Navigating Tariff Challenges: Strategies for Small Retailers

VANESSA JEAN LOUIS / MAY 12, 2025 / NEWS

How Small Retailers Are Surviving—and Thriving—Amid Tariff Pressures

In recent years, shifting global tariffs have added significant pressure to small retailers. While large corporations may have the resources to absorb these disruptions, smaller brands often operate on tighter margins and rely more heavily on international supply chains. The result: rising costs, complicated logistics, and new financial hurdles.

But amid the uncertainty, small business owners across industries are stepping up with bold, strategic moves. From food and beauty to packaging and fulfillment, these leaders are turning challenges into opportunities with practical, often innovative solutions. Here's how they're adapting.

Diversifying Supply Chains and Sourcing Smarter

For many businesses, mitigating tariff risk starts with sourcing. Patty Pavia, Business Consultant at **biöm**, shared that her team began working with regional suppliers to reduce dependency on any one country. This strategy has led to better cost control and more reliable logistics. She also noted that simplifying packaging components made logistics more efficient and reduced costs—all without compromising product quality.

Albert Varkki, CFO and Co-founder of Von Baer, said his company evaluated the supply chain at the material level. By switching to EU-based suppliers where possible and grouping larger orders with longer lead times, they've significantly reduced unit shipping costs and gained greater pricing stability. They've also introduced tiered pricing models to incentivize larger orders and build in small "tariff buffers" when planning new products.

At Bearly Art, CEO and Co-founder Jeremy Su highlighted that renegotiating with overseas suppliers was crucial. "Some partners were willing to absorb the tariffs entirely," he explained. Bearly Art has also started shifting some packaging and light assembly work back to the U.S. to regain control over costs and quality.

Smart Inventory and Logistics Strategies

Smarter inventory management is helping small retailers protect margins. Pavia explained that placing larger, less frequent orders helped biöm lock in prices and reduce shipping costs—despite the challenge of holding more inventory.

Gina Cordoba, Founder of Summit Grounds, a specialty coffee company, responded to tariff increases by importing smaller, more frequent batches. This keeps the business agile while continuing to pay fair prices to small coffee farms in Colombia. Transparency with customers about how tariffs affect pricing has actually strengthened trust.

Monique Kofsky, Founder of Butter & Lye, shared that stocking up on best sellers and double-checking sourcing has helped manage cost exposure. They've also lined up domestic suppliers as backups—ensuring customers continue to receive safe and consistent products.

Exploring Domestic and Near-Shore Alternatives

Some retailers are rethinking where production takes place altogether. Jaime Holm, Co-founder and VP of Design at Tinker Tin Company, emphasized the value of looking at U.S.-based and onshore manufacturing. "It's a misconception that domestic production is always more expensive," she said. "Sometimes it's actually more cost-effective in the long run."

Beth Greenlaw, CEO and Founder of Sea Bags, noted that their made-in-USA commitment insulated the company from many of the challenges associated with tariffs. While a few components were affected, her team adjusted their product offerings quickly to maintain consistency for customers.

Luke Pearce, Director at Eirios Fulfilment, recommended that international retailers set up U.S.-based fulfillment through third-party logistics providers. This approach allows tariffs to be calculated on the lower cost of goods from manufacturers rather than on retail values—significantly reducing cost impact.

Negotiating Terms and Tightening Operations

When tariffs started to affect profitability, Ning Ye, Co-founder and COO of Furrther, focused on negotiating better payment terms with suppliers. He also recommends revisiting margin sheets frequently to identify optimization opportunities. "Every bit counts," he said.

Matthew Baron, Founder of Wholesale Nuts and Dried Fruit, added that the food industry has been particularly affected. Tariffs, international shipping costs, and crop conditions have caused major supply chain challenges for staples like nuts, seeds, and dried fruit. His response? Direct sourcing and bulk buying to lower costs, along with seeking sustainable packaging and domestic alternatives.

Transparent Communication Builds Loyalty

Across the board, these business owners stressed the importance of transparency. From packaging changes to pricing increases, communicating openly with customers about the

why behind changes has deepened trust.

As Cordoba put it, “Educating our customers on how global policies impact pricing and telling the human story behind every cup of coffee helps us stay connected—and aligned in values.”

At Von Baer, Varkki echoed that sentiment: “We’ve found that explaining to loyal customers that pricing reflects global factors has actually improved trust.”

Moving Forward with Confidence

While tariffs continue to present challenges, the stories shared by these small business owners reveal a common thread of adaptability and creativity. Whether it’s renegotiating supplier terms, shifting labor back to the U.S., or focusing on smarter inventory management, these retailers are demonstrating that with the right strategies, even the toughest obstacles can become opportunities for growth.

The key is to stay proactive, transparent, and flexible—building trust with customers while ensuring long-term sustainability. For small businesses, the path forward may not always be easy, but with the right mindset, they can turn these challenges into advantages, securing a competitive edge in an ever-changing marketplace.

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