

Understanding Today's Promotional Products Industry

PPAI 100 Distributor
Sales Insights
November 2025

Alok Bhat

Market Economist, Research & Public Affairs Lead



PPAI
Promotional Products Work!

Overall Sales Revenue Dynamics

Industry revenue grew by 1.45% in September and October 2025, up from 0.7% in the previous cycle.

But with inflation still at 3% and tariff-driven cost volatility persisting, these modest gains are being eaten away by higher procurement costs and upstream pricing shifts, leaving little room for net margin recovery.



Note: The annual inflation rate for the United States was 3% for the 12 months ending September 2025.

Procurement Cost Dynamics



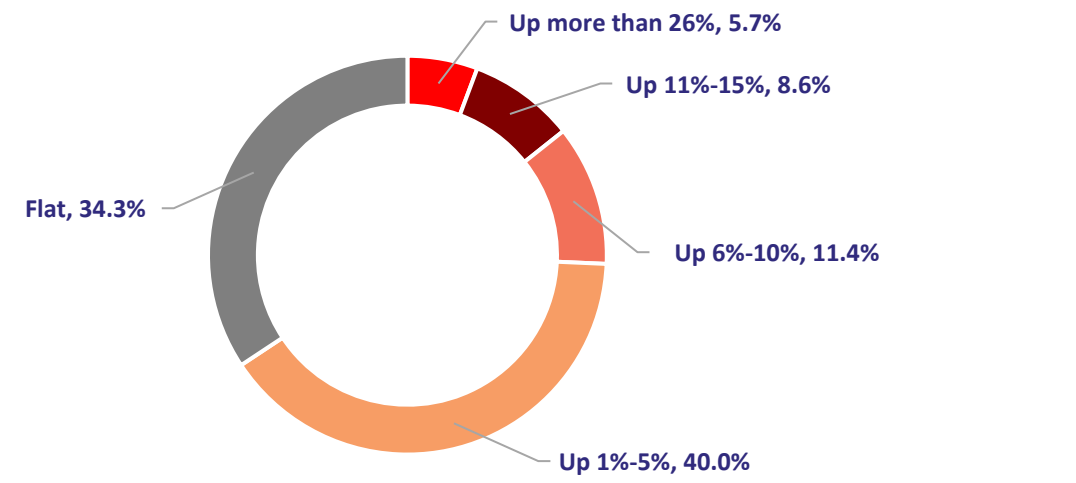
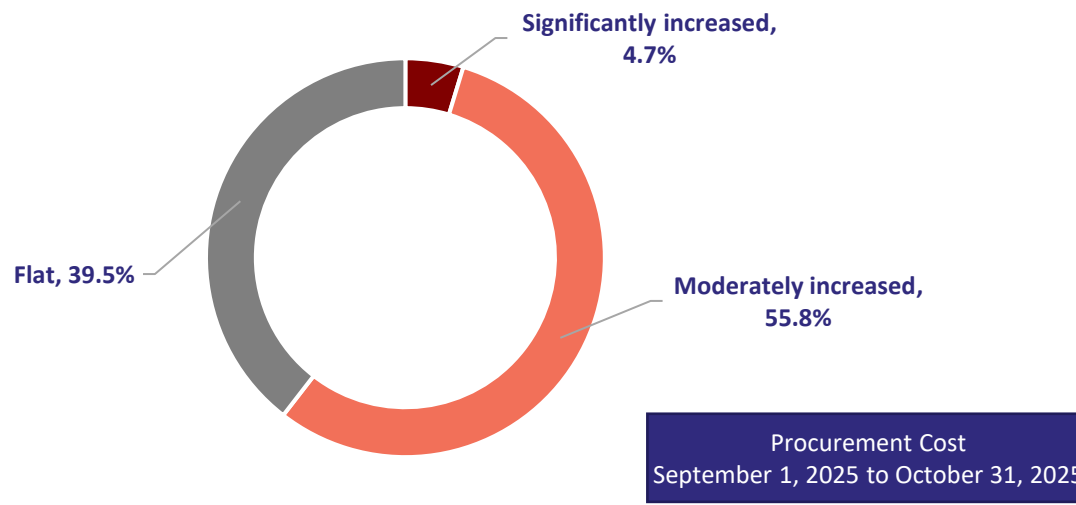
Costs Rising: 60.5% of distributors report higher procurement costs, driven by supplier price adjustments, tariff-linked increases and continued inflation across core product categories.



Costs Holding Steady: 39.5% report flat costs, suggesting improved predictability for frequently ordered SKUs. Although not necessarily relief, many costs remain elevated but stable.



Significant Increases (Few): Only **4.7%** saw sharp cost jumps, primarily tied to categories most sensitive to global freight or tariff changes.



Distributor costs remain elevated as supplier pricing reflects tariff and inflation pressures, although most increases are moderate and leveling off.

Dynamics Of Sales Revenue



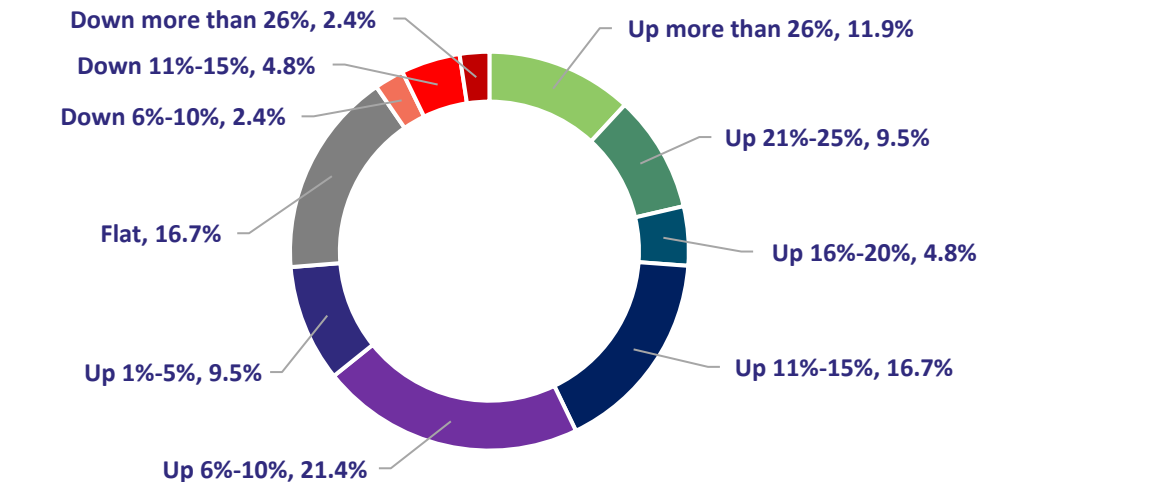
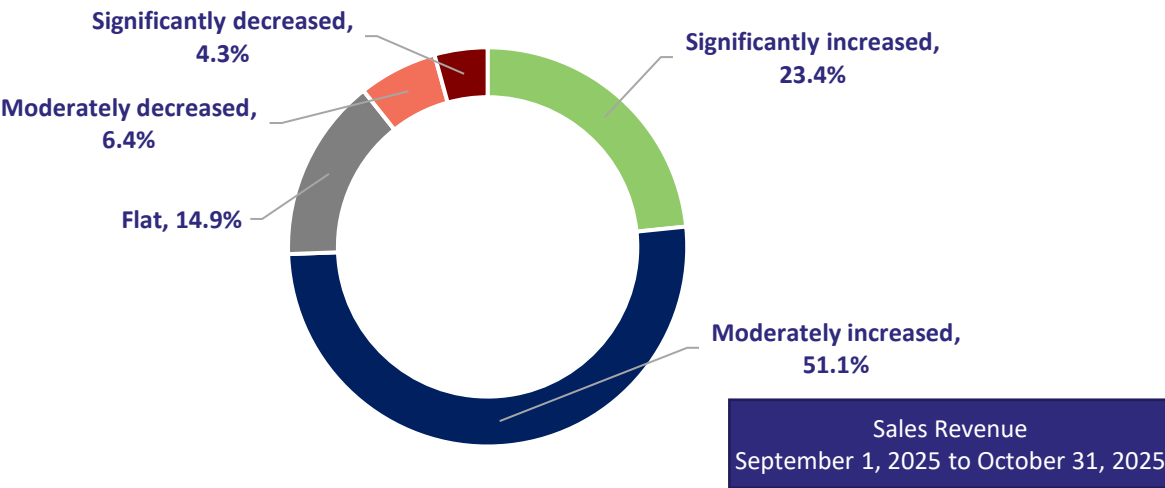
Revenue Growth: **74.5%** of PPAI 100 distributors reported revenue increases, reflecting steady project activity. Most gains remain modest as inflation and tariff-driven supplier pricing make clients more selective with budgets.



Flat Revenue: **14.9%** reported flat sales, signaling stable demand but slower approvals as buyers navigate a mixed economic environment and pause non-essential spending.



Declining Revenue: **10.7%** experienced declines, mainly due to pricing sensitivity, delayed decisions and cost-related pushback as supplier price adjustments flow downstream.



Distributor demand is positive, but growth is moderated by inflation, tariff-driven pricing and cautious client budgets.

Margin Impact & Inflation Pressures



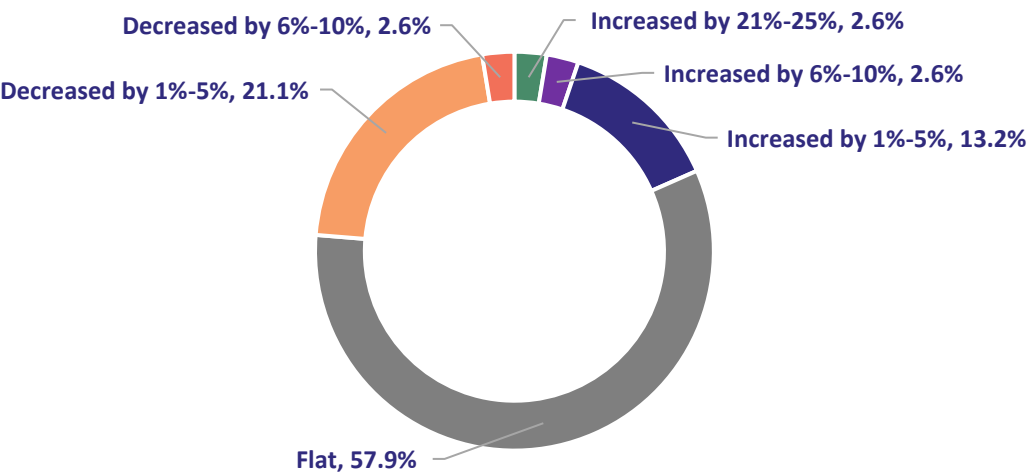
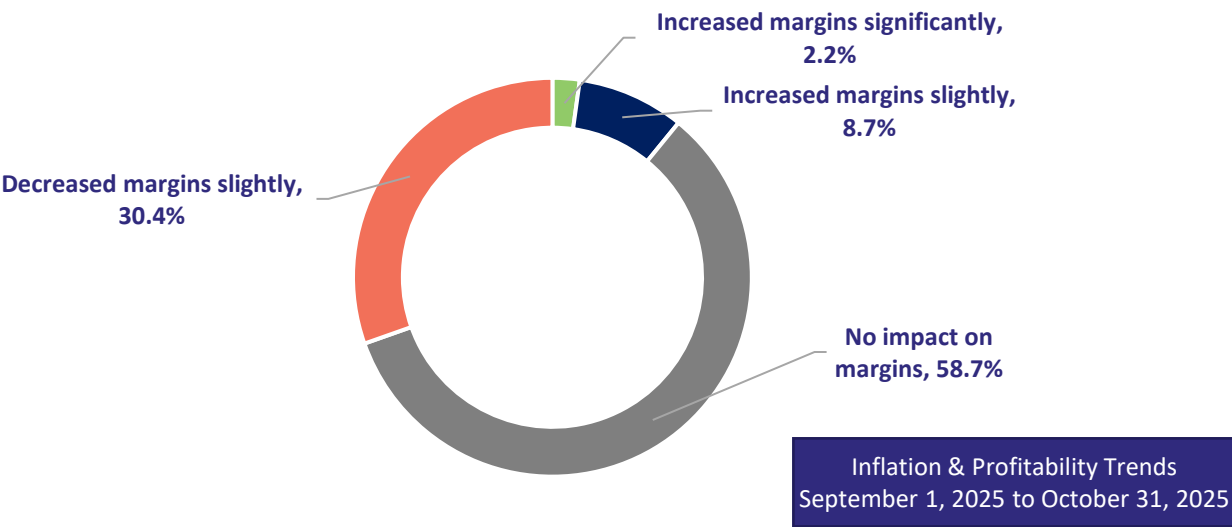
Margins Decreasing: **30.4%** of PPAI 100 distributors report slightly lower margins, driven by higher supplier pricing, tighter client budgets and limited room to raise fees in a cautious economic climate.



Margins Holding Steady: **58.7%** saw no margin change, which often reflects the reality that distributors are absorbing modest cost increases to stay competitive on bids and retain key accounts.



Margins Improving (Few): Only **10.9%** report margin gains, largely among firms leveraging quoting automation (with AI), workflow acceleration and improved vendor coordination.



Distributor margins remain tight as inflation and supplier price increases outpace what clients are willing to absorb.

Supply Chain Logistics Impact



Negative Impact: 36.4% of PPAI 100 distributors report negative effects, mostly from longer supplier lead times, freight variability and tariff-driven routing changes that impact project timelines and client expectations.



No Significant Impact: 63.6% report no major disruption, reflecting stronger supplier reliability, more predictable inventory flow and improved coordination across the supply chain.



Supply Chain Impact
September 1, 2025 to October 31, 2025

Most distributors see stable logistics, although one-third still face timing pressure from freight and supplier-side delays.

Year-To-Date Sales Revenue Trend



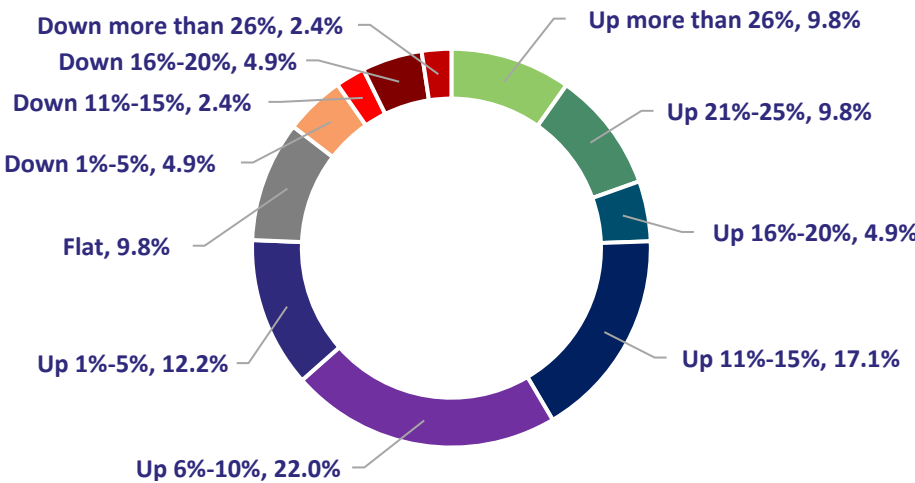
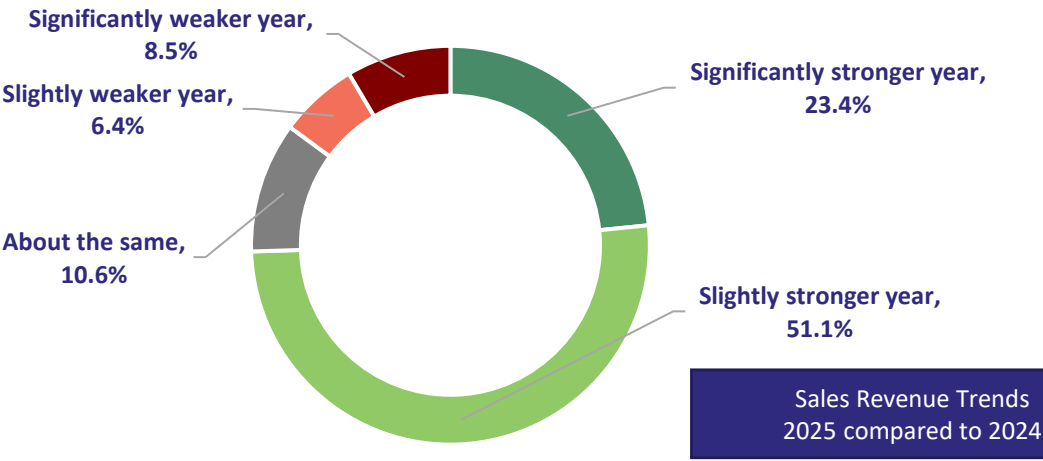
YTD Revenue Up: 74.5% of distributors report higher YTD revenue, reflecting steady client activity and consistent project flow, even as inflation and tariff-linked supplier pricing make buyers more selective.



YTD Revenue Unchanged: 10.6% report similar revenue to last year, suggesting stable demand but limited expansion as clients prioritize essential programs and delay discretionary spending.



YTD Revenue Down: 14.9% saw revenue decline, largely tied to pricing pushback, slower approval cycles and margin pressure from higher supplier costs.



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

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.



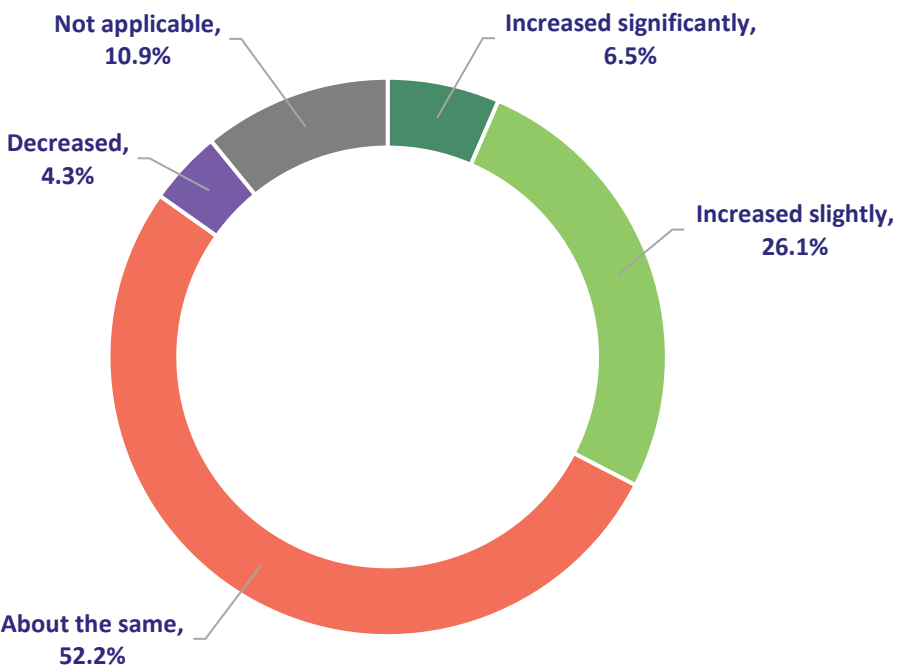
No Major Change: 52.2% see no shift, indicating that non-industry sourcing remains limited and opportunistic, not a core channel for most distributors.



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

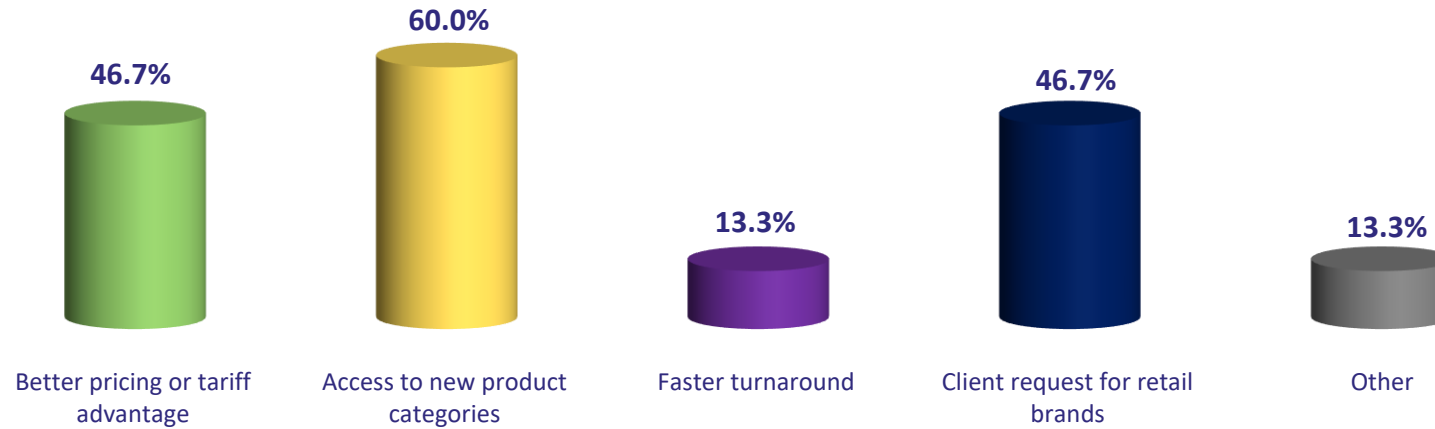


Not Applicable: 10.9% do not source outside industry suppliers at all, reinforcing that the traditional supplier network remains the backbone of the distributor ecosystem.



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



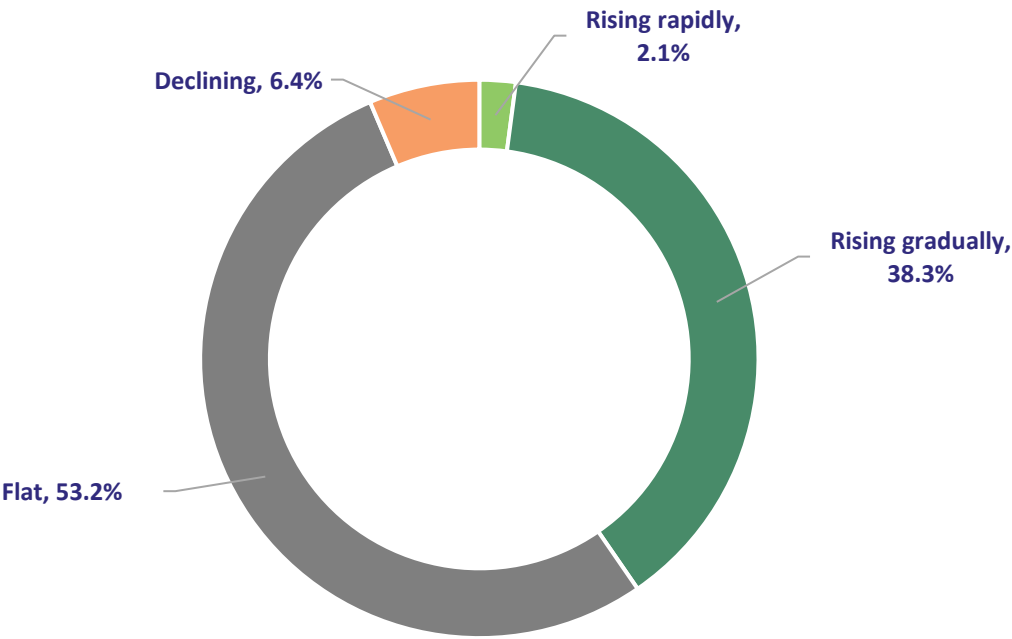
Demand Rising: 40.4% report rising demand (rapidly: **2.1%**, gradually: **38.3%**). Growth is steady but not explosive, driven mainly by larger corporate clients and programs tied to ESG messaging.



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.

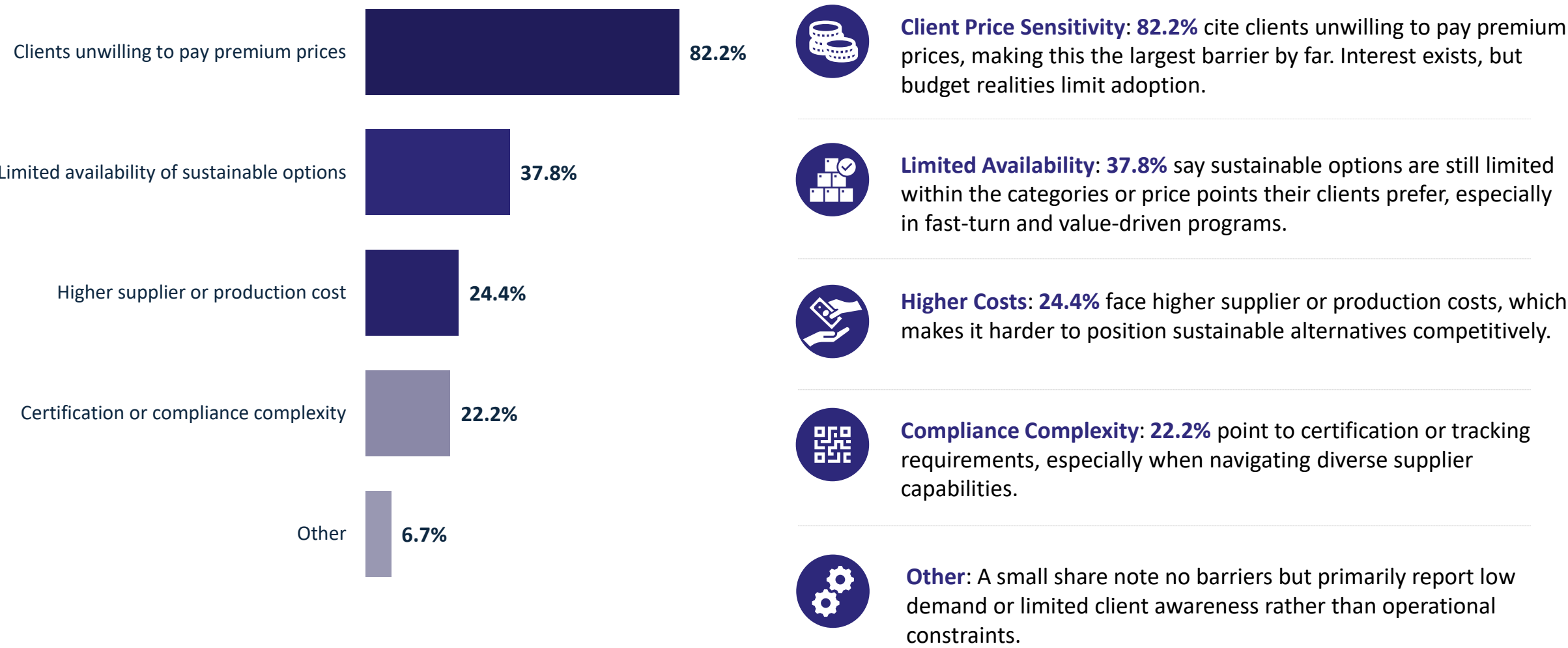


Demand Declining (Few): 6.4% report declining demand, mostly among clients prioritizing budget control over sustainability premiums.



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



Demand For Retail-Branded & Premium Products In 2025



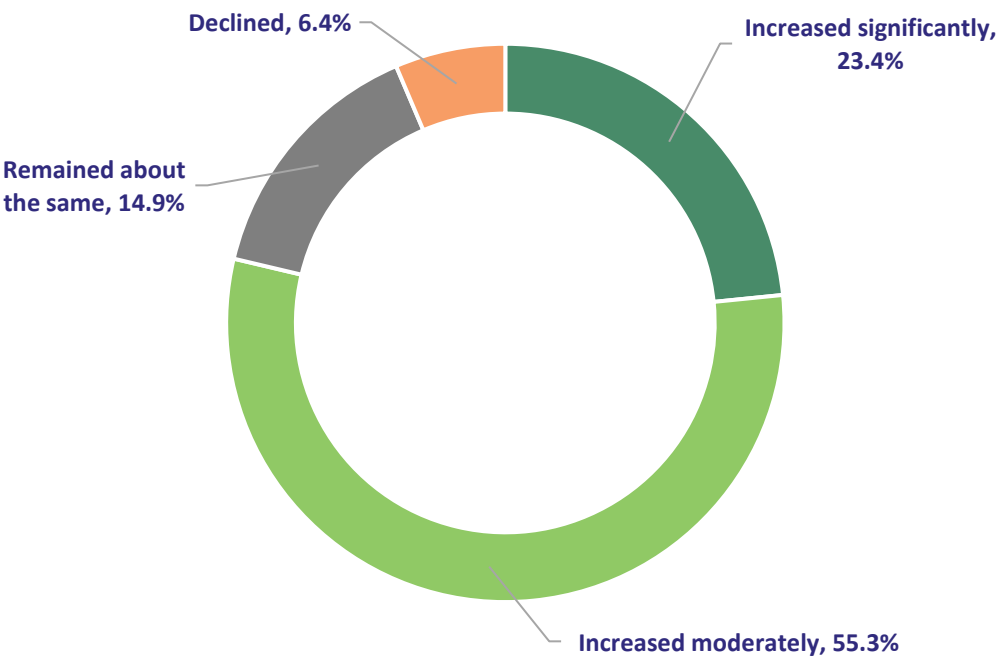
Demand Increasing: 78.7% report rising demand (significantly: **23.4%**, moderately: **55.3%**). Retail brands and premium-tier products are becoming a core expectation for many clients, especially in recognition, gifting and employee experience programs.



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.



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

PPAI[®]
Promotional Products Work![®]