Supply Planning
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STOCK IQ TECHNOLOGIES

From Risk to Resilience: Managing Tariff Challenges with StockIQ

Tariffs are on everybody's mind right now, especially given the percentage of goods that come out of China, and the enormous 150%+ levies that we may all be subject to shortly.

Here is a summary of feedback from discussions with our StockIQ client base, and how the product can be used to help. At the end, we highlight new functionality that we're building in response to this environment.

What Can I Do?

It is affecting everybody – so grab market share

As the saying goes, "Never let a good crisis go to waste."

One constant comment as we've been talking to our clients is "at least it's happening to everybody." This has a couple of effects.

First, it means that along with you, your competitors are likely to be raising their prices as well, so normal price response might be different than if you were raising them in the vacuum – your drop in demand will be less than if you were the only one having to make changes.

So, the decision you have is how much to raise, e.g. how much of your margin will you be able to recover, and also when. This means you can use it as an opportunity to grab market share, if you're able to hold out longer than others.

Demand is going to be highly variable

To dust off the old joke, the only certainty is that there will be no certainty. The good news is that StockIQ doesn't base its safety stock on demand variability, just forecast accuracy and your forecasted quantity, so you won't see large bumps in safety stock due to this variability.

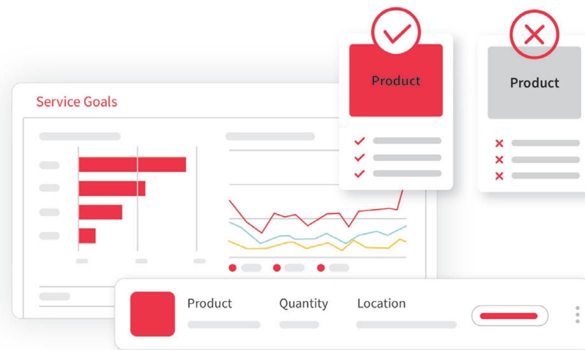
If you do see short term bumps in demand due to the "stock up" effect, enabling auto-creation of events in StockIQ can soften the impact.

Feature Highlight: StockIQ's Events & Unusual Sales AI automatically identifies and isolates short-term demand spikes driven by uncertainty, ensuring your inventory plans remain stable.

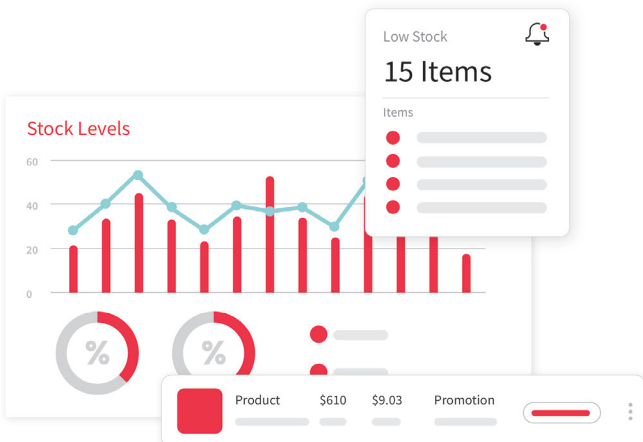
Use the Inventory you have.

If, for certain items you either have a lot of stock and/or can acquire it before the tariffs go (back?) into effect, then this effectively becomes a buffer for you, and if you can hold off on when you raise prices, you may be able to capture market share versus your competitors.

So, tell your boss. "It's not excess, it's tariff insurance!".



Feature Highlight: Inventory Stratification analytics quickly highlight low-margin, tariff-vulnerable SKUs, enabling proactive rationalization to protect your bottom line.



Feature Highlight: Inventory Balancing enables redistribution of excess inventory across locations, maximizing existing stock to buffer against tariffs and keep your prices competitive longer.

Cut the Chaff

This is the perfect time to do a hard look at your low performing items and cut them out. It is likely that with the lager tariff rates, you will do better with lost sales than the cost of importing low performing, low margin items at the new cost, since you may not be able to raise prices enough to recover the margin.

Hit the Pause Button?

Given that there seem to be daily changes, one thing to have a very good handle on is what your current inventory position is, and what kind of days it represents.

To help with answering the next question on how long you can support this behavior, we have created a "How long until I stock out if I do nothing?" report that everybody can have as a custom report. Please contact StockIQ if you'd like us to update you with this, and what customizations you might need.

Move to other suppliers

Obviously if you can, you'll move purchases to suppliers with lower tariff and tax rates. A subtler approach is to move to a domestic supplier of the same product. Perhaps they can get it at a lower price than you, thus paying lower duties, and perhaps can allow you to get the product at an overall lower price if you're able to purchase from them duty-free.

Take advantage of existing warehouse network

We have spoken to a few of you that are already making use of warehouses in other countries, rerouting goods to Canada and taking advantage of Canadian import routes instead of going directly to the USA.

Prepare for increased freight costs

With many people trying to shift orders around to different locations that were previously less utilized, it is likely that certain shipping lanes and types may start to have much higher demand than supply. If you have any way to get ahead of this, it may be a good move as well.

However, you should expect that your container costs are going to go up if you're jumping into the same smaller pool that everybody else is heading towards.

Decide what you want to preserve

Given that costs are going up, you have to choose a bit between looking at costs and passing on what you can, to keep an eye on margins, or to focus on keeping an eye on service, e.g. buy what you can so you have the inventory to serve your customers, and let the costs fall where they may. Fundamentally, this will come down to a decision of if you will continue to buy from highly affected countries-of-origin or not.

Further, make sure that your decisions on what you buy align with what you can afford to buy – as your cost of goods increases, make sure that your replenishment plan aligns with what you can afford to have in inventory – your service levels may have to be reduced simply due to inventory cost.

Talk to your customers, talk to your vendors

Just like with your competition, both directions of your supply chain are in the same boat as well. Have direct and open discussions with your customers and suppliers where it is possible, to try and collaborate on how to make a workable solution for everybody. Make sure everybody understands the adjustments to costs, service level, and lead times that will be necessary.

What is StockIQ Doing?

StockIQ is your partner in these times of uncertainty. A good demand planning tool is critical to make sure you are accurately updating your demand forecasts and adjusting your replenishment process to incorporate the new costs. Here are some StockIQ features that can make a difference:

1. **Adding Country-Of-Origin:** View country of origin for vendors as you are placing orders and in the Inventory Stratification section to be able to quickly make SKU rationalization decisions.

2. **Negative Margin Warnings:** Determine your total landed cost by taking into consideration the supplier cost and the import duty percent (including tariff rates). Easily update those costs as tariffs and other duties change. Quickly identify orders and SKUs where your landed cost puts you at negative margin to determine whether you should raise prices, look to switch suppliers, or pause / discontinue entirely.

3. **Container Freight Costs:** Specify the cost-per-container and Stock IQ will include estimated freight costs in your landed cost.

Are you interested in understanding more about how StockIQ can help you better manage tariffs and demand uncertainty? Request a StockIQ demo today.

Request a Demo →