

An aerial photograph of a large container ship sailing on the ocean. The ship is covered with stacks of colorful shipping containers in shades of red, blue, and white. The ship is moving from the top left towards the bottom right, leaving a white wake in the dark blue water.

Tariffs and Small Businesses:

EXPLORING THE REAL-WORLD IMPLICATIONS OF RECENT TARIFFS

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Introduction

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mall businesses typically fly under the radar of tariff-related discussions, a problem we hope to resolve.

The current global trade climate is being heavily impacted by U.S. tariffs.

- The average trade-weighted import tariff on industrial goods is 2%, according to the Office of the U.S. Trade Representative.
- High tariffs on imported goods from China have led some companies to move production from the nation, The Wall Street Journal reported.
- Some European nations are expecting upcoming U.S. tariffs totaling \$7 billion in value, Bloomberg explained.

Small businesses typically don't have the financial or operational flexibility to deal with the disruption caused by tariffs. With this in mind, we polled small business owners to learn more about how tariffs impact them.

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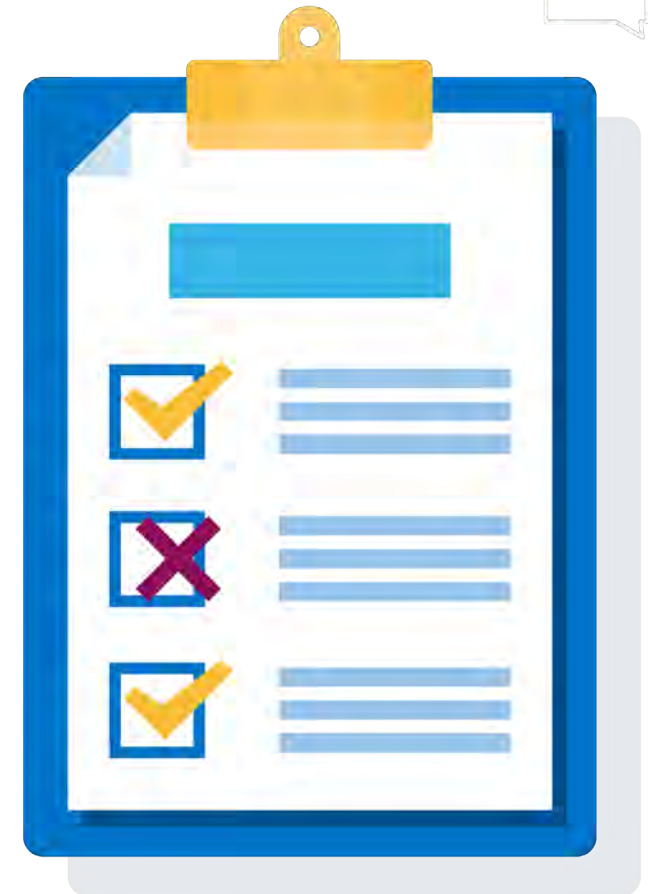
We received responses
from nearly **300 small**
businesses owners.

Survey Methodology

As a small business lender, we have a large network of small business owners we connect with regularly. We received responses from nearly 300 small businesses owners. In a general sense, we asked them how tariffs affect their businesses.

More specifically, we tried to keep politics out of the conversation. The survey is intended to help small business owners see how other companies are impacted by the economic strategy to help them contextualize their own experience.

To that end, we focused on asking about the results of surveys on normal areas of business operations. As we explore these results, we'll also discuss some of the ideology around tariffs and their economic impact. It's worth noting that not all responses will add up to exactly 100% due to rounding.



How Tariffs Influence Pricing and Sales

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ariffs are a fee applied to goods imported to a country from a foreign market. Conceptually, applying a tariff to goods is meant to:

- Make it easier for domestic organizations to compete with foreign companies on price by making imported goods more expensive.
- Encourage businesses to engage in more domestic trade throughout the supply chain, leading to increased opportunity all over the nation.

While tariffs can be designed to provide economic parity that encourages domestic trade, they can also:

- Put economic pressure on a foreign market.
- Increase supply chain costs for businesses that depend on imported materials.
- Lead to higher prices to compensate for the shipping complexity created by tariffs.

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Are Recent Tariffs Impacting Pricing and Sales?

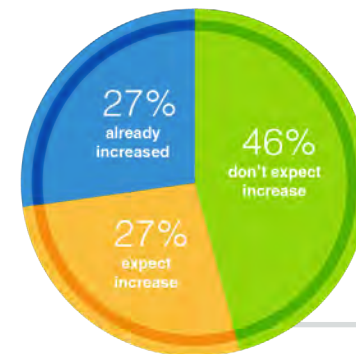
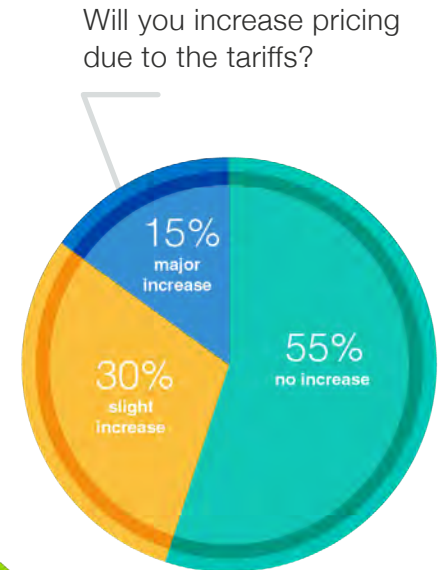
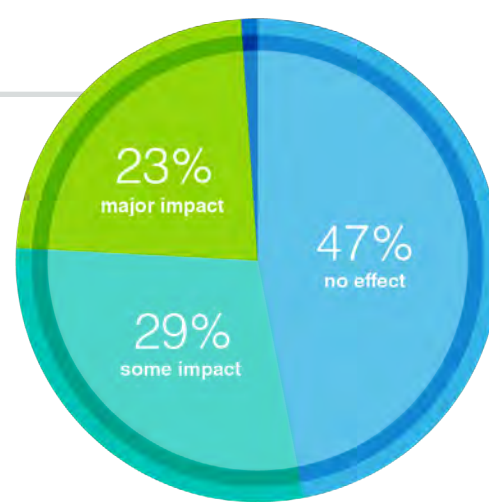
We asked small business owners a few questions about pricing and sales:

Are the recent tariffs impacting your sales?

- 47% said there was no effect.
- 29% said there was some impact.
- 23% said there was a major impact.

Will you increase pricing due to the tariffs?

- 55% said no increase.
- 30% said slight increase.
- 15% said major increase.



Are you forecasting any tariff-related price increase from your vendors?

- 46% said they don't expect an increase.
- 27% said they expect an increase.
- 27% have already experienced an increase.

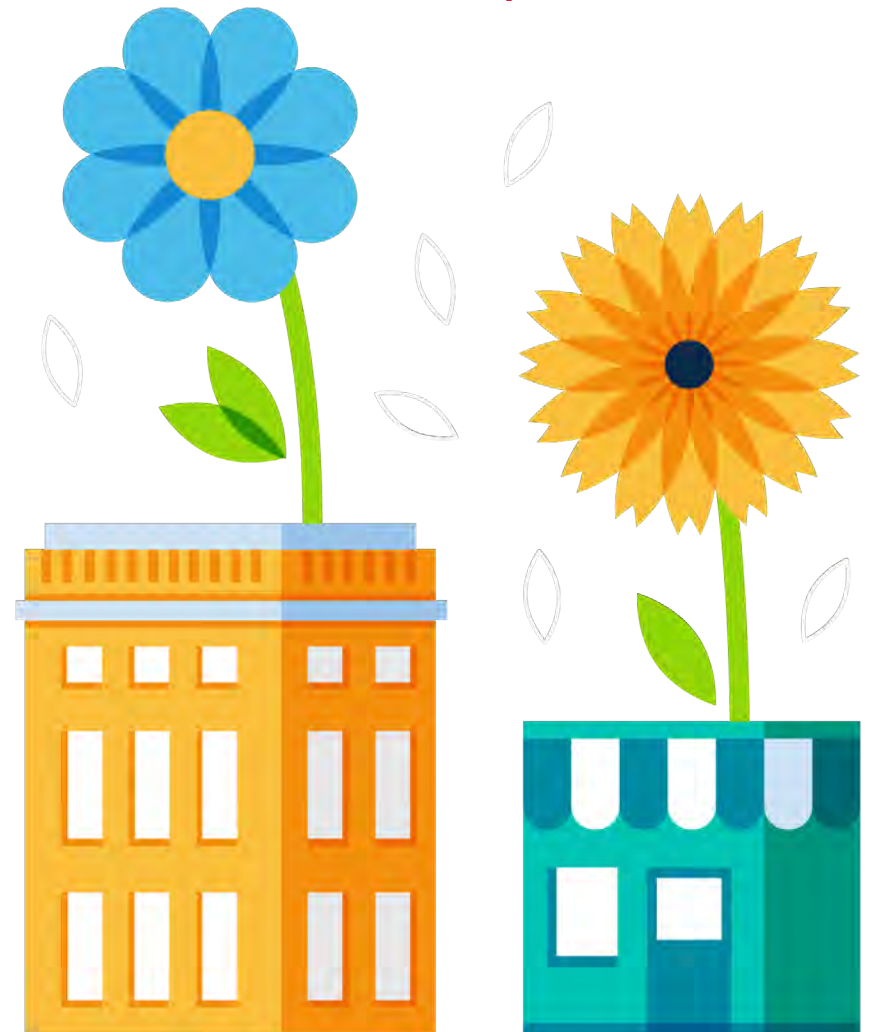
Tariffs can help these businesses generate the income needed to maintain their **workforces** and create **positive momentum**.

How Tariffs Influence Business Growth


A Forbes report explained that, in theory, tariffs are in large part designed to help domestic businesses that are struggling to compete in an industry. They can help these businesses generate the income needed to maintain their workforces and create positive momentum.

However, that same Forbes report explained that while tariffs can help a specific industry, the aftershocks felt in the rest of the economy can slow growth for those businesses.

A National Retail Federation look at how small business growth is influenced by tariffs went directly to owners, who almost universally said tariffs end up hurting them, creating high costs, forcing them to scramble to adapt to economic change, and undermining their ability to sustain business expansion.



Are Recent Tariffs Impacting Business Growth?


Our poll of small business owners asked  out how their growth-related strategies are hit by the tariff. Here's a look:

Are the tariffs impacting your plans to hire new employees?

- 61% said they are having no impact.
- 23% said they are having some impact.
- 16% said they are having a major impact.

How are the tariffs impacting your business growth plans?

- 11% said they have no plans for growth.
- 38% said tariffs are not impacting their growth plans.
- 26% said tariffs are having a minimal impact on growth plans.
- 25% said tariffs are having a major impact on their growth plans.

 26% said tariffs are having a minimal impact on growth plans.



Will the tariffs impact your plans to acquire business financing?

- 55% said tariffs are having no impact.
- 27% said tariffs are having some impact.
- 18% said tariffs are having a major impact.

How Tariffs Influence the National Economy

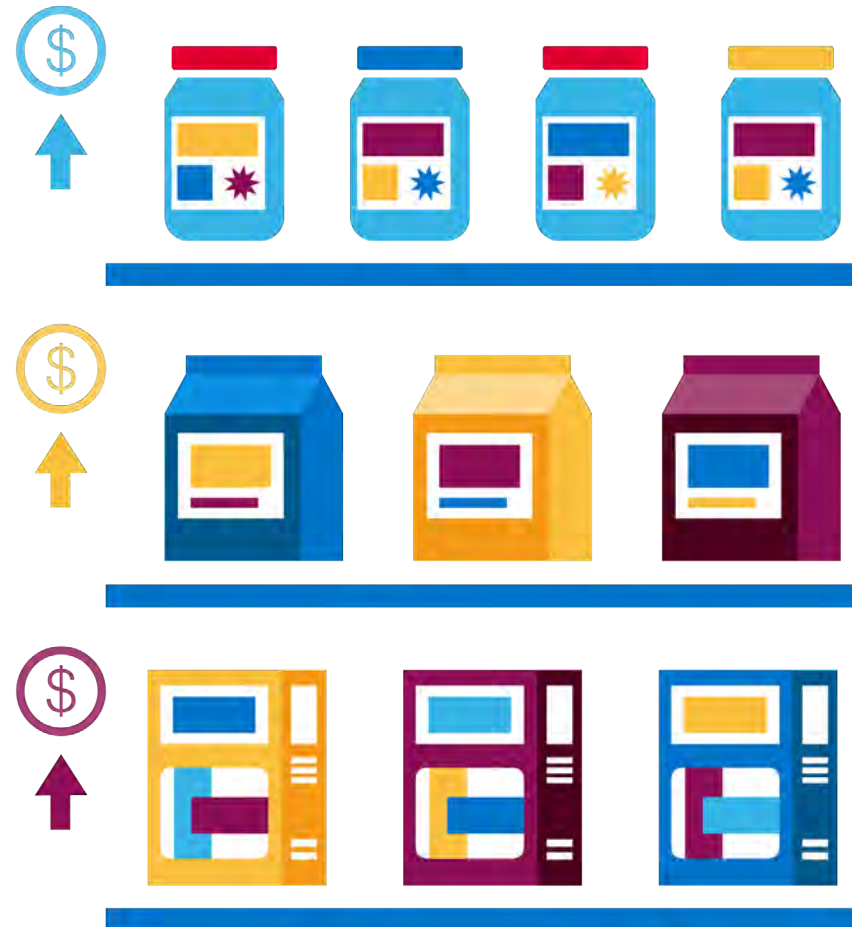
A study from Trade Partnership Worldwide explored the large-scale economic impact of recent tariffs, and its research highlights just how difficult it is to consider the full implications of tariffs.

According to the research, U.S. tariff efforts lead to a few clear consequences:

- Production output in industries protected by the tariff increases.
- Higher costs emerge for consumers and businesses purchasing international goods.
- Nations impacted by tariffs often create counter-tariffs against the U.S.

These dynamics make it difficult to assess how tariffs impact economy in a broad sense. But one clear takeaway is that tariffs almost always create significant disruption for businesses. They alter supply chain prices, change trade patterns between nations, and are often unpredictable, making it difficult to prepare. While major corporations may have the capital and technological flexibility to adapt, small businesses often struggle.

Corporations may have the capital and flexibility to adapt, but **small businesses often struggle.**

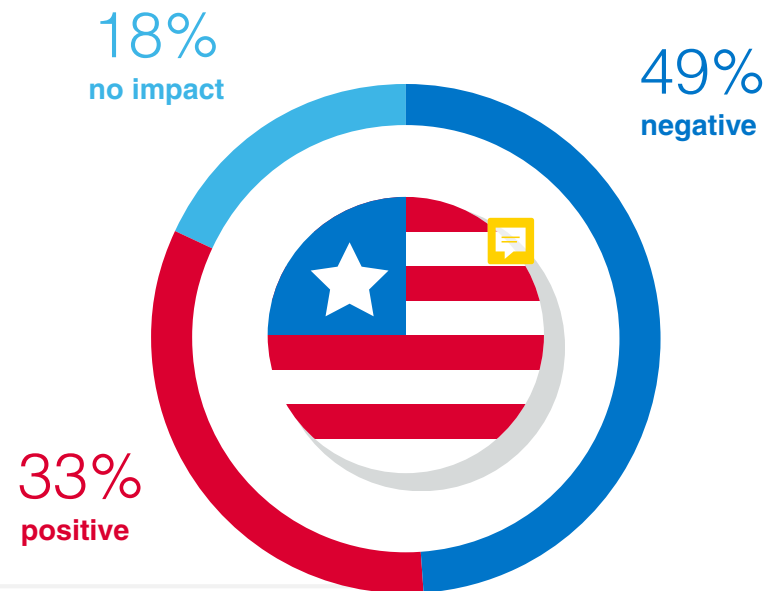


Are Recent Tariffs Influencing the National Economy?

We asked small business owners a few questions about the broader economic implications of recent tariffs. The responses represent the specific experiences and views of a group of small business owners, not a major macro-economic study.

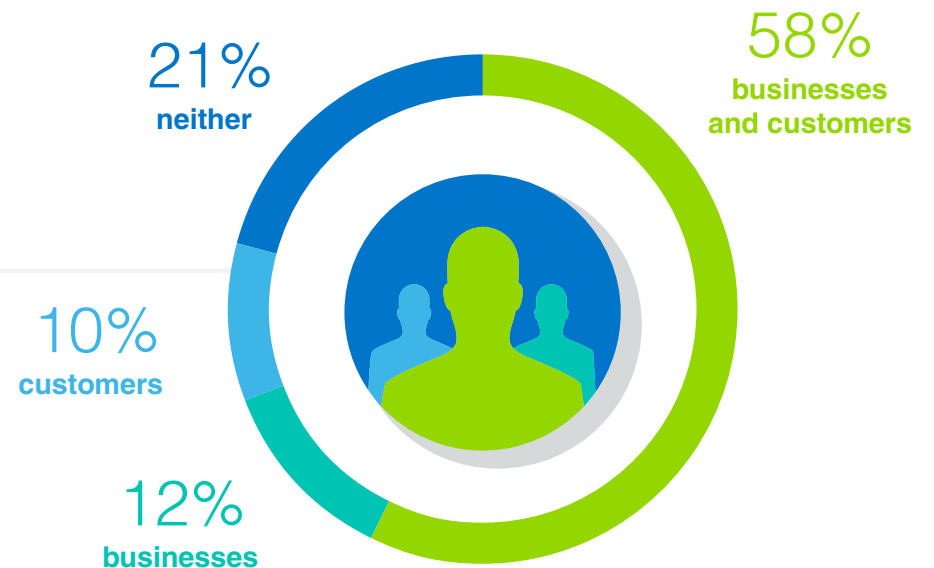
What impact do you believe the tariffs will have on the U.S. economy?

- 49% said they expect tariffs will have a negative impact.
- 33% said they anticipate a positive impact.
- 18% said they don't think tariffs will have any impact on the economy.



Who do you feel the tariffs will impact the most?

- Businesses and customers: 58%
- Businesses: 12%
- Customers: 10%
- Neither: 21%

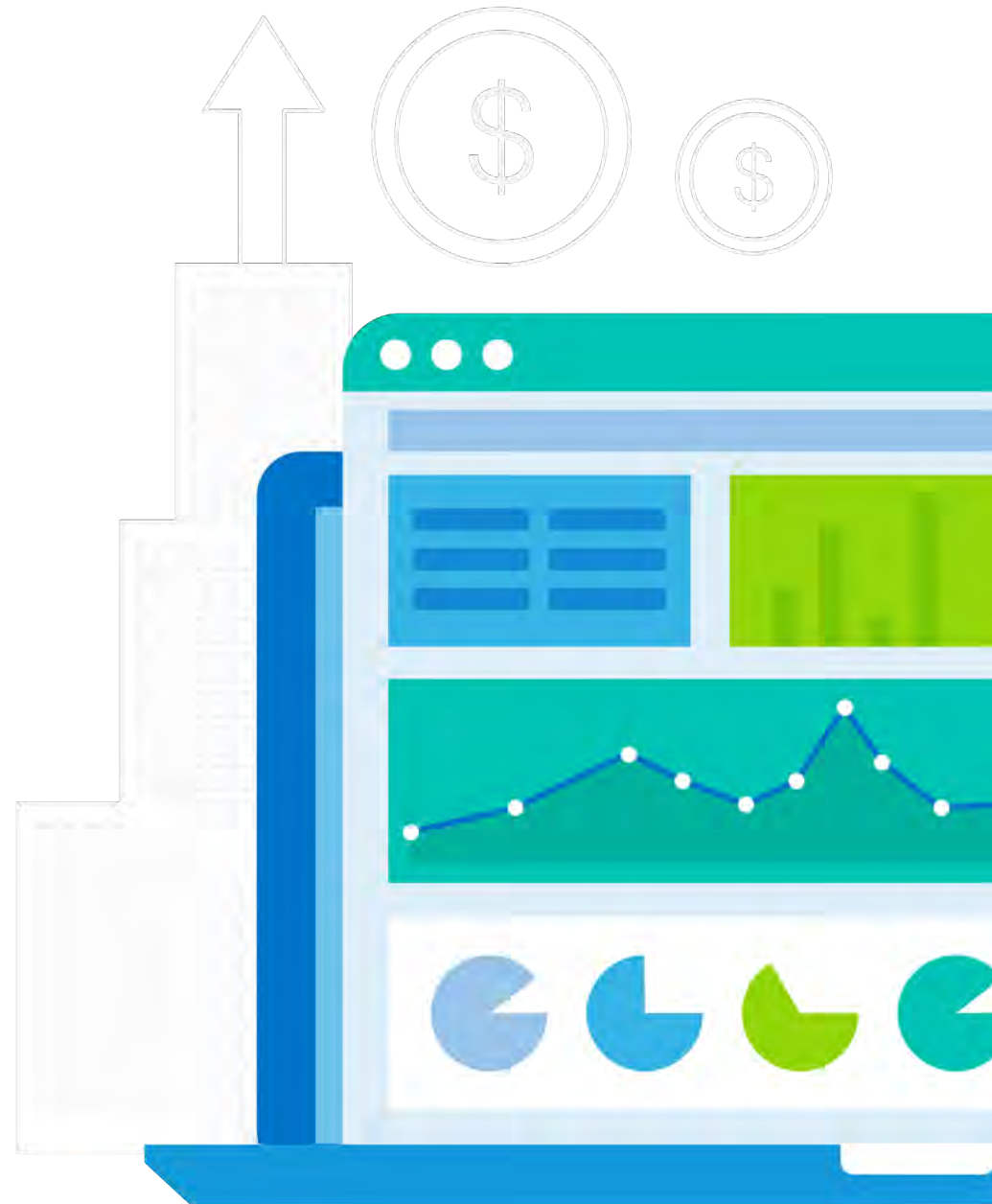


Adapting Your Business for Marketplace Change

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ou can't do much to control tariffs. But you can take action to build greater flexibility and resiliency into your business model. Some options include:

- Implementing digital technologies so you can more quickly adapt purchasing strategies and vendor management policies in response to a tariff.
- Working with the U.S. Small Business Administration to explore your options for cost reduction measures or exemptions surrounding tariffs.
- Leveraging data analytics solutions to forecast cost implications and growth opportunities of tariffs and corresponding operational decisions.
- Diversifying the supply chain to build relationships with geographically dispersed vendors as much as possible.
- Developing a financing strategy that takes advantage of alternative lending to create a consistent pipeline of funding to adapt in an emergency.



Using Financing as a Tool for Business Change

A financing strategy backed by alternative lending can drive true flexibility for small businesses. Lenders like QuickBridge provide small, short-term loans that limit the risk faced by all parties.

More importantly, however, is the fact that you can get a loan from most alternative lenders in just a few days. If a tariff goes active and you need a quick injection of cash to transition your supply chain strategy, you can use a loan to do so. Another option would be to use a loan to bulk purchase inventory before a tariff goes into effect.

The quick, simple lending process created by QuickBridge gives you the flexibility to use strategic small business loans as an ongoing financing strategy, so you can solve problems that would otherwise limit your growth.



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Sources: <https://www.sba.gov/blog/what-small-businesses-should-know-about-tariffs> | <https://www.bloomberg.com/news/articles/2019-07-15/europe-braces-for-7-billion-u-s-tariff-hit-over-airbus-dispute> | <https://www.wsj.com/articles/manufacturers-move-supply-chains-out-of-china-11563096601> | <https://ustr.gov/issue-areas/industry-manufacturing/industrial-tariffs> | <https://nrf.com/hill/policy-issues/impact-tariffs-small-business> | <https://www.forbes.com/sites/jeffreydorman/2018/08/19/the-hidden-cost-of-tariffs-is-slower-growth/#5467cd6a19f2>