

## TARIFF HIKES: INDUSTRY RESPONDS

BY THOMAS LESTER

On May 10, a 25% tariff on select Chinese products was enacted, ending months of speculation about if or when the proposed increased in import taxes would be implemented. Here's how some industry leaders say these increases, scheduled to go into effect this month, will affect business and how they're responding.

### JUSTIN KACHAN, CEO, SAGEBROOK HOME

"Customer satisfaction is our number one priority, and nothing is more important to us than partnering with our customers to grow their business. Sagebrook Home will absorb all cost increases due to the new tariffs on our products, as we absolutely do not want to pass these increases on to our customers. We may need to revisit this policy in the future, but we have no plans to increase any pricing at this time."

### LUIS RUESGA, CEO, ZUO

"The reality of the 25% tariff policy is that consumers will bear the brunt of the economic cost. Tariffs are essentially a tax that affects everyone so the imperative is how can our company be better than our competitors fighting for all of the same consumer dollars, which suddenly do not spend as well?"

"Zuo has been diversifying our supplier base for years, but there are supply chain and logistics advantages that Chinese factories have built up that cannot be easily replaced. For those products that rely on the Chinese

suppliers, whether it be due to materials or process, we will work with our staff to get the most aggressive costing available.

"When we choose suppliers, we take into account what makes each unique — affordable veneers and MDF from Malaysia, rich and affordable solid wood from Vietnam, or artisanal metal from India, for example.

"As businesspeople, we can only operate within the constraints set by our politicians. If

### MARK STEPHENS, PRESIDENT, CASTELLE

"With all Castelle products made in the Americas, Castelle will not be subject to the 25% tariff that began on May 10. As such, retailers will not lose profits or sales that could result from price increases necessary to offset the tariffs. Retailers can continue to offer tremendous quality and comfort with Castelle, and now at even greater value when compared to the product imported from China."

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### DAVID GEBHART, CEO, GLOBAL VIEWS

"Approximately 20% of our total imports are China-made products. We will have to react to these 25% duties with price increases as we cannot absorb this along with increased ocean freight costs, as well as increased sourcing costs ... but not until sometime around June 15.

"Our ongoing plan is to continue sourcing products from China that only China makes for us — or that China makes at the best price currently — prior to the 25% duties.

"Over the years we've diversified our sourcing structure. However, many of our best-selling products are Chinese-made and we have no choice but to stand by those products and hope they sell at the higher prices. We are doing a direct pass through on the 25%

duties — adding this amount to our current pricing on items we keep in the line to the line. There will be no multiply-

ing. We are still holding out hope that there is a trade agreement to be reached around the time I mentioned earlier that would allow us to keep our current pricing in place."

### ANN GISH AND JEFF GISH, FOUNDER, ANN GISH AND JEFF GISH OF HOME

"When the tariffs go into effect, some of our products will increase in price as of July 15. We do not have the confirmed price increases as it is a blanket tariff surcharge, as USA-made products will remain the same price. On items where there is an increase, we intend to share this burden with (customers) as a demonstration of our partnership.

"Any in-stock orders placed prior to July 15, to ship by July 15, will be honored at current pricing. Orders placed after July 15, or with a later ship date, will most likely be subject to price increases." ■