**Manufacturers delay decisions amid soft demand, reshoring uncertainty**

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As U.S. plastics processors and mold builders are [coping with soft markets](https://www.plasticsnews.com/news/us-plastics-manufacturing-needs-more-investment-offset-trade-deficits), and while some have been able to win reshored production, most are "holding off" on right sizing their business or making capital investments.

"In today's environment, you've got molders that are down, 10, 20, 30 percent, depending on the market they're in," Laurie Harbour, principal at consulting firm Wipfli, told *Plastics News* in an interview. "Instead of right sizing," companies are anticipating a potential comeback of demand. In Wipfli's 2025 North American manufacturing benchmarking study, which analyzed responses from 249 companies, 37 percent reported hiring for growth or open positions "despite the persistent market challenges and flat probability," the study said.

Meanwhile, 38 percent reported maintaining current staff levels, underscoring "a cautious approach, with many companies opting to avoid additional labor costs until economic conditions improve."

Some companies are "down on volume and have too many people," Harbour said. Data from the study showed "a big percentage of people believe that revenue is going to be down or flat in 2025."

"At some point, that math is going to catch up to them," she said. "Although I'm very bullish about the economy in 12 to 18 months. It's slow right now, and it will be slow for a while … we don't know when it's coming back."

"Getting [your company] to the point where you can make money again in a soft environment is very important," she added.

Forecasted capacity utilization for the second quarter of 2025 was 63 percent, but actual capacity utilization was reported at 53 percent, the study said. Manufacturers have delayed new product launches, increased inventory and delayed investments in automation and digital technologies, which were popular in 2024 despite high interest rates, as they await clarity on trade and tariff policy.

"Many manufacturers are always very bullish about the market," Habour said. "I think that there are a lot of people believing that the new [presidential] administration was going to change everything, that we were going to have this massive [manufacturing] movement back to the U.S."

**Tariff uncertainty impacts reshoring**

Although there are efforts by President Donald Trump's administration to bring manufacturing back to the U.S., "you can't just flip a switch," she said. "It's going to take time, and at the same time, demand is really low."

Although quote activity has increased in recent months, according to the study, lack of sales growth is a top concern among manufacturers as it relates directly to the cost of doing business.

"Costs have gone up … dramatically," Harbour said. "We've seen softening demand since the COVID-19 pandemic, we have higher-cost labor and higher-cost everything from material to the stuff I put in the break room or the restroom for the employees. Inflation has impacted every portion of our business."

Plastics processors had the highest hit rate among manufacturers surveyed at 12.2 percent compared with the overall average of 10 percent, down from last year.

Because tariff deals between the U.S. and many countries are still up in the air, customers are exploring reshoring options and testing new supplier relationships but not necessarily committing to new orders.

"When tariffs hit in the early part of the year … many manufacturers across industries started … a significant amount of market testing," Harbour said. "[Projects weren't] necessarily awarded to anyone, because even with the tariff on some components, not all, but on some, it still wasn't cheaper. It was still more effective to [import] it.

"While there has been some [reshoring]," she said, "it's not in the quantity that I believe the administration would have liked to see."

The [uncertainty of tariff changes](https://www.plasticsnews.com/news/us-plastics-industry-say-tariffs-make-uncertainty-remain-cautiously-optimistic-2025) is the biggest obstacle to the industries' reshoring goals, she said. "Because I can quote [a part], but do I move it next week? It could be up from 30 to 50 percent … because I don't know what Trump's going to do. I think that's a lot of what is happening in purchasing offices."

After the Trump administration's announcement of a 90-day pause on tariffs in April, it announced just eight deals with trading partners, despite stating it would accomplish 90 deals in that amount of time.

"Well, here we sit now, way past the 90-day mark," Harbour said. "We're almost in September vs. the July timing … we just made another 90-day extension on the China piece. We're rolling into the time of the year when China would be producing big time for the holidays and Christmas presents [for] Walmart and Target. There's a lot of pressure."

**Control what you can control**

Wipfli is advising molders and toolmakers not to wait on right sizing their businesses while profits and efficiencies are down.

"You're now on the eighth month of the year where your volumes are down, you have to start controlling those things that you control," Harbour said. "You control your labor, you control your plan. … Companies need to start saying … 'We need to right size our businesses make the decisions that make us healthy.'

"The more the more we negatively affect our profits now, the weaker position we're in when the market comes back," Harbour said. "There are a lot of positive things on the horizon, but, in order to capture what the administration is trying to do, [manufacturers have] got to be more competitive. … Find the sales. They're there.

"We are starting to see some adjustments in the economy," she said. "There are things happening to spur consumer spending. We are seeing some increase in unemployment or decrease in jobs created."

Along with some inventory levels being depleted left over from pandemic stockpiling, those things could lead to the federal reserve board to lower interest rates, she added.

Tooling for automotive, appliances and other large markets are seeing some programs being released and expect to see increased demand in the fourth quarter, Harbour said. "We're seeing a little bit of an uptick."

But OEMs, particularly in the automotive sector, are rationalizing product lines, leading to reduced volumes and the elimination of certain trim levels.

While profitability remains flat and capacity utilization fell short of forecasts, manufacturers are taking steps to organize their businesses and manage costs by monitoring debt-to-earnings ratios and focusing on waste reduction, labor optimization and smarter scheduling.

"Even in a tough environment, manufacturers are showing they can adapt," Harbour said. "The key is to stay proactive, not reactive, and focus on what's within your control."