# Small US tech companies struggle as tariffs on Chinese goods increase costs and disrupt supply chains



Small technology companies in the United States are facing significant challenges as ongoing tariffs on Chinese goods threaten to increase production costs and disrupt supply chains, according to reports including one from The Wall Street Journal (WSJ) published on 27 April. While large tech corporations may have the resources to withstand these financial pressures, smaller firms are contending with difficult choices that could impact pricing, product availability, and consumer experience.

The WSJ highlights the example of Flaus, a small tech company producing an electric flosser assembled from parts manufactured in China. CEO Samantha Coxe explained her concern over the sustainability of current stock levels, emphasising the importance of the upcoming Amazon Prime Day sales event in mid-July, which typically offers consumers discounted prices. Coxe indicated that although her company plans to avoid raising prices if tariffs persist, some customer-facing perks such as free shipping may have to be cut. She said, “That’s a huge event for a product like Flaus,” underscoring how such promotional opportunities are vital for smaller businesses.

The longer-term outlook appears uncertain. Grant Prigge, CEO of Mila, a smart air-purifier manufacturer, warned that without strategic adjustments, the holiday season sales could face severe disruptions, stating to WSJ, “There will be no Christmas.” Prigge pointed out that much of today’s inventory was imported prior to the recent tariff impositions, but warehouses are expected to run dry within the next one to three months. He noted that Mila's approach of generating steady revenues through subscription-based filter auto-refills—utilised by 70% of its customers and generating about $118 per year per subscriber—provides some resilience against the tariff-related cost pressures.

These industry concerns are supported by wider economic data. The Federal Reserve Bank of Atlanta’s Business Inflation Expectations Survey from last week revealed that businesses anticipate a 2.8% increase in unit costs over the next 12 months, a rise of 0.3 percentage points since March. The survey indicated that the ability to transfer these increased costs to customers varies by business size: “Small firms reported a lower ability to pass through unit cost increases, while medium and large firms reported a large distribution of ability to pass through unit cost increases,” it said. Furthermore, firms producing goods reported a slightly higher capacity to pass on cost hikes compared with service providers.

Additional confirmation comes from a recent S&P Global report outlining that companies have been charging higher prices amid elevated costs driven by tariffs, import prices, and labour expenses. This report found that in April, the prices charged for goods and services grew at the fastest rate in over a year, with tariffs particularly driving up the cost of manufactured products.

Together, these insights illustrate the pressures affecting smaller technology firms reliant on international supply chains, signalling potential changes in market dynamics such as increased prices, stock shortages, and greater reliance on subscription services to maintain stable income streams in the current trade environment.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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