

# Supply Chain Challenges Continue: Major Disruptions Compounding Impact Well into 2022

As a partner, we pledged to be transparent with you and keep you updated on significant delays and issues for the printing supplies (labels and ribbons) market. Rising demand, and raw material supply chain issues continue to hinder availability and drive cost increases.

We remain focused on helping you plan for how these disruptions are impacting your business. Industry experts are expecting that we will be dealing with these difficulties and their impact for the better part of 2022. Please continue to work with your Peak representative and consider taking the following measures when planning around the current supply chain situation:

- Lead times out 8 to more than 12 weeks due to material availability and increased allocations
- Place orders ahead of cost increases if you can
- Consider label supply management solutions to reduce costs and ensure availability
  - Lock in current pricing
  - Secure inventory for just-in-time shipping
  - Reduce per unit cost (quantity discounts)
- Our free printhead program, Priority Gold, offers cost savings through free printheads
- We still have some readily available to ship stock labels and ribbons as part of our Peak Performance brand labels and ribbons

**We have an experienced, nationwide team of supply chain and labeling experts working daily for our customers to find the best solutions and help navigate through these disruptions.**

**2020**  
Spring, Summer & Fall

Lead Times +2-3 Weeks

**2021**  
Winter

Lead Times Increase to 4 Weeks

**2021**  
Spring/Summer

Limited Supply

**2021**  
Summer/Fall

Lead Times Increase to 8 Weeks

**2022**  
Winter/Spring

Lead Times Increase to 8-12 Weeks

## EARLY PANDEMIC

Short Covid shutdowns stop supply chain of raw materials.

## RAPID MARKET EXPANSION

Demand for direct-to-consumer shipping leads to rapid label industry expansion.

## LEAD TIMES INCREASE

Raw material suppliers begin to increase lead time.

## WEATHER DISRUPTIONS

Unusual winter storms affect South and Southwest regions. This impacts production of commodities including label raw materials.

## CONTINUED LABEL DEMAND GROWTH

Ecommerce and continued growth in direct-to-consumer shipping leads to more demand for labels

## MATERIAL SUPPLIERS PLAY CATCH UP

Facing low supply and high demand, raw materials suppliers struggle as they try to catch up.

## LABEL MARKET GROWTH ACCELERATES

Label demand remains historically high. Growth in products like variable print labels tops 25% annually—ten times normal annual market growth.

## DELTA VARIANT

The emergence of the Delta variant affects staffing availability for raw material suppliers, disrupting production and further extending lead times.

## CHEMICAL COMPANIES LIMIT SUPPLY

Major chemical companies enforce Service Level Agreements, which further limits supply of label stock and raw materials.

## MATERIALS SUPPLIERS FACE RECORD BACKLOGS

Raw materials report backlogs 4-6 times normal.

## ALLOCATIONS LIMIT SUPPLY

Many raw material suppliers institute allocations—in some cases based on previous years' demand.

## MATERIALS LEAD TIME STRETCHES TO 7 WEEKS

Stressed raw material suppliers stretch their lead time to between 6-7 weeks.

## LEAD TIMES INCREASE (AGAIN)

Lead times now at 8 to more than 12 weeks out

## LABOR ISSUES

Labor issues at one of the largest providers in Europe which is trickling down to North America

## GEOPOLITICAL TENSIONS

Drastically impacting oil and commodity costs driving up the cost of production even further and more rapidly

## PRICE INCREASES

Sixth price increase in the last 14 months with some raw materials for label production up over 45% in this time



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