



GASTON SCHUL

Retailers

Risks, strategic considerations and partnership advantages.

An in-depth customs and trade guide designed specifically for retailers.



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Introduction.

In the dynamic world of international trade, retailers confront the intricate task of navigating the complexities of customs, compliance and trade throughout their supply chain. With continuous regulatory changes, increased costs, and broad scope of products and origins to manage, the retailer's role in globally sourcing quality, in-demand products at the right time, and landed cost, whilst conforming to a high compliance standard, is more crucial than ever.

Adherence to compliance should be top of mind for any retailer, as non-compliance not only disrupts operations but can also lead to significant liability and potential damage to the reputation of the company, its leaders, and board members. This is why retailers often extend the need for procedural oversight and seek compliance commitment from their trusted partners.

This guide equips retailers with strategic insights to not only understand and navigate these challenges, but to also enable them to leverage competitive advantages.

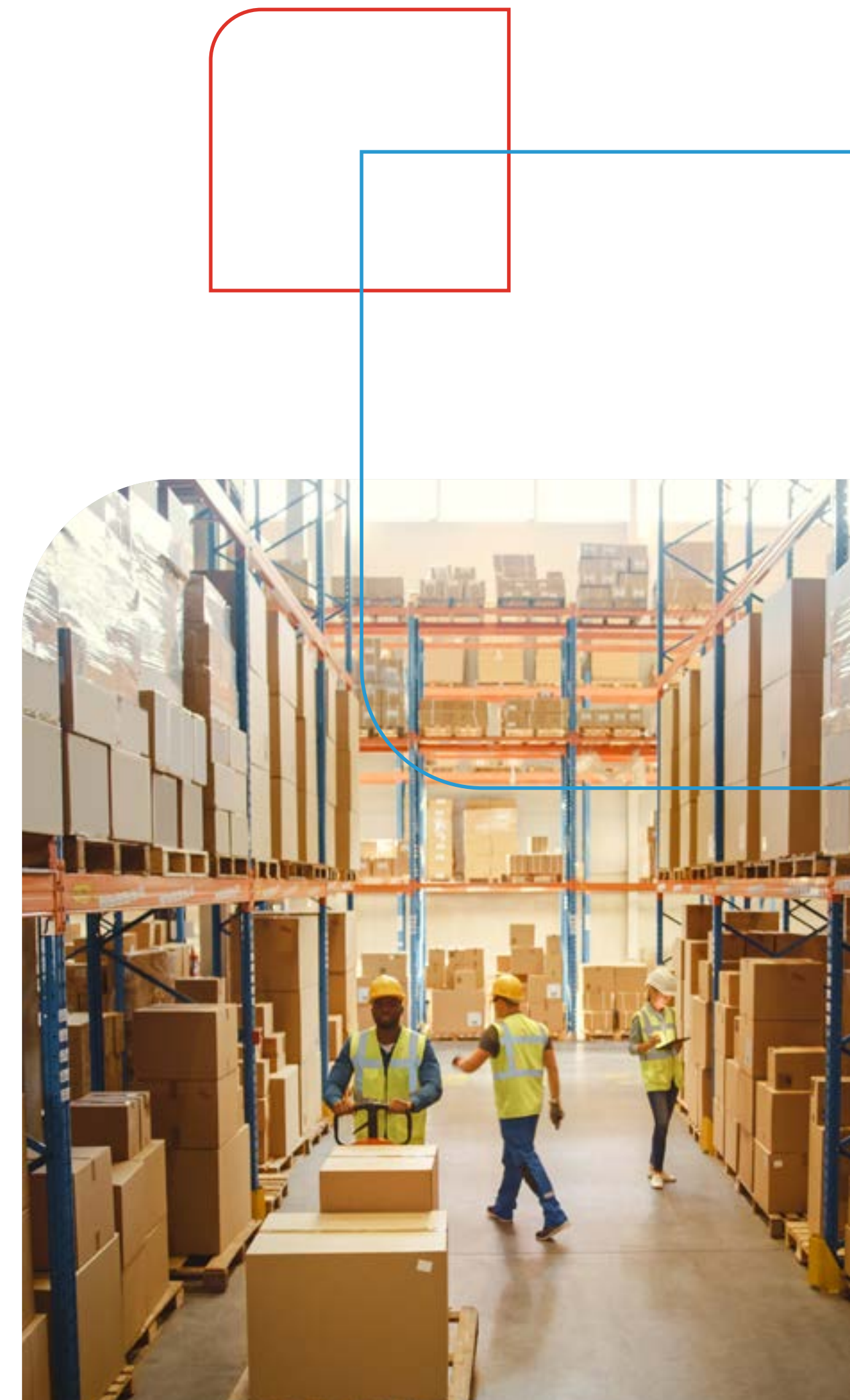




Escalating audit and compliance expenses.

As the customs audit market is projected to grow* at a compound annual growth rate (CAGR) of 6.44% between 2023 and 2028, the complexities and costs associated with ensuring compliance across diverse regulatory landscapes are increasing. This market growth, forecasted to rise by USD 3,607.17 million, mirrors the growing intricacies in global trade and the heightened need for meticulous customs audits.

[*Technavio Customs Audit Market Analysis](#)





Risks stemming from non-compliance.

Many businesses involved in international trade reportedly lack strategies to manage customs compliance risks, this oversight can lead to serious consequences.

Compliance procedures should be robust and effective throughout all aspects of international trade, as non-compliance can result in significant fines, shipment delays and potential blacklisting. However, it doesn't stop there, criminal proceedings against management and increased scrutiny in other tax areas can occur, critically damaging future trade activities, or growth opportunities for businesses.

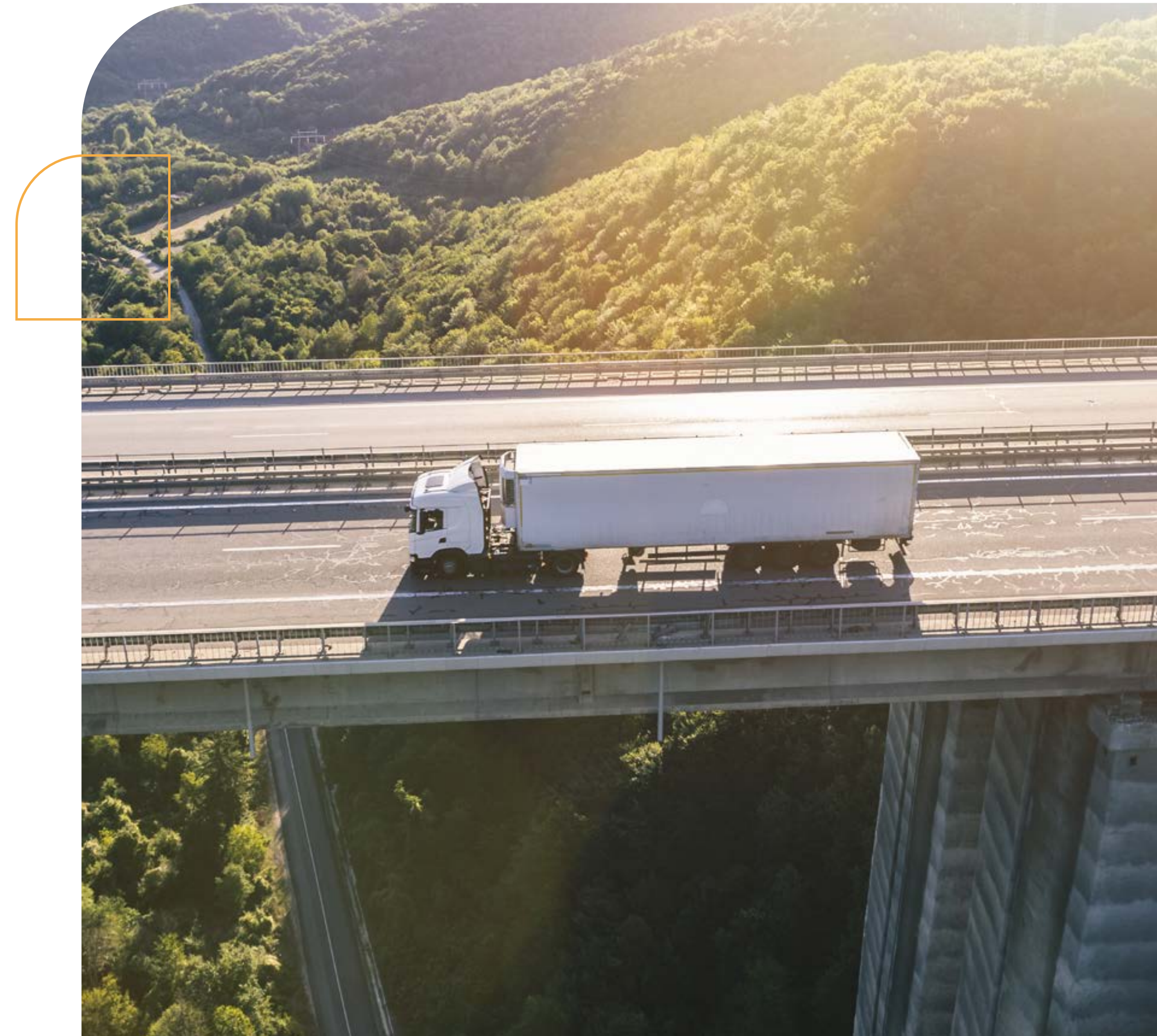
A recent (2024), real-life example portraying the seriousness of non-compliance, is the suspected product under valuation case of a global brand, taking them to court to contest a projected customs shortfall of €1.5 billion since 2018.



Supply chain inefficiencies and partner dependencies.

The necessity for multiple customs declarations across different jurisdictions is prevalent for retailers, however, relying on various in-house teams or multiple external customs partners without a standardised, centralised approach to customs and auditing, can lead to significant supply chain inefficiencies, severe compliance issues and elevated costs.

Unpredictable declaration volumes, unknown stock levels or pending expenditure, demonstrates a distinct lack of in-house customs control, which can, in return, significantly impair retailers' ability to meet consumer demand and deliver their promise of reliability, quality and price to their customers.





Competitive disadvantage.

Did you know that within an increasingly competitive market, failure to efficiently manage customs procedures can result in loss of sales for in demand products, or that an incorrect classification or selection of sourcing country can lead to higher consumer prices than your competitors?

Companies not able to adapt to the changing customs regulations and trade agreements, nor those without the ability to optimise flows and visibility, may find themselves at a significant disadvantage compared to their more agile and knowledgeable competitors.





Optimisation of in-house processes and controls.

In an increasingly complex global trade environment, rigorous documentation controls, product valuation and database management is essential within a retailers inhouse team. Inaccurate or missing documentation, valuations or classifications can not only delay shipments and increase costs, but also result in severe penalties.

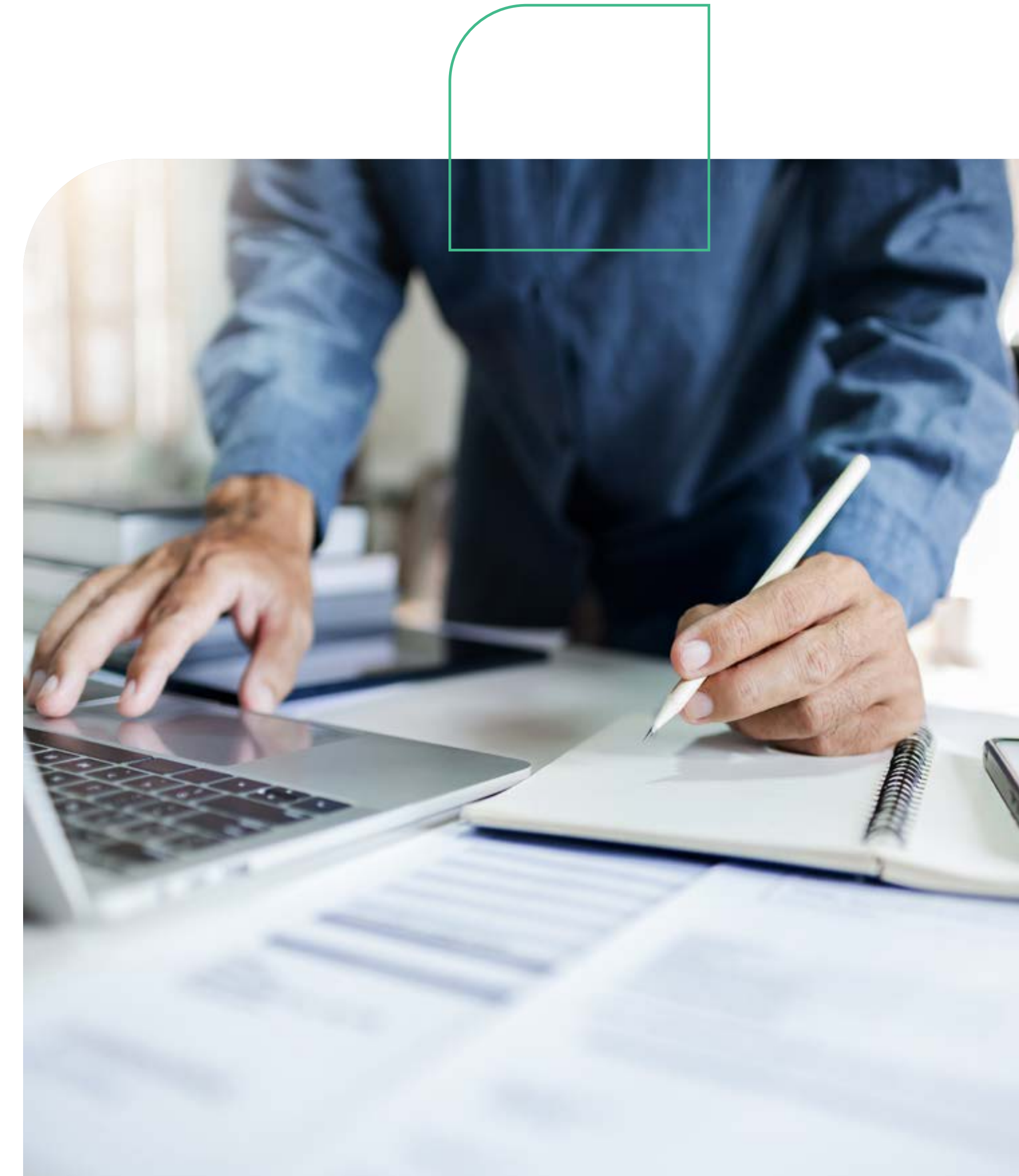
Investment of time and money into ongoing staff training and development is crucial to increase an inhouse teams' awareness and understanding of the risks involved, but equally, implementing and adopting a lean management environment to provide the space to evaluate and enhance processes, introduce new controls and reduce process waste, can significantly impact efficiency and increase team engagement. These practices are closely tied to discovering new strategies like duty optimisation, where accurate classification of goods and utilisation of duty relief programmes, including deferment account authorisation, lead to notable cost reductions.

If a retailer does not have the capabilities in-house, leaning on an experienced, full-service customs provider to support in the execution and academic training, would be of great strategic importance.

Centralisation and digitalisation.

Running large inhouse teams, piecing together fragmented data in various formats, or communicating via multiple customs providers can be expensive, inefficient and unnecessary, therefore a key strategic move for any retailer is to consider partnering with a singular, trusted, customs and trade provider to accompany their core in-house team, centralise their operations and unlock countless benefits through enhanced visibility, insights and control. By selecting the right partner, retailers are set to gain in-depth insights enabling them to quickly identify and react to concerns, understand and impact the entirety of their customs supply chain, and uncover potential cost savings across multiple aspects of their business.

The complexity level of a retailers supply chain is high due to its broad scale of products, origins, various modes of transport and the consistent movement of goods 365 days a year. Complementing centralisation with investments into the implementation of technologies like digital platforms and Electronic Data Interchange (EDI) systems should be high priority, as these systems are vital in providing advantages such as real-time visibility and consolidated reporting, and pivotal for the processing of complex, high volume cargo, with speed and compliance in mind.



Audits, reports and compliance strategy.

Remaining compliant with the customs rules and legislation is key for retailers, as not only is it compulsory to gain and retain Authorised Economic Operator (AEO) status which is obtained by demonstrating that they are a reliable and trustworthy trader, it also unlocks alternative procedural options for duty management, such as a Customs Warehousing or simplified procedures, which would otherwise be unachievable.

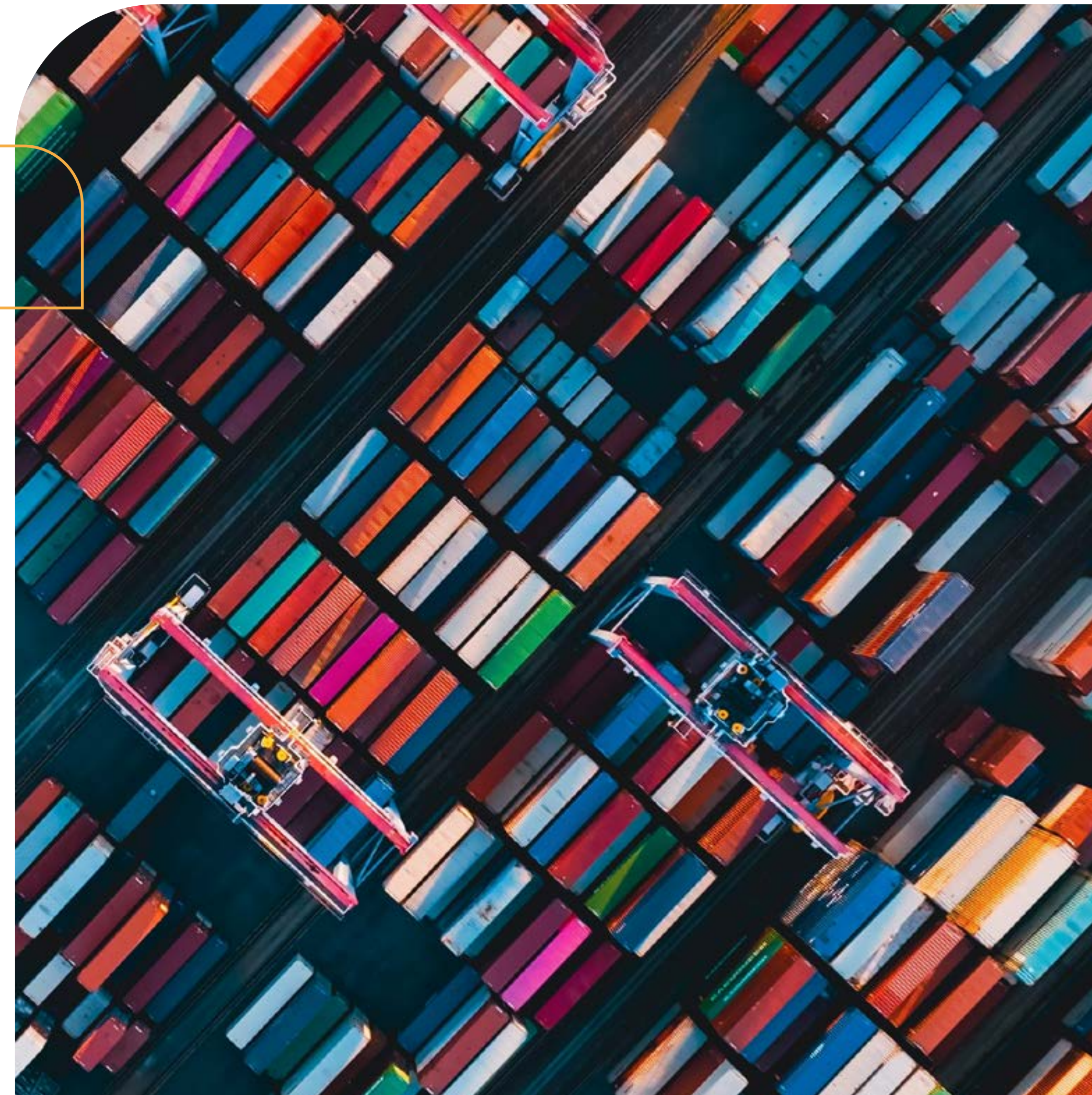
Retailers who choose to complete customs activities inhouse should appoint an experienced broker to audit their inhouse submissions, regulatory monitoring procedures and product classifications for an unbiased approach. However, if activities are outsourced, it is of key importance to monitor and measure their partners performance on a regular basis.

Obtaining shipment reports on purchase order (PO) level and full audit analysis reports on declarations not only allows retailers to gain insights and understand their exposure to risk, but it also allows them to successfully monitor and manage their customs partner from afar. Agreeing on set key performance indicators (KPIs) such as timeliness, compliance percentage rates, and turnaround times for reclaims and adjustments, will provide retailers with all the tools required to successfully analyse their partners performance and demonstrate their control to customs.

Regulatory monitoring and risk mitigation.

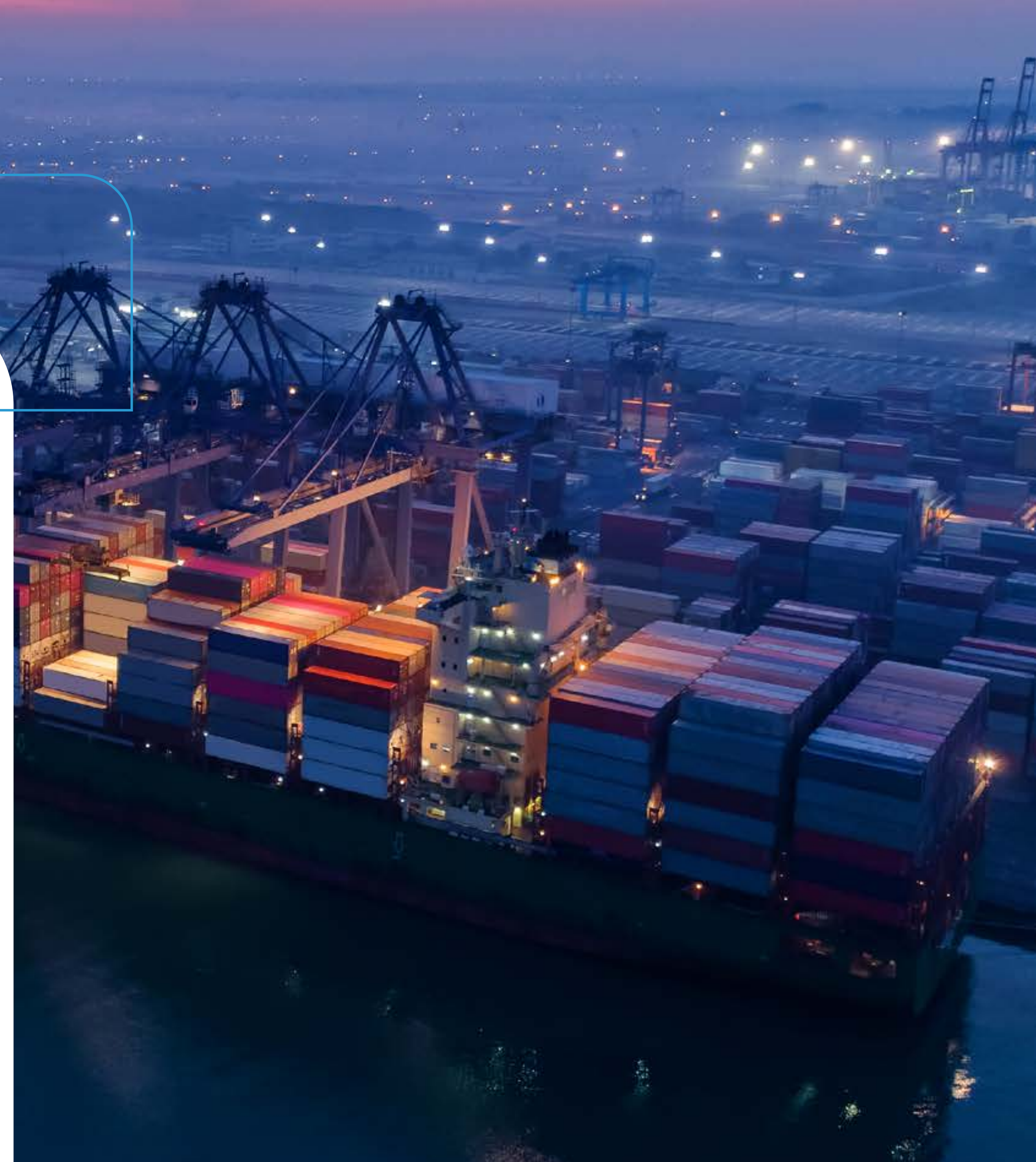
With the increase in trade sanctions, legislative changes and product controls, it's vital for retailers to enhance their regulatory risk management procedures to protect their business and reputation. This entails keeping a vigilant eye on regulatory changes across multiple customs jurisdictions and products categories, which can be a tedious and time-consuming task; therefore, retailers should take the decision to retain this task in-house with existing staff, or strategically outsource via a customs broker to reduce the burden and omit the risk of missing potentially important legislative changes such as the [European Deforestation Regulation \(EUDR\)](#) and the [EU Supply Chain Act](#).

Regardless of the data source, implementing a solid internal stakeholder map and establishing core communication channels will ensure the relevant information is cascaded internally, equipping decision makers with the knowledge to make the right strategic decisions. Complemented with a robust execution plan and due diligence practices throughout the entire supply chain, will drive the enhanced level of regulatory monitoring retailers require to avoid risk.



The advantages of a customs & trade partnership.

Regardless of having an in-house team or outsourcing customs activities in a limited or full capacity, retailers should not underestimate the power of a partnership with a respected customs and trade partner, as this strategic move can offer limitless and sometimes unexpected benefits, peace of mind, and customs clarity.





Complementary brokerage services strengthening in-house teams.

Audits

Compliance Audit Teams can review in-house or 3rd party customs broker declarations and provide bespoke reporting and mitigating actions for continuous improvement.

Regulatory monitoring support

Retainer packages enable businesses to stay ahead and in the know regarding new international trade legislations and sanctions that may impact cost, sourcing patterns or operations.

Classification reviews on existing product databases

Comprehensive classification reviews via external parties remove unconscious bias and reduce the risk of businesses falling victim to incorrect classifications.

Objection and appeal advice and support

Specialist brokers can offer unbiased advice and support when in uncharted territory, such as appealing decisions from customs authorities.

Complementary brokerage services strengthening in-house teams.

Health checks

Outside parties can evaluate to which extent in-house processes adhere to best practices and conduct a thorough gap analysis to identify targeted areas for improvement.

Flexible support

Customs focused and customer centric partners have the scalability and skill set required to react quickly towards an expansion within a new market, can adapt to fluctuations in volumes, and has the flexibility to lend an extra hand in-house, when the unexpected happens such a long-term absences or turnover of staff.

Academic training

Experienced full-service providers can offer tailored training courses to upskill existing talent within an organisation, expanding their knowledge and increasing their understanding of risk within their role.

On hand support and advice

Knowledgeable partners can offer advice and support with regards to customs and trade, when the know how is absent via an internal network.



The retailers partnership check list.

- ✓ Full-service portfolio inclusive of advisory and academic support.
- ✓ Large footprint to meet business needs.
- ✓ Centralisation capabilities.
- ✓ Best in class customer service with dedicated account management.
- ✓ Customer-centric solutions with a collaborative and flexible approach.
- ✓ Digitalisation abilities.
- ✓ Regulatory monitoring & risk management as standard.
- ✓ Compliant procedures with cost-efficient and innovative processes.
- ✓ Specialisation within classification and product valuation.





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Get in touch.

Whether a retailer's strategic goal is to outsource, or strengthen existing in-house capabilities, reach out to Gaston Schul to discover how partnering with a leading edge, full-service customs and trade partner can positively impact your business.

Contact us.



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Get in touch