



**CONSUMER AND
RETAIL GROUP**



Alvarez & Marsal Consumer and Retail Group



**Tariffs & Turmoil – Never Let
a Good Crisis Go to Waste
Spring | Summer 2025**



Tariffs & Turmoil: Never Let a Good Crisis Go to Waste



Companies should use the tariff crisis as a license to act boldly and decisively.

As if retail hasn't already been a minefield of volatility over the past few years, companies now face an escalating layer of complexity: massive, unpredictable global tariffs. Inflation has chipped away at consumer buying power, tariff regimes are shifting rapidly by country, and post-COVID consumer confidence feels increasingly fatigued. Uncertainty is at an all-time high. Tariffs demand a response – on pricing, operational cost structure, and supply chain continuity. But beyond defense, could this moment be an inflection point for a bold, strategic offense?

What may feel like a brief period of calm is, in reality, the lead-up to another wave of disruption. With major trade deadlines fast approaching, the ripple effects – rising costs, supply chain strain, and working capital pressure – are only set to intensify. This is a burning platform moment, demanding swift, strategic action.

Visionary brands need to take advantage of the brief period of calm to strengthen their operations for success.

Changing Tariff Policies

In addition to reactive cost management and COO shifts, companies should use this disruption as a license to act – a chance to make long-overdue operational changes that drive lasting value. The urgency created by tariffs can be a forcing function, a “move or die” catalyst for companies to make the hard calls and future-proof their business.

We believe this is a rare opportunity to activate critical focus areas that fuel both short-term resilience and long-term growth.

Disruption isn't just a challenge – it's an opportunity to make bold, overdue changes that create long-term competitive advantage.

Key Tariff Deadlines

**May
27th**



End of in-transit tariff exception for Rest of World (ROW) goods – now subject to 10% tariff

**July
9th**



End of 90-day pause on tariffs for Rest of World

**August
12th**



End of 90-day pause on tariffs for China

**August
31st**



End of extension for certain product exclusions from Section 301 China tariffs

Nine Areas of Focus for Success



Ask yourselves: What does excellence look like in each of these 9 areas and how do you take action to ensure you are set up for success?



01

Relentlessly Reduce Costs Across the Entire Organization – Leave No Stone Unturned

Unlock growth and safeguard profitability by ruthlessly streamlining costs and reinvesting in what drives the highest returns.

Drive flexibility and resilience by aggressively reducing costs across the organization to both protect profitability and fund future growth. This isn't just cost-cutting – it's about sharpening focus and redeploying resources to high-return investments. Nothing is sacred. Scrutinize SG&A line by line, renegotiate vendor contracts, and challenge every assumption in the supply chain. Set a bold target for reduction – 10%, 15%, even 25% of current spend – and reallocate freed-up spend to high-ROI initiatives. Treat this as a necessary “house cleaning” that creates financial oxygen during uncertain times.

02

Fuel Growth and Innovation Initiatives – “A Microphone Drop”

Seize this moment of disruption to refocus, eliminate inertia, and relentlessly execute on bold growth and innovation priorities.

Use this disruption as an excuse to do what you already know needs to be done. Prioritize high-impact growth: launch new products, enter untapped markets, and test business models that bypass demand limits and drive profitability. Simultaneously, cut low-value work, streamline operations, and shift resources to innovation to combat cost and pricing pressure. Build aggressive, cross-functional execution plans to ensure these priorities are delivered fast. Most know how to grow but often lack the focus and discipline to make tough calls and act. If strategies aren't clear, invest time with key leaders to define and document growth and innovation priorities. Too often, these efforts get deprioritized. Now is the time to break that create inertia and execute.



03

Product – Invest in What Matters Most



Let customer data drive product decisions – double down on winners, cut the rest, and relentlessly curate an assortment.

Great businesses are built on great products. Use robust analytics to guide inventory decisions and ensure you're investing in the right SKUs. Reinvest in what is working, de-invest in what is not. Customers give you a report card everyday of what they like and what they don't like. Challenge Design Merchandising, Planning and Sourcing teams to always present the best product for your brands to your customers. Have the fortitude and the diligence to lean on the data to understand what your customers want and don't want from your offering.

04

Price Product Offerings Appropriately to Stimulate Customer Demand

In a price-sensitive market, precise pricing and clear value messaging can drive demand and protect margins as effectively as innovation.

With inflation dampening consumer appetite, pricing becomes a precision lever. Companies must reassess price elasticity by SKU, adjust where customers are most sensitive, and lean into high-margin or high-velocity products. Use pricing strategy to spark demand and preserve profitability in an uneven market. While innovation is essential to reignite demand and stand out in a crowded, price-sensitive market, it's not always about new features – sometimes it's about clearly defining the value proposition and pricing products accordingly. Getting the offer and price right can be just as powerful as launching something new.





Accelerate product cycles to 13–23 weeks to meet demand in real time, reduce markdowns, and boost margins – driven by tight cross-functional execution and leadership resolve.

Traditional 12–18-month product cycles no longer meet market demands. Consumers want what they want, when they want it, and at the price they expect. Emulate the speed of fast fashion leaders like Zara, Revolve, and Shein by adapting to a 13–23 week cycle from concept to delivery. This shift brings you closer to real customer preferences, enabling smarter inventory bets that reduce markdowns, improve margins, and optimize working capital. Achieving this requires tight integration across design, planning, sourcing, and logistics – and must be led decisively by senior leadership.

In volatile markets, speed wins – streamline decisions, empower teams, and act with data-driven conviction to stay ahead.

Agility is critical. Build business processes that enable fast, confident decisions, and challenge teams to get to those decisions faster. This is especially urgent in production, sourcing, and supply chain, but every function must streamline workflows and empower teams to move quickly. If you're faster and more nimble, you create greater impact on margins, customer responsiveness, and growth. Have the fortitude and conviction to stick with decisions and see their impacts through. Avoid the trap of circling back prematurely. That said, don't ignore outcomes, whether positive or negative. Leave the door open for smart pivots, but stay grounded in data and discipline, not indecision. Velocity will separate winners from losers in volatile conditions.



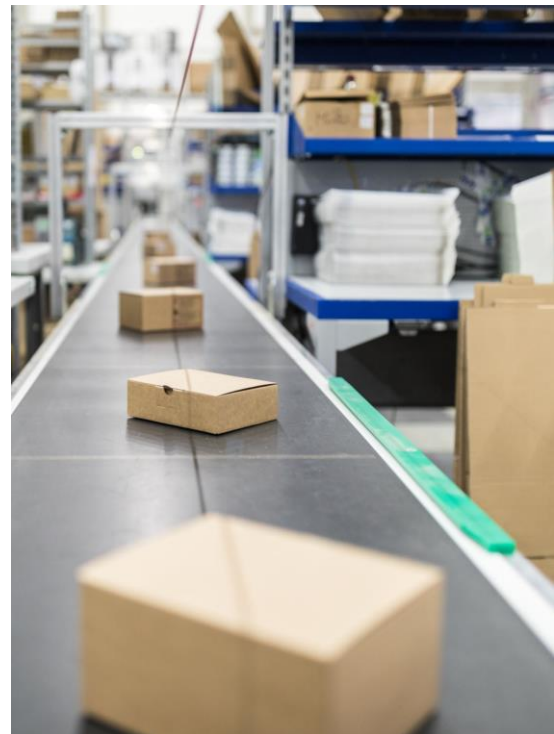


Redesign sourcing strategies to cut tariff costs and boost resilience – optimize HTS codes, shift production, and rethink your global footprint.

Adjusting sourcing strategy is table stakes in today's environment. Tariffs have forced companies to adjust sourcing strategies quickly – but this should trigger deeper, strategic redesign. Actions may include engineering products to optimize HTS codes, stripping non-dutiable costs, and leveraging Foreign Trade Zones. Critically, companies should shift production to lower-tariff regions and realign sourcing footprints to minimize duty exposure and improve resilience.

Build faster, leaner, and more adaptable supply chains to stay competitive amid rising volatility and demand.

With continued volatility in capacity and cost, companies must design supply chains that are faster, leaner, and more adaptable. Everyone will be rethinking their operating models, which means competition for capacity, materials, and partners will intensify. To stay ahead, focus on prioritizing key imports, rebalancing freight modes, and exiting high-duty and low-margin categories. But true advantage will come from optimizing the entire supply chain – end to end – to unlock agility, cost control, and resilience in a crowded field.





Create a cross-functional Command Center with clear agendas, real accountability, and full authority to drive fast, aligned execution and outcomes.

This isn't just a response team; it's the engine that drives execution. Establish a cross-functional Command Center as a deliberate, high-impact forum, not just another meeting. Each session must have a clear agenda, defined decisions, and real accountability. Include team members across levels to ensure those responsible for execution are part of the conversation – not downstream from it. Key leaders should own functional priorities, act decisively, and align efforts through a sharp ROI lens. This group must operate with full authority, visibility across teams, and a clear mandate: make decisions, drive outcomes, and move fast.





**Act now to
offensively position
your company for
excellence.**

For retail and consumer goods companies, the difference between thriving and scrambling will be defined by the actions taken in the next 60 to 90 days. This is not a time to wait. It is a time to reevaluate, re-engineer, and reinvest.

At A&M Consumer & Retail Group, we have the experience and resources to support you during these challenging times. We are passionate about helping companies achieve their maximum potential and be on the right side of disruption. We look forward to connecting.

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