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Tariffs will transform the US ecommerce market

Article

The situation: Tariffs and the suspension of the de minimis tax exemption will cause many ecommerce platforms' advantages to disappear as prices rise, inventory runs dry, and delivery times slow.

What's happening: Prices on **Shein and Temu** began rising on Friday, April 25, with both companies using identical language attributing the increases to "recent changes in global trade rules and tariffs." The moves come ahead of May 2, when the Trump administration will suspend the de minimis exemption for packages from China and Hong Kong—the two largest sources of low-cost imports.

- Previously, goods valued under $800 per recipient per day entered the US tariff-free with minimal customs paperwork. Under the new rules, incoming packages will face either a 120% duty or a flat $100 fee per item (rising to $200 after June 1)—a seismic shift that threatens the ultra-low pricing models platforms like Shein and Temu have relied on.
- The stakes are high: **29% of US consumers say they would immediately stop buying—or buy less—if prices rise on Chinese marketplaces** like Temu, according to an Omnisend survey.
- That said, companies could attempt to soften the impact by rerouting supply chains through countries where de minimis exemptions still apply or finding other workarounds to minimize tariff exposure.

The broader impact: While Shein and Temu are the most visible users of the de minimis loophole, they're far from alone. Many others—including **Amazon**—have tapped the exemption to keep prices low and margins healthy.

- Signs of the shift are already visible. According to ecommerce software vendor SmartScout, 930 products across categories like clothing, jewelry, and electronics on Amazon have seen price increases since April 9, with an average jump of 29%, per CNBC.
- Roughly a quarter of those price hikes were tied to sellers based in China, including major brands like **Anker**, which has raised prices on about one-fifth of its US products.

Friction points: The end of the de minimis exemption will likely create new friction for ecommerce.

- Shipping companies and the US Postal Service will now need to verify the value of many more packages, leading to potential delivery delays that could make online shopping less convenient.
- Inventory shortages are also a looming risk. Some products may simply become too expensive to import profitably, leading to stockouts. Finding alternative suppliers could prove challenging, given the broad baseline tariffs and limited US-based manufacturing options.

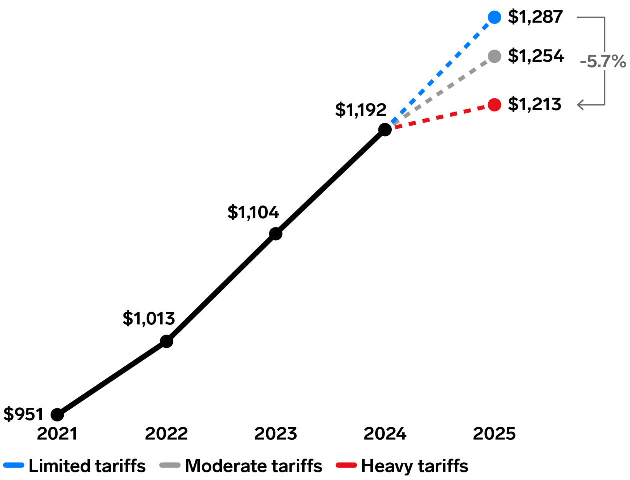
Our take: US ecommerce will take a major hit from tariffs and the closure of the de minimis loophole for Chinese and Hong Kong imports.

To reflect the ongoing uncertainty, we've developed three possible scenarios for 2025 ecommerce sales. Our existing forecast, produced in Q1 2025, projected 7.9% growth. In the current "moderate" tariff environment, we now expect growth to slow to 5.2%. Under a "heavy" tariff scenario—aligned with initial "Liberation Day" rates—ecommerce growth would slow sharply to just 1.8%.

Go further: *For a fuller look at the impact of tariffs on retailers, brands, and media platforms read our [Impact of Tariffs on US Businesses] report.*

US Ecommerce Sales Will Be Hit Hard by Tariffs but Grow Even in the Worst-Case Scenario

billions in US retail ecommerce sales, by tariff forecast scenario, 2021-2025



Note: limited tariff scenario assumes tariffs are more moderate and affect only a select group of trading partners; moderate tariff scenario assumes the economy slows, but downturn is mitigated by partial tariff relief; heavy tariff scenario assumes that a full implementation of universal and reciprocal tariffs triggers a global recession, as well as inflationary pressure, retaliatory measures, and a severe shock to both business sentiment and consumer confidence
Source: EMARKETER Forecast, April 2025

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