Distributor Priorities: End Buyer Shifts, Cost Pressures & 2026 Direction

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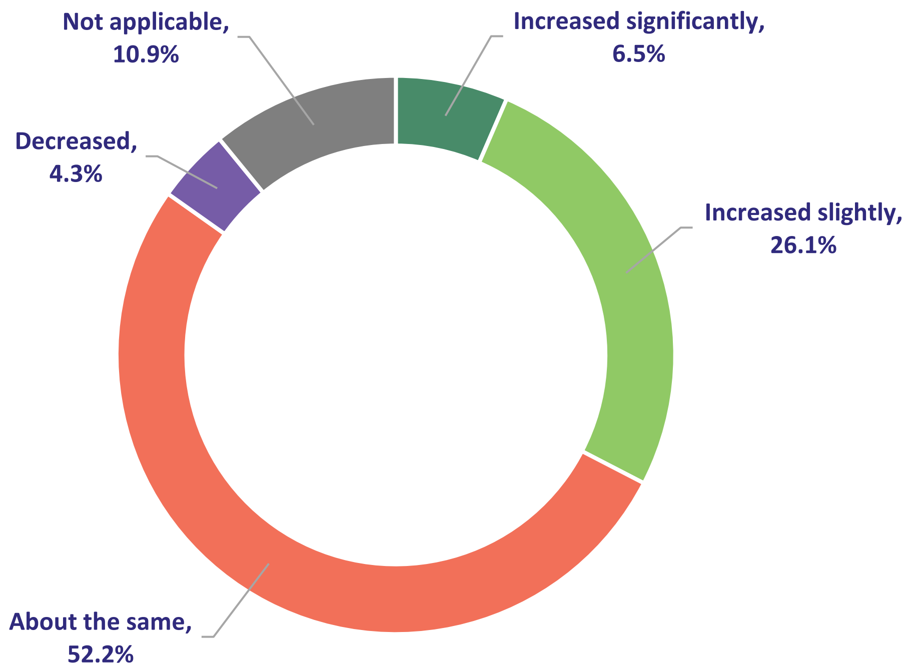
Shift Toward Non-Industry Or Direct Suppliers

Increasing Use: 32.6% of PPAI 100 distributors report increased sourcing from non-industry or direct suppliers. Growth is driven by client demand for retail brands, cost pressure and faster or specialized options outside traditional channels.

No Major Change: 52.2% see no shift, indicating that non-industry sourcing remains limited and opportunistic, not a core channel for most distributors.

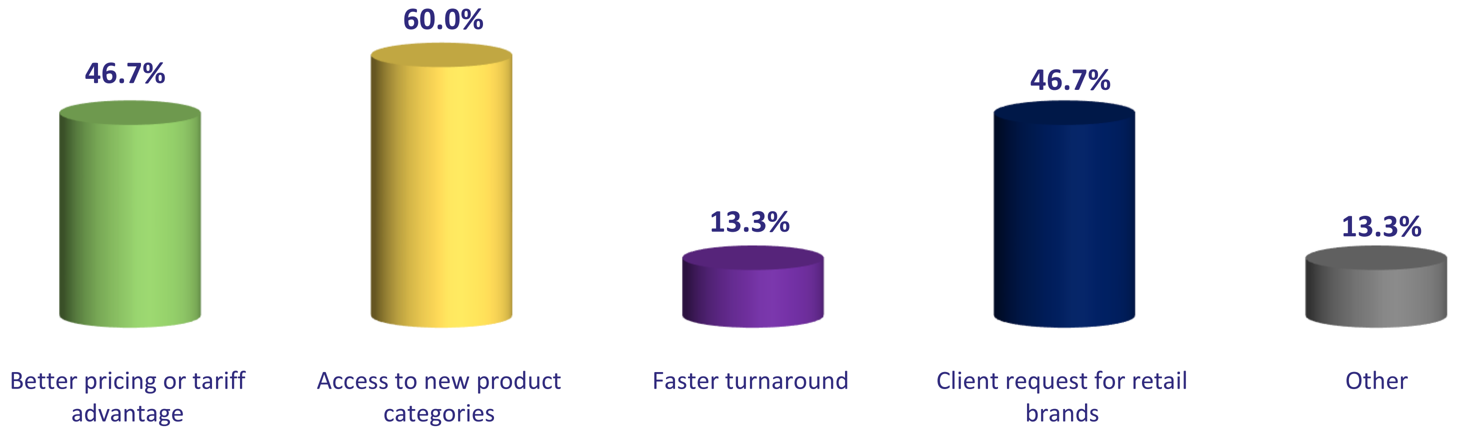
Decreasing Use: 4.3% reduced non-industry sourcing, often due to compliance concerns, timeline unpredictability or stronger partnerships with established promo suppliers.

Not Applicable: 10.9% do not source outside industry suppliers at all, reinforcing that the traditional supplier network remains the backbone of the distributor ecosystem.



Non-industry sourcing is growing selectively, but traditional promo suppliers remain the primary and most reliable channel.

Why Distributors Work With Non-Industry Suppliers



Access to New Categories: **60%** cite access to product categories not readily available through traditional promo suppliers, especially retail-adjacent, lifestyle, tech and specialty items.

Pricing & Tariff Advantage: **46.7%** seek better pricing, often leveraging direct import or manufacturer relationships to offset tariff-driven cost increases.

Client Demand for Retail Brands: **46.7%** work with non-industry vendors due to client requests for consumer-name brands and retail-forward product selections.

Faster Turnaround (Some): **13.3%** cite speed, using non-industry partners when direct manufacturers can ship faster or support quick custom runs.

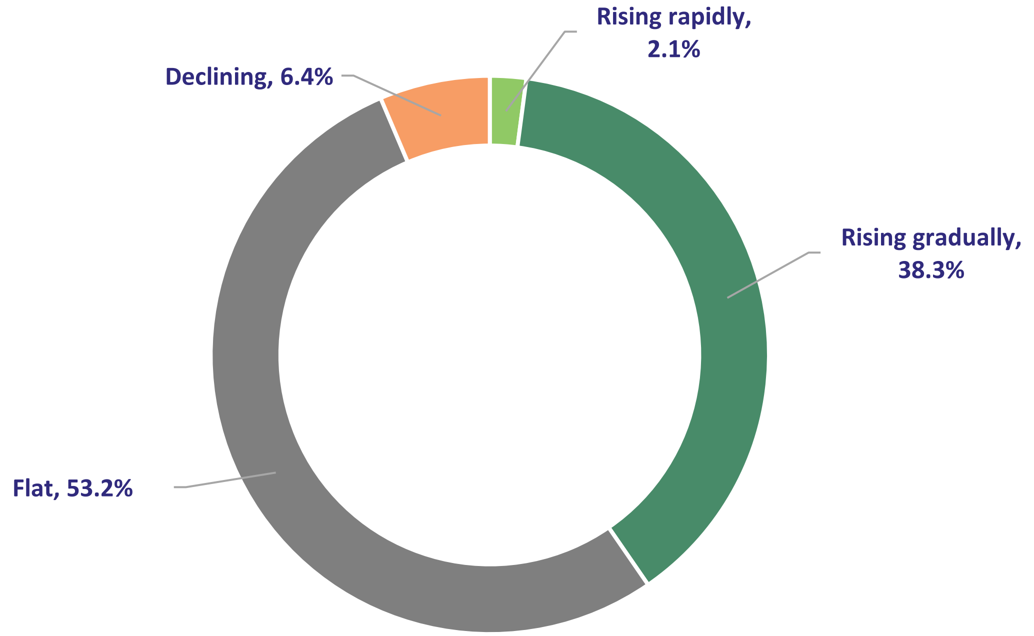
Other: A small share mentioned full custom builds and highly competitive pricing.

Client Demand For Sustainable & Compliant Products In 2025

Demand Rising: **40.4%** report rising demand (rapidly: **2.1%**, gradually: **38.3%**). Growth is steady but not explosive, driven mainly by larger corporate clients and programs tied to ESG messaging.

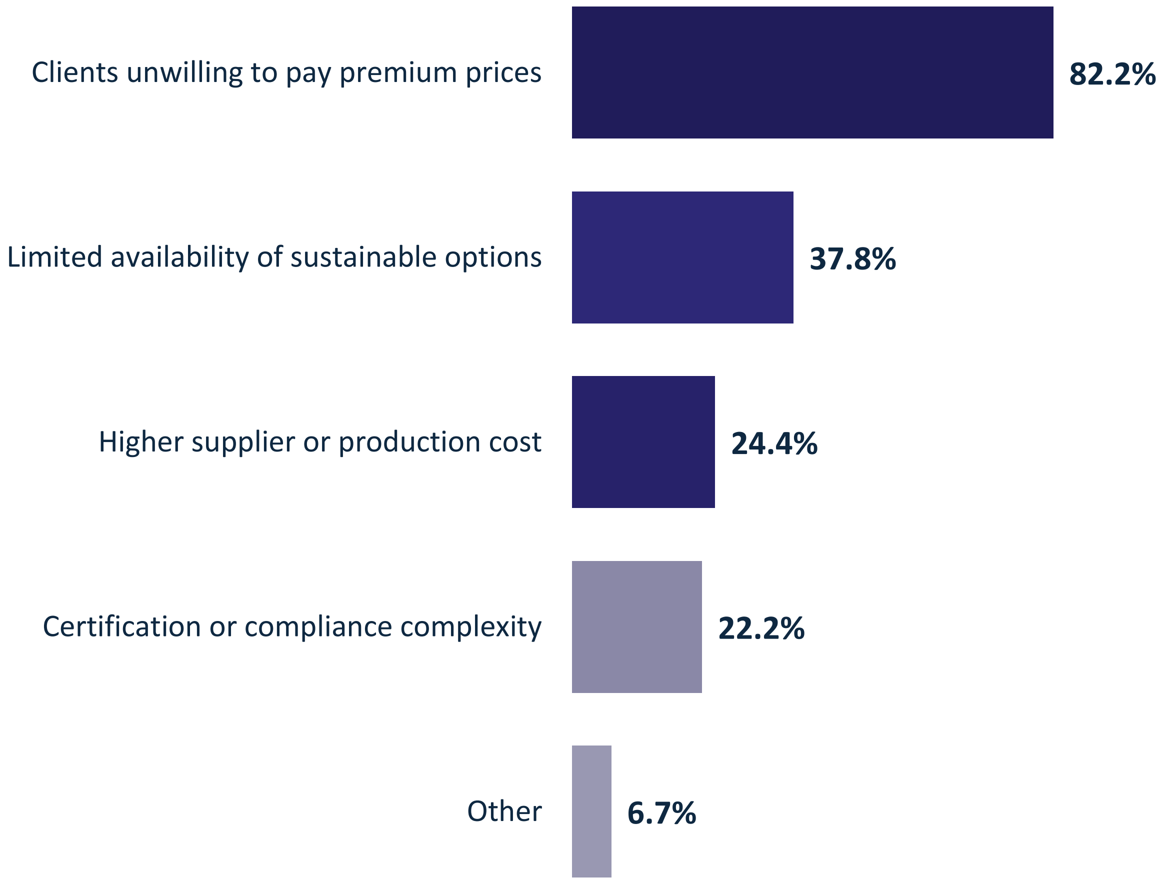
Demand Flat: **53.2%** see no major change, indicating that interest is present but not consistently translating into purchase volume, especially in price-sensitive or short-turn client segments.

Demand Declining (Few): **6.4%** report declining demand, mostly among clients prioritizing budget control over sustainability premiums.



Interest in sustainable products is rising gradually, but real demand remains modest and is often limited by price sensitivity.

Barriers To Offering More Sustainable Products



Client Price Sensitivity: **82.2%** cite clients unwilling to pay premium prices, making this the largest barrier by far. Interest exists, but budget realities limit adoption.

Limited Availability: **37.8%** say sustainable options are still limited within the categories or price points their clients prefer, especially in fast-turn and value-driven programs.

Higher Costs: **24.4%** face higher supplier or production costs, which makes it harder to position sustainable alternatives competitively.

Compliance Complexity: **22.2%** point to certification or tracking requirements, especially when navigating diverse supplier capabilities.

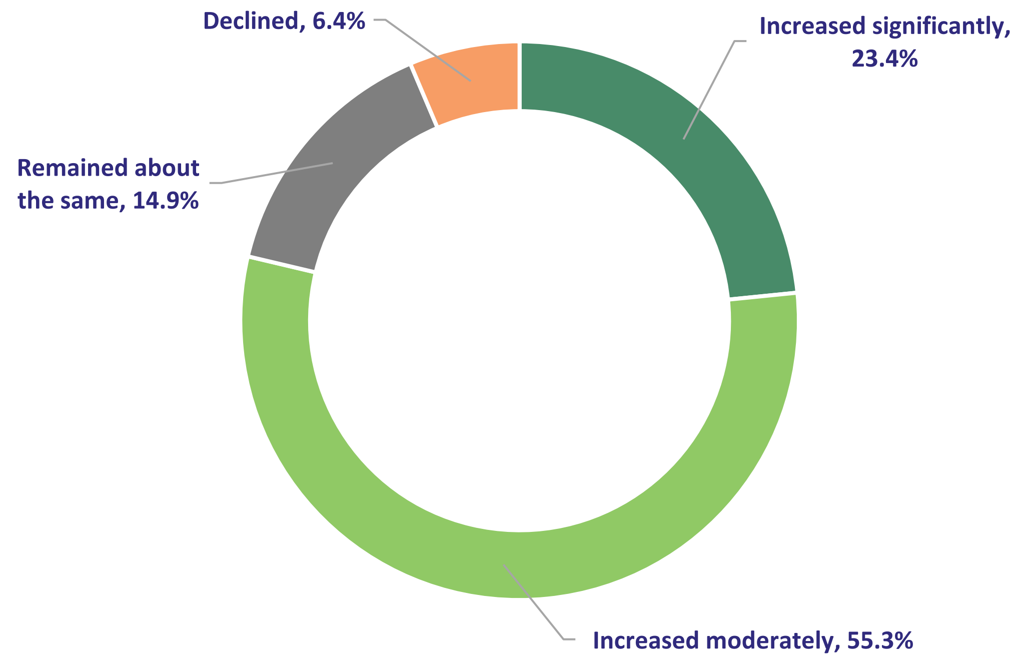
Other: A small share note no barriers but primarily report low demand or limited client awareness rather than operational constraints.

Demand For Retail-Branded & Premium Products In 2025

Demand Increasing: **78.7%** report rising demand (significantly: **23.4%**, moderately: **55.3%**). Retail brands and premium-tier products are becoming a core expectation for many clients, especially in recognition, gifting and employee experience programs.

Demand Flat: **14.9%** say demand is unchanged, remaining niche and tied to specific client profiles rather than broad program adoption.

Demand Declining (Few): **6.4%** report a decline, mostly among price-sensitive accounts shifting back to value tiers due to budget constraints.



Retail and premium products continue to gain traction, increasingly becoming a core part of end buyers' expectations in 2025.

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2026 Outlook: Opportunities & Concerns

Opportunities: Expanding services, on-demand capabilities and new client programs are the biggest growth drivers. Distributors see strong potential in enhanced e-commerce, creative services, global programs, live events and print-on-demand, supported by better processes, stronger tech stacks and fresh sales talent.

Operational & Team Growth: Many distributors cite opportunities tied to adding sales reps, improving CRM systems and scaling forecasting, budgeting and onboarding to support anticipated growth.

Concerns: Tariff volatility, rising costs and shrinking client budgets remain top concerns. Economic uncertainty, staffing constraints and dependency on a few key accounts continue to shape 2026 planning.

Strategic Focus: Distributors aim to balance AI adoption, sales generation, sourcing stability and disciplined cash management while avoiding distractions from shiny new tech.

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