

How Retailers Are Coping And Planning In A Market Of Permanent Instability

RSR Benchmark Report Findings, August 2025

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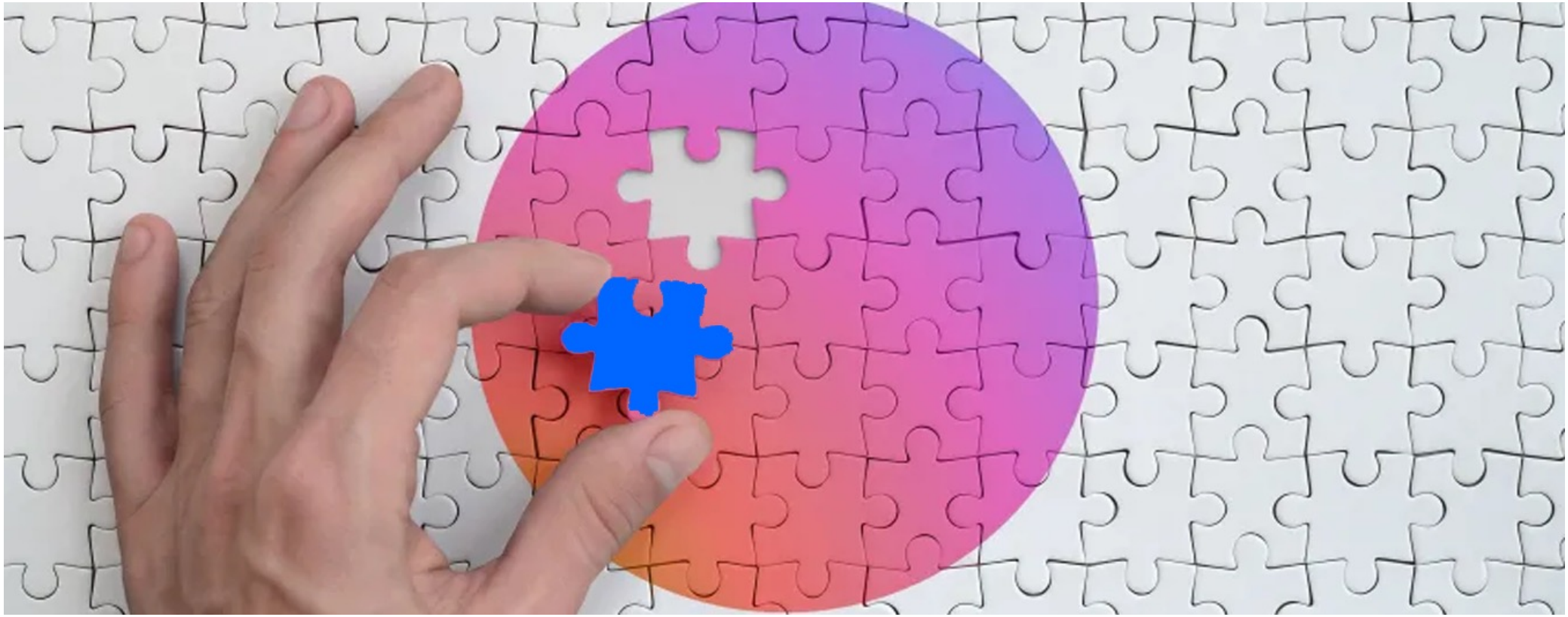

Research Overview

***Since April 2025, retailers have faced tremendous uncertainty**. Will an environment of steep tariffs completely upend their ability to effectively source inventory? What will the effects be on how they price and promote products? How will customer demand be impacted? What about stores, the workforce, out of stocks? There is no guarantee if and/or when such a tariff-laden environment will even come to pass or even what the numbers will be.*

***The result is chaos**. How are retailers supposed to plan in an environment when planning is virtually impossible?*

***RSR wanted to find out**.*

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Survey Respondent Characteristics

RSR conducted an online survey in April - May 2025 and received answers from 133 qualified US retail respondents. Respondent demographics are as follows:

- By Revenue (2024):

Less than $100 million	5%
$100 million - $250 million	9%
$250 million - $500 million	24%
$500 million - $999 million	32%
Over $1 Billion	30%

- By Performance:

Worse than average (“Laggards”)	12%
Average	48%
Better than average (“Retail Winners”)	40%

- By Vertical:

Fast moving consumer goods	9%
Fashion (Apparel, Footwear, Accessories: Luxury)	25%
Hard Goods	28%
General merchandise	26%
Specialty	12%

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Key Learnings

Since April 2025, **an environment of unpredictable and potentially steep tariffs has upended retailers' ability to plan, source, price and promote products**. Concerns about customer demand, workforce needs, out-of-stocks only add to the chaos.

82% of retailers have already been impacted by tariffs - the question is what they plan to do next.

Many have elected to simply "take their lumps" and **operate as if nothing has changed** - or will change. The larger the retailer, the more likely this is their tack.

However, should an ecosystem of steep tariffs become the new normal, **a majority of retailers (62%) say they cannot remain financially healthy beyond 9 months' time**.

Retailers **number one short-term strategy to offset tariff effects is to lower their profit margins** (47%) - but right behind it is **reducing their labor costs**. Significant retail job losses appear imminent.

93% of **retailers believe near-sourcing more US-sold products makes good business sense** for obvious reasons - increased reliability, shortened-time-to-market, lowered carbon footprint, and an improved economic impact to regions close to home.

However, while most have at least started looking for new sources of manufacturing (87% say they have plans/are in process), 60% say significantly **reducing dependency on foreign suppliers would take 3 years or longer**. There is no quick fix to this reality.



The Big Picture

Bracing For Impact

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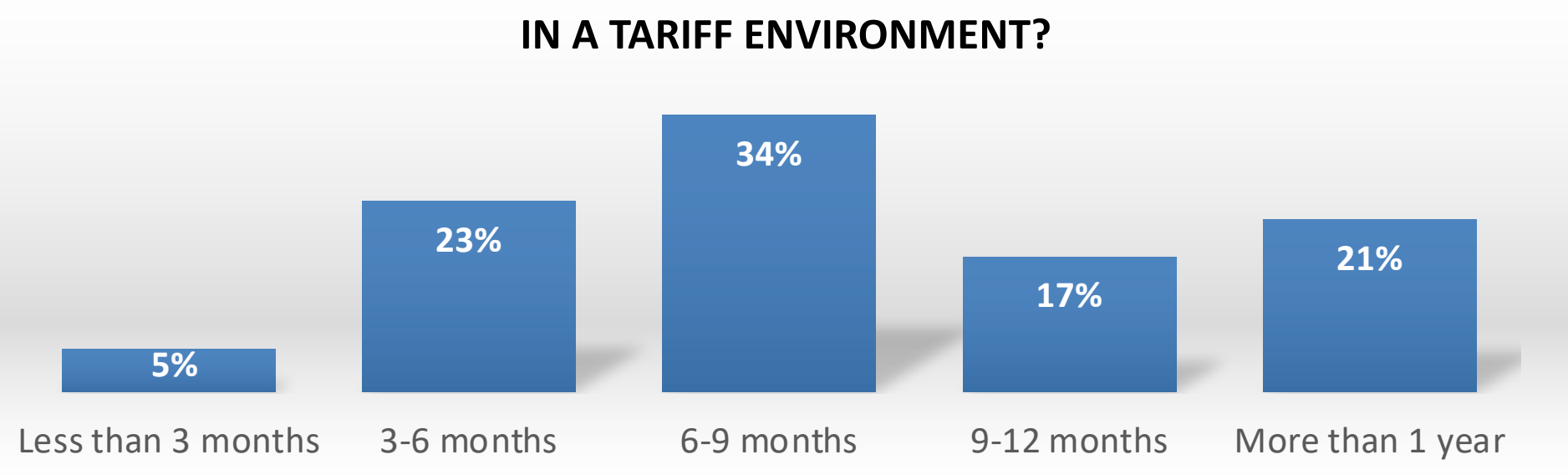
The Hunger Games Come To Retail

Retailers are unsure of the long-term consequences of an imposition of across-the-board tariffs. While they are generally favorable to the objectives of bringing more manufacturing back to the domestic market and sourcing more products from those suppliers, they also anticipate a lot of short-term pain to the point that many of the respondents to the survey aren't sure they can remain financially viable for a year following a broad imposition of tariffs.

HOW LONG CAN YOUR COMPANY REMAIN FINANCIALLY HEALTHY IN A TARIFF ENVIRONMENT?



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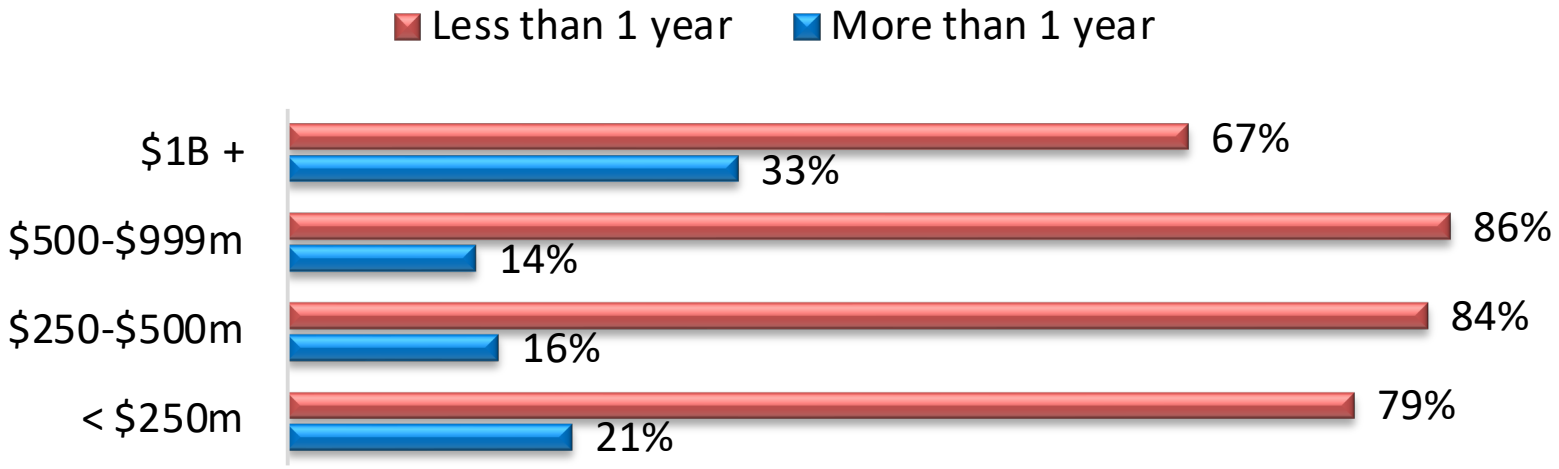
The Largest Have The Best Chance For Survival



HOW LONG CAN YOUR COMPANY REMAIN FINANCIALLY HEALTHY IN A TARIFF ENVIORNMENT?



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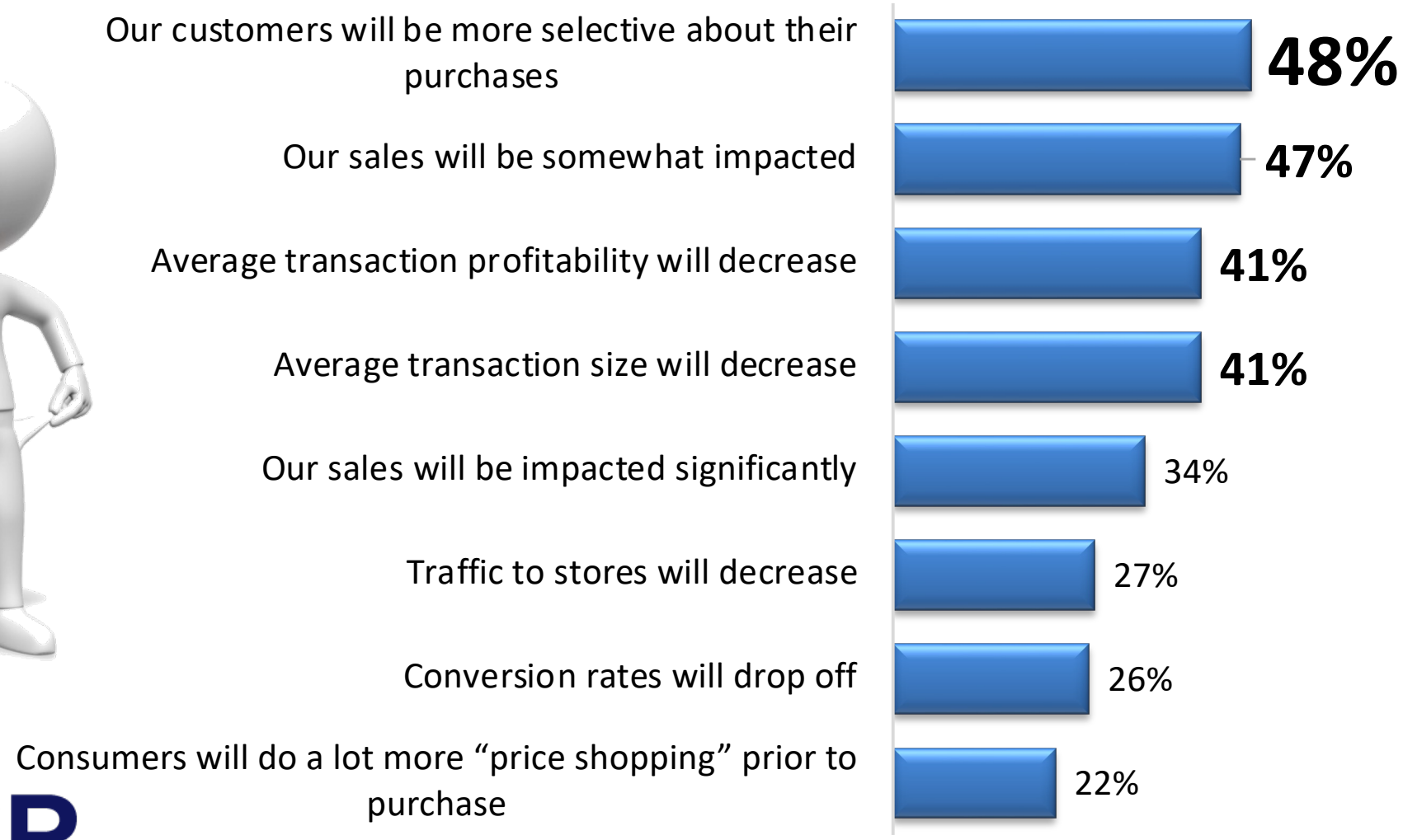
Business Impact: Selective Buying & Lower Sales

WHAT WILL BE THE TOP 3 IMPACTS TO YOUR BUSINESS IF PRICES CONTINUE TO RISE DUE TO TARIFFS?





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What Do Retailers Of Different Sizes Expect In A Tariff Environment?

Agree or strongly agree	< $250m	$250-$500m	$500-$999m	$1B +
Supply will be constrained	***89%***	***78%***	***86%***	***90%***
Demand will be constrained	63%	78%	42%	59%
Staff reductions will be necessary	68%	53%	51%	69%
The cost of D2C drop ship will increase	89%	75%	77%	54%
Components for private label/manufactured goods will be hard to get	68%	69%	63%	67%
Assuming that products can be sourced domestically, the cost of goods will go up	84%	63%	51%	59%
Many of the goods we sell cannot be sourced nationally	74%	59%	60%	69%

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Retailers Are Hopeful That Near-Sourcing Will Be One Positive Outcome

Agree or strongly agree	Fashion	GM	FMCG	Specialty	Hard Goods
Near-sourcing more US-sold products makes good business sense	***94%***	***91%***	***83%***	***94%***	***97%***
Tariffs are an effective tool for bringing manufacturing back to the US	79%	80%	92%	75%	78%
Renewed manufacturing in the US will create a significant new job market	85%	91%	83%	75%	78%
New US-based manufacturing tasks will be performed more by robots than people	70%	71%	42%	75%	73%
The benefits from the current tariff policy will ultimately outweigh the short-term drawbacks to our business	79%	80%	67%	75%	76%

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Tariffs Will Bring Pain To All, With FMCG Doing A Bit Better

Agree or strongly agree	Fashion	GM	FMCG	Specialty	Hard Goods
New tariffs have been/will be so painful in the short term that we cannot anticipate long-term benefits	79%	83%	50%	75%	78%
We've had to raise prices to cover rising costs as a result of tariffs	88%	77%	75%	75%	86%
Assuming we can follow through, a self-sufficient, cost-effective manufacturing environment will exist in the US	76%	86%	75%	88%	76%
We are expecting significant out of stocks	79%	80%	50%	81%	70%
New tariffs have eroded the "brand" of the United States	64%	83%	50%	69%	70%

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How Retailers Are Coping

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Top short-term strategy is lowering profit margins (47%), followed by cutting labor costs (49%) (but cutting labor risks customer service quality and job losses across the sector).

Consumer price sensitivity is higher than ever. Retailers fear alienating customers but cannot absorb rising costs indefinitely.

87% are seeking U.S.-based suppliers, but 60% say reducing foreign dependence will take 3+ years.

Many retailers are facing delayed orders, out-of-stocks, and logistical bottlenecks.

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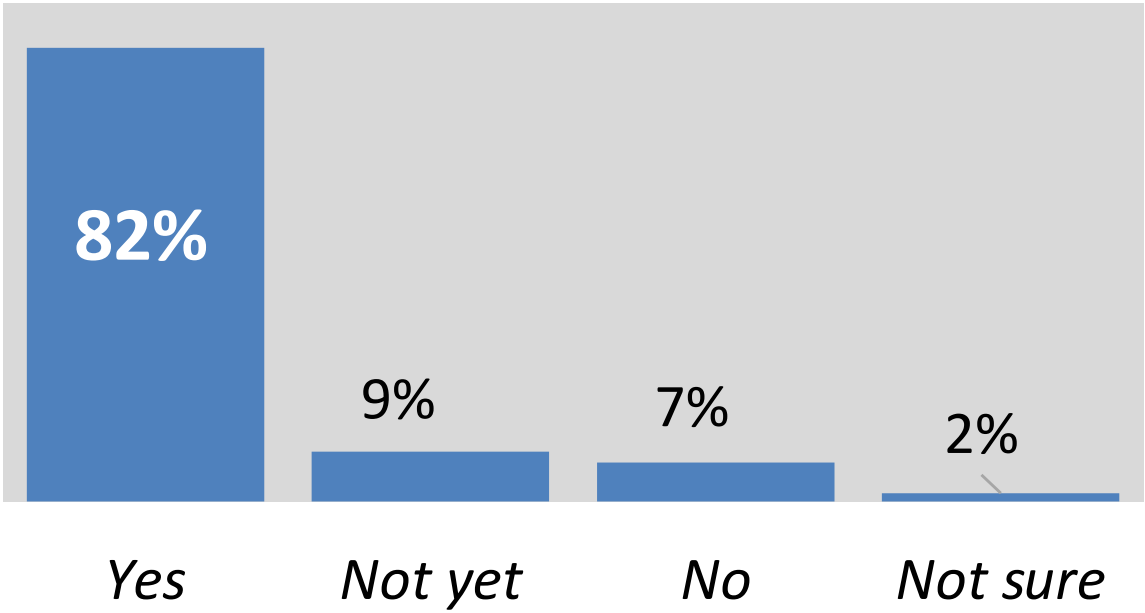
Retailers Have Already Felt The Impact Of Tariffs…



HAS YOUR BUSINESS BEEN DIRECTLY IMPACTED BY TARIFFS IMPLEMENTED IN 2025 SO FAR?



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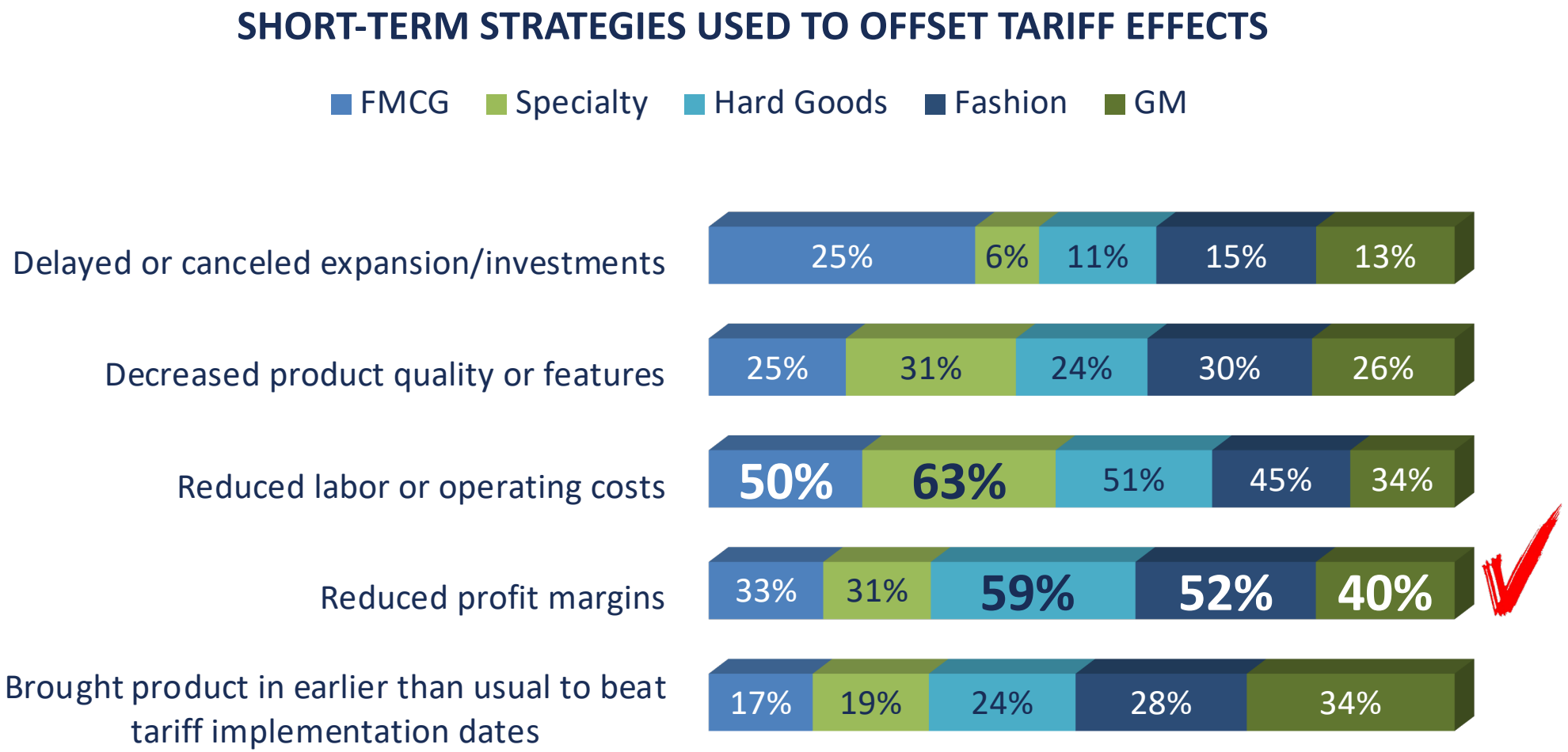
… And Most Are Looking At Reduced Profit Margins, Which In Turn Will Affect Spending On Labor



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Reductions In Labor Could Negatively Impact Focus On The Customer Experience

What are the TOP THREE most important things that you ask your employees to do?					
	All	*FMCG*	*Fashion & Specialty*	*GM*	*Hardgoods*
To act as customer service agents	41%	39%	**41%**	**50%**	38%
To assist customers to find the products they are looking for	41%	**44%**	37%	25%	**48%**
To maintain merchandise on sales floor	38%	34%	37%	33%	48%

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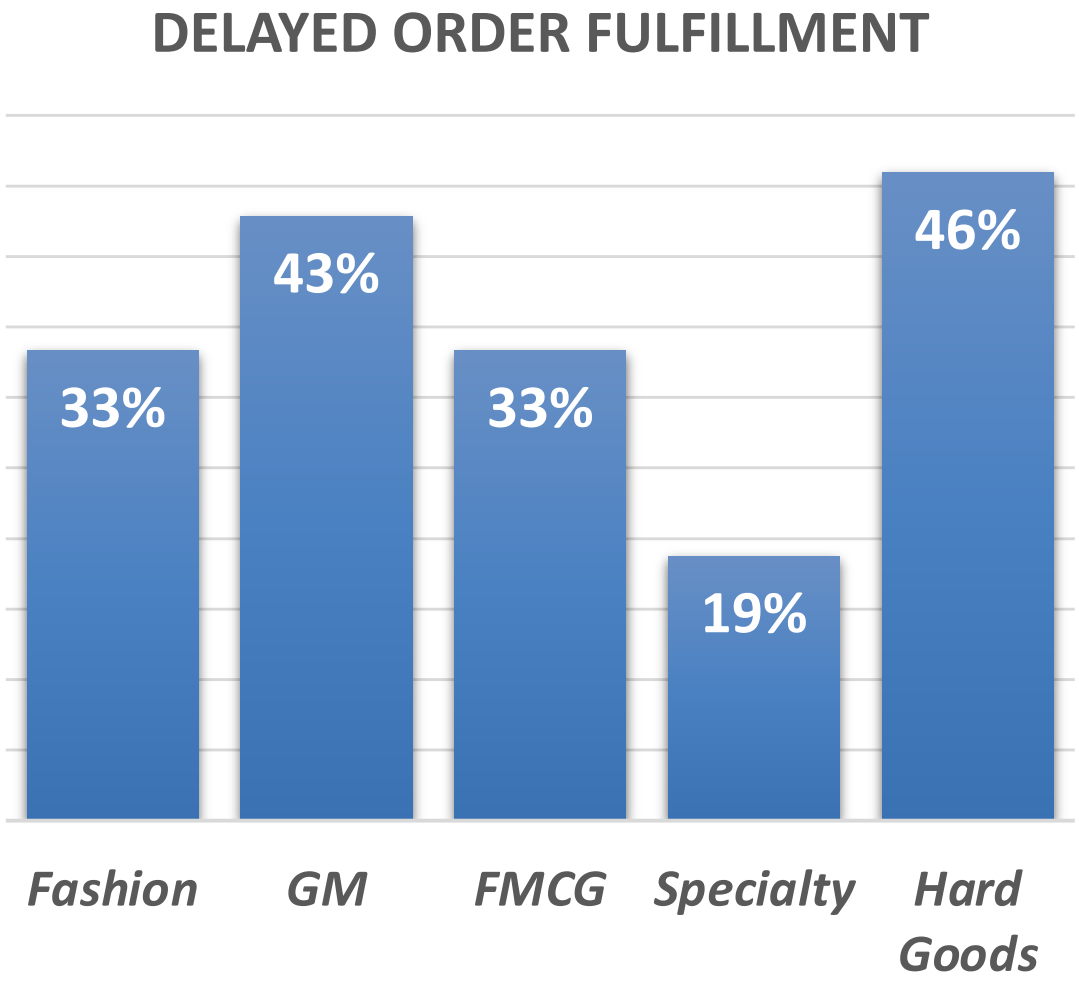
Uncertain Of The Cost Of Goods Post-Tariffs, Many Retailers Have Been Delaying Orders





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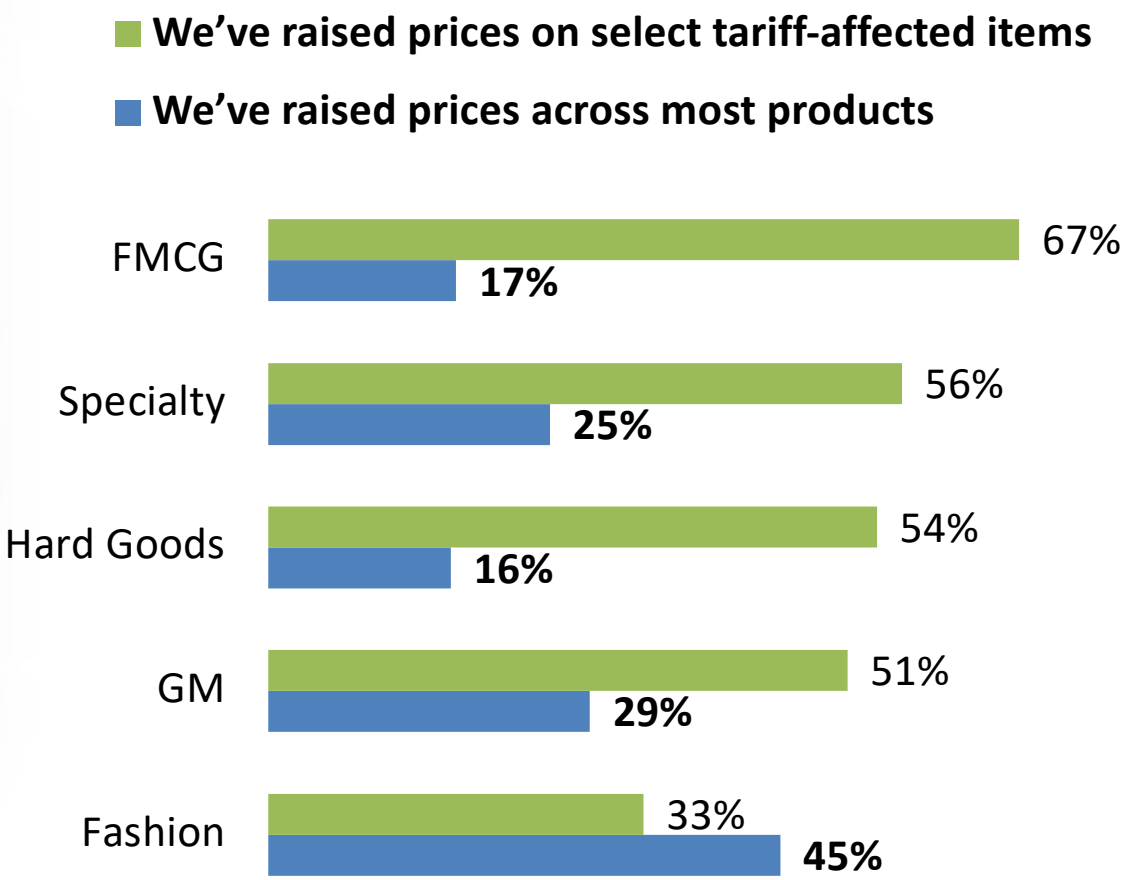
Most Retailers Have Tried To Shield Consumers From The Effects Of Tariffs On Prices.. So Far!



HOW ARE YOU ADJUSTING PRICES IN RESPONSE TO TARIFFS?



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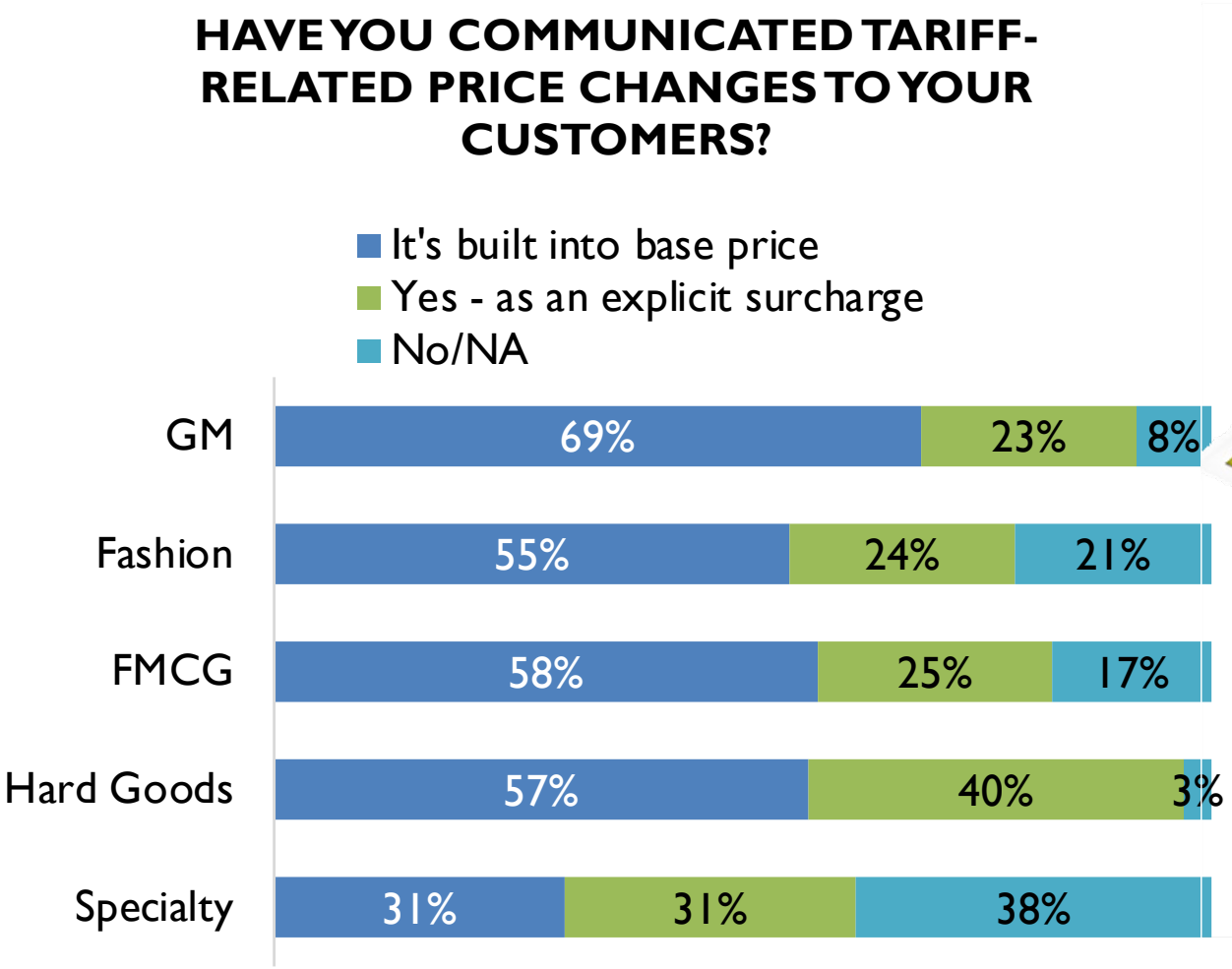
To The Extent That Prices *Have* Increased, Most Retailers Are Trying *Not* Blame Tariffs





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Now What?

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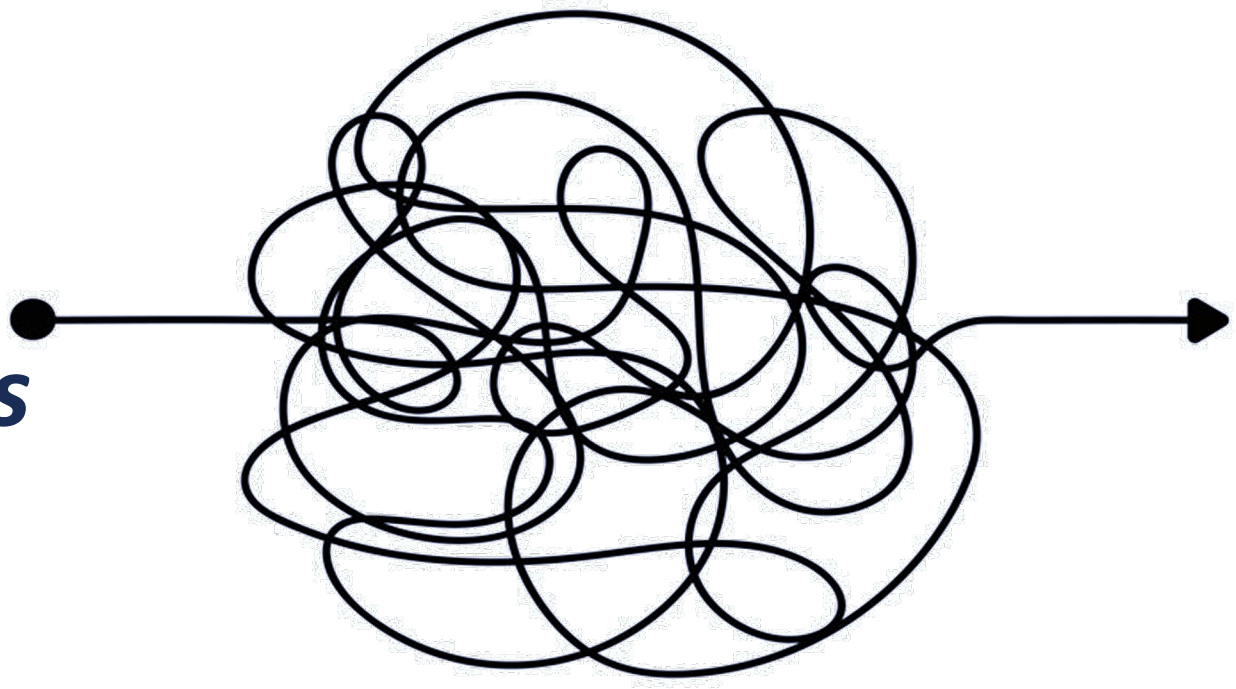
How Can One Plan In A Time When Planning Is Simply Not Feasible?



Retailers did a great job reacting to the financial crisis of 2008, adjusting their pricing, product, and inventory plans accordingly – once they knew what that crisis was. And they did a tremendous job reacting to the COVID-19 pandemic of 2020 - but again, only once they knew what it was.

What makes this situation so different is that even several months after the announcement of sweeping tariffs, no one knows what's next. And that makes planning extremely difficult.

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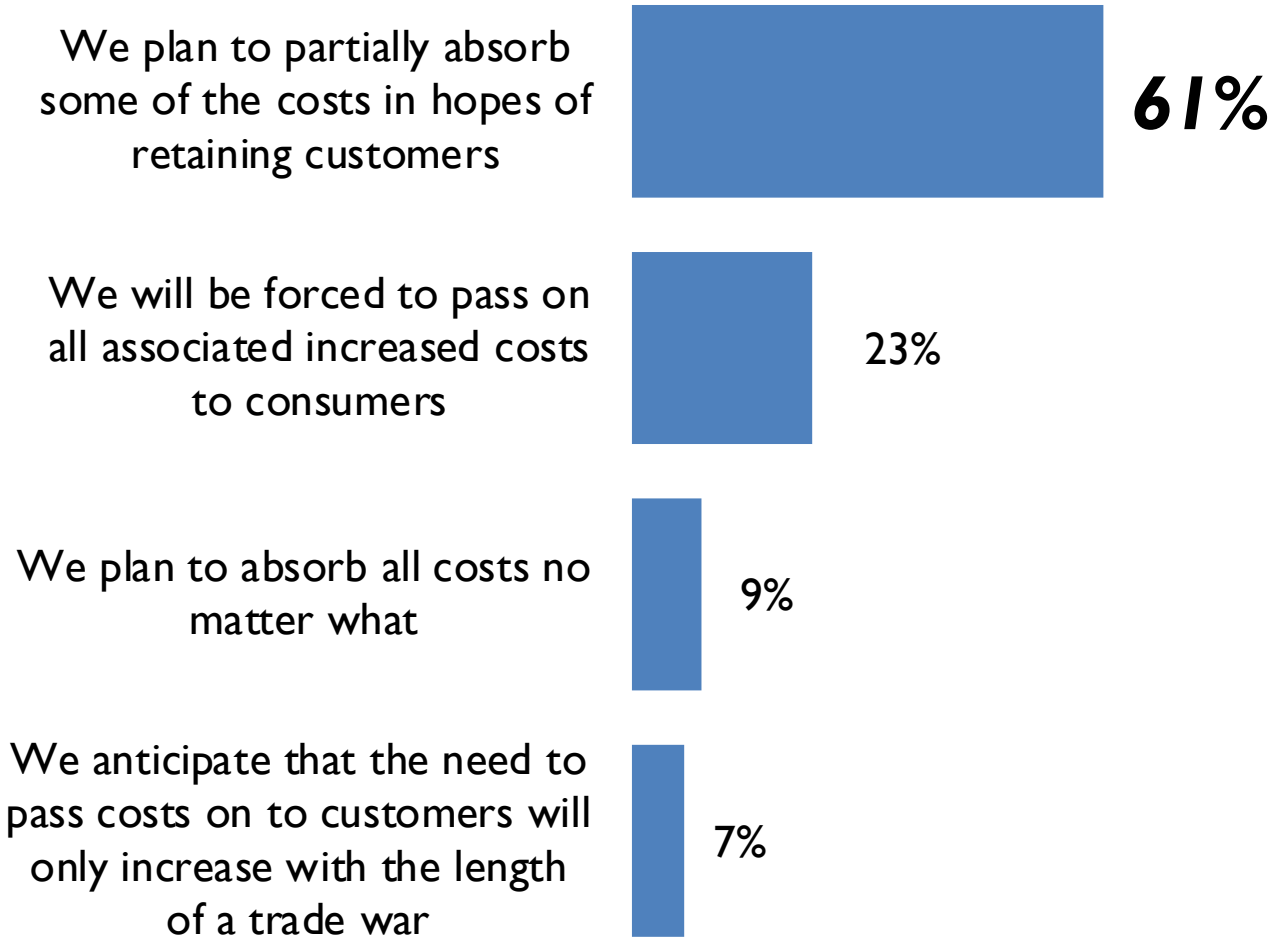
Retailers Are Most Concerned About The Effect On Customers …



WHICH BEST DECRIBES YOUR FUTURE-LOOKING POSITION ON THE CURRENT TRADE/TARIFF ENVIRONMENT?



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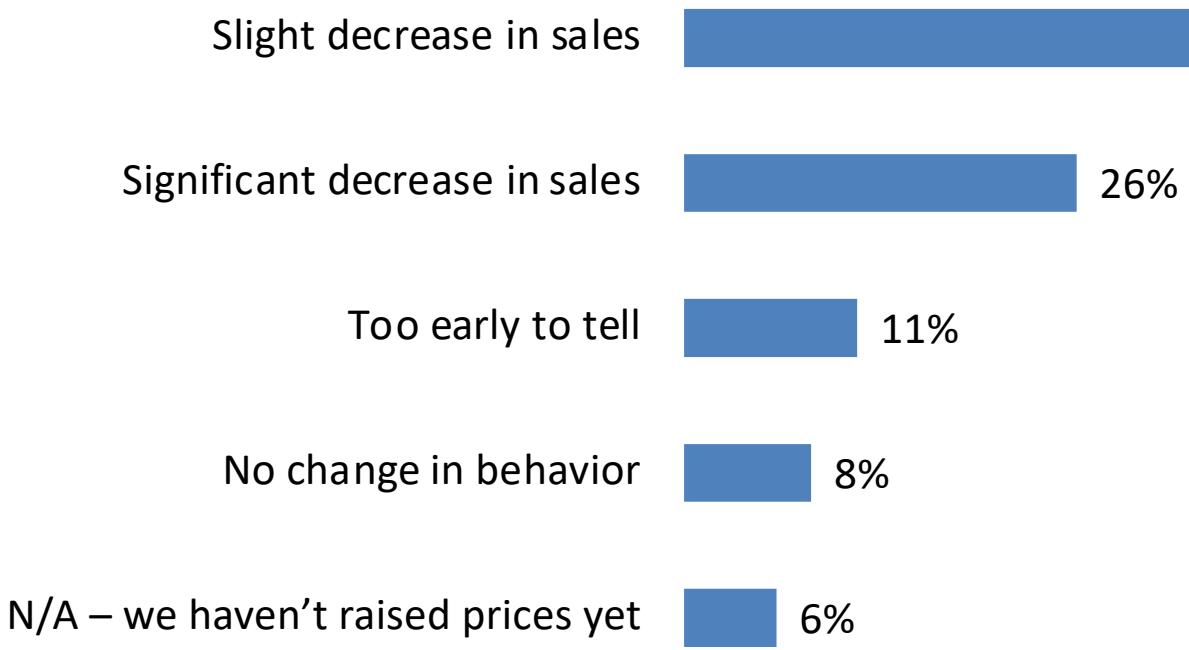
…Because Of The Impact Of Consumer Sentiment On Sales

HOW DO YOU EXPECT CUSTOMERS TO RESPOND TO RAISED PRICES?





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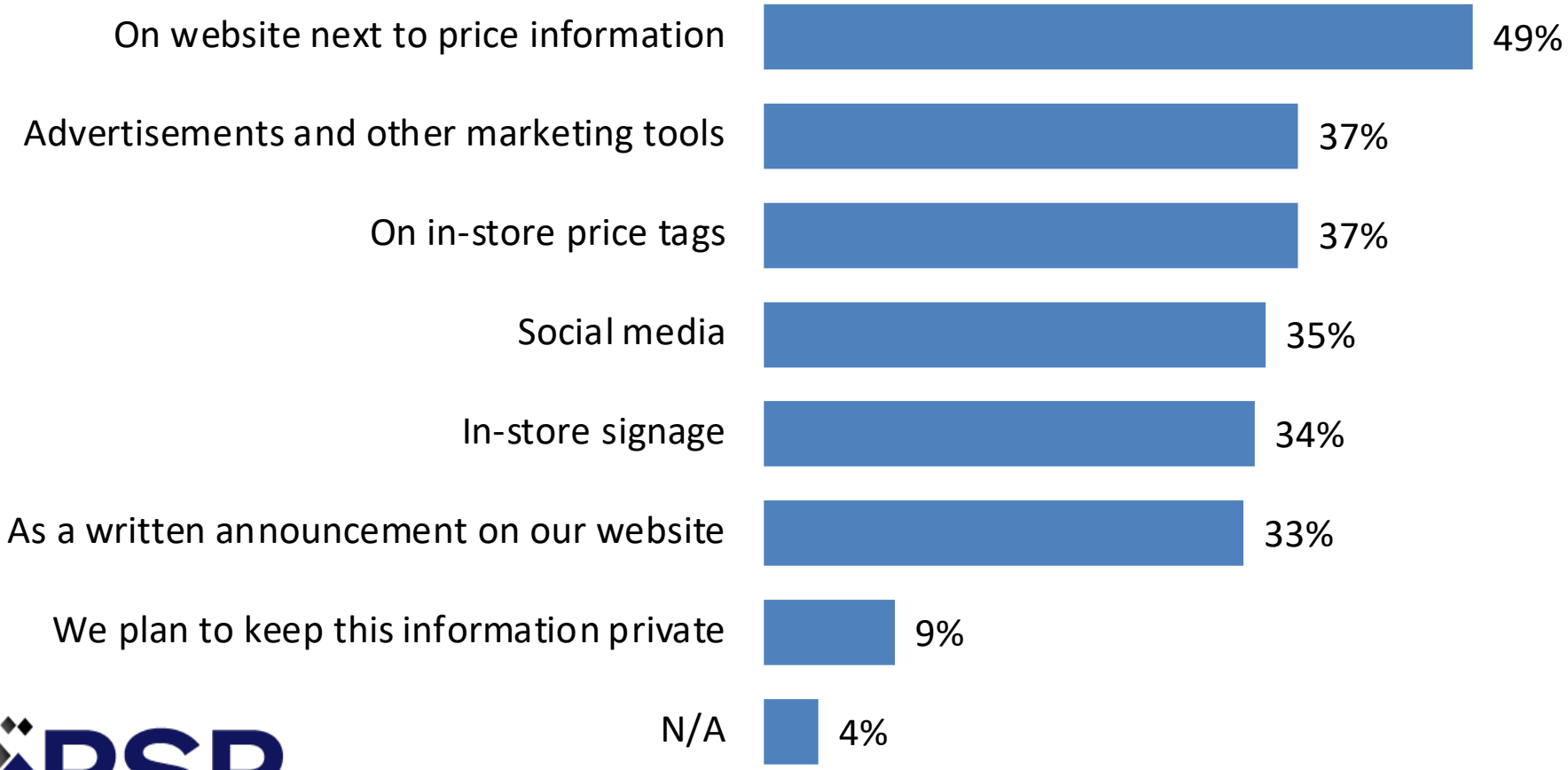
Retailers Know They Will Need To Communicate Price Increases – One Way Or Another

HOW WILL YOU COMMUNICATE PRICE INCREASES TO CONSUMERS?
(ALL THAT APPLY)



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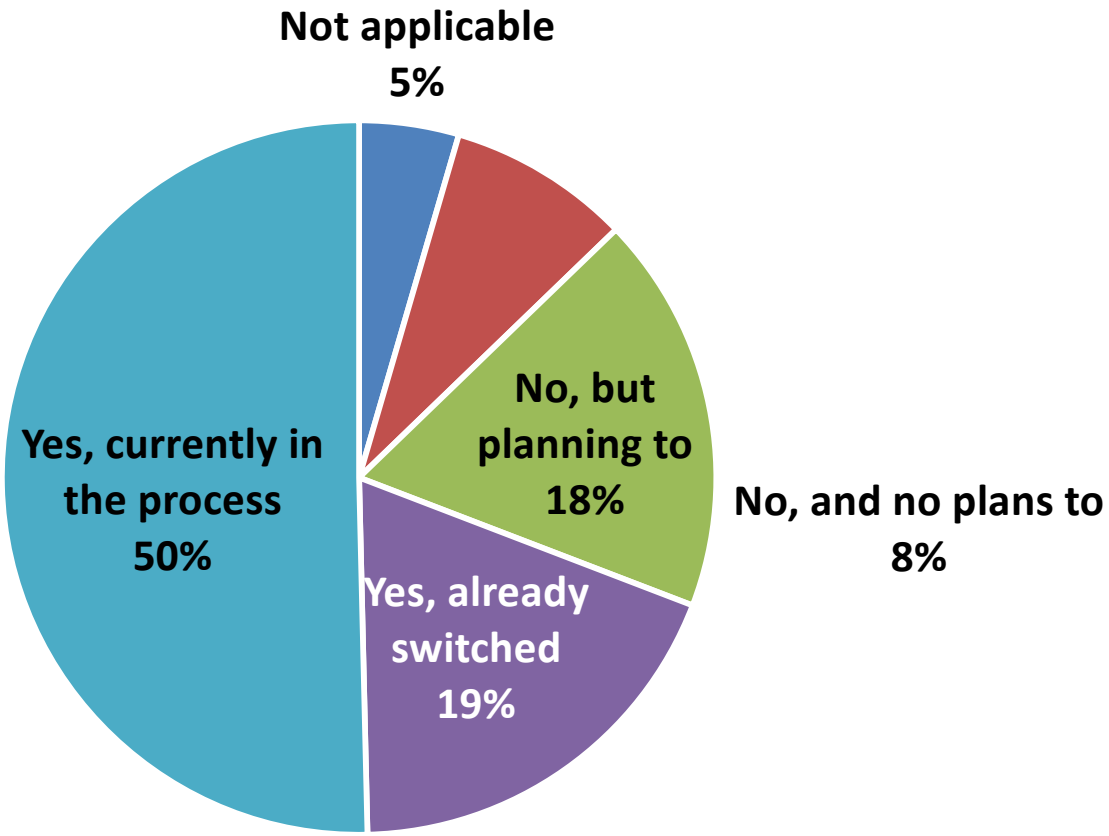
Retailers Are Looking For Domestic Sources For The Products They Sell…

ARE YOU ACTIVELY SEEKING MANUFACTURING SUPPLIERS BASED IN THE US DUE TO GEOPOLITICAL CONCERNS?



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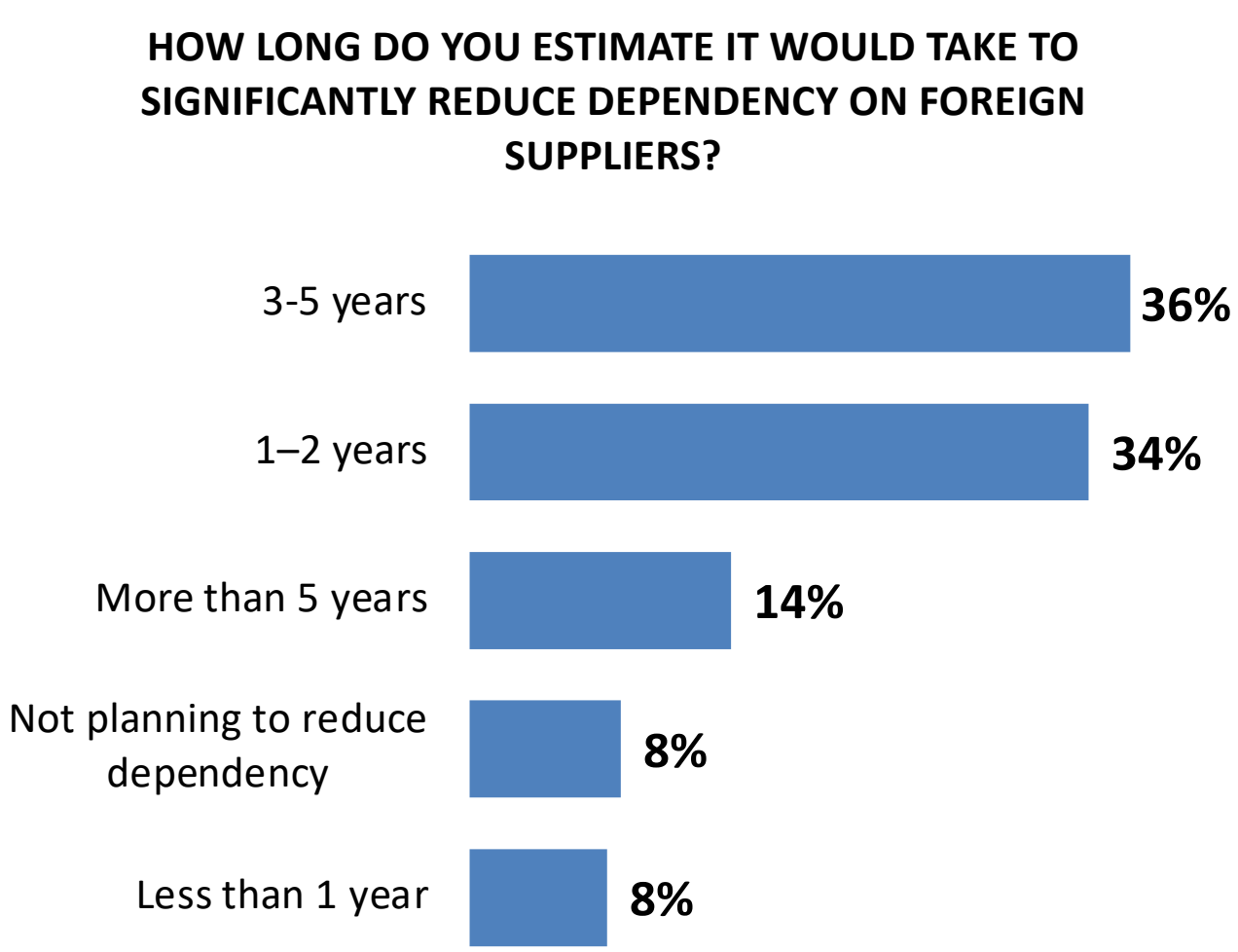
… But They Acknowledge That This Will Take Time





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RSR's Recommendations



The U.S. retail industry is in a state of prolonged instability due to tariff uncertainty. While large retailers may withstand the pressure longer, smaller ones face existential risk.

Survival hinges on agility, near-sourcing, and technological adaptation.

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RSR's Recommendations

- **Acknowledge the chaos** – instability is the "new normal."
- **Adopt a "sense and respond" approach** – use real-time data and analytics to react quickly.
- **Continuously forecast and adjust** – update plans mid-season as conditions shift.
- **Use scenario planning & predictive modeling** – anticipate disruptions.
- **Leverage pricing technologies** – optimize dynamically at SKU/location level.
- **Maintain flexibility** – adapt inventory and operations quickly.
- **Keep full visibility on the supply chain** – use digital tools to monitor and prepare for shocks

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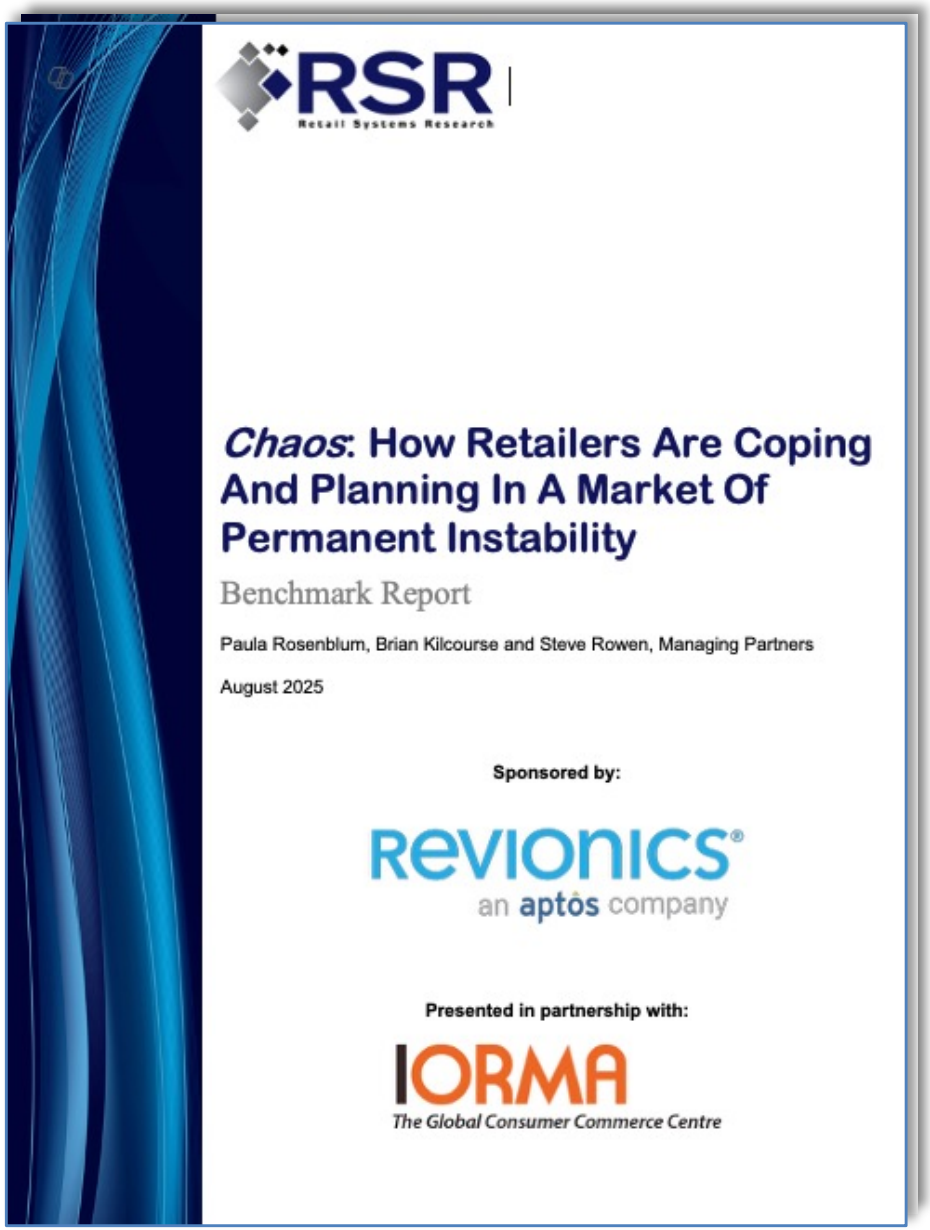
About RSR Research

Retail Systems Research ("RSR") is the only research company run by retailers for the retail industry. RSR provides insight into business and technology challenges facing the extended retail industry, providing thought leadership and advice on navigating these challenges for specific companies and the industry at large. We do this by:

- **Identifying information** that helps retailers and their trading partners to build more efficient and profitable businesses;

- **Identifying industry issues** that solutions providers must address to be relevant in the extended retail industry;

- **Providing insight and analysis** about a broad spectrum of issues and trends in the Extended Retail Industry.



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