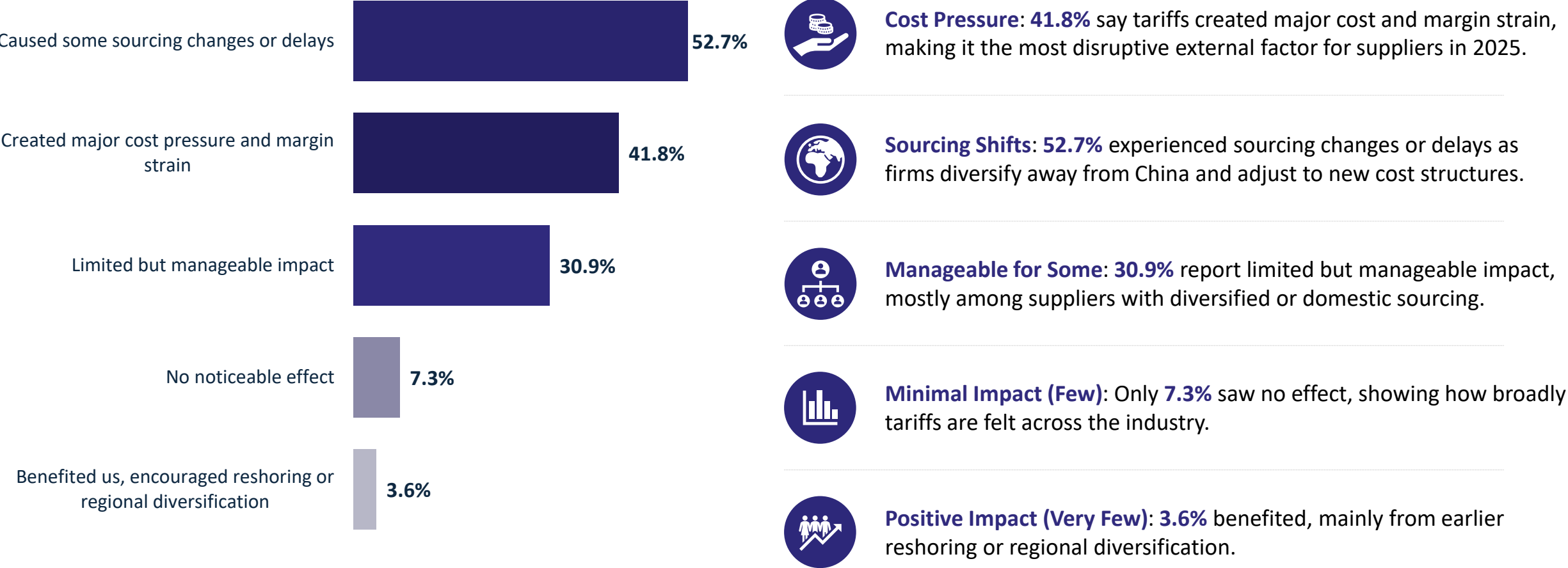


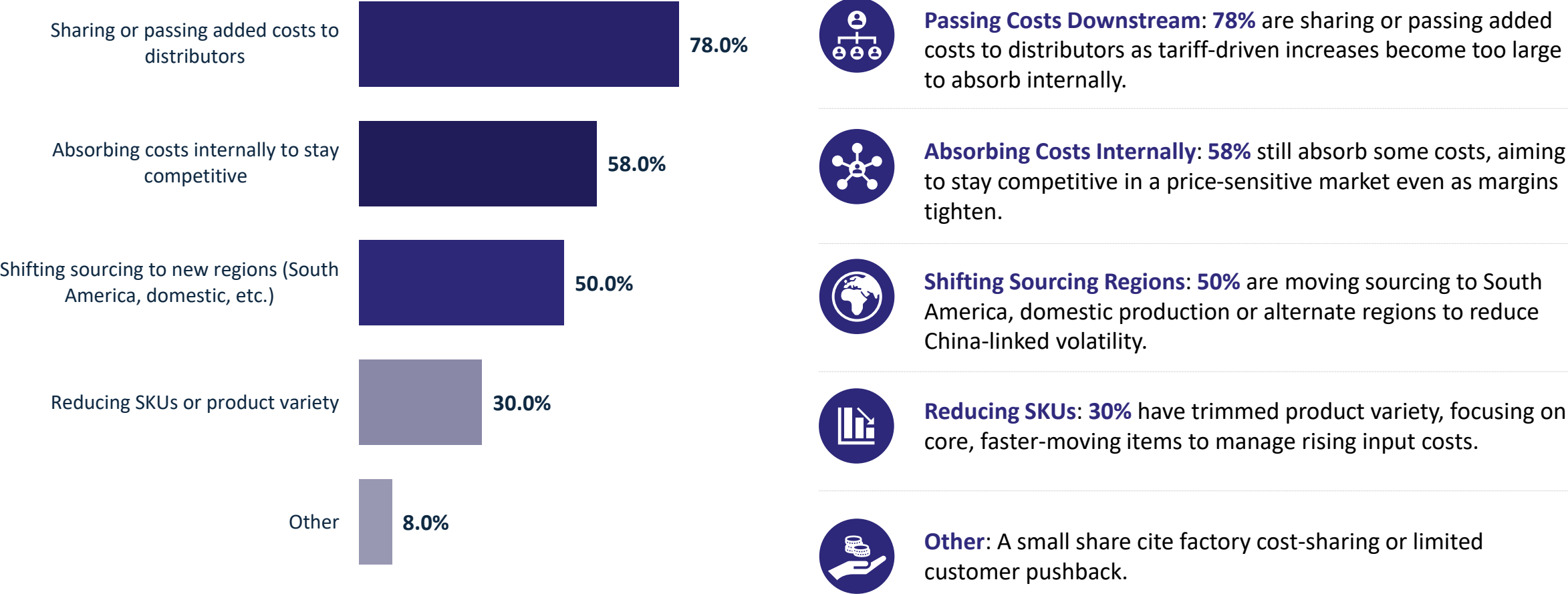


Supplier Insights: Tariffs, Rising Costs, AI & The Path Forward

Tariff & Trade Policy Impact On Supplier Operations



Supplier Responses to Tariff & Cost Pressures



Supply Chain Reliability In 2025



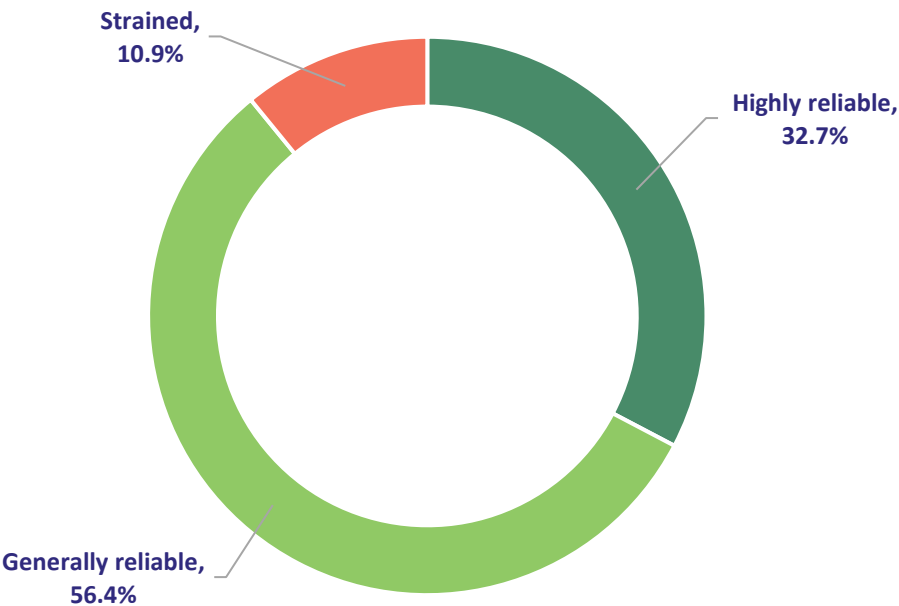
Highly Reliable: 32.7% report highly reliable supply chains with stable production and predictable delivery timelines.



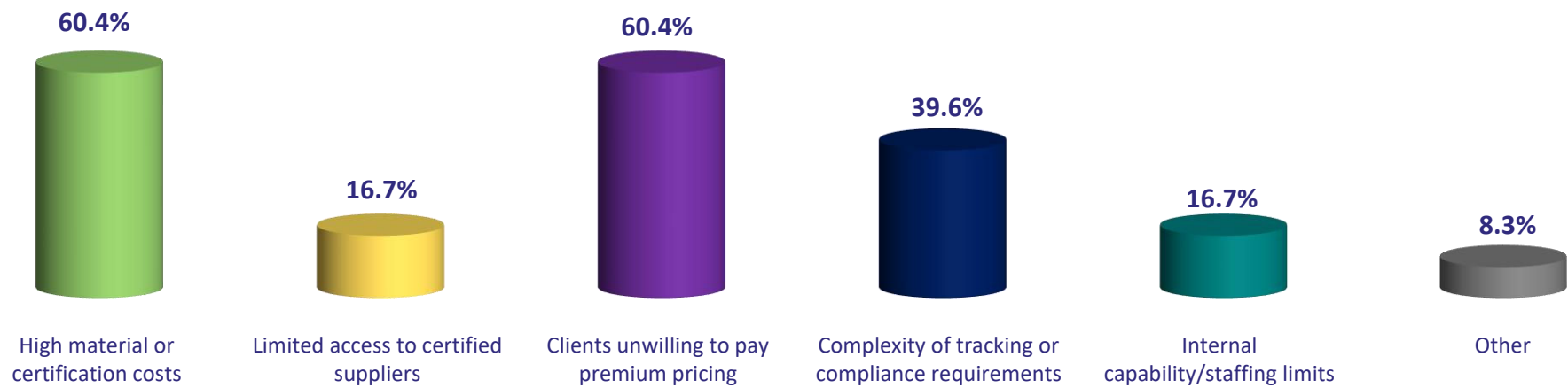
Generally Reliable: 56.4% say supply chains are generally reliable with only minor delays. This reflects the strongest stability the industry has seen since pre-pandemic years.



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.



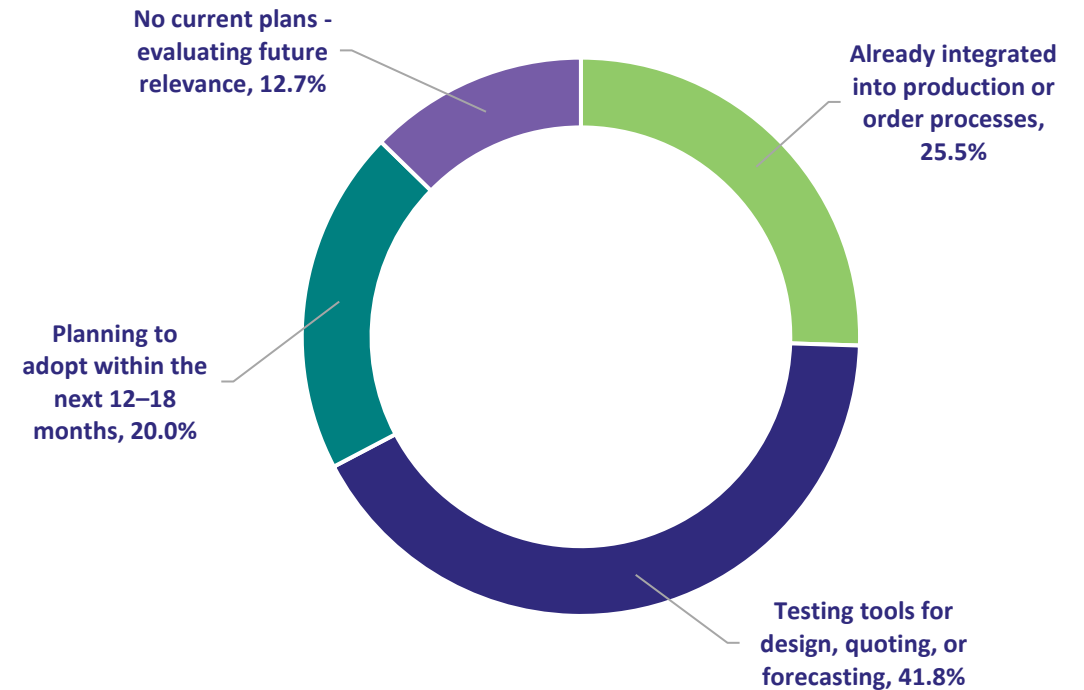
Actively Testing: 41.8% are testing AI tools for quoting, design, forecasting and customer service, indicating broad experimentation across supplier operations.



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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