



Tariff Business Impact: What executives think now

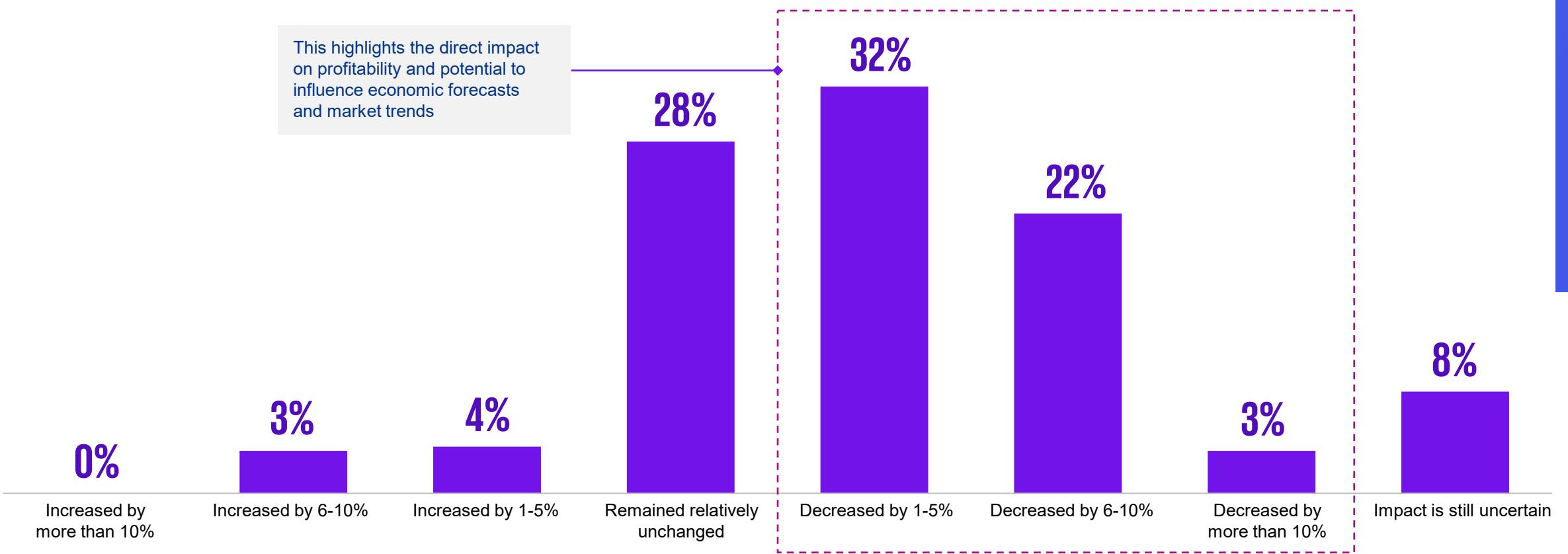
Prepared by KPMG

June 2025



Most companies are facing a decrease in gross margins due to tariffs

A21. How have tariffs impacted your company's gross margin? ^(a) N=300; Single select

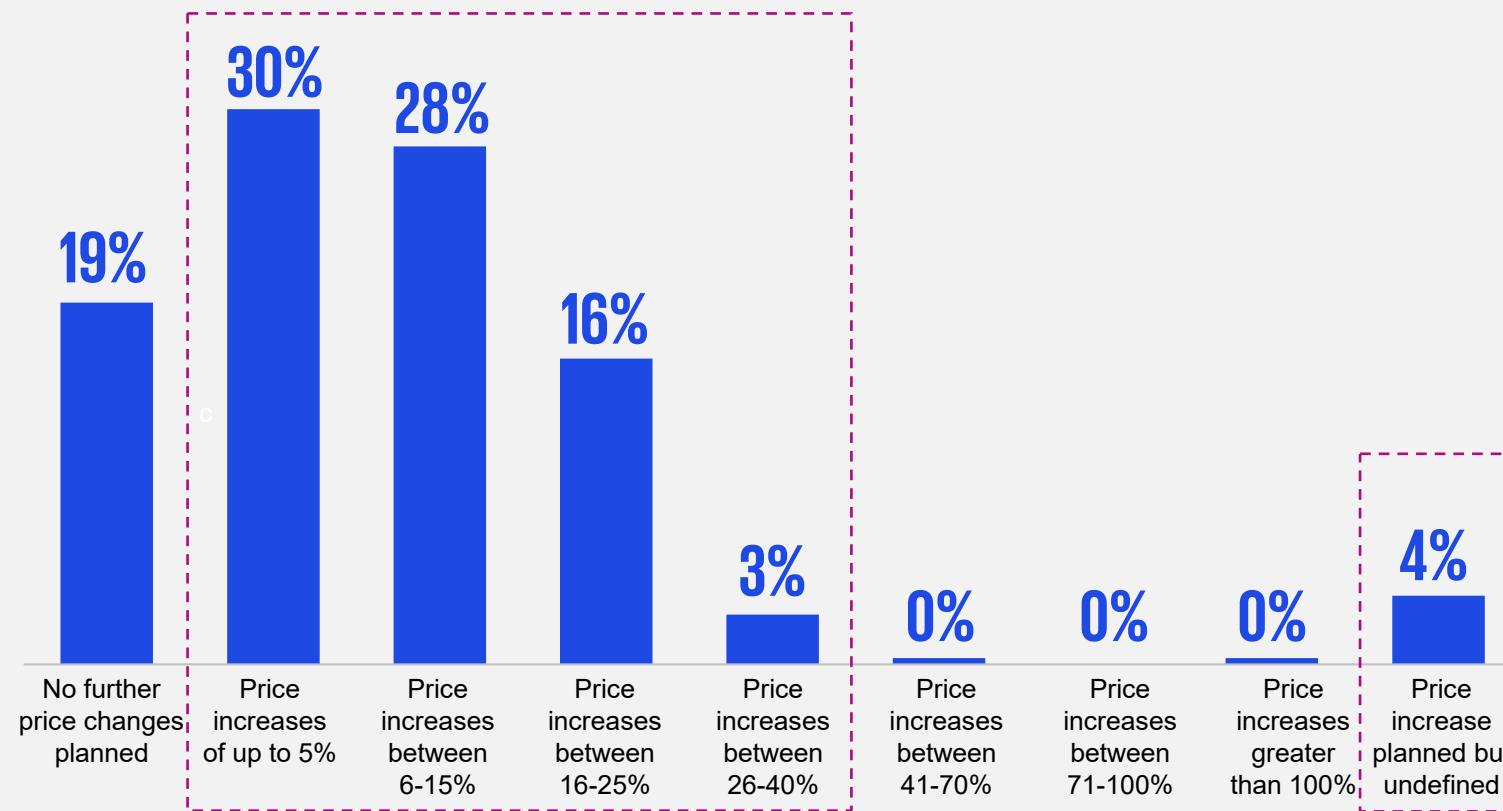


Note(s): (a) Sum of percentages may not add up to 100 due to rounding off

Source(s): KPMG Tariff Survey, May'25

Over 80% of companies anticipate raising prices in the coming six months, and consumer pushback could be on the rise.

C3. Is your company considering further price increases over the next six months? ^(a) N=300; Single select



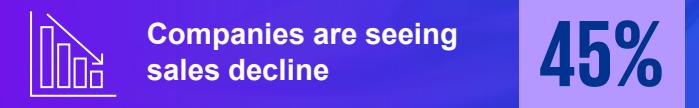
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A20. What percentage of tariff costs has your organization passed through to customers? N=300; Single select



A22. Have you seen changes in customer demand for your products/services? N=300; Single select



A8. What specific challenges do you face in managing tariff-related issues? N=300; Multi select



How it comes to life



Trying to maintain margin, while avoiding price increases

Many consumer-facing companies are heavily focused on cost optimization as low prices are important to their business model.

Those who choose not to pass on costs to consumers broadly may concentrate on internal cost-cutting measures. Automation and AI have become the first line of defense. Significant efforts are being made in warehouse automation and AI-based demand forecasting to improve efficiency and reduce costs.

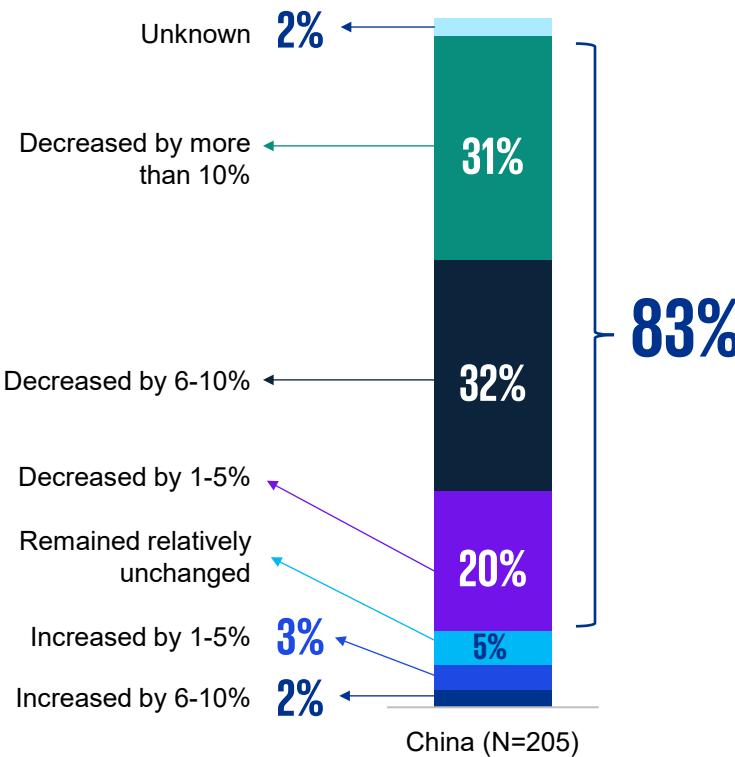
Some companies are taking a granular look at supply chains, seeking to swap out materials or material sources to optimize costs.

Another tactic we see is entry-time filing and post-payment audits to ensure accurate coding and prevent overpayments to suppliers. This comprehensive approach aims to uncover all potential cost-saving opportunities.

At the same time, companies are selectively passing costs to consumers on high-margin SKUs while pushing back on suppliers to manage costs effectively. This strategic approach helps balance cost pressures without compromising their pricing strategy.

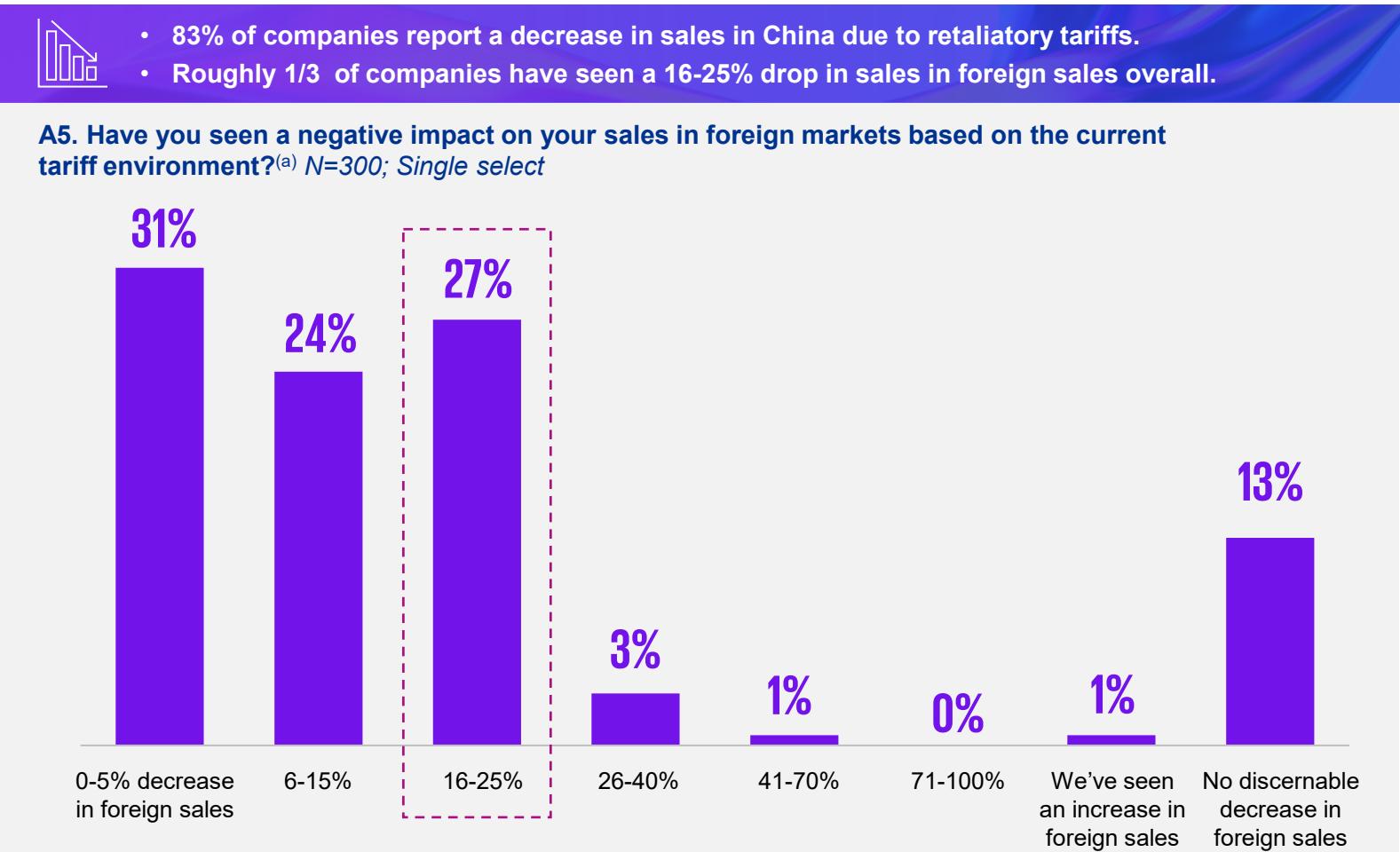
Companies are also starting to see sales drop in foreign markets

A2a. How much have retaliatory tariffs or uncertainty around tariffs impacted your company's sales in these regions? ^(a) Sliding scale; This question was presented to respondents according to their selections in question A2



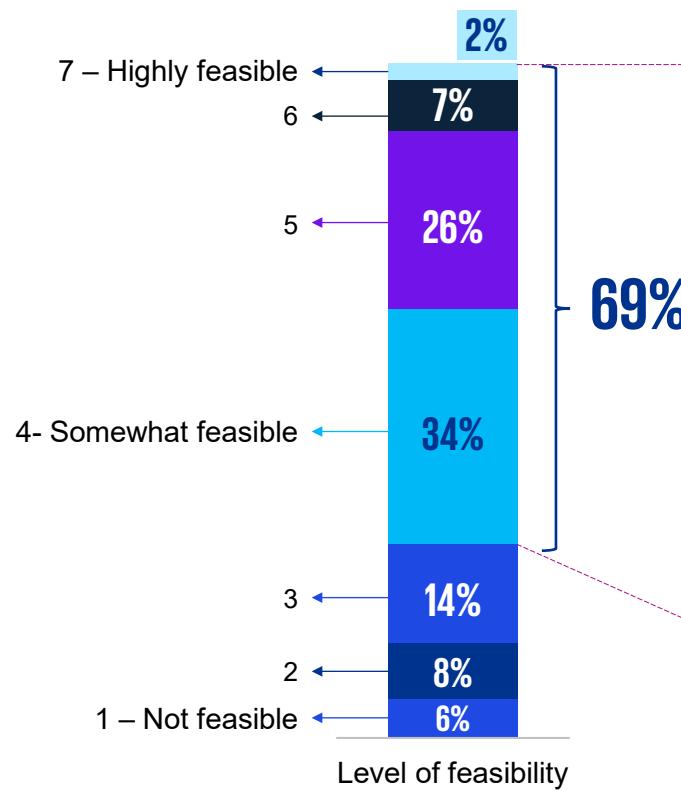
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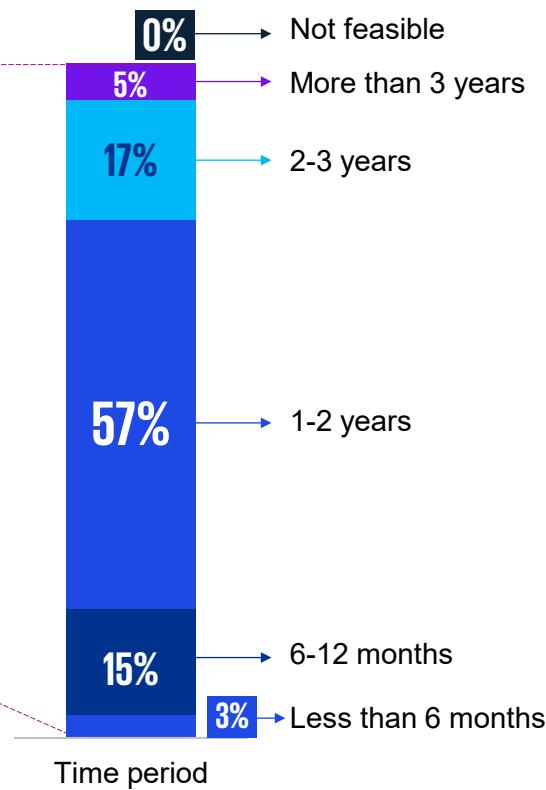


A majority of companies think that it would be feasible to bring manufacturing and operations to the US, with anticipated timelines of 1-2 years

B5. How feasible is it to bring your company's manufacturing and/or operations to the US? ^{(a)(b)}
N=300; Single select

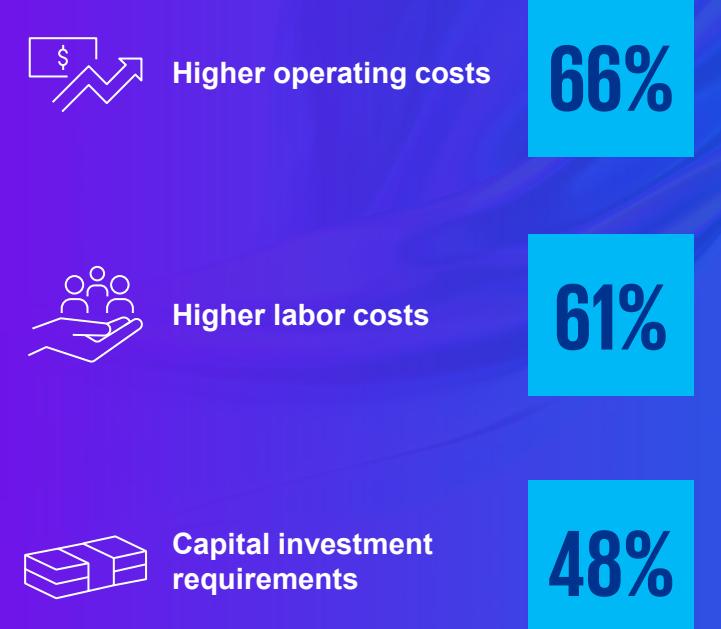


B5a. How long would it take for your company to bring manufacturing and/or operations to the US? ^{(a)(b)} N=207;
Single select; Logic: Provide to respondents if "d" "e" "f" "g" is selected in B5



B5b. What are the biggest hurdles for your company moving its manufacturing and/or operations to the US? ^{(b)(c)} N=300; Multi select

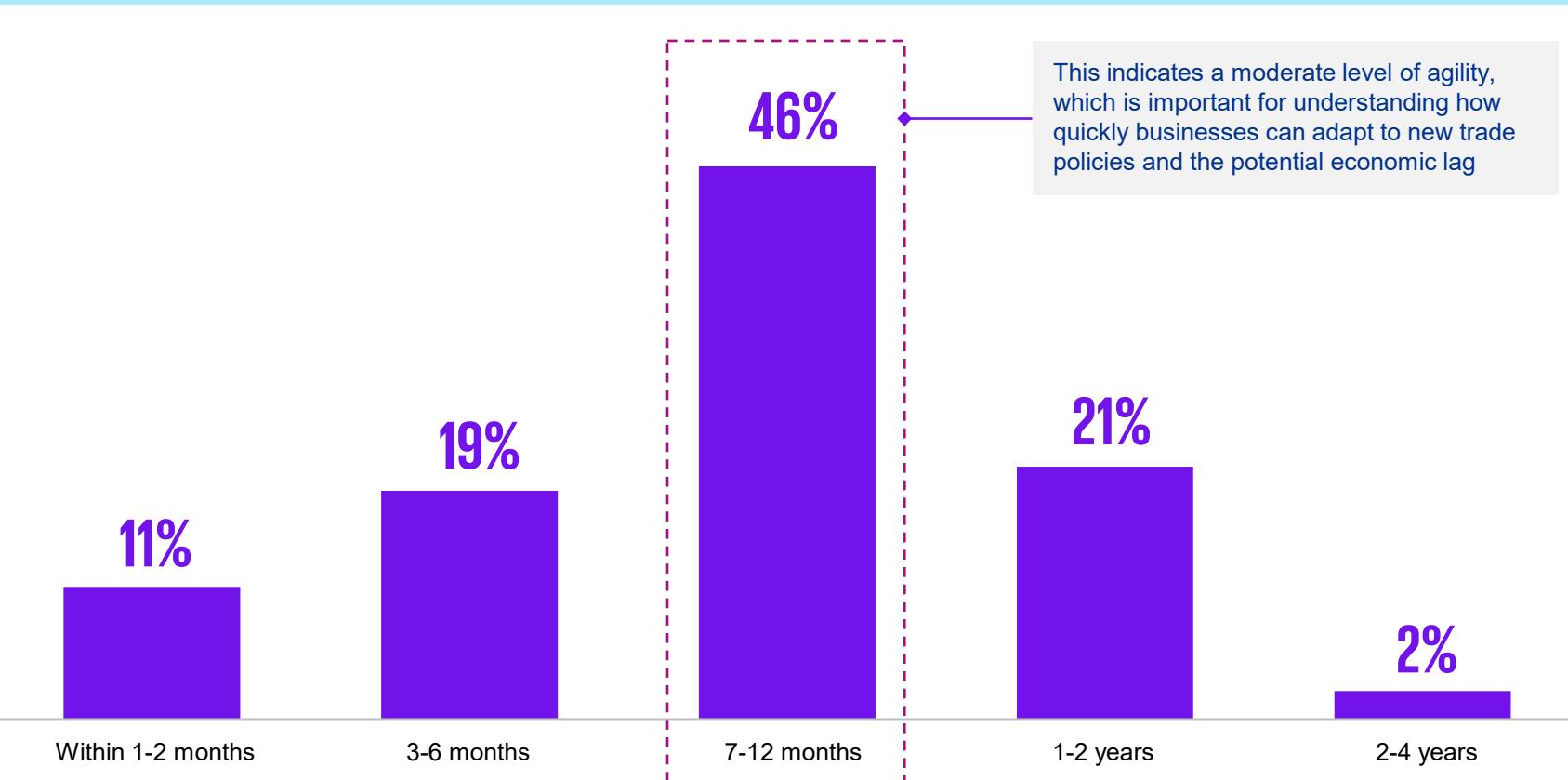
Top 3 hurdles



Note(s): (a) Sum of percentages may not add up to 100 due to rounding off; (b) The option 'Not applicable' is not considered in the graphical representation due to limited response; (c) Sum of percentages may not add up to 100 as it is a multi select question
Source(s): KPMG Tariff Survey, May'25

Changes to business models take time; 46% of companies require 7 to 12 months to make significant supply chain changes in response to new or increased tariffs

B1. How quickly can your organization pivot (e.g., significant supply chain changes) if tariffs increase or new tariffs are introduced? ^{(a)(b)} N=300; Single select



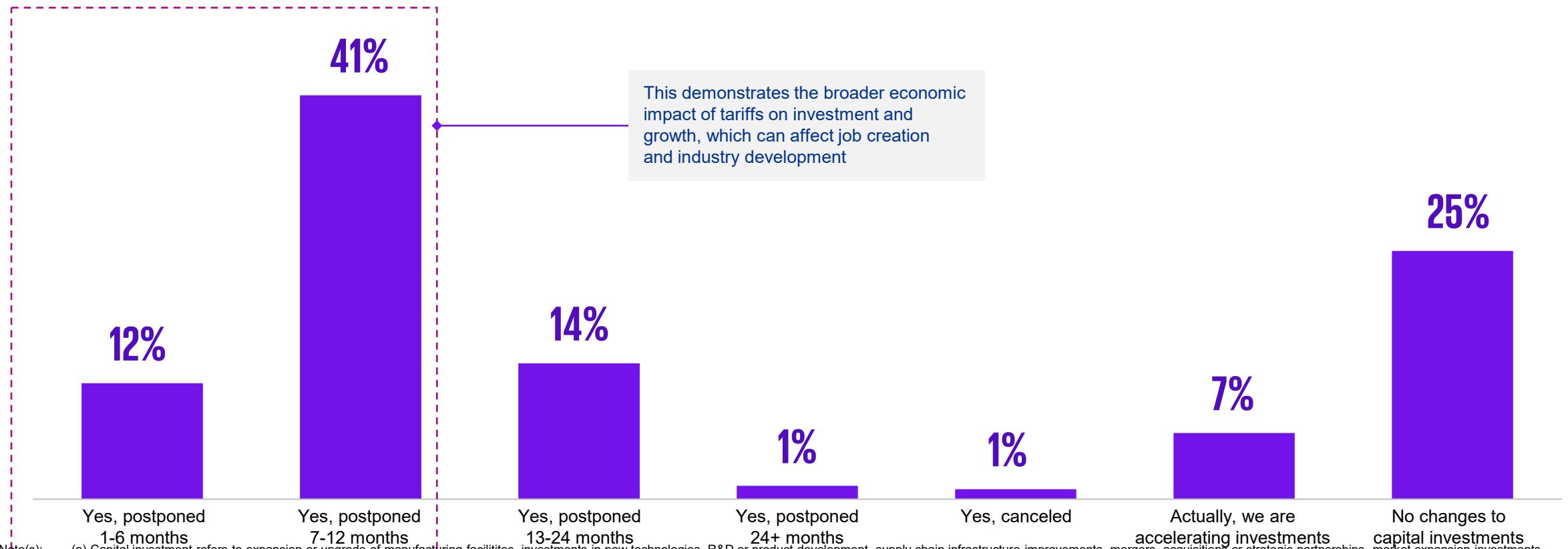
Note(s): (a) Sum of percentages may not add up to 100 due to rounding off; (b) The option 'Unsure' and 'Greater than 4 years' are not considered in the graphical representation due to limited response
Source(s): KPMG Tariff Survey, May'25

A23. How is your organization addressing the shift in demand for US exports caused by recent tariff changes? ^(a) N=265; Multi select; Logic: Provide to respondents if S6x2 has a selection of b, c, d, e, f



Tariffs have caused delays in major capital investments, with over half of companies postponing plans by up to a year

D2. Has your organization postponed or canceled major new capital investments^(a) due to tariff uncertainty?^(b) N=300; Single select



Note(s):

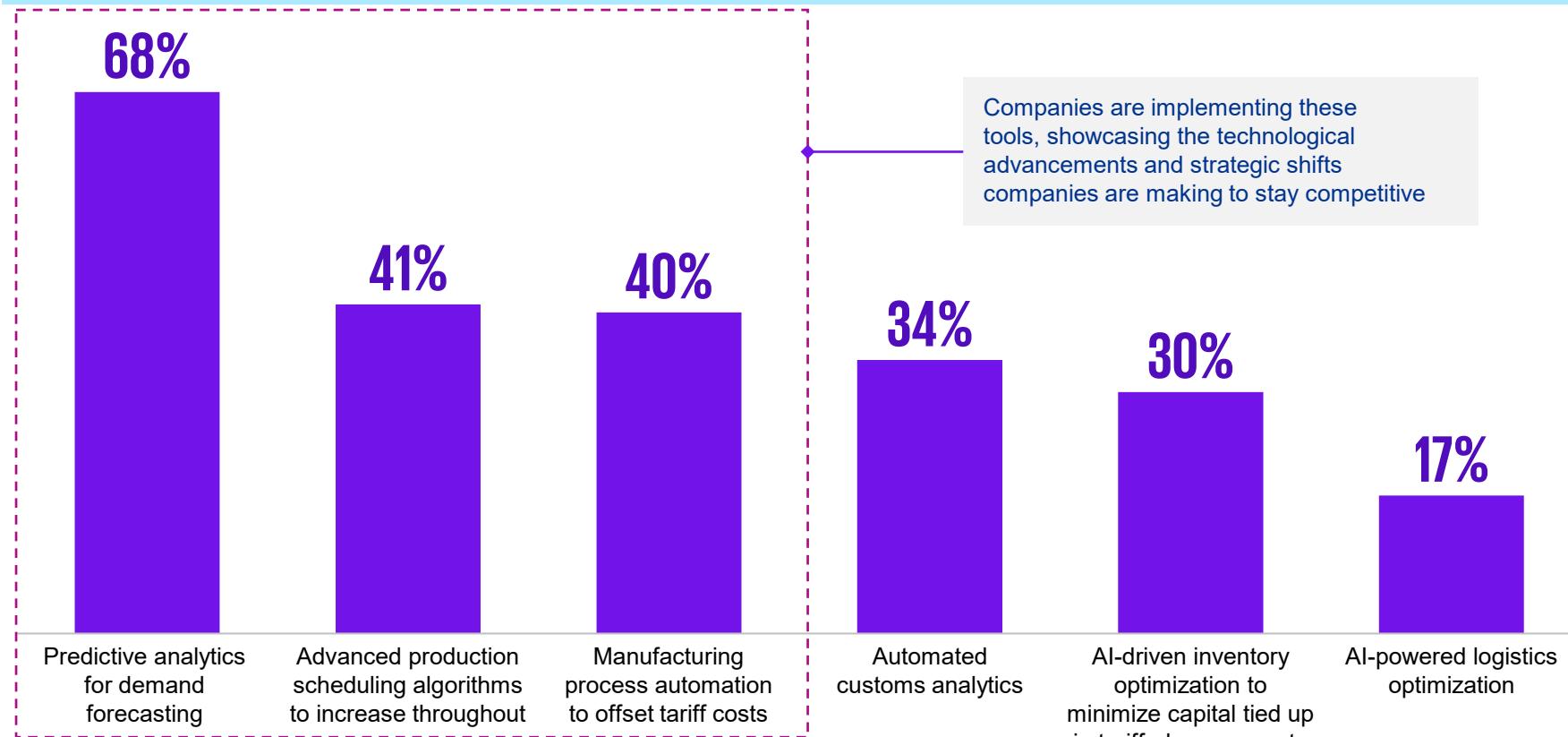
(a) Capital investment refers to expansion or upgrade of manufacturing facilities, investments in new technologies, R&D or product development, supply chain infrastructure improvements, mergers, acquisitions or strategic partnerships, market expansion investments or internal system upgrades.

(b) Sum of percentages may not add up to 100 due to rounding off

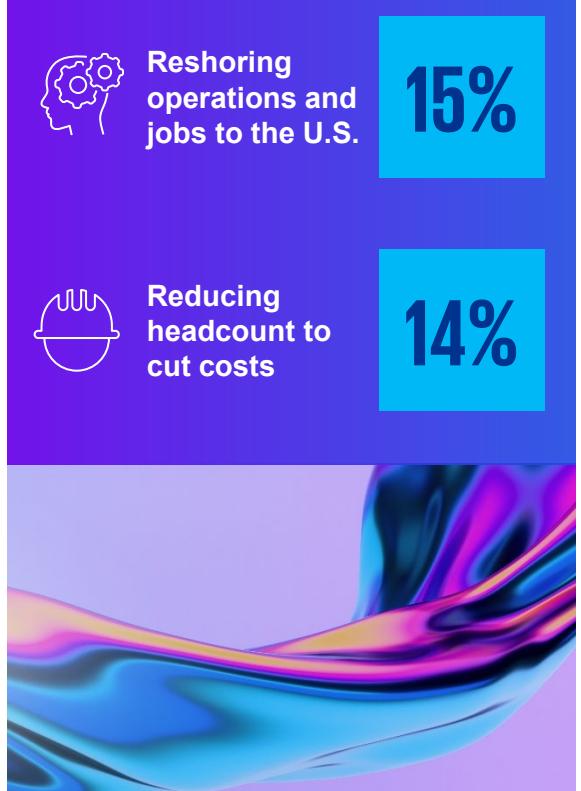
Source(s): KPMG Tariff Survey, May'25

Right now, companies are prioritizing data-driven and automation-based strategies over reducing headcount

C5. What tools or capabilities is your company implementing or planning in response to tariffs? ^{(a)(b)} N=300; Multi select



C1. Which actions are you planning on taking next to mitigate tariff pressures? ^(a) N=300; Multi select



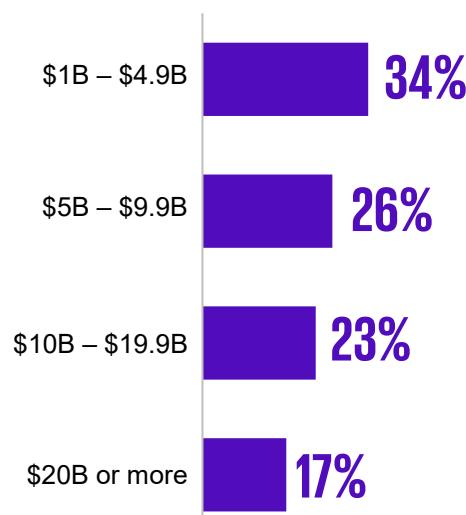
Note(s): (a) Sum of percentages may not add up to 100 as it is a multi select question; (b) The option 'Others (please specify)' and 'None of the above' is not considered in the graphical representation due to limited response

Source(s): KPMG Tariff Survey, May'25

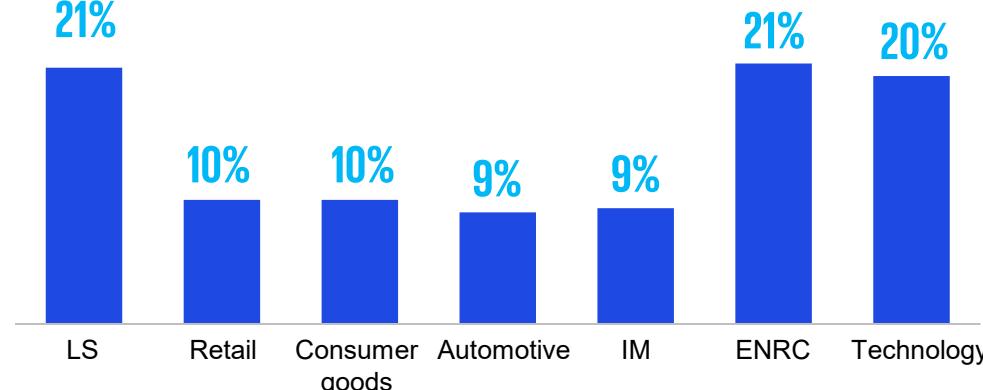
Methodology



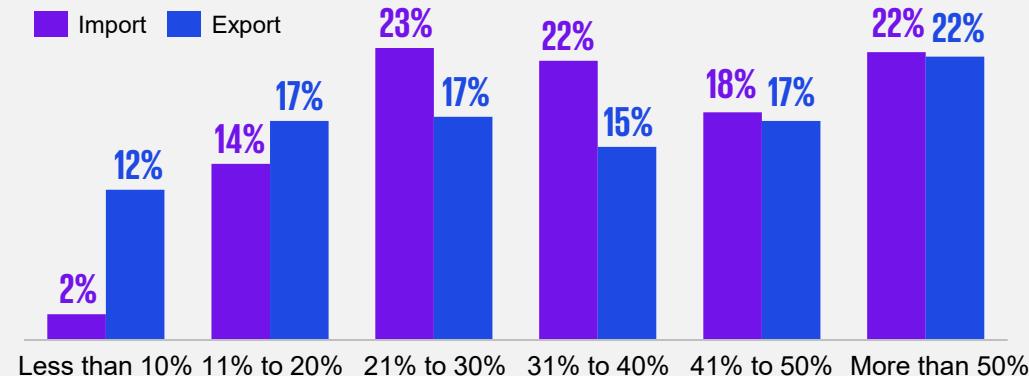
S3. What is your company's annual revenue? ^{(a)(b)} N=300



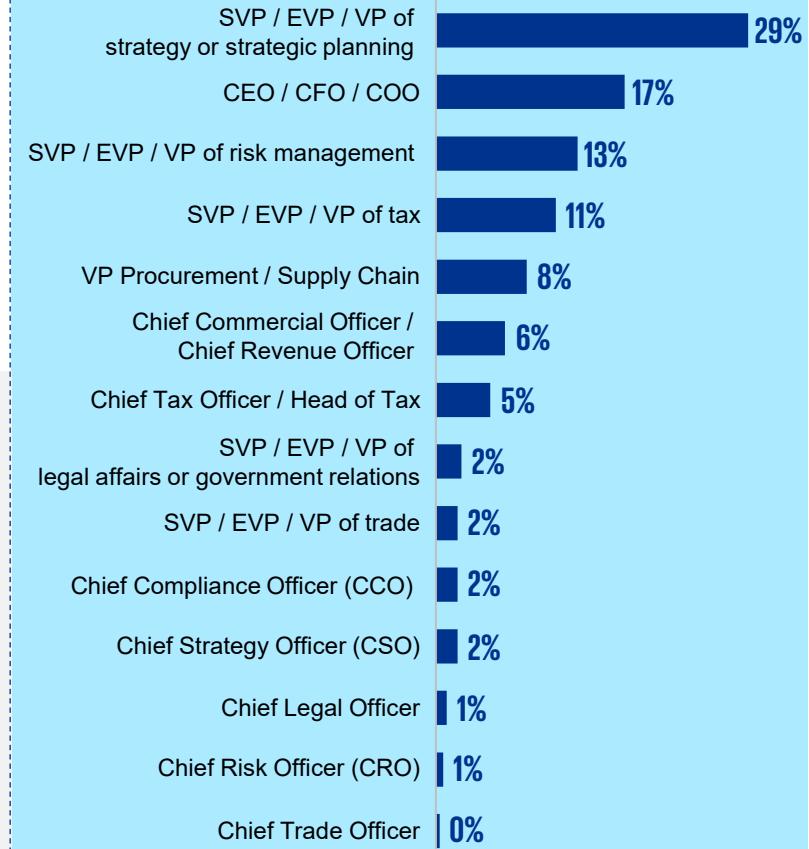
S5. Which of the following industries best represents your organization ^(a) N=300



S6. Approximately what portion of materials, intermediate goods and finished goods does your company import or export from foreign sources? ^(a) N=300



S4. Which title or role best describes your position within your organization? ^{(a)(c)} N=300



Note(s): (a) Sum of percentages may not add up to 100 due to rounding off; (b) The option 'I don't know/prefer not to say' is not considered in the graphical representation due to limited response; (c) The option 'Other' is not considered in the graphical representation due to limited response

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