

# Understanding Today's Promotional Products Industry

PPAI 100 Supplier  
Sales Insights  
November 2025

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# 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.*

# Dynamics Of Sales Revenue



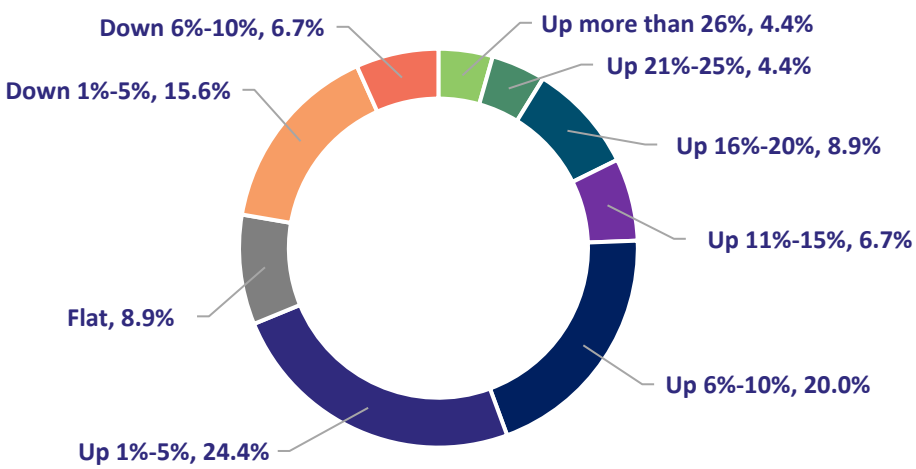
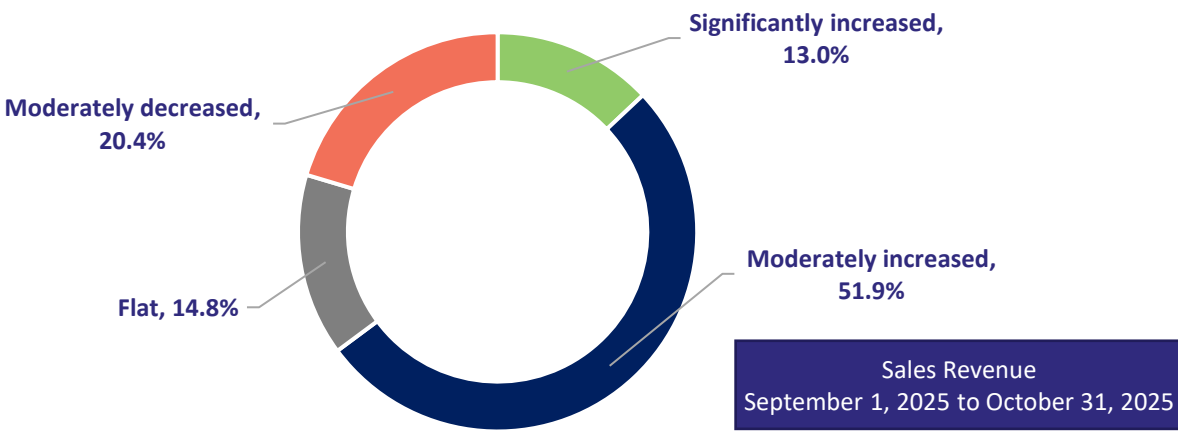
**Revenue Growth:** Almost **65%** of PPAI 100 suppliers reported revenue gains, but most increases were modest. Growth is concentrated in firms that adapted fastest to tariff-driven cost shifts, inventory pressure and shorter decision windows.



**Flat Revenue:** **14.8%** remained flat, reflecting stable order activity but tighter margins as inflation and procurement costs continue to run ahead of selling price adjustments.



**Declining Revenue:** **20.4%** saw declines, driven by buyer caution around pricing, tariff uncertainty and slowing decision cycles in a softer economic environment.



Demand is steady but growth is modest as tariffs, inflation and economic uncertainty shape how buyers commit to spend.

# Procurement Trends & Cost Pressures



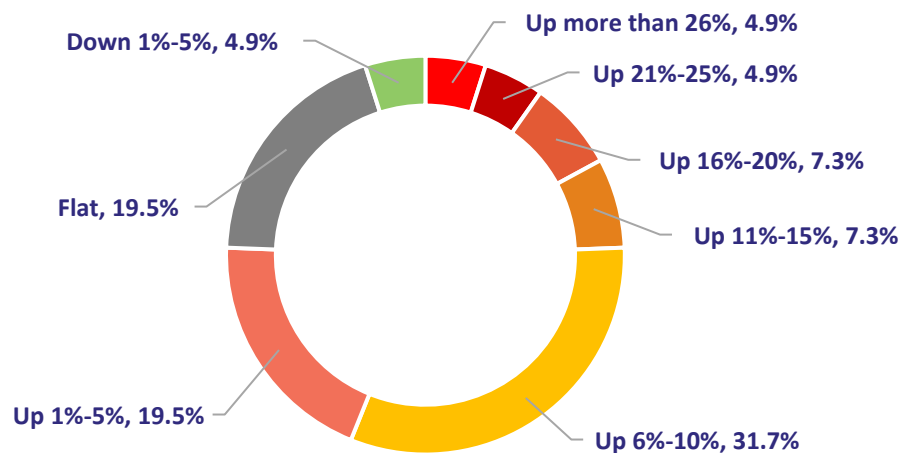
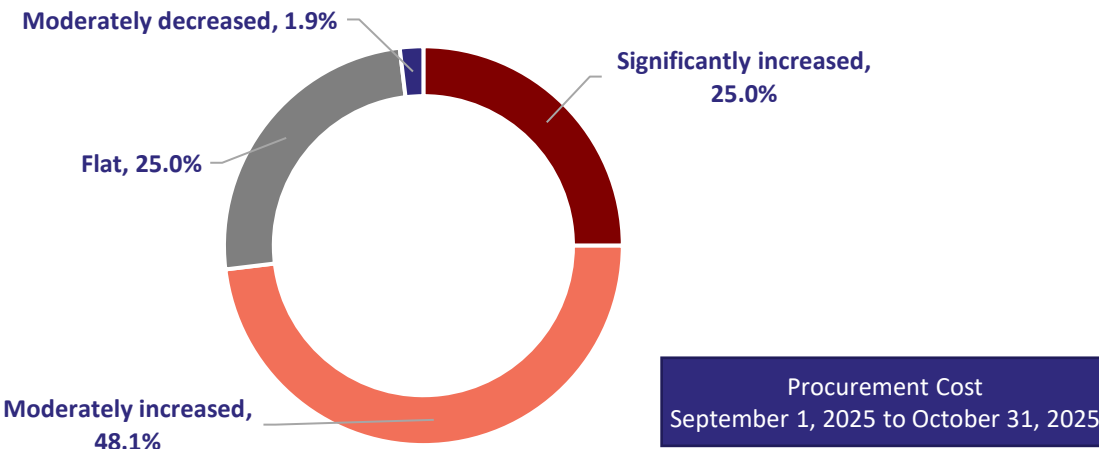
**Costs Rising: 73%** of PPAI 100 suppliers report higher procurement costs, with 1 in 4 seeing significant increases. These increases are largely driven by tariffs, freight volatility and upstream pricing shifts.



**Costs Holding Steady: 25%** report flat procurement costs, indicating pockets of stabilization in select categories. These firms typically rely on diversified sourcing, long-term supplier contracts or domestic production buffers.



**Costs Improving (Few):** Only **1.9%** saw cost decreases, indicating that meaningful relief has not reached the industry yet, especially in categories heavily dependent on imported materials.



Procurement costs remain elevated as tariff uncertainty and global supply shifts continue to raise input prices, limiting margin recovery for most suppliers.

# Margin Impact & Inflation Pressures



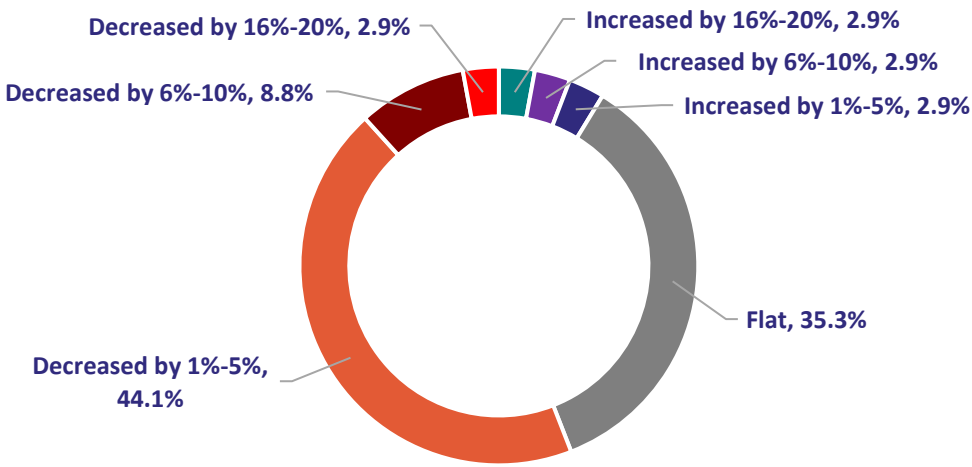
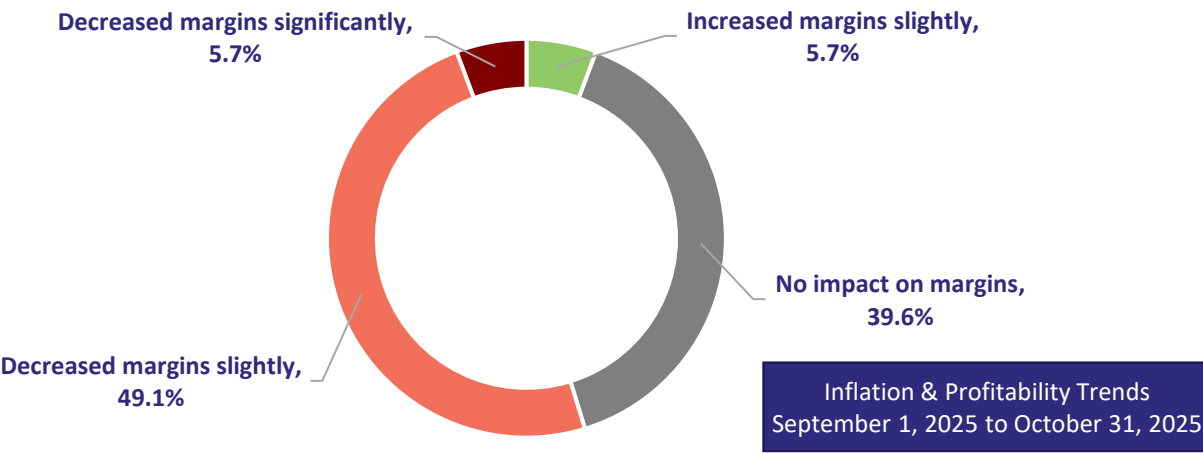
**Margins Under Pressure:** 49% of PPAI 100 suppliers report slightly lower margins, showing that rising procurement costs and tariff-driven price instability continue to outpace what firms can reasonably pass downstream.



**Flat Margins:** 39.6% saw no margin change, but this stability often reflects cost absorption rather than true margin protection. These firms are holding pricing steady to remain competitive in a cautious economic environment.



**Margins Improving (Few):** Only 5.7% saw margin gains, typically among firms with early inventory buys, automated workflows or diversified sourcing that softened the inflationary impact.



Most suppliers are holding demand but not margins.

# Supply Chain Reliability & Logistics Impact



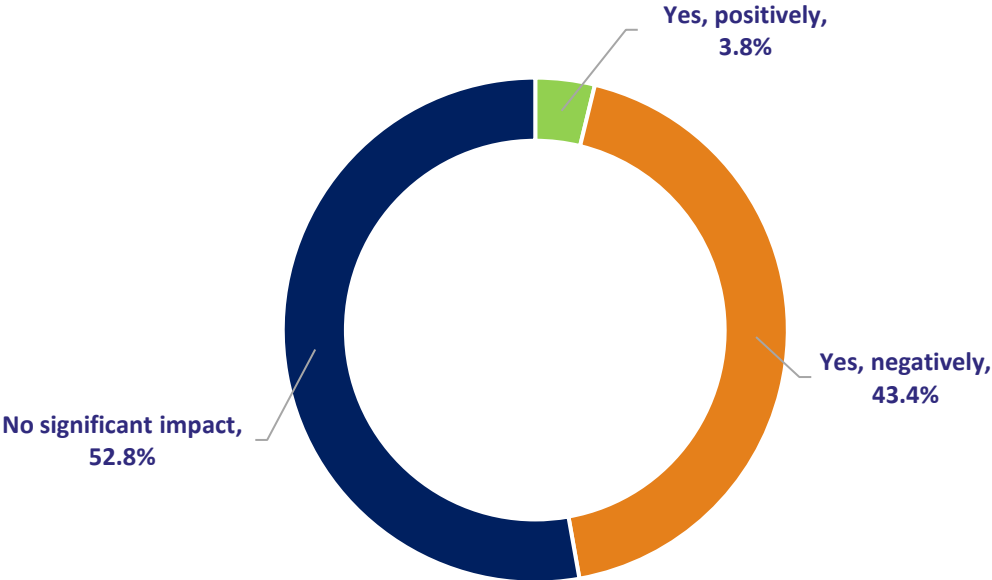
**Negative Impact: 43.4%** of PPAI 100 suppliers report negative effects from recent logistics shifts, mainly in the form of higher freight costs, longer inbound lead times and tariff-driven routing changes. Even small disruptions are amplifying margin pressure in a year of elevated costs.



**Stable Operations: 52.8%** report no significant impact, signaling that the promo supply chain is far more stable than during the pandemic years. Firms with diversified sourcing or stronger domestic warehousing are feeling the most consistency.



**Positive Shifts (Few):** Only **3.8%** report improvements, often tied to nearshoring, stronger partnerships with regional carriers or stabilized shipping lanes in non-China regions.



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

Supply chains are stable for most suppliers, but freight and tariff shifts are still creating cost and timing challenges for many.

# Year-to-date Sales Revenue Trend



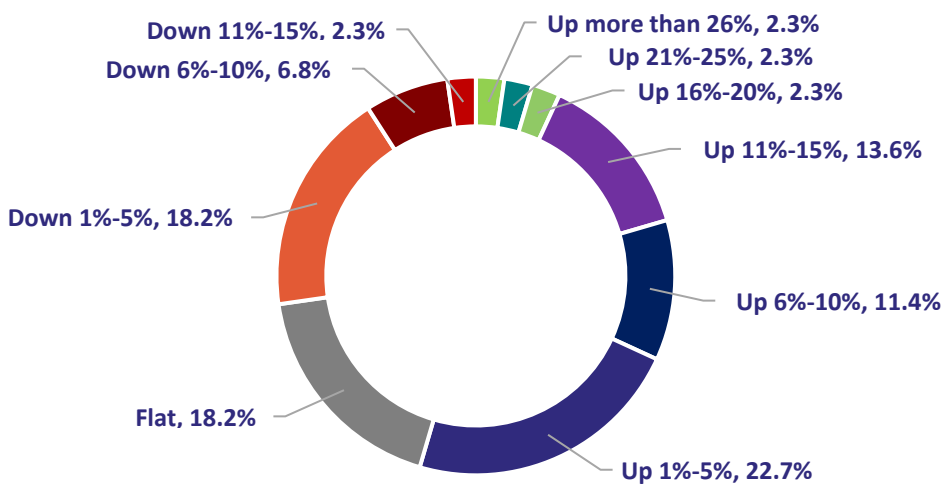
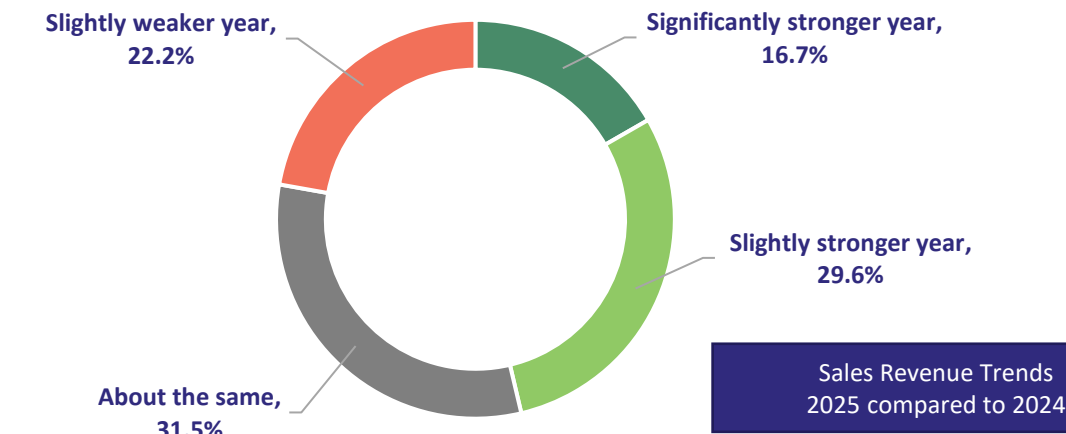
**YTD Revenue Up: 46%** of PPAI 100 suppliers report higher YTD revenue compared to last year, reflecting stable demand and improved operational execution despite cost and tariff volatility.



**YTD Revenue Unchanged: 31.5%** report performance similar to 2024, indicating steady order activity but limited expansion as elevated procurement costs continue to shape pricing decisions.



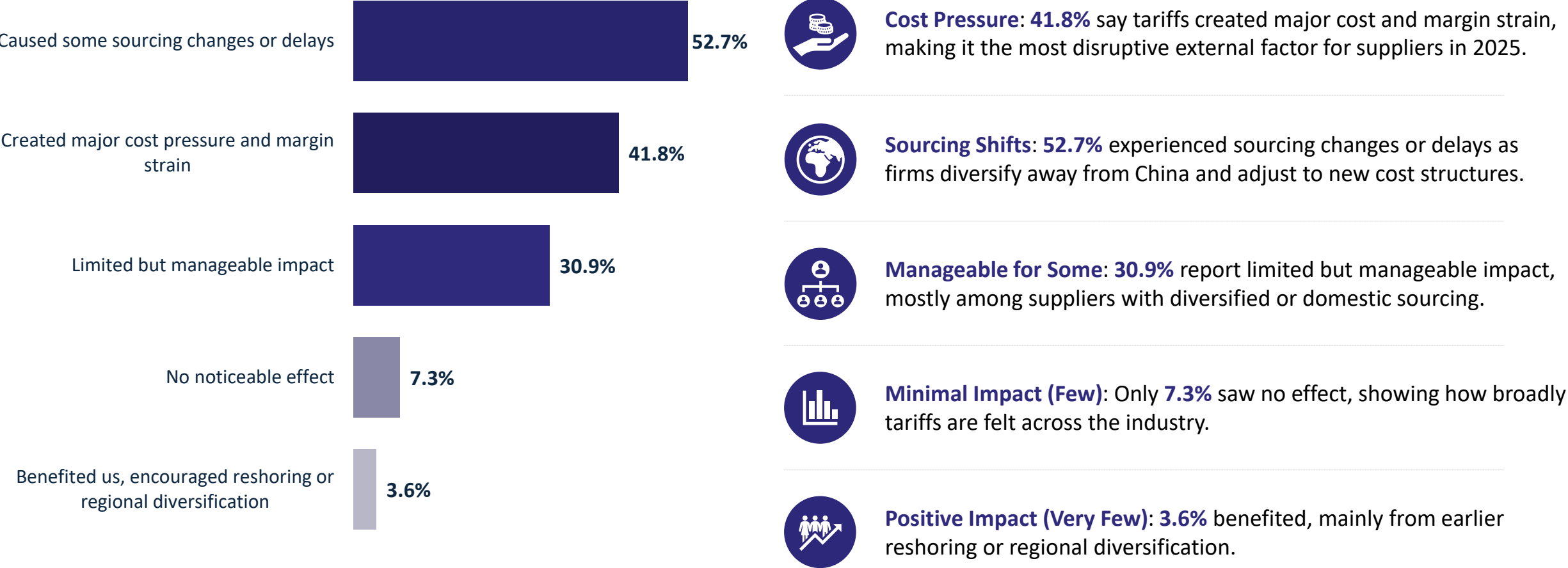
**YTD Revenue Down: 22.2%** experienced a decline, driven primarily by pricing sensitivity, tighter budgets and margin pressures rather than a sharp contraction in demand.



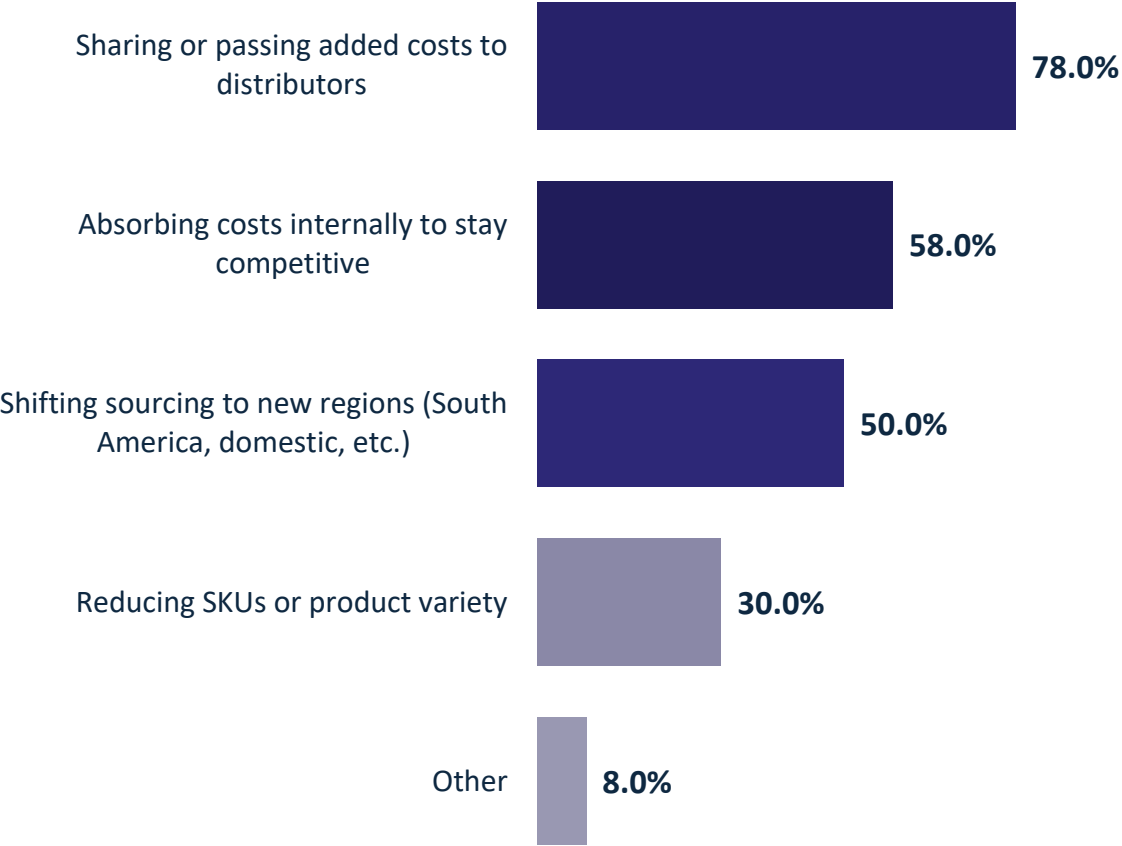


# Supplier Insights: Tariffs, Rising Costs, AI & The Path Forward

# Tariff & Trade Policy Impact On Supplier Operations



# Supplier Responses to Tariff & Cost Pressures



**Passing Costs Downstream:** 78% are sharing or passing added costs to distributors as tariff-driven increases become too large to absorb internally.



**Absorbing Costs Internally:** 58% still absorb some costs, aiming to stay competitive in a price-sensitive market even as margins tighten.



**Shifting Sourcing Regions:** 50% are moving sourcing to South America, domestic production or alternate regions to reduce China-linked volatility.



**Reducing SKUs:** 30% have trimmed product variety, focusing on core, faster-moving items to manage rising input costs.



**Other:** A small share cite factory cost-sharing or limited customer pushback.

# Supply Chain Reliability In 2025



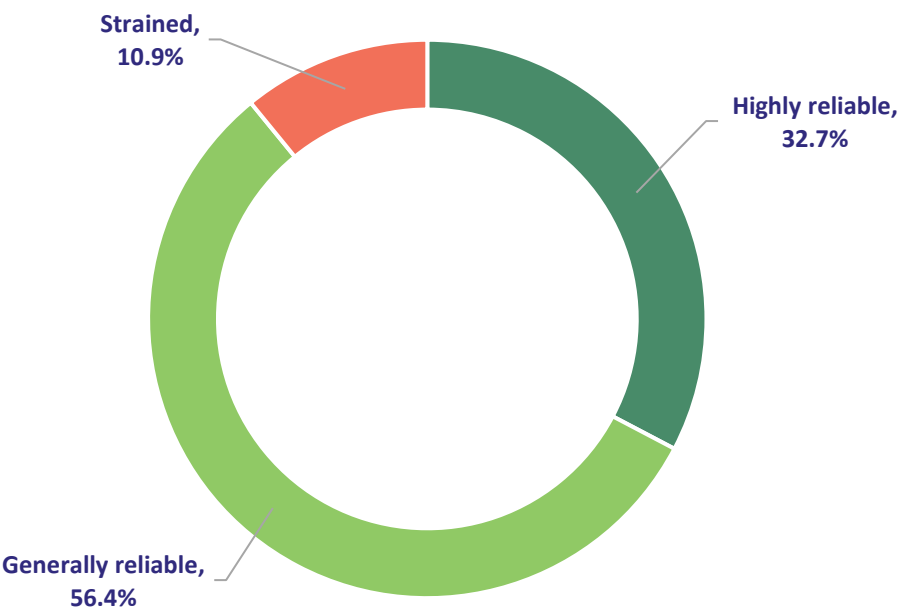
**Highly Reliable: 32.7%** report highly reliable supply chains with stable production and predictable delivery timelines.



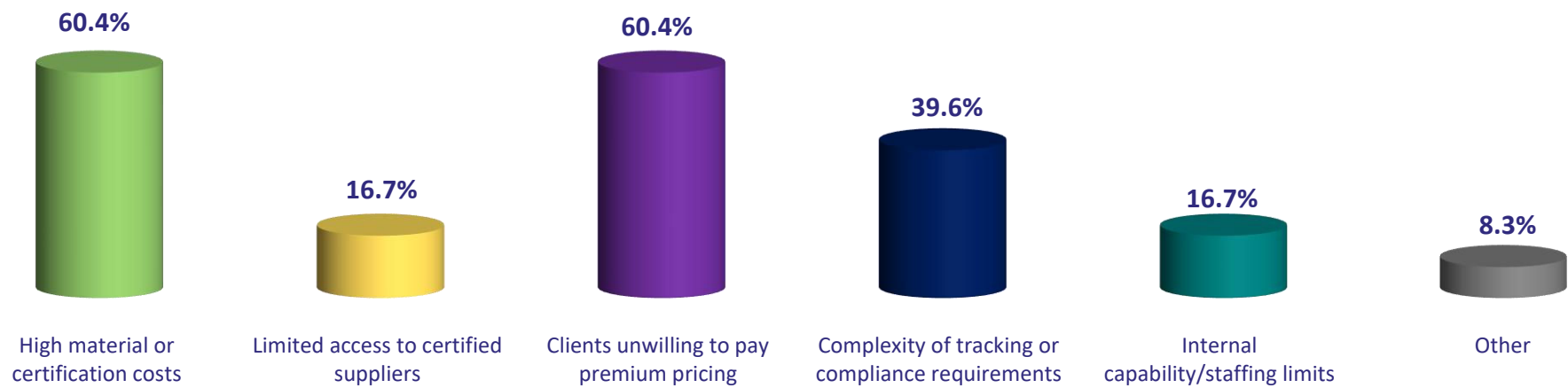
**Generally Reliable: 56.4%** say supply chains are generally reliable, with only minor delays. This reflects the strongest stability the industry has seen since pre-pandemic years.



**Strained for Some: 10.9%** still experience disruptions, mostly tied to material availability, freight variability or ongoing tariff-driven routing shifts.



# Barriers To Expanding Sustainable & Compliant Product Lines



**High Material & Certification Costs:** 60.4% cite cost as the primary barrier, making sustainable options harder to scale profitably.



**Client Price Sensitivity:** 60.4% say buyers are unwilling to pay a premium, creating a gap between stated interest and actual purchasing behavior.



**Compliance Complexity:** 39.6% struggle with tracking and meeting requirements, especially when onboarding new suppliers outside traditional regions.



**Limited Certified Suppliers:** 16.7% note limited access to compliant or certified partners, particularly as sourcing shifts away from China.



**Internal Capability Limits:** 16.7% lack staffing or expertise to expand sustainability programs.

# AI & Automation Adoption Among Suppliers



**Integrated in Operations: 25.5%** have already integrated AI into production, order processing or workflow automation, gaining speed, accuracy and capacity relief.



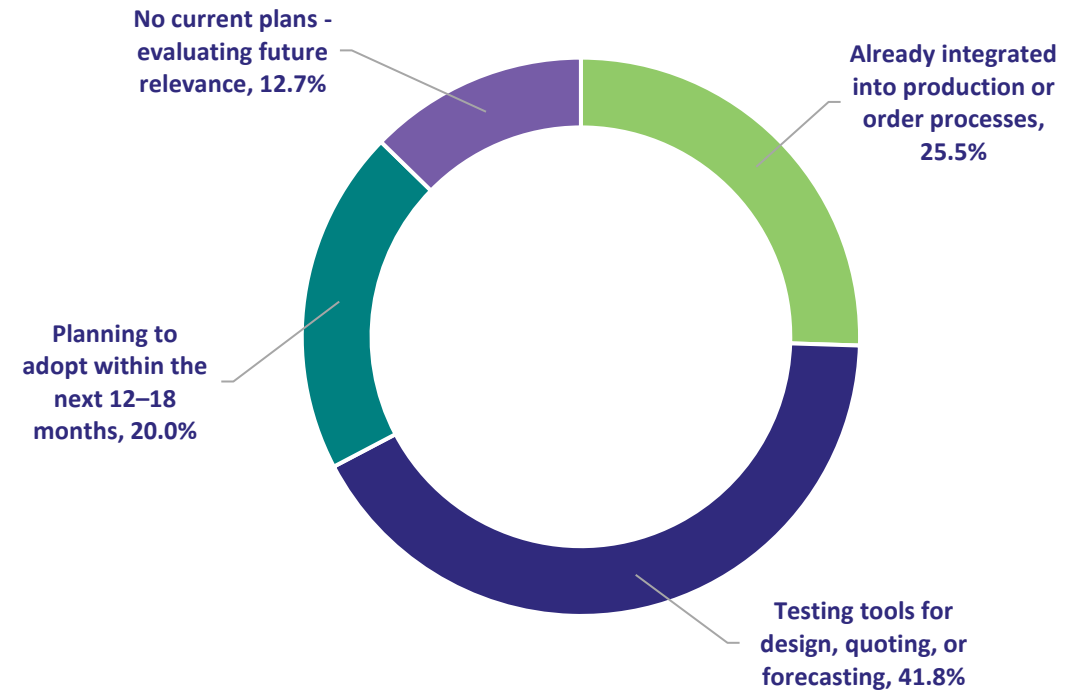
**Actively Testing: 41.8%** are testing AI tools for quoting, design, forecasting and customer service, indicating broad experimentation across supplier operations.



**Planning to Adopt: 20%** expect to adopt AI in the next 12-18 months as tools mature and use cases become clearer.



**No Immediate Plans: 12.7%** are evaluating future relevance, often due to internal capability limits or competing priorities.



Nearly **70%** of PPAI 100 suppliers are already using or testing AI, signaling a shift toward faster, more automated workflows in 2026.

# 2026 Outlook: Opportunities & Challenges



**Opportunities:** Product line expansion, automation gains and improved distributor experience were the most cited opportunities. Many suppliers see 2026 as a year to refine core categories, strengthen tech stacks and capitalize on operational efficiencies built in 2025.



**Challenges:** Tariffs, economic uncertainty and rising material/labor costs dominate supplier concerns. Many expect slower buyer decision cycles, tighter budgets and continued pressure on pricing and margins.



**Strategic Shifts:** Suppliers highlight plans to narrow focus, streamline SKUs and drive efficiencies while managing uncertainty around trade policy, demand stability and government actions.

Tariff volatility and margin pressure remain the biggest unknowns shaping 2026 planning.





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

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