Supply Strategies, Cost Mitigation & Customer Shifts

A SOCMA Pulse Poll Series Initiative

April 2025

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SOLUTIONS FOR SPECIALTIES

Photo credit to SOCMA member company, Milliken

Executive Summary

SOCMA's April 2025 Pulse Poll included responses from across the specialty chemical value chain, with 80% from member companies and 20% from the wider industry.

Chemical manufacturers and distributors represented 87% of respondents, underscoring that the insights reflect the operational realities of companies most affected by supply chain, cost, and customer dynamics.

This poll is part of SOCMA's ongoing **Pulse Series: Navigating Volatility and Change**—a rolling intelligence initiative designed to surface rapid insights on emerging business challenges. Through quick, focused surveys, SOCMA empowers industry leaders to benchmark in real time, align internally, and adapt with confidence. All responses are reported in aggregate, allowing for open, secure knowledge-sharing across the sector.

Key Insights & Strategic Signals

Inventory Strategies Remain Largely Unchanged
Over 1/3 of companies have taken action to frontload inventory, primarily in anticipation of tariff exposure or sourcing risk. Meanwhile, 59% of companies continue regular purchasing due to space, capital, or supply limitations—revealing a strategic split between proactive risk buffering and reactive cost containment.

Volatility Forces Procurement Adjustments & Supplier Reevaluation
A significant share of respondents have begun shifting procurement strategies—toward shorter, regional supply chains or lower-tariff geographies. Nearly 70% are actively reevaluating supplier relationships to some degree, a trend likely driven by tariff volatility, customer expectations, and the rising cost of global complexity.

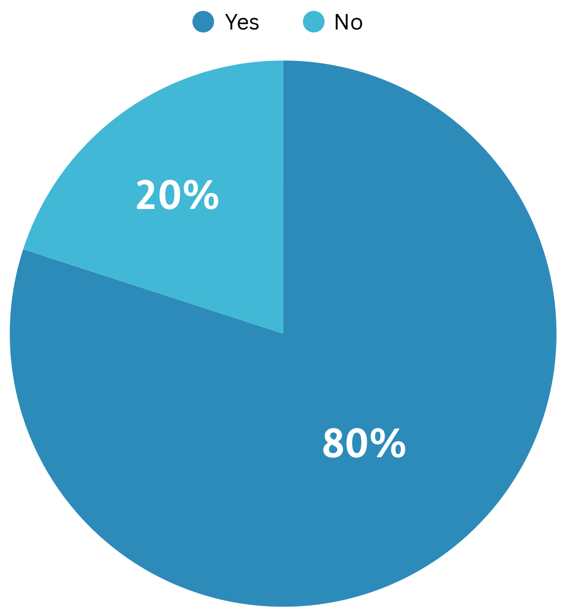
Cost Pressures Intensifying
Approximately 40% of companies report they can pass through most (76–100%) cost increases to customers. Others face limitations from competitive pressures, contractual obligations, or customer resistance. This widening gap between firms with pricing power and those absorbing costs internally explains why many companies are reconsidering their procurement approaches, despite the challenges of shifting suppliers.

Positive Short-term Operational Sustainability & Strategic Resilience
While 22% of respondents express strong confidence in sustaining current strategies over the next 3–6 months, the majority (59%) report moderate confidence. This suggests that though companies feel relatively secure in the near term, most are navigating uncertainty and preparing for potential strategic adjustments.

Moderate Uptick in Foreign Inquiries Signals Demand for North American Manufacturing
36% of respondents report increased inquiries from international customers—particularly from the EU, China, and India, with additional activity from Canada, Japan, Korea, and other Asian markets. This trend indicates that ongoing trade volatility and tariff pressures are prompting global companies to view North American manufacturers as stable, strategic partners.

For questions or to discuss these findings further, please contact Joe Dettinger, VP of Manufacturing & Commercial Programs, at **jdettinger@socma.org**

Is your Company a SOCMA member?

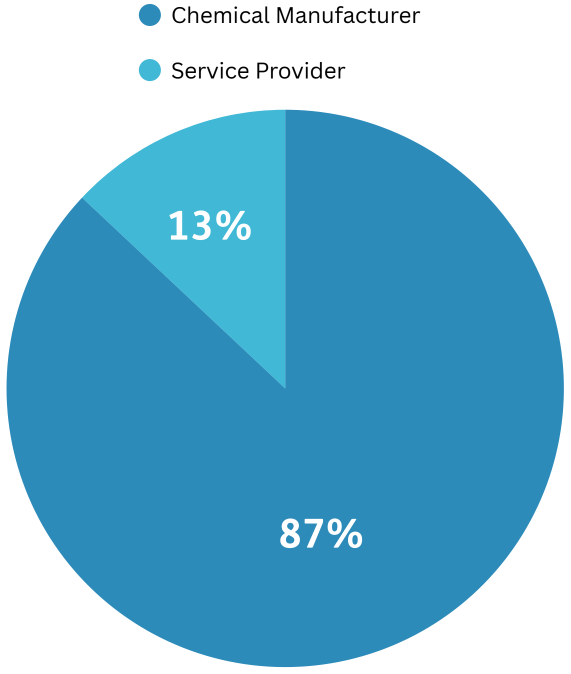


SOCMA Insights: As expected, the majority of responses to the April pulse poll came from SOCMA member companies demonstrating strong engagement from leaders across the specialty chemical industry. Equally significant, 20% of responses came from non-member organizations, highlighting the broad relevance of the issues explored, including tariffs, cost pressures, and supply chain resilience.

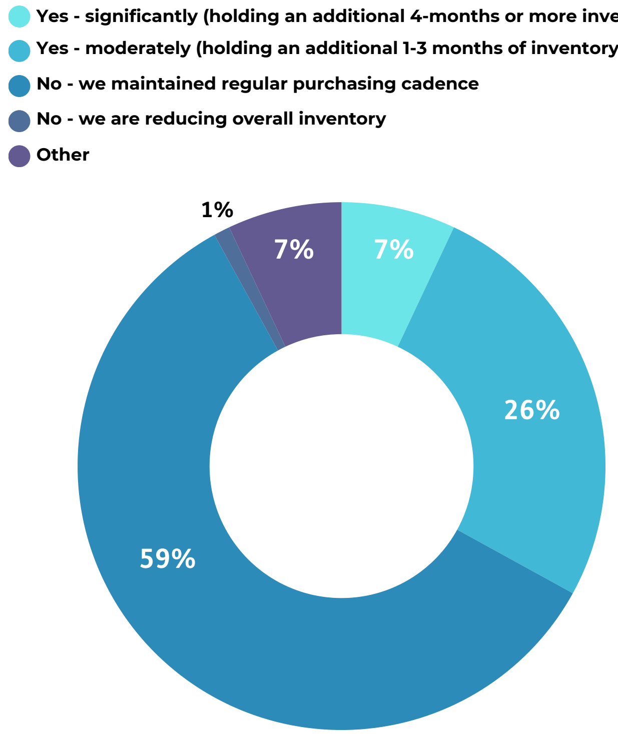
This level of participation underscores SOCMA's credibility as a trusted source of industry intelligence, with influence that extends well beyond its membership and into the broader specialty chemical landscape.

Which best describes your company's role in the chemical industry?

SOCMA Insights: Most respondents (87%) identified as chemical manufacturers or distributors, underscoring that the survey attracted its core intended audience—those most impacted by supply chain pressures and operational decisions. The participation of consultants and service providers indicates a recognition across the value chain that external expertise and auxiliary services are increasingly vital in navigating ongoing industry disruptions.



Have you frontloaded inventory to avoid current or anticipated tariffs?



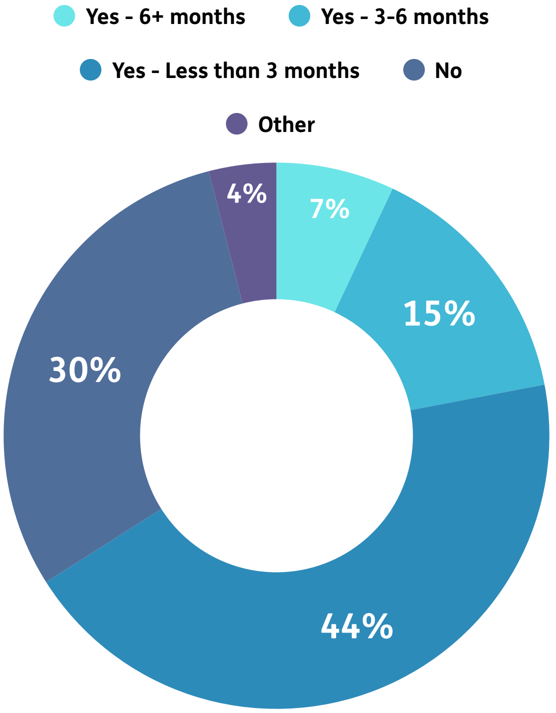
SOCMA Insights: While about 1/3 of companies are frontloading inventory—typically holding one to three months of additional stock in response to geopolitical tensions and tariff uncertainty, particularly for Chinese-sourced materials—the majority are maintaining their regular purchasing patterns. In fact, 59% of respondents reported no change to their purchasing cadence, which aligns with expectations discussed during the SOCMA Show held February in Nashville.

As we highlighted then, despite ongoing volatility, most companies would likely stay the course due to practical constraints: limited storage capacity, rising inventory costs, cash flow requirements, and the critical need to maintain product quality. This measured approach demonstrates how the industry is effectively balancing risk preparedness with operational realities.

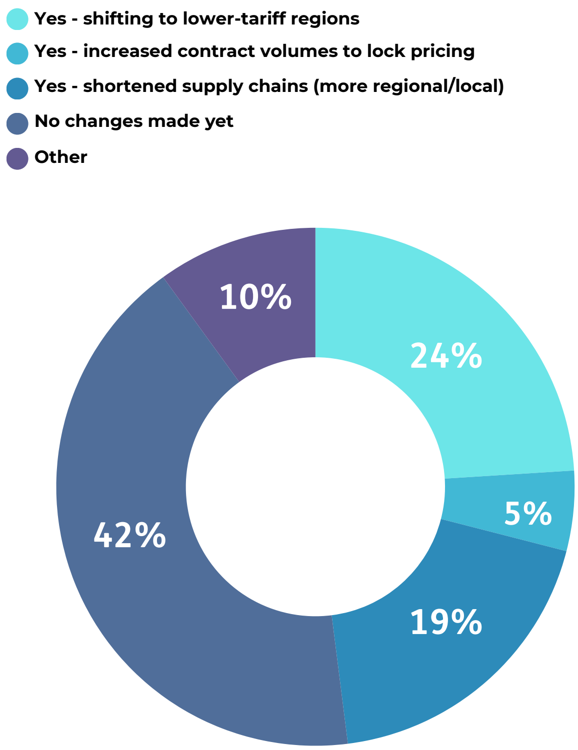
Are current stockpiles sufficient to delay major purchasing decisions?

SOCMA Insights: Many companies are approaching a critical decision point in their purchasing strategy. A significant portion of respondents revealed their current stockpiles provide only a short-term buffer—no more than three months—before new sourcing becomes necessary. Some are already implementing strategic shifts, while others will need to act soon if today's volatility persists.

This limited runway reflects more than cautious planning—it highlights the constraints of lean inventory models and the financial or logistical barriers many face when building deeper reserves. For toll manufacturers, the challenge is particularly acute. Their heavy reliance on customer-supplied materials and limited visibility into upstream purchasing decisions makes forward planning inherently more complex and reactive.



Have you adjusted your procurement strategy due to tariff volatility?



SOCMA Insights: Procurement teams are becoming both more creative and more cautious—often simultaneously. About 1/3 of companies are actively adjusting their strategies, whether by adding backup suppliers, shortening supply chains, or sourcing from regions with fewer tariff complications. These moves signal a clear desire to build flexibility and control in response to today's unpredictable trade environment.

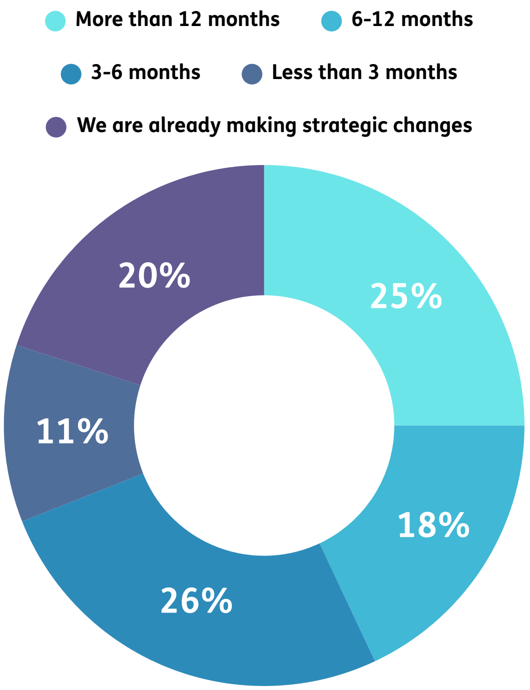
We're also seeing shifts in hiring practices, with companies increasingly seeking procurement specialists who bring fresh thinking and strategic problem-solving capabilities. As supply chain complexities intensify, dedicated talent focused on creative sourcing solutions is becoming an essential part of the operational playbook.

However, not everyone is pivoting just yet. Some companies remain constrained by long-term contracts, while others are waiting to confirm whether customers will absorb cost increases. In certain cases, firms are deliberately reducing inventory exposure, taking a "wait-and-see" approach before committing to orders. These measured responses reflect the unique balance companies in our sector must strike—where every move is thoughtful, customer-aligned, and grounded in practical constraints.

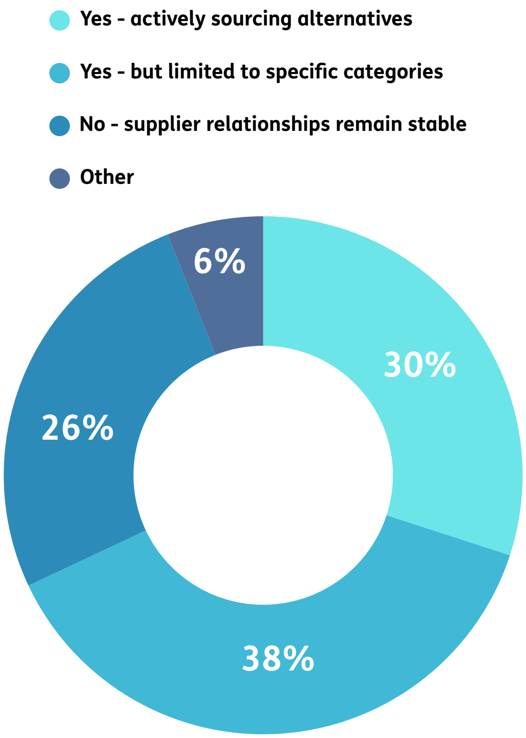
If tariffs remain at current rates, how long can your company maintain healthy operations without major strategic changes?

SOCMA Insights: Not every company is feeling the pressure in the same way. Some remain confident in their ability to navigate current tariffs and market conditions for the next year. But for many others, that cushion is far thinner—and the path forward more uncertain. A growing number have already begun making strategic shifts, recognizing that waiting too long could carry real consequences.

SOCMA has been hearing this firsthand from members, many of whom have flagged volatility as a top concern in recent months. While 25% of companies report they can withstand current conditions for up to 12 months, a staggering 55% face a much shorter runway, with only moderate confidence suggesting just 3–6 months of operational stability. Another 11% have already begun adjusting procurement and sourcing strategies, signaling that for many, the need to adapt is no longer a future consideration—it's already in motion.



Are you reevaluating any long-term supplier relationships due to tariff exposure?



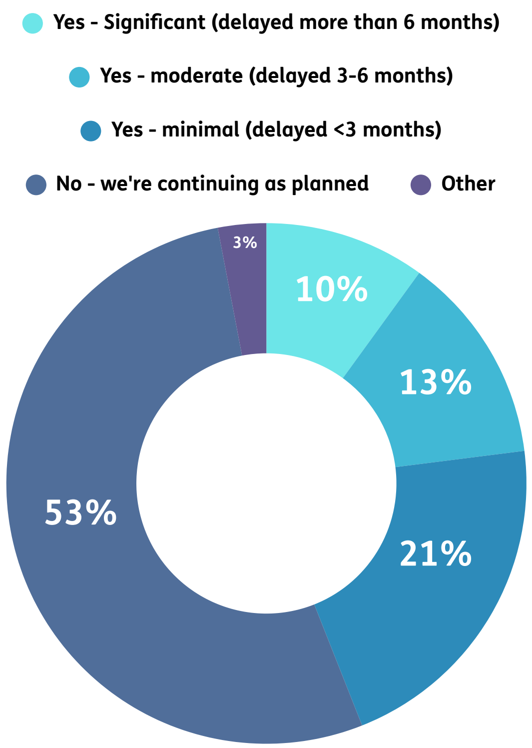
SOCMA Insights: As trade dynamics continue to shift and tariff pressures intensify, many companies are taking a hard look at their supply networks—especially in areas most exposed to cost volatility. In fact, 2/3 of respondents indicated they are actively reevaluating supplier relationships, often focusing on specific categories where risks are highest. This trend aligns with discussions from the SOCMA Show held February in Nashville, where leaders emphasized the need for flexible sourcing strategies and the value of building resilience into procurement models.

At the same time, fewer than 1/3 of companies describe their supplier relationships as fully stable, suggesting that most are experiencing some degree of change or adjustment. For many, long-standing partnerships, specialized inputs, or limited sourcing alternatives remain important considerations as they evaluate next steps. Still, the momentum is clear: supplier reassessment is no longer a hypothetical—it's becoming a standard part of how companies are managing risk and building smarter, more responsive supply networks.

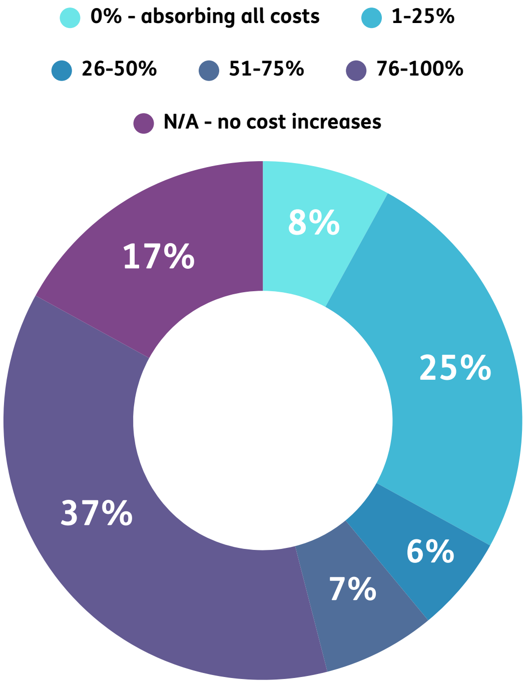
Are tariffs causing delays in R&D, scale-up, or new product introductions?

SOCMA Insights: While just over half of respondents (53%) shared that tariffs aren't currently causing delays, a meaningful 44% are feeling the strain—especially when it comes to keeping innovation efforts on track. Nearly 1/3 pointed to R&D slowdowns tied to tariff-related challenges, whether due to rising input costs or delays in accessing critical raw materials.

For those continuing as planned, it's likely that these risks have already been built into their timelines, or they may be working in areas less exposed to tariff volatility. Either way, the data shows what many in the industry have been feeling: trade pressures are starting to touch more than just procurement—they're beginning to influence how quickly new technologies can come to life.



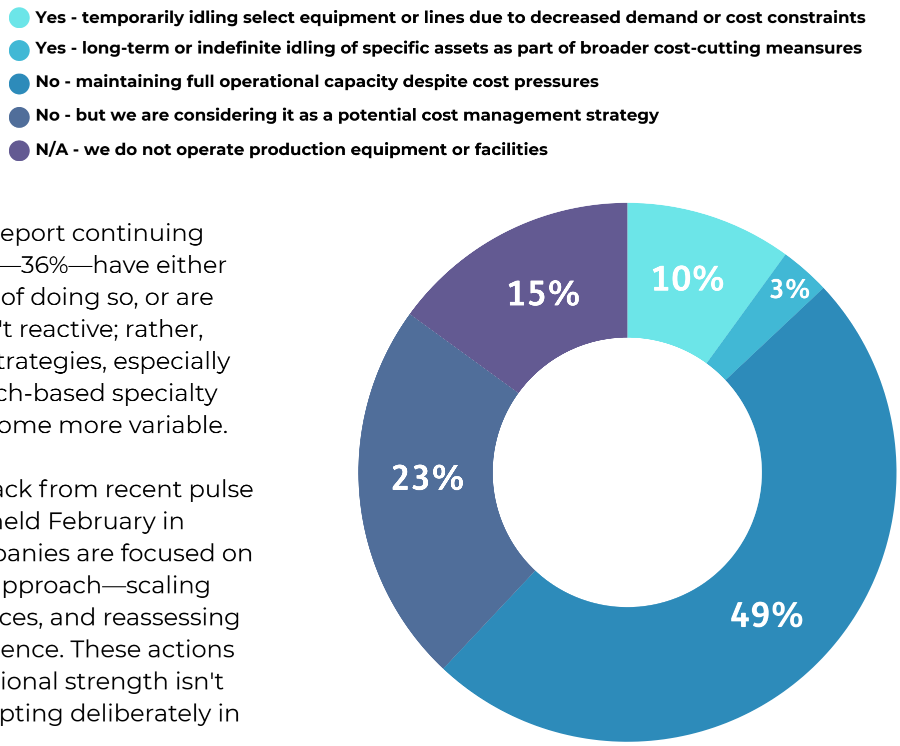
What percentage of your increases are being passed on to customers?



SOCMA Insights: A notable portion (37%) of respondents report passing through the majority—if not all—of their cost increases (76–100%) to customers. This suggests a limited ability to absorb rising expenses internally and also indicates stronger positioning in the market. For some, this ability stems from specialized product portfolios, long-standing customer relationships, or serving end markets where switching suppliers comes at a high cost. In these cases, customers may be more accepting of price adjustments, particularly when value-added services or technical expertise are involved.

What we're seeing is a pricing landscape defined by business model, product differentiation, and customer expectations—where some companies are holding firm, and others are absorbing the hit, quietly recalibrating behind the scenes.

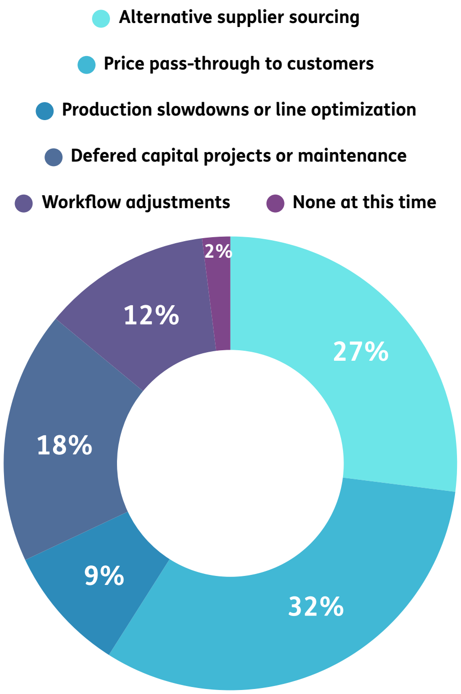
Do you anticipate placing any equipment or production lines into idle mode to manage cost pressures at your facility?



SOCMA Insights: While 49% of companies report continuing operations as planned, a significant portion—36%—have either already idled equipment, are in the process of doing so, or are actively considering it. These decisions aren't reactive; rather, they reflect intentional cost management strategies, especially among producers of intermediates and batch-based specialty chemicals, where demand signals have become more variable.

Across conversations with members, feedback from recent pulse polls, and discussions at the SOCMA Show held February in Nashville, a clear theme has emerged: companies are focused on staying agile. Many are taking a measured approach—scaling back where appropriate, reallocating resources, and reassessing capacity with an eye toward long-term resilience. These actions highlight a growing recognition that operational strength isn't just about running at full tilt—it's about adapting deliberately in a changing environment.

If you anticipate the need to manage rising costs, which strategies are you considering or planning to use?



SOCMA Insights: As companies look ahead, many are already thinking strategically about how to manage potential cost increases. The most common approaches focus on pricing and sourcing: 32% are planning to pass through costs where possible, and 27% are exploring alternative suppliers to create more flexibility and a cushion against future volatility.

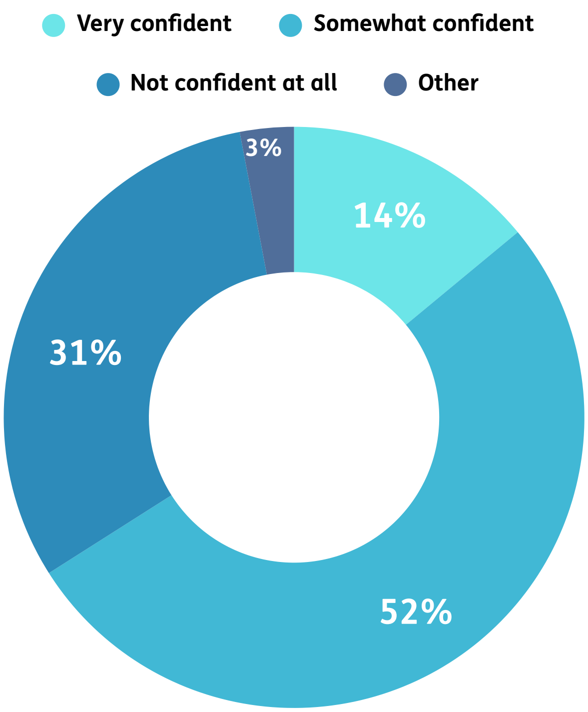
Beyond these core strategies, some companies are also thoughtfully considering adjustments that could help preserve long-term stability. Roughly 18% are evaluating whether to defer capital and maintenance projects, while others are exploring temporary changes to workforce planning (12%) or production pacing (9%). These conversations are less about pulling back—and more about making intentional choices to stay agile.

What's encouraging is that these responses reflect a broader theme we've seen across the industry: companies aren't waiting to react. They're thinking ahead, weighing trade-offs, and planning in ways that position them to manage costs without sacrificing their ability to innovate, grow, and serve their customers with confidence.

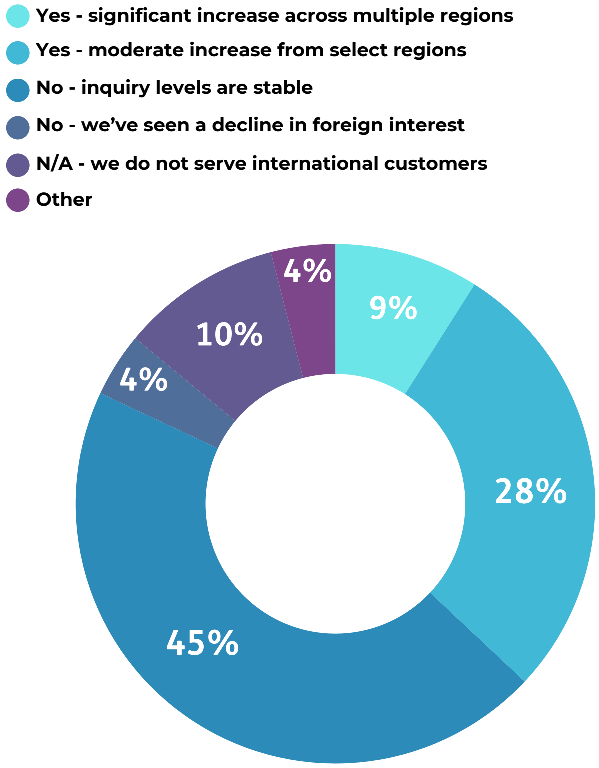
How confident are you in your supply chain's ability to absorb further cost shocks in the next 6 months?

SOCMA Insights: Overall, companies express a cautiously optimistic outlook. While most report moderate confidence in their supply chain's ability to weather additional cost pressures, only a small share feel fully insulated. This measured optimism reflects a realistic understanding of ongoing challenges—such as residual supply chain fragility, evolving trade dynamics, and cost unpredictability—while also suggesting that lessons learned from recent disruptions have better prepared many to respond with more agility and foresight.

This outlook is consistent with broader trends SOCMA has observed through recent member conversations, polling, and insights shared during the SOCMA Show held February in Nashville. Companies are taking deliberate steps to strengthen their supply chain posture—revisiting supplier relationships, expanding sourcing options, and fine-tuning procurement strategies. While few feel immune to future disruptions, many are applying what they've learned in recent years to navigate uncertainty with greater control. The confidence being expressed may be measured, but it's grounded in experience and reflects a more intentional approach to risk and resilience.



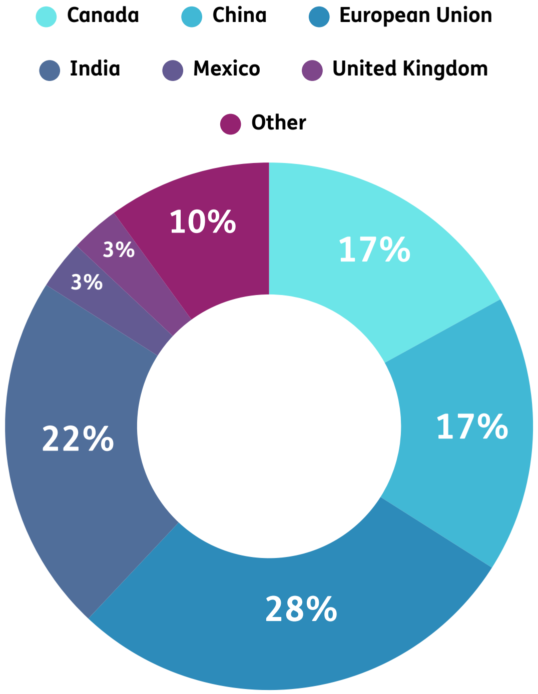
Have you seen an increase in customer inquiries from foreign markets (e.g., India, EU, ect.) in response to current trade and tariff dynamics?



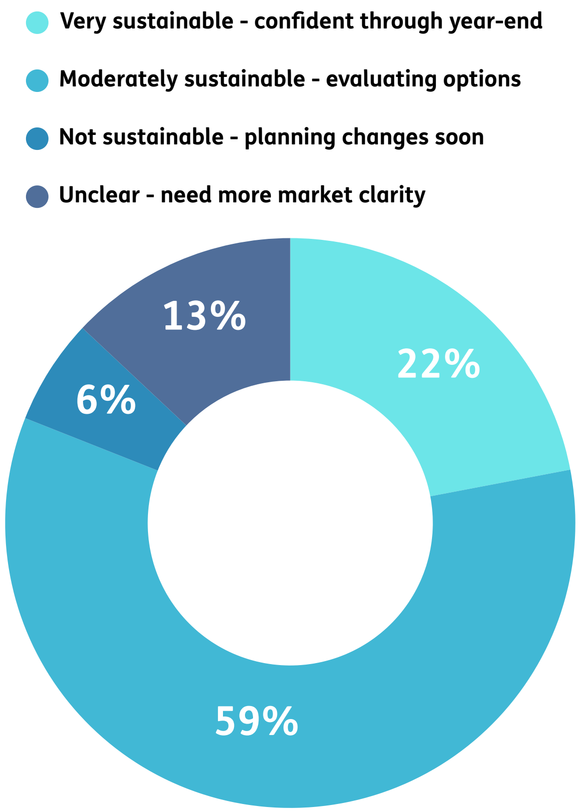
SOCMA Insights: While 45% of respondents report no noticeable change in international activity, 37% have seen an uptick in inquiries—most notably from the EU and India. These early signals suggest that shifting geopolitical dynamics are prompting global buyers to reassess their sourcing strategies, with a growing interest in North American specialty chemical manufacturing as a more stable and strategic option.

If yes, please list all foreign markets where you have seen an increase in customer inquiries related to current trade and tariff dynamics (e.g., India, EU, etc.)?

For companies seeing this increased engagement, it may reflect concerns around supply chain security, regional instability, or the desire to reduce dependence on higher-risk geographies. On the other hand, companies not yet experiencing this trend may be more domestically focused, bound by long-term contracts, or operating with limited international market visibility. Even so, the data points to a modest but meaningful movement that signals a broader opportunity for North American chemical manufacturing as global conditions continue to shift.



Based on the responses above, how sustainable are your strategies over the next 3-6 months?



SOCMA Insights: Companies across the specialty chemical sector are striking a careful balance between near-term confidence and strategic caution. While 22% of respondents report feeling very stable and confident in sustaining their current strategies through the end of the year, a majority—59%—indicate only moderate stability. These companies are holding steady for now but are actively monitoring conditions and evaluating adjustments should the landscape shift.

This measured confidence reflects broader themes seen throughout the pulse poll: companies are frontloading select inventory, reassessing supplier relationships, exploring pricing strategies, and—in some cases—pausing investments or adjusting production schedules. These aren't reactive moves, but signs of a maturing risk posture—one that prioritizes flexibility, foresight, and the ability to pivot quickly when needed.

A smaller segment is already moving toward change. A small portion of respondents, specifically 6%, indicate their current strategy is not sustainable and adjustments are already underway. Another 13% report needing more clarity before determining next steps, signaling that for some, uncertainty continues to cloud long-term planning.

SOCMA will continue to keep a pulse on these dynamics, gathering and sharing timely, actionable insights with the industry. As companies navigate ongoing volatility, our goal is to ensure members and stakeholders remain informed, aligned, and equipped to respond with confidence.