



Dear Valued Customer,

I would like to start by saying thank you for your continued partnership during these challenging times. It looks like we have started on the long road back and there is a growing optimism that we are headed for a sustained recovery.

As optimistic as the future looks, the current state of the business climate is bringing about many new and unexpected challenges, particularly with our supply chain and inventory, that we want to bring to your attention.

There are several **cost-increasing factors** affecting the promotional products industry today:

- **Raw Material Costs.** Increased commodity costs (e.g. crude oil, lumber, wood pulp for paper and plastic) have increased pricing on almost all products, in all industries, across the globe.
- **Transportation Costs.** A global shortage of shipping containers, lockdown restrictions slowing global trade and a lack of manpower have raised the costs of shipping goods via ocean transport by 400%. For example, a container-load of goods that shipped pre-pandemic for \$3,000 now costs over \$12,000. Similarly, inland shipping is up almost 300% over just a few months ago.
- **Global Exchange Rates.** We pay our global vendors in US dollars and they primarily pay their workers in the local currency. The US dollar has weakened against most major global currencies, thus causing our suppliers to raise prices to compensate for the lower buying power.

The same reasons for these cost-increasing factors, have also led to **severe inventory shortages**. We anticipate that this shortage will extend through the holiday season and into the first quarter of 2022. Therefore, it is critical that if you are anticipating branded merchandise needs during this time, that you plan well in advance.

Here are a few things you can do to make sure that you aren't left empty-handed at your next trade show, client meeting or with no employee or client gifts at the holidays:

- **Start Preparing Now.** The longer you have to receive your goods, the easier it will be to make sure we can get them to you. Work with your account manager to plan at least 90 days in advance for any events. This gives us enough time to secure inventory, get your items printed and ship them to your destination.
- **Be Flexible on Products.** Choose more than one item that will satisfy your project's needs. Although we check inventory with our suppliers daily, one large project can wipe out the inventory on a particular product immediately. Unfortunately, we are seeing this more frequently, leaving our clients with having to decide on substitutions – and then seeing those products disappear quickly as well.
- **Make Decisions Quickly.** Delaying your purchasing decision, even by a few hours, can severely limit your product options. We cannot secure inventory without your signed confirmation and the longer you wait to approve your order, the easier it is for someone else to take your inventory.

While these are not insurmountable challenges, they do make it more difficult to secure merchandise and get it to your doorstep. We will continue to make you aware of the changes in our industry as things continue to move ahead and we look forward to a less volatile landscape in the near future.

Regards,

A handwritten signature in blue ink, appearing to read 'D. Weintraub', written in a cursive style.

Dave Weintraub
CEO, Pinnacle Promotions