



## Why Tariffs Haven't Led to Soaring Prices – Yet

Fashion brands will eventually need to offset higher costs for imports. But after raising prices again and again since the pandemic, some retailers are more worried about alienating shoppers than how they'll pay their customs duties.

Made-in-Italy belt brand Déhanche will hold its \$300 price tag for the evergreen products that make up the bulk of its business, she added. New seasonal styles, which account for about 30 percent sales, will go up 15 to 20 percent. (Déhanche)

By Cathaleen Chen 04 June 2025

### KEY INSIGHTS

- Retailers including Urban Outfitters, Gap Inc. and Abercrombie & Fitch are holding off on price hikes despite the potential margin impact of tariffs.
- For brands that are reviewing their pricing, they're approaching it strategically, opting to protect core products in order maintain loyalty.
- Overall, fashion pricing power has sharply declined after significant price hikes in the years following the pandemic, analysts said.

For Erin Webb, the founder of the made-in-Italy belt brand Déhanche, it's been a few weeks of whiplash in a trade landscape that **keeps shifting beneath her feet**. However, her mantra for now is to keep calm and carry on with the hopes that one day soon American voters will come to their senses on President Donald Trump's disruptive tariffs.

"We've all learned to stay as zen as possible and maybe wait for the trade policies to stabilise post-Trump," said Webb. "The American people will realise that it's actually detrimental to the economy to have such high tariffs, whether that's in a matter of months or years."

In the meantime, Déhanche customers may be looking at a \$75 to \$100 increase on fall resort styles, while its evergreen Hollyhock or Constance belts that make up the bulk of the brand's sales will retain their \$290 price tag.

From global luxury houses to fast fashion to tiny independent labels, brands are being forced to rethink their pricing strategies on the fly. Each twist and turn of Trump's trade policy requires recalculating what costs can be avoided or absorbed, and what must be passed to consumers.





Some have opted for blanket price hikes. E.l.f. Beauty announced a \$1 across-the-board increase via a post featuring googly eyed versions of its products. “Not gonna lie, inflation and tariffs are hitting us hard,” the brand said in an emoji-filled statement. Nike is reportedly considering a \$5 mark-up on sneakers priced between \$100 and \$150, while LVMH told France’s parliament last week it has room to raise prices by 2 to 3 percent.

Others are holding the line. Childrenswear brand Mon Coeur will not raise prices at current tariff levels, according to its director of brand marketing Hannah Rosenberg. Its products are made in Portugal, and currently face only the new, 10 percent global tariff. But Trump has also threatened a 50 percent duty on goods made in the European Union, which could force the brand to reevaluate. Even then, Mon Coeur prices won’t be reflected until late 2026 at the earliest.

Abercrombie & Fitch and Gap Inc. are among the companies that said last month that they don’t expect to pass on the cost of tariffs to consumers, even as they predicted turbulence ahead due to tariffs and the uncertain economic outlook.

“We definitely consider this raising of prices as the last item that we will try in our portfolio of tricks to try to offset [the tariffs],” Urban Outfitters chief executive Richard Hayne said in an earnings call on May 21.

Some brands are keeping prices steady, reasoning that the highest tariffs won’t go into effect until July, and that Trump may postpone them again. A US trade court has also ruled some tariffs unconstitutional, though Trump is appealing. But the biggest factor is that, with consumers already balking at high prices after several years of inflation, it may be better to hold the line and hope things work out than to risk alienating shoppers further.

“Right now, it’s ... a game of chicken,” said Dylan Carden, analyst at William Blair. “But my research has called into question how much prices can go up.

## The Case for Deflation

In the days after Trump announced his tariff plan in April, Hermès and other luxury brands were among the first to say they’d hike prices in response.

“We are going to fully offset the impact of these new duties by increasing our selling prices in the United States from May 1, across all our business lines,” chief financial officer Eric du Halgouët said on April 17.

The average price of women’s apparel at wholesale retailers globally did jump 18 percent in the two-month period between April 1 and May 27, according to Competitor, an Italian pricing analysis service. But brands haven’t made any changes at their own stores or websites, said Competitor chief executive Maurizio Catellani.

He said that because prices for many luxury goods **have soared so dramatically** in recent years, they’re as likely to go down as up this year, whatever happens with tariffs. Even the wealthy need to eat, after all.

“Before we buy fashion, we have to buy groceries and pay bills for our kids,” he said. “I wouldn’t be surprised if the prices actually go down.”

On the mass retail side too, prices went up significantly in the years following the pandemic. With these expanded margins, retailers such as Abercrombie & Fitch are well-positioned to absorb the impact of tariffs rather than raise prices.

“Where we find ourselves today is a category with very little pricing power left,” said Carden.

## The Costco Principle

When it does come time to hike, E.l.f. is likely to be the outlier with its indiscriminate approach. Generally, it’s better to increase prices selectively — bumping a trendy sundress by





\$20 rather than the bestselling oxford shirt, said Kristin Savilia, chief executive of B2B commerce platform Joor.

“You want to think of it as psychological frames,” Savilia said. And because retailers are bringing to market **smaller assortments in summer and fall**, “you can probably charge a little bit more for items that are different or new,” she added.

For Déhanche, it’s worth sacrificing margin on hero products because this category is what brings customers back to the brand again and again. Mon Coeur, too, opted to keep its entry-level products such as backpacks and lunch bags consistent in pricing despite seasonal increases on the cost of goods.

“If you have a client who has previously purchased and they come back and buy at a price that’s elevated from two weeks or six months ago, they’re going to feel [disappointed] and that undermines trust,” said Webb. Whereas for new seasonal pieces, novelty means the brand can get away with charging higher prices.

It’s the same principle, at the extreme, that has kept the price of Costco’s hot dog and soft drink combo at \$1.50 since 1985. Certain items drive customer traffic and loyalty more than profits.

“If you’re a full-price apparel retailer and people love your \$25 pocket tees, you’re going to get people in the door for the pocket tee and they’ll stay to buy something else,” said Carden. “Raise the price on that something else.”

