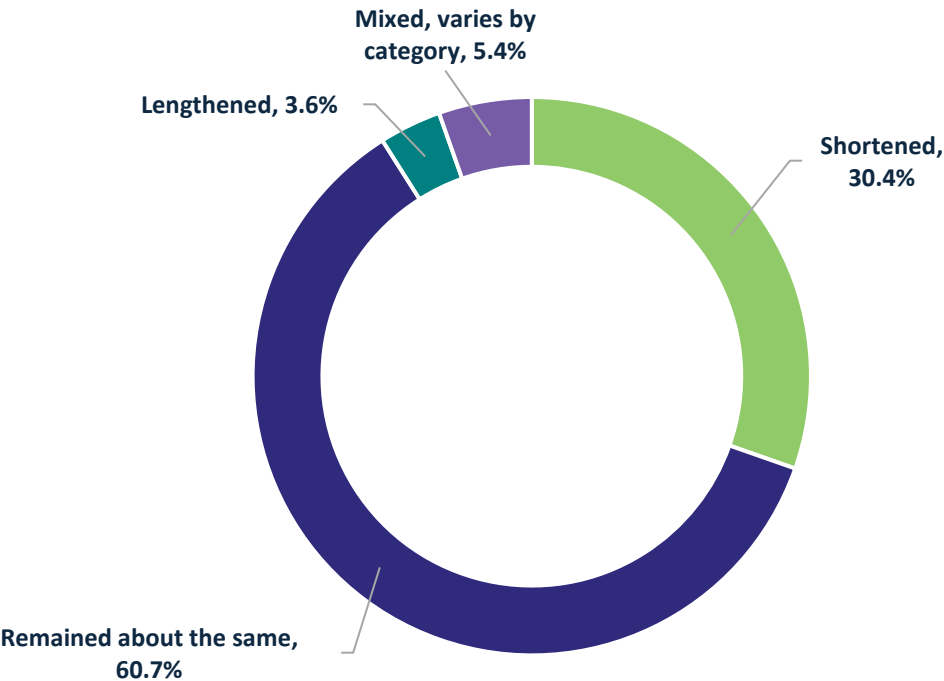
Shorter Lead Times: About **30%** of suppliers report more last-minute and rush requests. This reflects buyers’ increasing expectation for “on-demand” promo, mirroring e-commerce habits.



Stable for Most: The majority (**60.7%**) say lead times remain about the same, suggesting that while urgency is a growing trend, it hasn’t yet transformed the entire market.





Lengthened or Mixed: Only a small share (**9%** combined) see longer or mixed lead times, reinforcing that urgency, not early planning, is the dominant story.




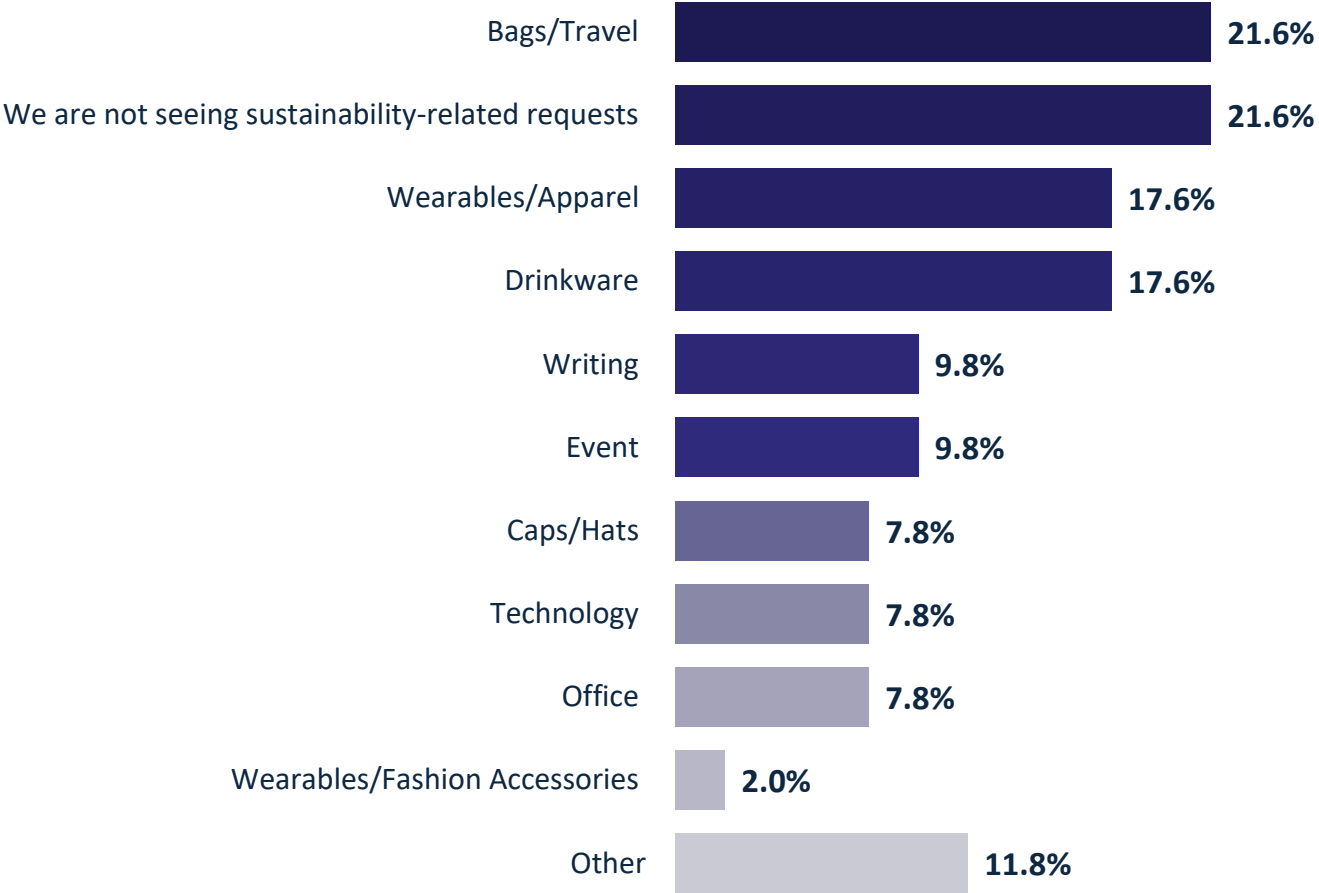
Supplier Insights: Sustainability Requests

Sustainability matters in some categories, but for many buyers it's still optional.

 **Top Categories:** PPAI 100 suppliers most often see sustainability requests in bags (**21.6%**), apparel (**17.6%**) and drinkware (**17.6%**). These are high-visibility items where eco-friendly materials or ESG claims can be clearly demonstrated.

 **Selective Demand:** Roughly **22%** of suppliers say they are not seeing sustainability-related requests at all, showing that demand is inconsistent and heavily client-dependent.

 **Other Mentions:** Some suppliers noted interest in packaging, food and specialty items but these remain isolated rather than broad trends.



Supplier Insights: Distributor Forecasts vs. Actual Orders

Forecasts remain high, but actual orders are often lower, and suppliers must plan cautiously.



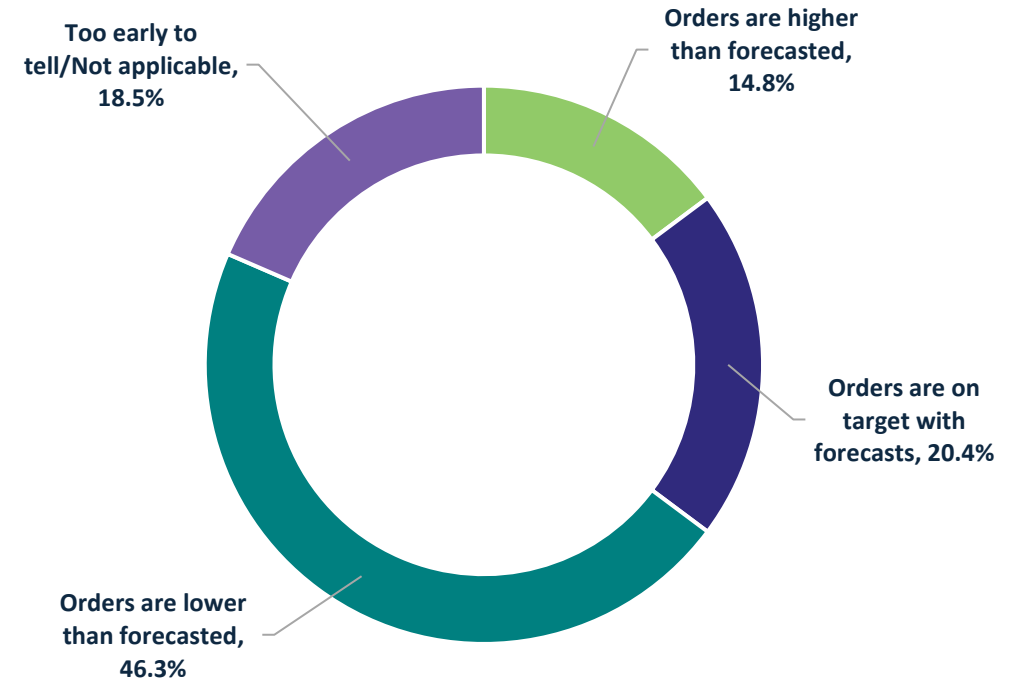
Orders Falling Short: Nearly half of suppliers (**46.3%**) report that distributor orders are lower than forecasted, showing persistent overestimation of demand in planning.



On Target or Higher: Only **35.2%** say orders are on target (**20.4%**) or higher (**14.8%**), underscoring how rare it is for actual sales to exceed expectations in 2025.



Too Early to Tell: About **19%** note it's too early or not applicable, suggesting continued uncertainty in projections.



Supplier Insights: Emerging Buyer Expectations

Distributors are echoing end-buyer demands for clarity, speed and stability.



Amazon-like Service: PPAI 100 suppliers report growing pressure for faster turnaround and simplified processes, with distributors asking why promo can't match the speed of e-commerce.



Pricing Transparency: Distributors increasingly demand clear, stable pricing with no hidden fees. Tariff handling in particular is under scrutiny, with many buyers expecting costs to be absorbed or delayed.



Greater Concessions: Requests for waived setup charges, reduced unit costs and rebates are becoming more common, reflecting tighter budgets and buyer leverage.



Project Stability: Suppliers note distributors delaying or canceling projects outright rather than scaling down, a sign of continued caution in discretionary spend.





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

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