

## Supply chain issues

Dear Sav-Mart Customers,

Since the pandemic began the appliance and Furniture industries have been an indescribable mess.

First predictions were nationally that the industry would be down 30-50%, when in fact it was up 125%, and has remained there. They have never gotten remotely caught up and all manufacturers have been scrambling ever since. Covid social distancing protocols and out breaks have pushed them further and further behind. Labor availability and supply chain issues such as lumber and foam shortages are occurring and being allocated at a lower level while demand out paces last year. Material costs have gone up as much as 300% in the last year. The back logs are continuing to grow with no end in sight.

A number of Furniture manufacturers have stopped taking orders all together until further notice. One of our top chair vendors "Best Chairs" is 6-7 months out on orders as of today.

In the appliance world we are seeing a similar scenario. Several sub-suppliers to the factories have had shortfalls which extend lead times. If you can't make the part to supply the factory, the factory can't make the products.

A few Appliance companies have reduced the number of products they make to focus on the ones that sell faster and still it didn't make a dent in demand.

We order weekly and out of every 100 items we order we will see between 5-7 items **only** for next week's delivery. Those back orders ordered average 60-90 days minimum. However, several can be as long as 6-7 months OR MORE. It should be noted the appliance business 19 months ago, was order on a Friday and it would come on Tuesday at around 90 percent in four days! That's how bad it really is right now. We don't know fully how the world-wide microchip shortage will affect the industry and still the factories are silent. We waited for eleven months for 3 truckloads of Electrolux laundry "324 pieces" that will never come, as they decided to just go ahead and make the new series.

Back-order dates are constantly changing up to as many as ten times. They also can be consistently pushed back as long as 8 months, month after month after month. This is common and consistent now and we cannot get a straight answer from any manufacture. Meaning we are provided with false dates to pass on to our customers, as there is no system in place to handle this amount of demand, capacity and backorders. All those involved in the industry have exceeded maximum capacity long ago. We cannot provide updates with any accuracy until the effects of the economy and post pandemic are over. We know this is not the level of service you deserve and we don't like it either. There is no one inside these companies to contact at any level to push, threaten or beg. It doesn't make any sense that you can't get an ETA, but it's real, all we can do is wait and watch and be ready to make a substitution if you just can't wait. We appreciate those who are patient and kind about this situation. We understand the frustration. Remember, we like it too when it came in 4 days.

Sav-Mart has over 3000 items on open order and hopeful they all don't arrive at once.

Both industries have been plagued for two years by the national shortage of long-haul drivers which is around 50,000 driver short of what they need. Even when they make it it's a struggle to ship it.

Your Sav-Mart Management Team.