

Price hikes have arrived and consumers are taking notice

Article

The trend: [President Donald Trump's escalating trade war with China](#)—along with a 10% blanket levy on most other trading partners and a range of additional duties—is putting significant cost pressure on businesses. Companies across industries are quickly passing those [tariff-related costs](#) onto consumers.

- Many price hikes are coming from small businesses that lack the scale to absorb rising expenses. **The Crown**, a specialty café in Oakland, **raised nearly all drink prices** by 50 cents, per Business Insider. **TJ Semanchin**, co-owner of **Wonderstate Coffee** in Madison, Wisconsin, said a 10% price increase for a cup of coffee is just “the starting point.”
- **Sony raised PlayStation 5** prices in Europe, the UK, Australia, and New Zealand, citing a “challenging economic environment.” While US prices have held steady for now, **Serkan Toto**, CEO of **Kantan Games**, told CNBC a domestic hike is likely once tariff policy becomes clearer. The Verge also reported that some Sony **Bravia** OLED TVs now cost about \$500 more in the US than in Canada after currency adjustment.
- Chinese electronics brand **Anker raised prices on 127 Amazon-listed** products, with an average increase of 18%, per Mashable.
- Sexual wellness brand **Dame added a \$5 “Trump Tariff Surcharge”** to all products made in China, noting that the fee doesn’t even fully cover the added cost.

Grocery prices—already up 2.4% year over year and 0.5% month over month in March—are expected to climb further as tariffs drive up costs on imported goods like fruit, seafood, olive oil, and cheese. Items packaged in aluminum will also be affected. Perishable foods are likely to see increases first, followed by shelf-stable goods. Some brands may resort to shrinkflation, offering smaller products at the same price to offset rising costs.

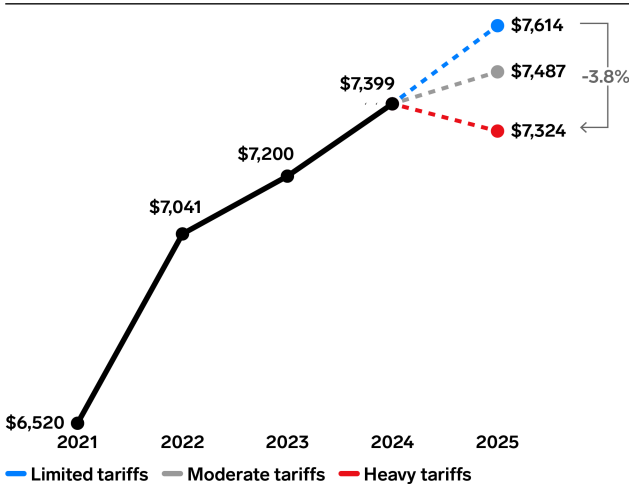
How consumers are reacting: [The link between tariffs and rising prices](#) hasn’t gone unnoticed. Nearly half (49%) of US consumers in an April CBS News poll say Trump’s policies are making them financially worse off, up from 42% in March.

- **Inflation and job concerns are rising.** One-year-ahead inflation expectations rose to 3.6% in March, the highest level and biggest monthly increase since 2023, per the Federal Reserve Bank of New York. The perceived chance of higher unemployment hit 44.0%—the highest since April 2020—while job loss fears climbed to 15.7%, with the biggest jump among lower-income households.
- **Economists share those concerns.** In The Wall Street Journal’s latest quarterly survey, forecasts for US GDP growth in Q4 2025 fell to just 0.8%—down sharply from 2.0% in January. If accurate, that would mark the slowest quarterly growth since the pandemic-driven downturn in 2020.

Our take: With inflation poised to accelerate and consumer sentiment slipping, consumers are expected to trade down to private labels, favor discount channels, and shop less frequently. And unlike during the pandemic, they’re doing so without the cushion of a strong labor market —which could make the pullback in spending more pronounced than in 2022 and 2023.

Go further: Read our report on the [Impact of Tariffs on US Businesses](#).

Tariffs Are Expected to Slow, or Even Reverse, US Retail Sales Growth
billions in US retail 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