



Impact Of U.S. Tariffs On Buyer–Seller Relationships In The Tirupur Garment Sector: A Pilot Study Analysis

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Abstract

This study investigates the impact of United States tariff policies on buyer–seller relationships in the Tirupur garment sector. Using a pilot study based on 93 respondents, the research evaluates how tariff-induced cost pressures affect trust, communication, pricing negotiations, and contract continuity. Statistical tools such as percentage analysis, chi-square test, correlation, ANOVA, and t-test are employed. The findings reveal moderate pricing pressure and profit margin reduction, along with mixed effects on buyer–seller relationships. While tariffs significantly affect operational aspects, statistical evidence shows limited direct impact on relational variables, indicating the role of multiple external factors. The study contributes to bridging the gap between trade policy and relationship marketing.

Introduction

The global textile and garment industry is a major contributor to international trade and employment, especially in developing economies like India. Tirupur, often referred to as the knitwear capital of India, is a significant export hub supplying garments to international markets, particularly the United States.

Tariffs imposed by importing countries directly influence the competitiveness of exporting firms by increasing product costs. In the garment sector, where price sensitivity is high, tariff changes can disrupt established buyer–seller relationships. This study focuses on understanding how U.S. tariffs influence relational dynamics such as trust, communication, and long-term commitment between Tirupur exporters and international buyers.

Review of Literature

Previous studies have established that tariffs act as trade barriers that reduce export competitiveness and alter global trade patterns. Research using gravity models confirms that higher tariffs significantly reduce textile exports to the U.S. market.

Firm-level studies indicate that tariff uncertainty negatively impacts profitability, investment, and strategic decision-making. Additionally, global value chain research highlights the dominant role of international buyers, especially during tariff increases.

Relationship marketing theories emphasize trust and commitment as key determinants of long-term relationships. However, tariff-induced cost pressures often lead to renegotiations and reduced margins, weakening relational stability. Despite extensive research on trade impacts, limited studies focus on micro-level relational outcomes in clusters like Tirupur.

Research Methodology

This study adopts a descriptive research design with a deductive approach. Primary data was collected through structured questionnaires administered to 93 respondents, including exporters, manufacturers, and managers in the Tirupur garment sector.

Convenience sampling was used due to accessibility constraints. The independent variable is U.S. tariff policy, while dependent variables include trust, communication, pricing pressure, order volume, and relationship stability.

Statistical tools such as percentage analysis, chi-square test, correlation analysis, ANOVA, and t-test were used to analyze the data and test hypotheses.

Data Analysis and Interpretation (Pilot Study)

The pilot study indicates that 77.4% of respondents are aware of U.S. tariff policies, and 71% believe that tariffs significantly affect exports. Around 50% of respondents reported reduced order frequency, while others experienced stability or growth, indicating mixed impacts.

Pricing pressure from buyers is moderate, with a mean value of 2.95, while profit margin reduction has a mean value of 3.20, suggesting a noticeable impact on profitability.

Correlation analysis reveals a weak positive relationship (0.158) between pricing pressure and profit margin reduction. The chi-square test ($p = 0.505$), ANOVA ($p = 0.672$), and t-test ($p = 0.125$) indicate no statistically significant relationships between key variables.

These findings suggest that while tariffs affect operational and financial aspects, relational outcomes are influenced by broader factors such as market competition, negotiation practices, and long-term partnerships.

Findings

The study identifies that tariff changes increase pricing pressure and reduce profit margins for exporters. Buyer communication has increased, indicating active negotiation processes.

Order volumes show mixed trends, reflecting varying levels of dependency on U.S. markets. Trust and relationship stability are moderately affected but not uniformly across firms.

Statistical analysis suggests that tariff awareness does not significantly influence perceptions of pricing pressure or order changes, highlighting the complexity of export relationships.

Conclusion

The study concludes that U.S. tariffs play a significant role in shaping export operations and financial outcomes in the Tirupur garment sector. However, their direct impact on buyer–seller relationships is not statistically strong, suggesting the influence of multiple external and internal factors.

Exporters rely on strategies such as market diversification, cost optimization, and relationship management to sustain competitiveness. Strengthening trust and communication with buyers remains critical for long-term success in a dynamic global trade environment.

