2025 DTC Tariff Survival Guide

By The Email Marketers. Compiled clients of The Email Marketers and various DTC operators such as Obvi, Ron Shah, Mike Beckham, Sean Frank, and the Hampton Tariff Pulse Report

Navigate Tariff Challenges with Expert Retention Guidance.
Click here to book a free strategy call with our founder & CEO, Melanie Balke.

🌎 The Landscape: Why This Guide Matters

As of April 7, 2025, the U.S. has implemented significant tariff changes that are reshaping global trade dynamics:

- **Universal Tariffs**: A baseline 10% tariff now applies to all imported goods.
- **Country-Specific Tariffs**: Higher tariffs target specific countries, including 34% on Chinese goods, 24% on Japanese items, and 20% on European products.
- **Section 321 Elimination**: The de minimis exemption for shipments under $800 has been revoked for imports from China and Hong Kong, effective May 2, 2025.

Entrepreneurs from every vertical—from CPG to DTC to wholesale manufacturing—have been forced to rethink their logistics, margins, pricing, and long-term resilience. This guide consolidates strategic responses from various DTC operator sources including The Email Marketer's clients to support during this change.

Please be aware that tariff regulations are subject to frequent changes. It is advisable to remain informed about the latest developments to ensure compliance and strategic alignment.

🏢 SUPPLY CHAIN STRATEGIES

1. Shift Production to Mexico (Where Possible)
The Operators Podcast shared that moving even 25% of production to Mexico helped maintain speed, reduce tariffs, and cut logistics time to ~3 weeks. Under NAFTA/USMCA, Mexico remains a key strategic ally—though policy is volatile.

2. Diversify Sourcing (Vietnam, Thailand)
Obvi is already sampling new 2025 SKUs from Vietnam and Thailand. The goal? Reduce dependency on China and protect against future tariffs. China may remain a player, but diversification is now a survival play.

3. Switch to Domestic 3PLs
Avoid double duty, reduce customs friction, and speed up last-mile delivery by partnering with U.S.-based 3PLs. Obvi is actively running RFPs with two new domestic fulfillment partners.

4. Leverage Free Trade Zones & Bonded Warehouses

Bonded warehouses allow brands to delay duty payments until goods are sold, improving cash flow. This tactic is especially useful for inventory with longer shelf lives or slower turnover.

5. Reclassify HTS Codes
Don't just accept the tariffs—fight them. Obvi is working with brokers to reclassify their Harmonized Tariff Schedule (HTS) codes and file for possible exclusions. This could unlock significant savings.

6. Implement "China+2" Strategy

With Vietnam tariffs now at 46%, brands need a more diverse approach. Consider:

- Thailand and India for labor-intensive manufacturing
- Malaysia for electronics components
- Central America for textile production

Obvi is already sampling new 2025 SKUs from multiple regions to reduce dependency.

7. Reclassify HTS Codes & Seek Exclusions

Don't just accept the tariffs—fight them. Work with customs brokers to:

- Re-evaluate product classification for potentially lower duty rates
- Apply for tariff exclusions based on unavailability of U.S. alternatives
- Document the impact on your business for advocacy purposes

📆 SHORT-TERM OPERATIONAL TACTICS

8. Front-Load Inventory in Q2

Operators recommend blending current inventory before the full effect of tariffs takes hold. Stocking up early can help smooth cost volatility.

9. Cut Low-Margin SKUs & Focus on Winners

If a product doesn't drive profit, LTV, or repeat purchases, it's paused. Obvi emphasizes that optionality is expensive. Focus equals profitability.

- Conduct SKU-level tariff impact analysis
- Prioritize high-margin items with domestic components
- Consider temporary "hibernation" for borderline products

10. Test with Zero Inventory Risk

Obvi uses Supliful to test new upsell SKUs without tying up capital. This lets them launch offers fast and fail forward without inventory risk.

11. Redesign Packaging & Products

By shrinking container size, scoop volume, and seal thickness, Obvi cut their DIM weight—reducing shipping costs by ~15% without impacting customer experience.

- Can components be sourced domestically?
- Can product weight or dimensions be reduced?
- Would a concentrate or refill model work?

12. Simplify Bundles

Bundles are being rebuilt to be cleaner and cheaper. Removing scoops, shakers, and gift items has helped consolidate box sizes and reduce freight cost.

💸 PRICING & MARGIN STRATEGY

13. A/B Test Price Increases with Value-First Messaging

Instead of raising prices silently, Obvi pairs 5-7% price increases with perks like free shipping and loyalty points. It's not just about charging more—it's about framing it as added value.

14. Implement Dynamic Pricing Models

- Adjust prices based on customer segments and purchase history
- Create tiered pricing structures that protect margins on entry-level products
- Test "tariff surcharges" vs. integrated price increases
- Use AI to optimize price points based on demand elasticity

15. Push Suppliers to Share the Burden

The Operators team recommends asking manufacturers (especially in China) to absorb some or all of the new tariff costs. Many are subsidized by their governments and have room to negotiate.

16. Renegotiate Terms

- Work with suppliers to get better payment terms (e.g., Net-60)
- Explore inventory financing solutions to maintain cash flow
- Lower MOQs and implement flexible shipping schedules
- Consider direct factory relationships to eliminate middlemen margins

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🛠️ DIGITAL OPTIMIZATION & COST CUTTING

17. Cut Operating Costs with AI & Automation

- Use AI for demand forecasting to optimize inventory levels
- Automate customer service with AI chatbots to reduce support costs
- Implement workflow automation to reduce administrative overhead
- Deploy predictive analytics to anticipate supply chain disruptions

18. Double Down on Owned Marketing Channels

- Invest in email and SMS marketing to reduce reliance on paid ads
- Capture zero-party data to improve targeting and personalization
- Build community platforms for peer-to-peer recommendations
- Optimize website conversion rates to maximize existing traffic

17. Hire International Talent for Key Roles

- Reduce payroll costs by hiring remote team members in tariff-free regions
- Build relationships with sourcing experts in alternative manufacturing hubs
- Consider nearshore development teams for cost-effective tech improvements

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📰 WHAT ENTREPRENEURS ARE SAYING

- **92%** of founders report being impacted by tariffs.
- **33%** say the impact is significant or severe.
- **20%+** face monthly cost increases of **$50,000 or more**.
- **83%** are forced to eat the costs; **63%** are passing them to customers.

> "We don't manufacture in China because of cheap labor. We do it because no one in the U.S. has the component supply chain."
> "Tariffs are a blunt tool with massive unintended consequences."
> "If you want more U.S. manufacturing, remove tariffs on components and fund subsidies for factories."

Some brands are advocating for:

- More clarity and advance notice on future tariff rules.
- Exemptions for essential components vs. finished goods.
- Concrete 5-7 year plans to allow for domestic manufacturing investment.

📊 BIGGER PICTURE: WHERE THIS IS GOING

While Canada and Mexico are temporarily off the tariff list, China is not. The general consensus is that Trump-style tariffs on Chinese goods (especially direct-to-consumer ones like Shein, Temu, etc.) are here to stay. Operators believe this is the beginning of a long-term structural shift in global trade—and smart brands are planning accordingly.

Emerging trends to watch:

- Robotic manufacturing making U.S. production more competitive
- Domestic reshoring accelerating for critical supply chains
- Bonded warehousing and free trade zones becoming more popular
- Tighter compliance and enforcement of country-of-origin rules

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🤝 RETENTION: YOUR SECRET WEAPON FOR PROFITABILITY

As acquisition costs rise and product margins shrink, retention has become the most powerful (and underused) lever for profitable growth.

Why retention matters now more than ever:

- CAC is higher than ever; your best customers are the ones you already have.
- A 5% increase in retention can boost profits by 25–95%.
- Email, SMS, and loyalty programs cost less and convert better.

In this tariff-heavy world, your highest ROI channel is the customer you've already paid to acquire.

🔧 RETENTION MOVES TO MAKE TODAY

1. Strengthen Lifecycle Flows

- Welcome, Post-Purchase, Replenishment, Lapsed Winback—dial in every stage.

2. Personalize Everything

- Segment by AOV, behavior, and product history. Talk to your best customers like VIPs.

3. Loyalty-Focused Messaging

- Launch early access offers, status tiers, or subscription benefits.
- Be transparent about rising costs (tariffs) with your most loyal buyers.

4. Drive Repeat Purchases

- Use replenishment reminders and curated product picks.
- Promote bundles and auto-ship to lock in ongoing revenue.

Need help? Book a call with The Email Marketers to help you spot gaps in your retention marketing.

✅ FINAL TAKEAWAY

This isn't just about weathering a storm. It's about becoming a better business:

- More efficient.
- More profitable.
- More resilient.

Use tariffs as a forcing function to build the company you wish you had a year ago.