



CRITICAL CONVERSATIONS

Supply Chain Challenges

DMAW

Direct Marketing Association of Washington

Upcoming Lunch & Learns

Wednesday, March 16

12 - 2 PM | SEIU | Washington, DC

Wednesday, April 6

12 - 2 PM | SEIU | Washington, DC

Lunch & Learn

**Digital Advertising
in 2022**

and Navigating this New
Cookie-less World



Lunch & Learn

**PREMIUM VS.
NON-PREMIUM**

Upcoming Happy Hours

Wednesday, March 16

5:30 - 7 PM | Location: TBD

Member Appreciation

HAPPY
HOUR



Tuesday, March 29

5 - 6:30 PM | Location: TBD

Young Professionals

HAPPY
HOUR



Upcoming Programs

Tuesday, March 29

8 AM - 4 PM | SEIU | Washington, DC

DM 101

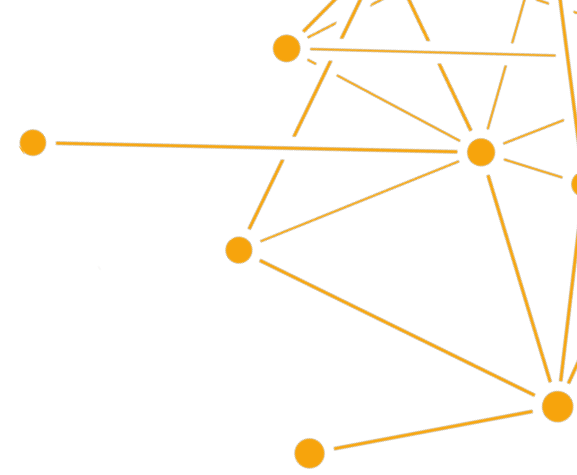
Direct Response
Fundraising
Fundamentals



Wednesday, April 27

8:30 AM - 4 PM | Location: TBD

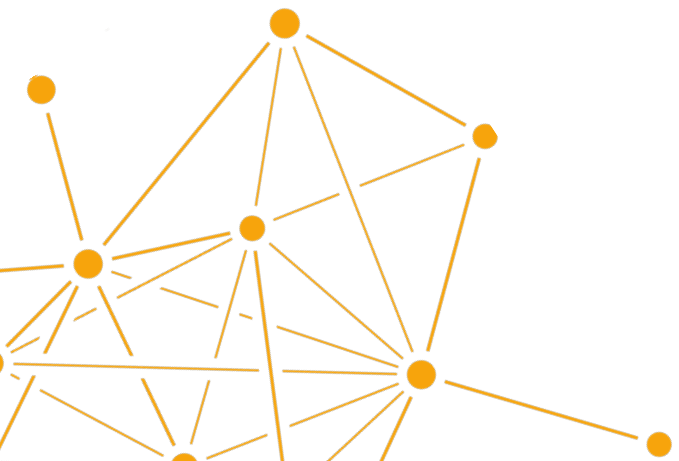
**Production
Day**



Purpose & Goals for Today:

- What's In It For Me? (WIFFM)
- Key Insights to Create Awareness
- Helpful Tips or Takeaways for Support

Thank you to our partner!

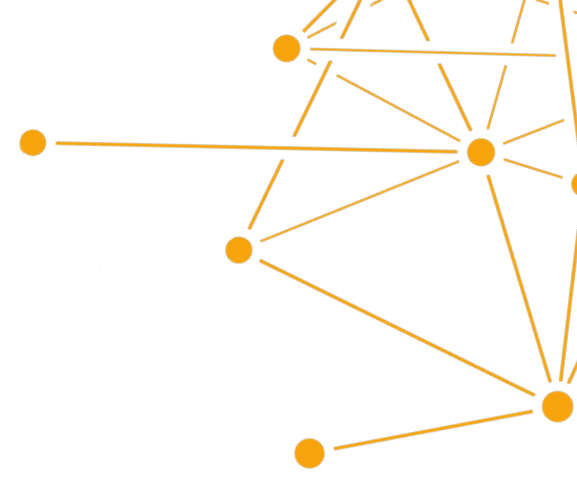


Speaker

Ben Harris



President
Production Solutions



Speaker

Dave Lewis



President
Snail Works



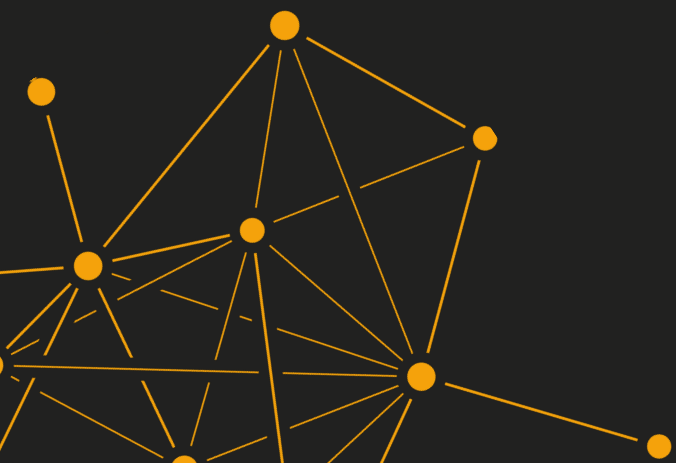
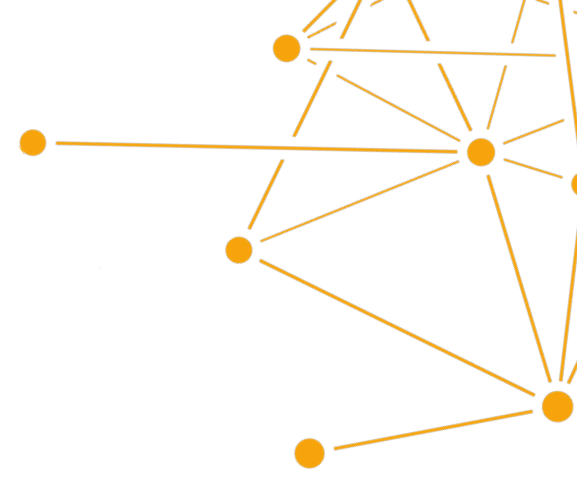
Speaker

Jerry Mathis



Postal Affairs Program
Manager

ALSAC - St. Jude Children's
Research Hospital





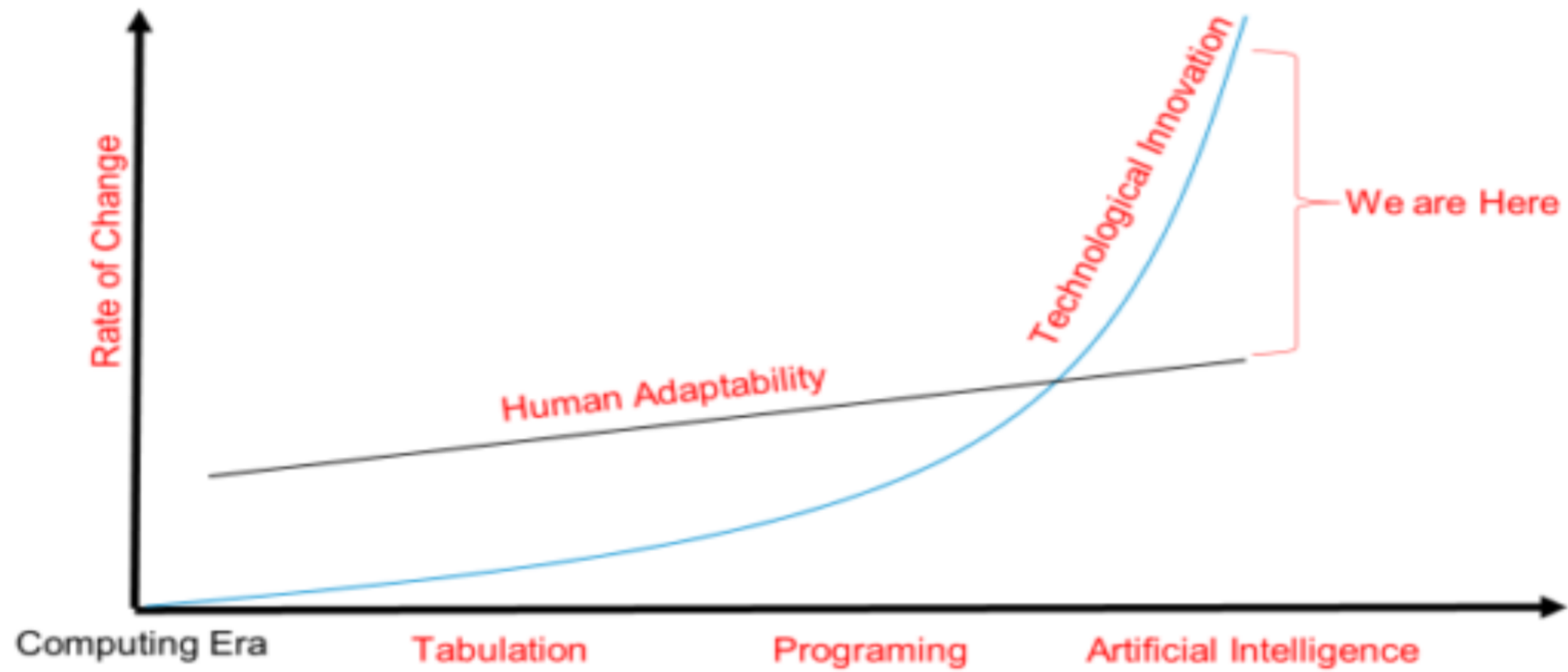
HOW DID WE GET HERE?

2021 Leading Tips for Navigating the Supply Chain

Challenges

- Projections and Planning are critical – ~~Recommend~~ planning at least 12-months ahead (Package formats, specifications, estimated quantities, and mail dates)
- Educate and actively discuss with leadership, your colleagues, and partners about ongoing the industry challenges due to supply strain
- Plan for longer Lead Times and Schedules
- Be open to print on alternative paper if an order cannot be secured
- Explore formatting options to allow flexibility in sourcing
- Focus on the big picture
- Explore Plan B's, C's and map out contingency options
- Be Kind – We are all in this together!

The Age of Acceleration



Our Brains Were Not Built For This Much

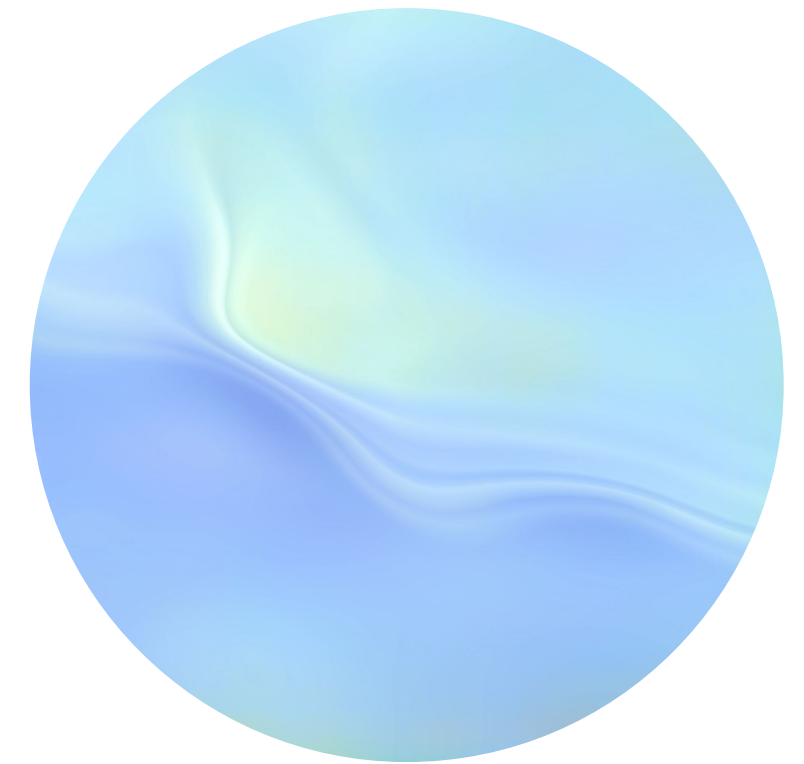
Prior to the pandemic most of us were already feeling “IT” – as it pertains to the pace of change, workload, connectivity...

Then CV19 hits, and created even more constant shifting & accelerated pacing...

So it put us in a constant state of “fight, freeze, or flight”...

And threats of uncertainty literally make us less capable.

The good news is that there are decades of brain science and research on human behavior to help



2021 Supply Chain Challenges



A
DUE TO COVID-RELATED SHUT DOWNS, PORTS OF LA, LONG BEACH AND NY/NJ EXPERIENCED INCREASED CONGESTION ISSUES BECAUSE A LARGE PORTION OF IMPORTS WERE SQUEEZED INTO SECOND HALF OF 2020.



B
AS VANCOUVER PORTS REMAIN AT CAPACITY, CARGO IS DIVERTED TO SEATTLE. SEATTLE PORT WAIT TIMES HAVE MORE THAN DOUBLED.



C
IN EARLY 2021, PORTS OF LA AND LONG BEACH (WHICH HANDLES ROUGHLY 50% OF ASIAN IMPORTS) HAS UP TO 45 SHIPS DAILY SITTING IDLE AT ANCHOR OUTSIDE PORT AWAITING BERTH.

FIGHT AGAINST COVID-19
COVID-19 virus rages and shortages of medical supplies remain problematic.

RAILWAY BOTTLENECK
Railway Systems across U.S. are backed up and delayed for approximately 3-4 weeks.



INCREASED DEMAND
Imports in Dec. 2020 were up 39.9% - 3rd highest month, behind Oct. and Nov. 2020.



INCREASED DOCK TIME
Labor shortages due to illness and COVID restrictions, Long Beach, CA with dwell time as much as 10-14 days.



CONTAINER SHORTAGE
Long Beach, CA port report 5.2% decline in export trips while empty container rates have increased to 55%.

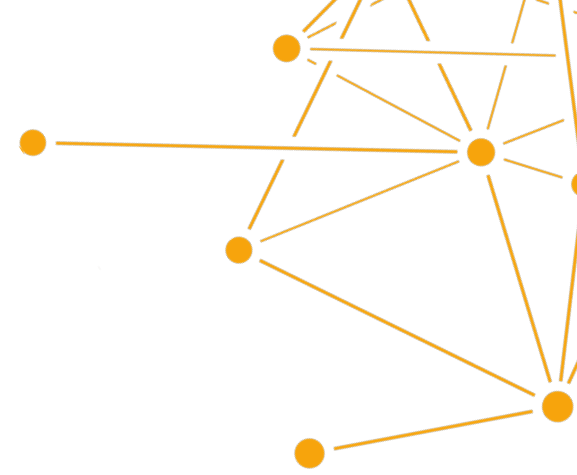


TRUCKING SHORTAGE
Driver availability in Long Beach, CA port is as long as a 3-4 week wait.

Sources:
TEPB Trade Market Update
<https://labusinessjournal.com/news/2020/dec/21/ports-see-unprecedented-amount-cargo-volume/>

www.medsourcelabs.com

Labor



ECONOMY | U.S. ECONOMY

Hiring Hit Annual Record Despite December Slowdown

U.S. added just 199,000 jobs in December, but total increase of 6.4 million in 2021 and tight labor market signal steady gains ahead

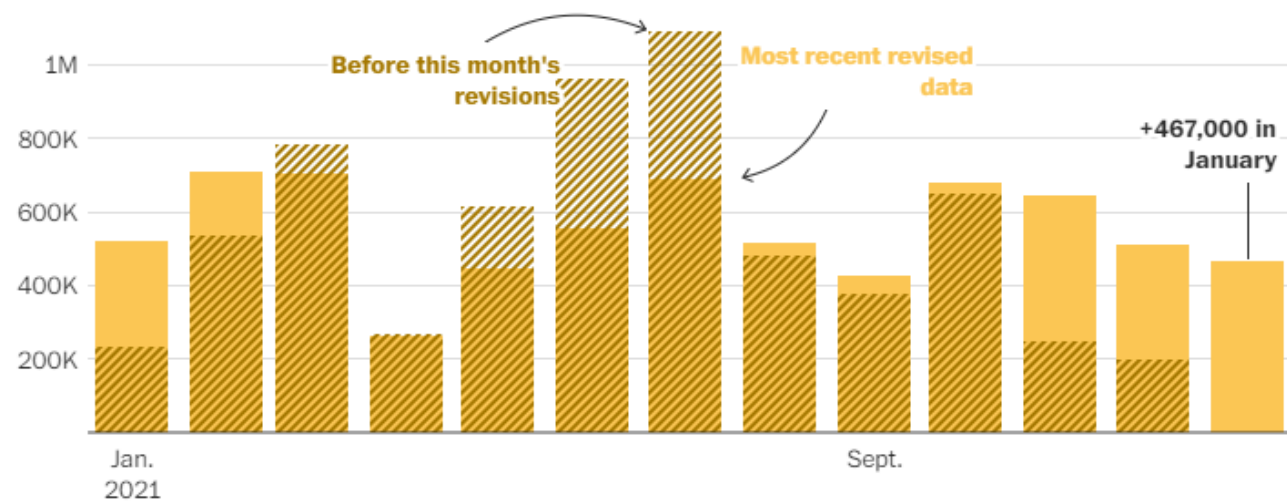
ECONOMY | U.S. ECONOMY

U.S. Jobs Surged by 467,000 in January as Economy Weathered Omicron

Unemployment rate ticked up to 4%, with more people joining the workforce

Strong January numbers paint new picture of job the market

Monthly change in non-farm jobs



Note: seasonally adjusted; December and January figures are preliminary

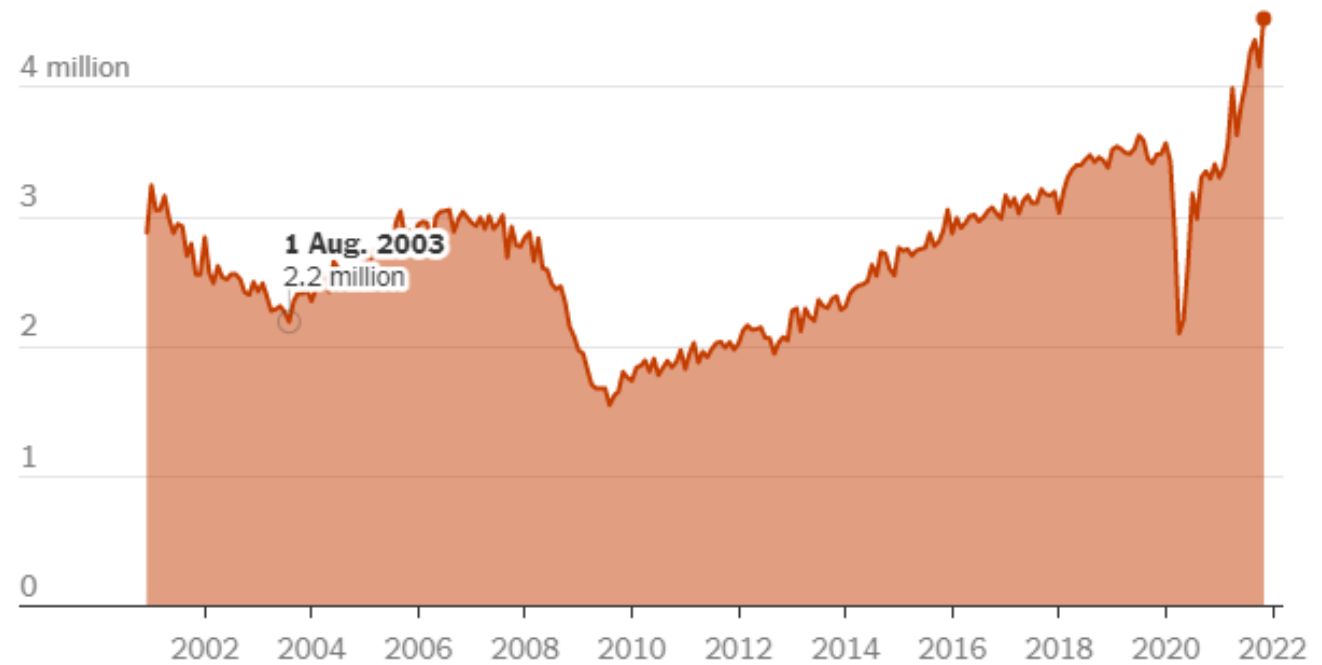
Source: Bureau of Labor Statistics

THE WASHINGTON POST

More quit jobs than ever, but most turnover is in low-wage work.

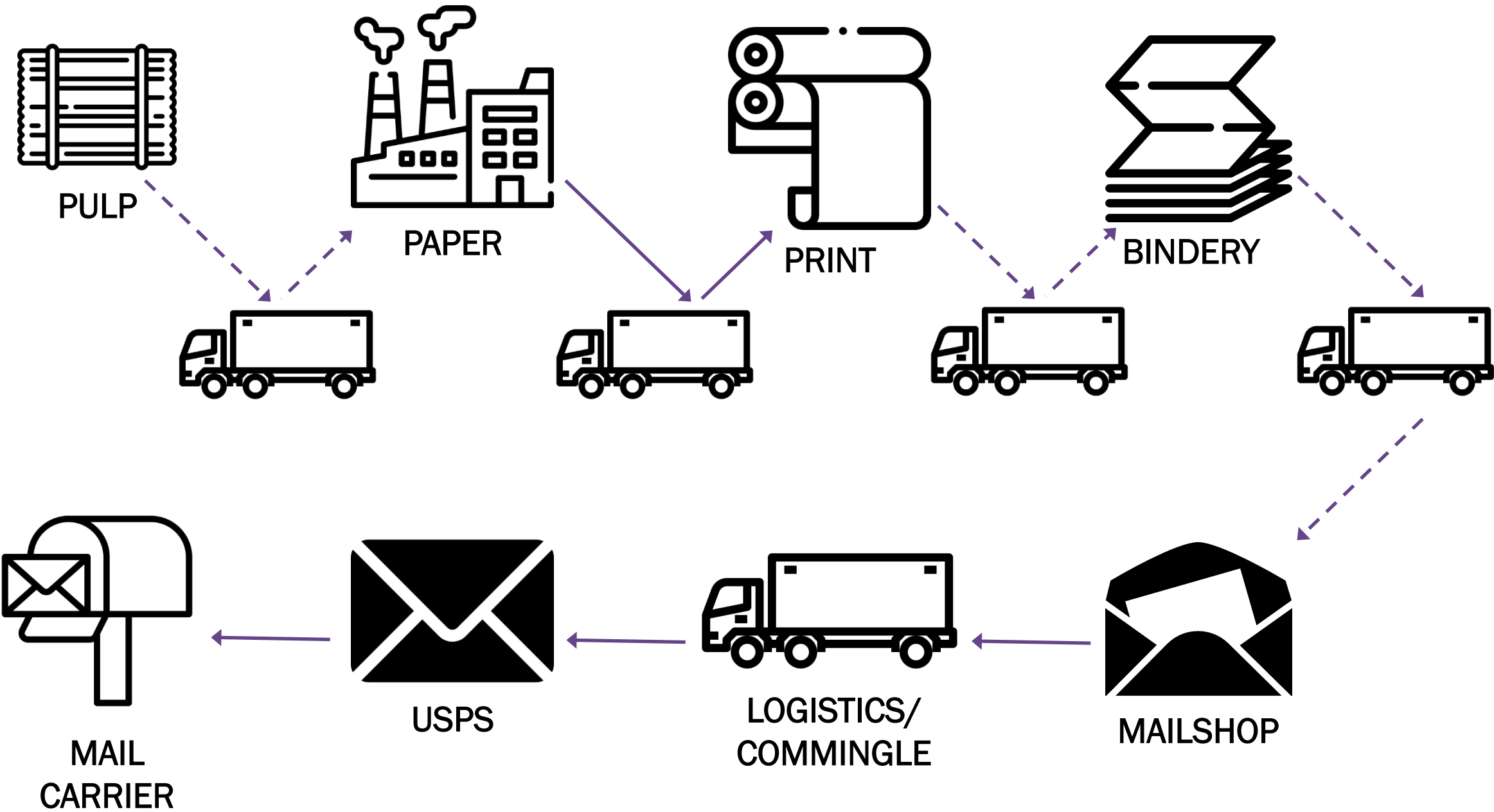
Government data for November shows the continuing disruption of the coronavirus in the labor market.

Number of People Who Quit Jobs by Month



Note: Voluntary quits, excluding retirements, seasonally adjusted • Source: Bureau of Labor Statistics • By The New York Times

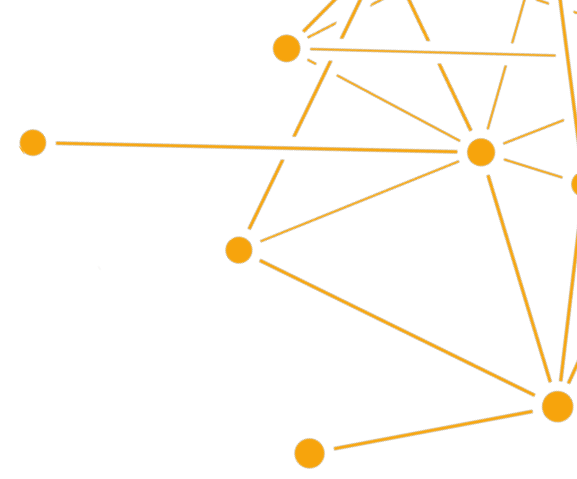
Production 30K Foot View



- Manufacturing (2)
- Estimating (1-3)
- Prepress (1)
- Operators (5-7)
- Programming (1)
- Customer Service (1-3)
- Freight prep (2-6)
- Dock workers (4)
- Drivers (4-8)

21-35 PEOPLE

Supplier Partners – 2021 Recap



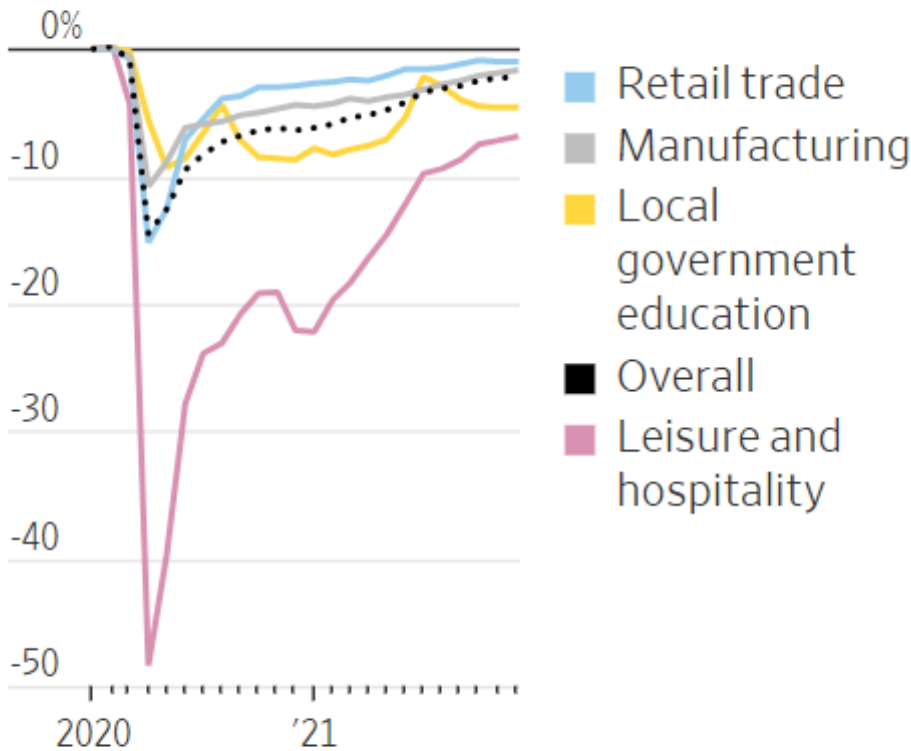
- Manufacturing as a whole was in constant flux
- Each Supplier experienced their own unique issues inherent to them based on the Pandemic:
 - labor shortages and challenges
 - supply chain disruptions and delays
 - geographic location in the country
 - new challenges as they navigate these unprecedented times
- The Labor Market shortage is a constant struggle for suppliers. This has caused:
 - Fewer shifts or canceled shifts (example COVID outbreaks)
 - Difficulty in planning capacity and resources
 - Increased labor costs to compete for employees and loss of staff due to the appeal of alternative job markets

Main Takeaway: The volatility that was experienced in 2021 will continue into 2022 and a lot will depend on how Suppliers are able to handle the constant changing face of the Industry.

Supplier Partners 2022...

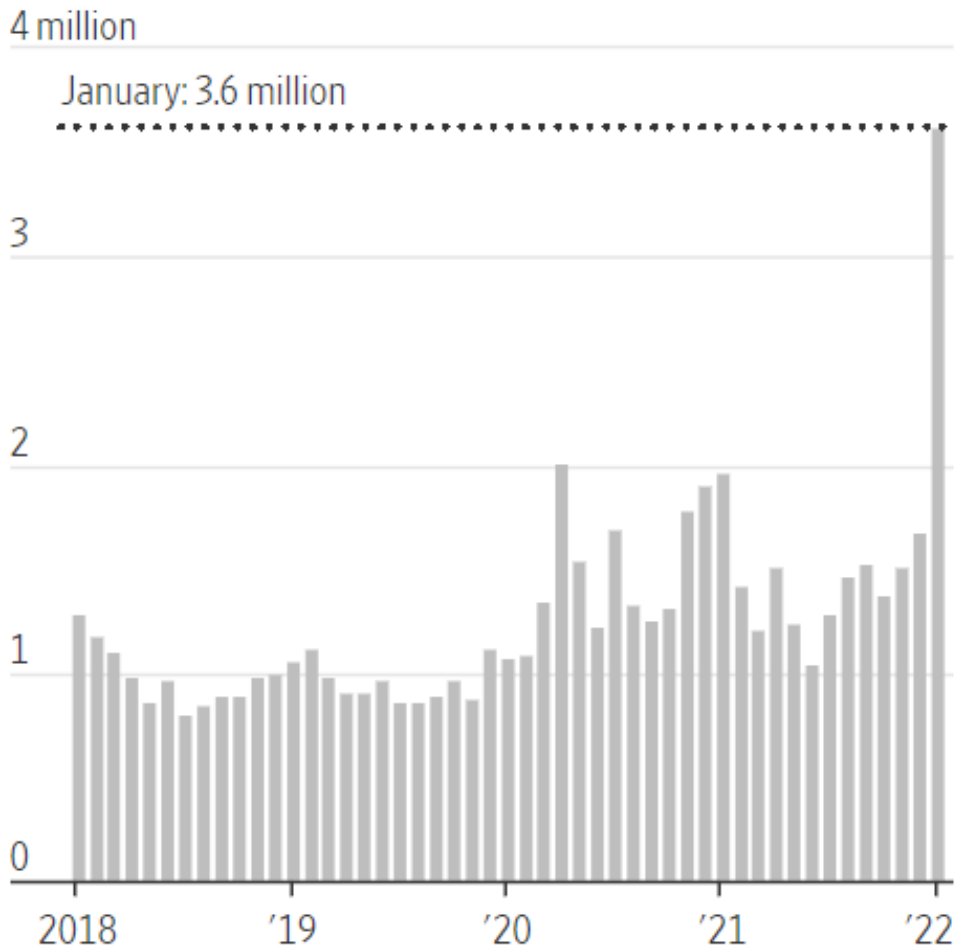


Payrolls by sector, change since January 2020



Note: Seasonally adjusted
Source: U.S. Labor Department

Absences from work due to illness



Source: Labor Department

Finding Skilled Workers as Veteran Printers Retire, Shortage of Trainees Looms

Low-Skill Workers Aren't a Problem to Be Fixed

The label "low-skill" flattens workers to a single attribute, ignoring the capacities they have and devaluing the jobs they do.

Inflation

[ECONOMY](#) | [U.S. ECONOMY](#)

U.S. Inflation Hit 7% in December, Fastest Pace Since 1982

Consumer price rise exceeded 6% year over year for third straight month

[ECONOMY](#) | [U.S. ECONOMY](#)

U.S. Inflation Accelerates to 40-Year High

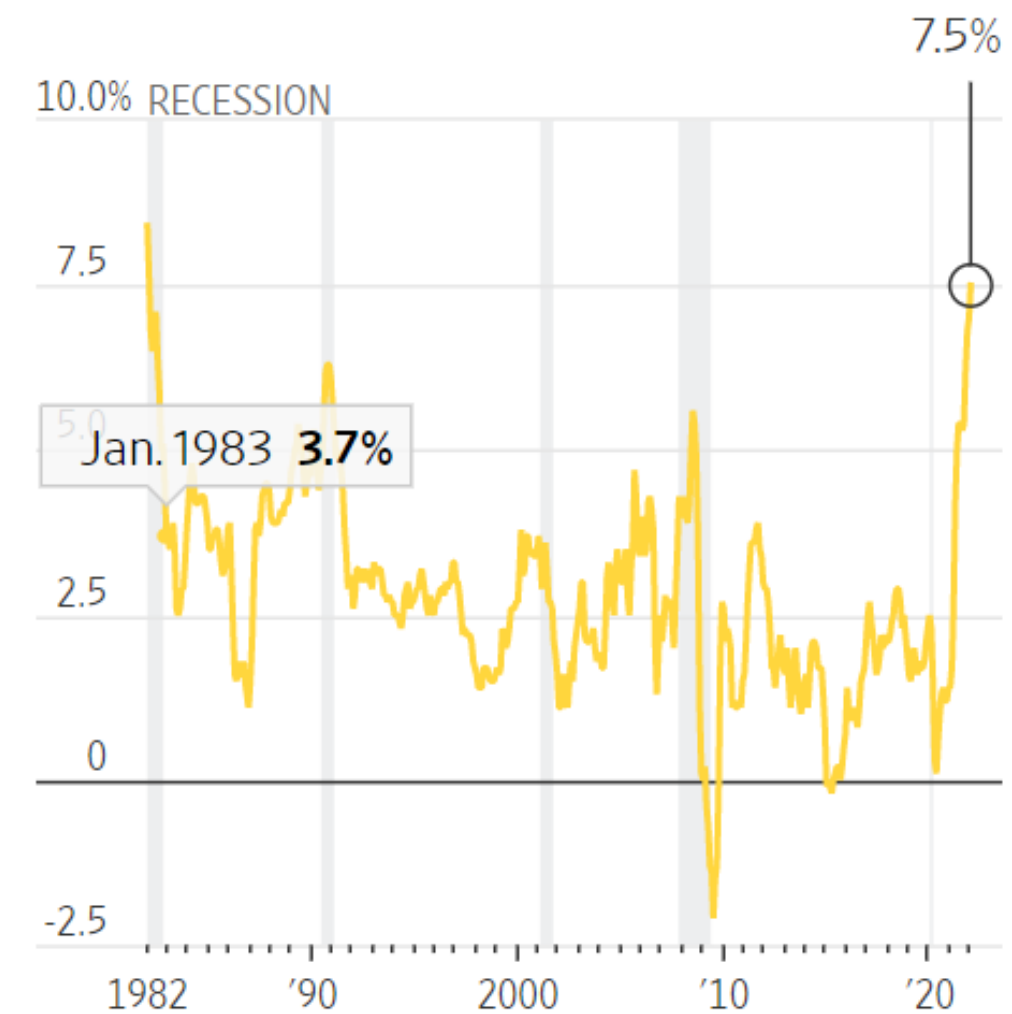
Consumer-price index rose at 7.5% annual rate in January

Economy

U.S. economy grew 5.7 percent in 2021, fastest full-year clip since 1984, despite ongoing pandemic

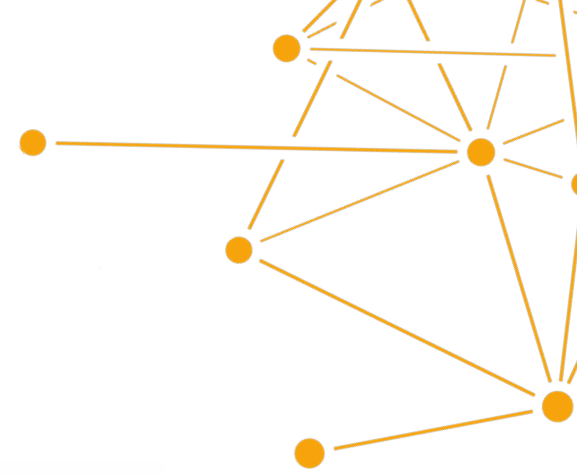
GDP report by Bureau of Economic Analysis offers the latest snapshot of a resilient recovery

Consumer-price index, change from a year earlier

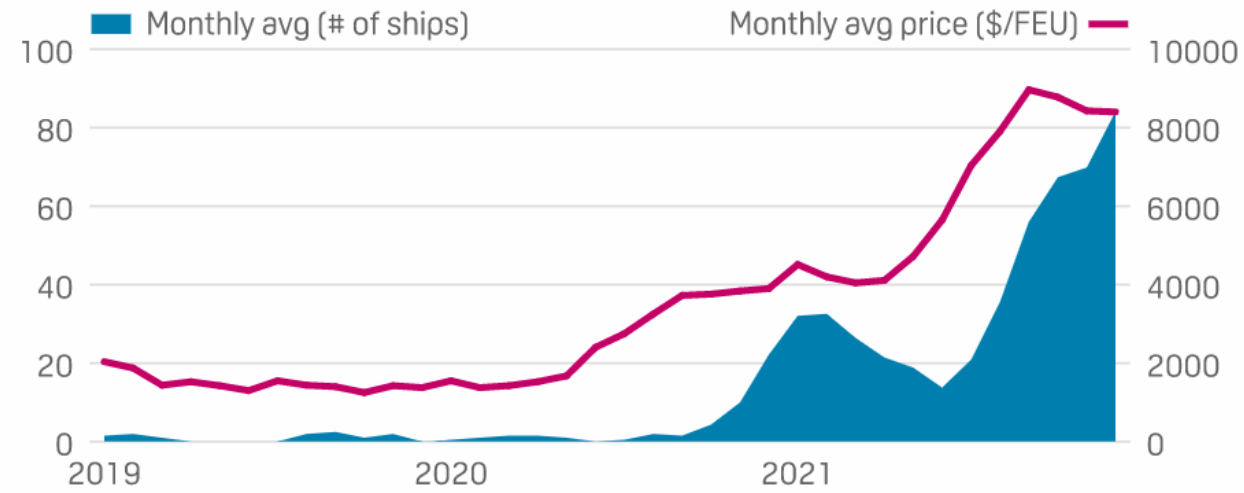


Source: Labor Department

Logistics



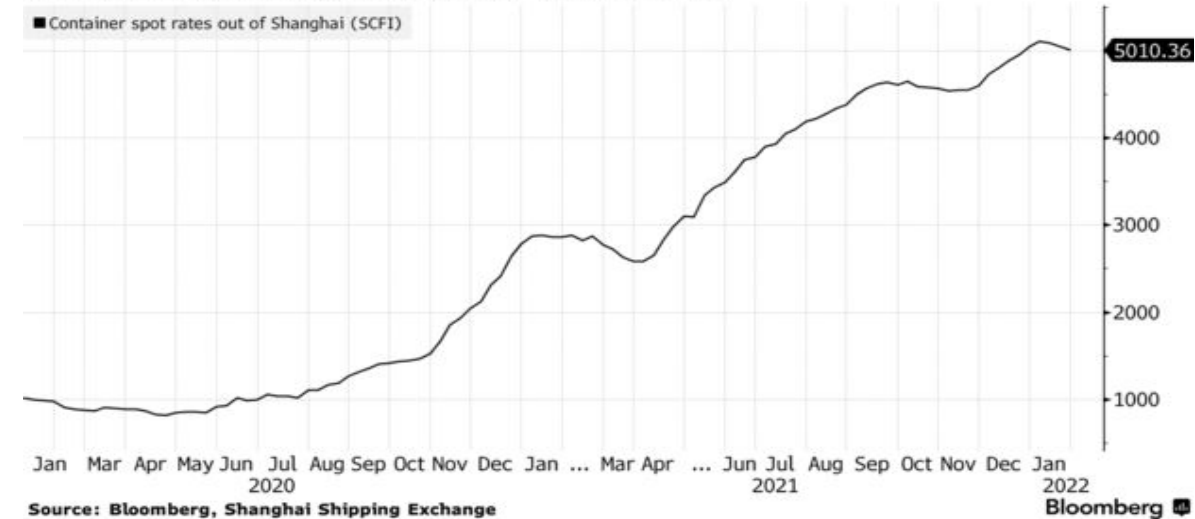
FREIGHT RATES RISE AS PORT CONGESTION MOUNTS



Business

Maersk Buys Trucking Firm, Warns Ocean Freight Boom Is Waning

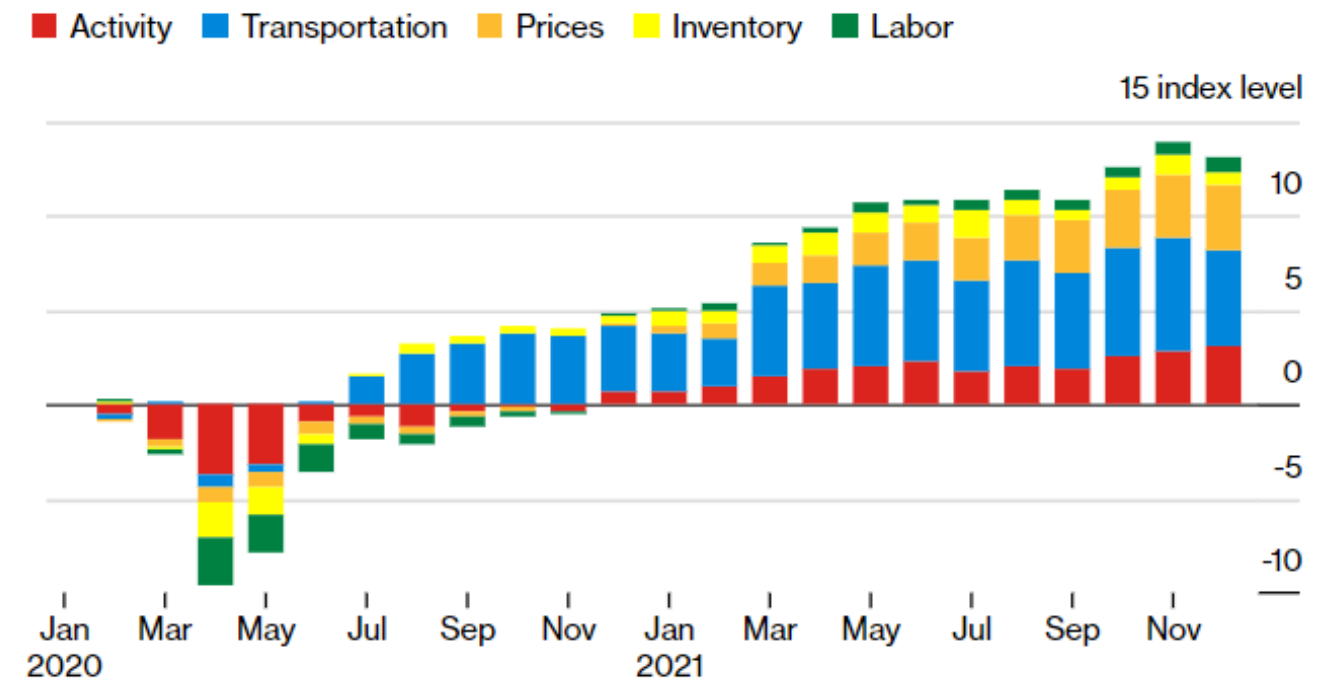
More Stable Freight Market in Sight?
Container rates have plateaued after 2020-21 run



Commodities 2022: USWC longshore labor negotiations could further disrupt US freight markets

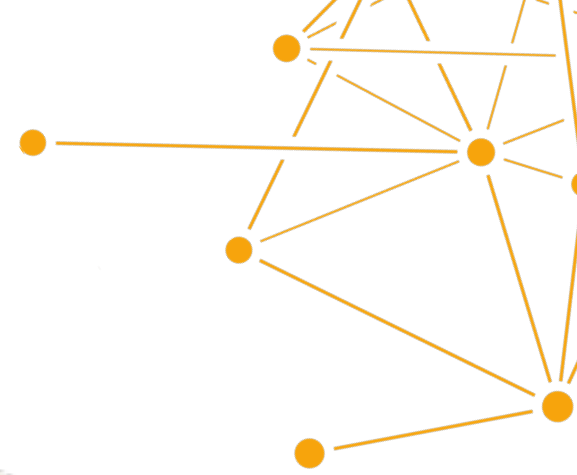
Peak Supply Strains?

U.S. supply-chain strains are still hovering at a heightened level



Source: Oxford Economics' U.S. Supply Chain Stress Tracker

Paper Industry – 2020-2021 Recap



2020 saw nearly a 40% reduction in capacity to produce printing paper in N.A.

- Pandemic reduced demand in 2020 and manufacturers shut down mill lines
- Many mills were converted to packaging and board production

2021 paper demand came soaring back and supply cannot keep up.

- Imports low due to global logistic challenges, inventories at an all-time low
- Mills sold out through end of 2021 and most are on allocation

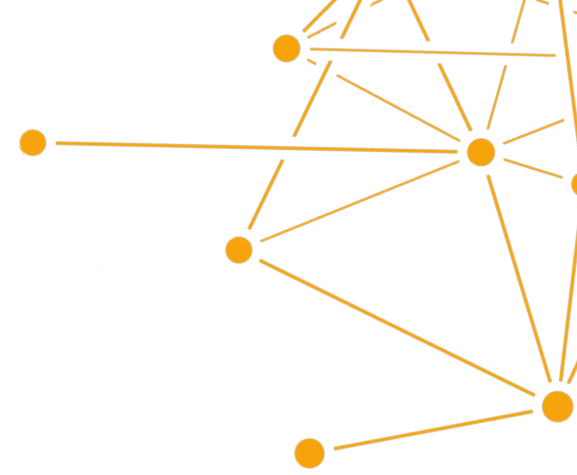
Costs and lead times increased drastically over the last year

- Coated Paper
 - Price increases ranging from 16-27%
 - Mill lead times went from 6-8 weeks to 14-16 weeks
 - All mills are on allocation and orders may not be accepted
- Uncoated Paper
 - Price increases ranging from 16-24%
 - Mill lead times went from 4-6 weeks to 12-14 weeks
 - Many mills are on allocation and orders may not be accepted

What is Allocation?

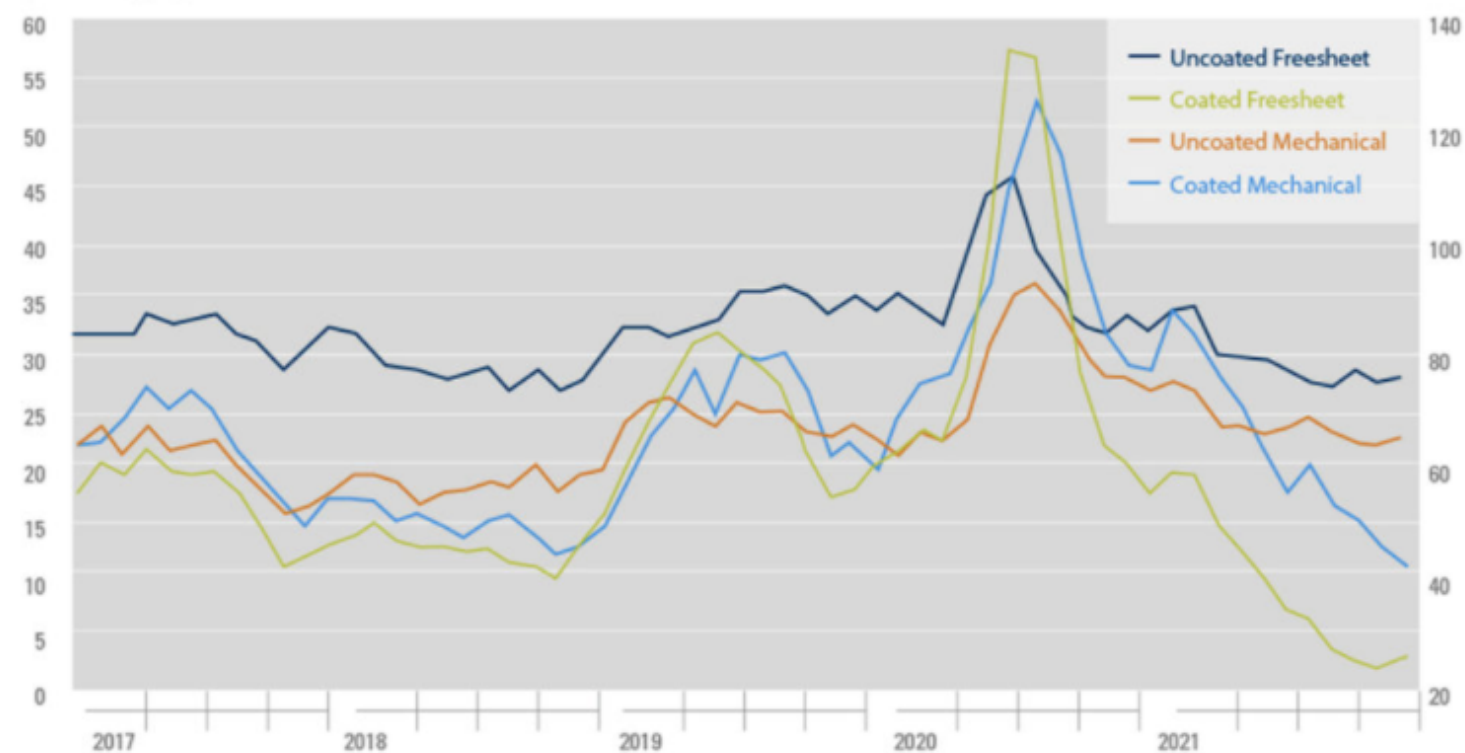
When demand outpaces supply, this is a tool used to prevent stock-piling. Mills allocate paper to printers and paper merchants based on historic purchasing levels.

Where Has All the Paper Gone?



NORTH AMERICAN PRODUCER INVENTORIES OF PRINTING & WRITING PAPERS

days of supply



Data source: Calculated by Fastmarkets RISI from PPPC data.

US pulp spot market price surges \$20-25 per tonne

Pulp buyers seek additional tonnes outside of contracts amid shipping delays

Sack kraft paper price hikes spurred on by incredible demand

Market players in sack kraft paper ready themselves for another tight year

- **Logistics/shipping delays continue to create instability in NA pulp market**
 - US pulp up 40% YOY
 - China closed 279 pulp/paper mills further tightening supply

Where Has All the Paper Gone?

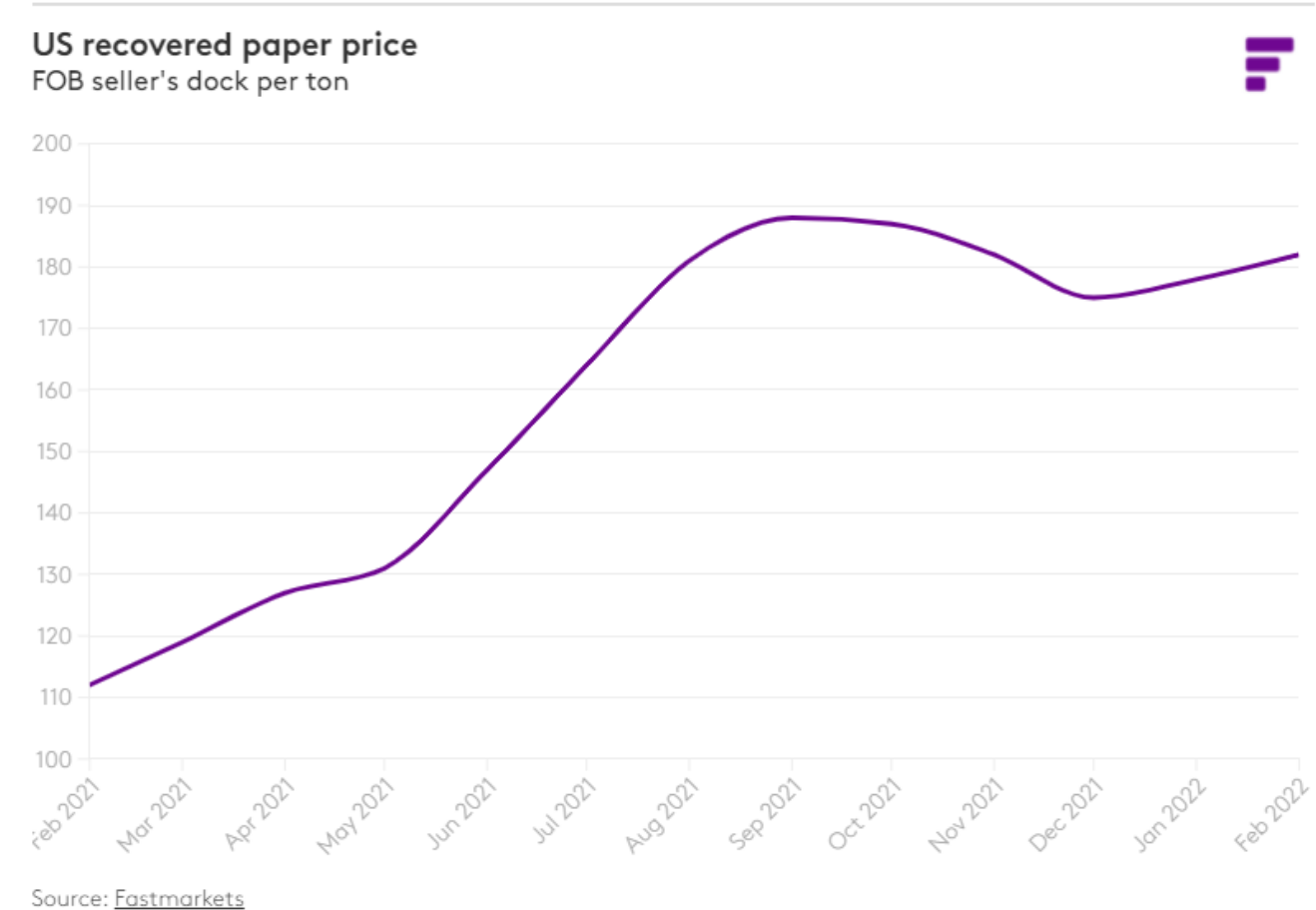


The Paper Industry Will Continue To Be Volatile And In Flux

- Limited return to office continues to suppress recycled materials
- Mill conversions to containerboard and closures
 - Wisconsin mill removed 1.1 billion lbs
 - Tennessee mill removed 330 million lbs
- NA mills closing for extended maintenance
- Accident at Domtar mill in Quebec in Q4 closed for a month
 - 1.2 billion lbs annually
- Expect to continue through '22 and into '23

Demand for white paper grades dramatically shifts as three mills run low

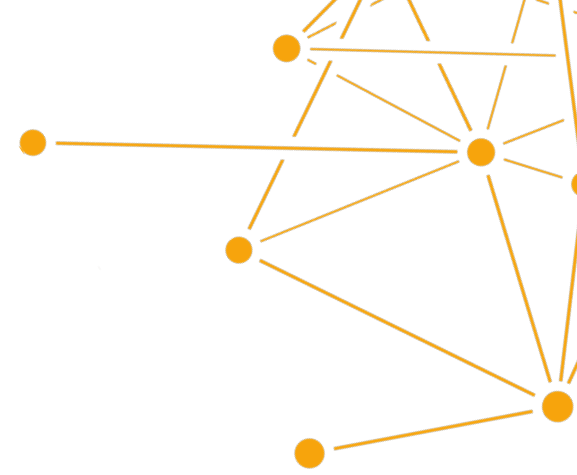
OCC domestic prices hold but suppliers envision increase



Paper – 2022 Forecast & Planning

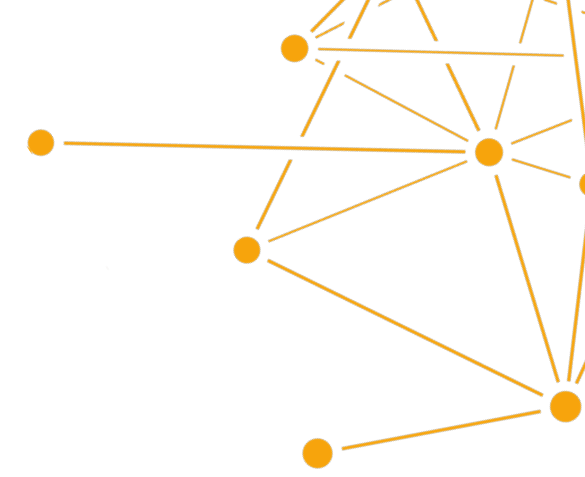


- These difficult conditions are expected to continue well into 2022 and possibly 2023
 - There will likely be ongoing pricing increases in 2022 due to the high operating rates and increasing costs
 - Lead times will continue to be long
- "Just In Time" ordering (which was the norm prior to 2021) is no longer going to work, we must plan well in advance
- We expect mills will consolidate their product offerings and focus on their most profitable grades/types of papers. This may lead to discontinued brands of paper.



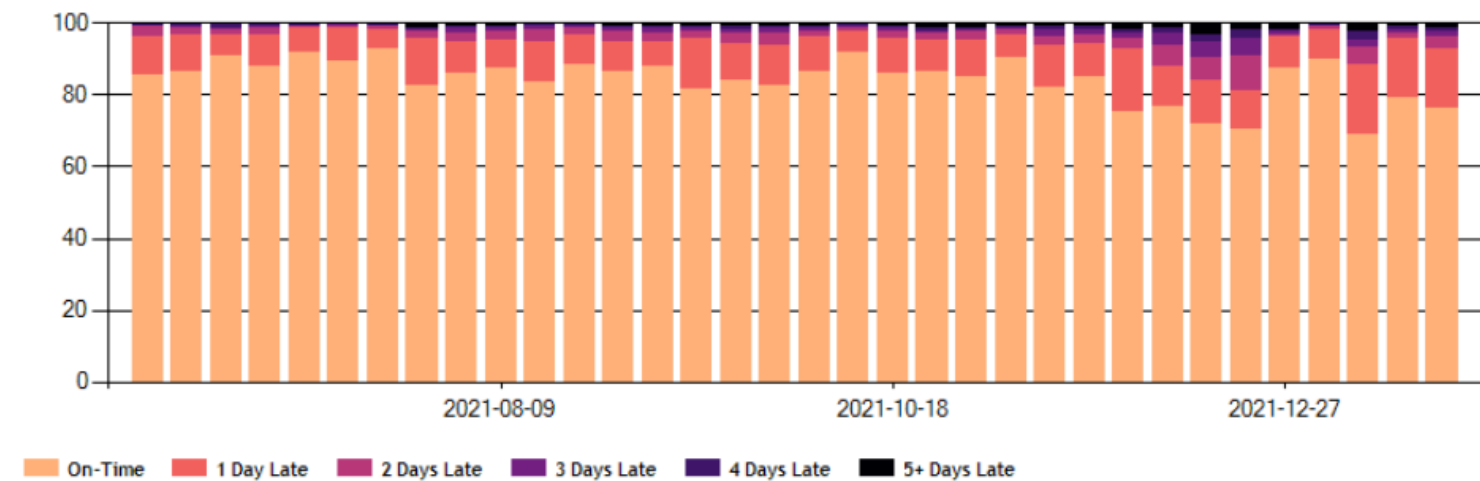
ALL THINGS USPS

USPS Service Performance

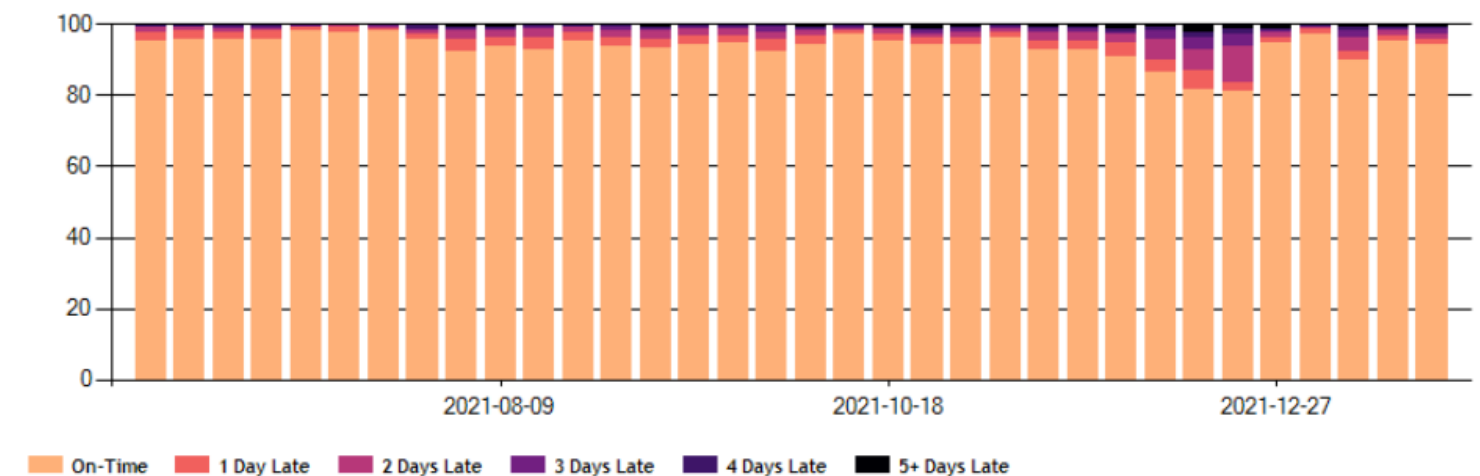


On-time Percentage FCM Since May 2021 – Current Standards vs Old

First-Class Letters On-time %
Using Pre-October 2021 Standards



First-Class Letters On-time %
Using Current Standards



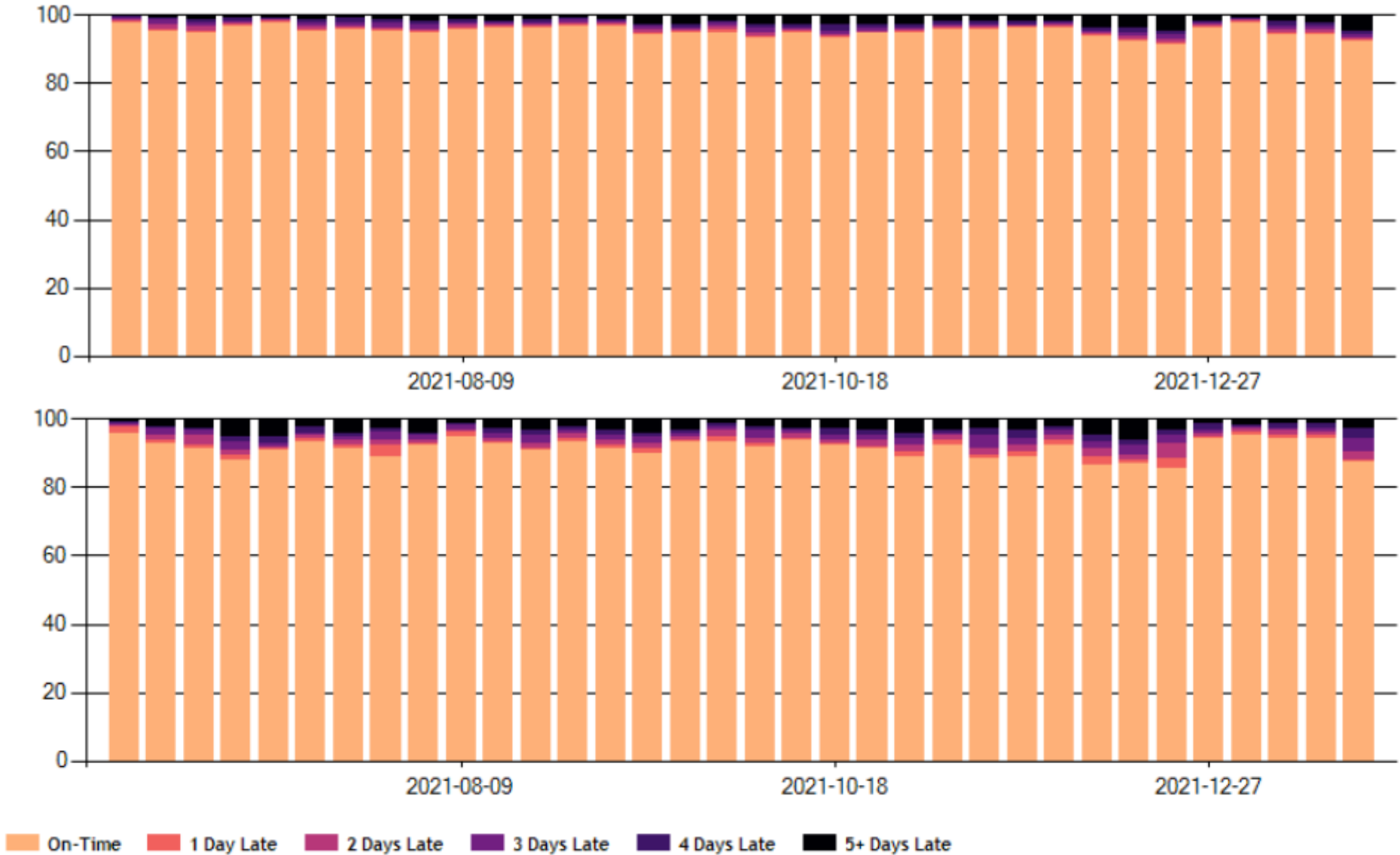
USPS Service Performance



On-time Percentage Marketing Mail Since May 2021

Letters

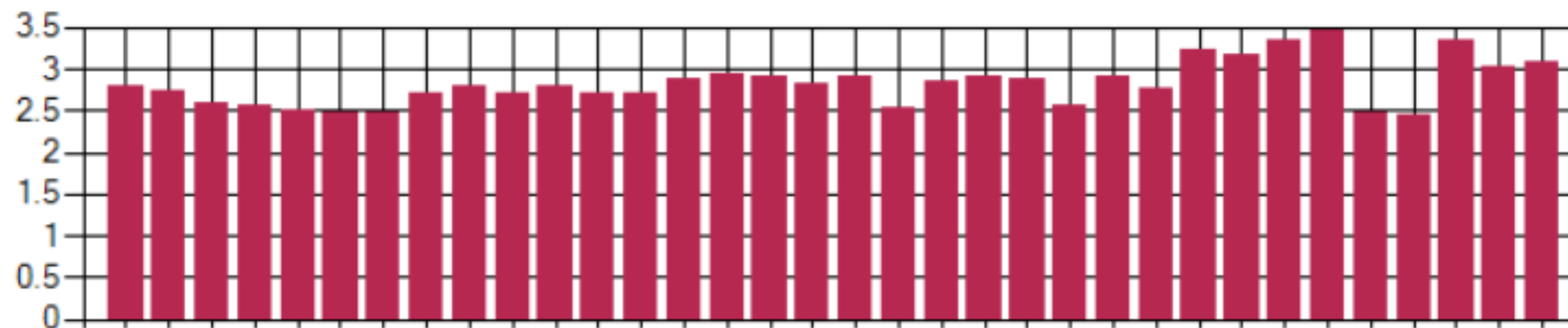
Flats



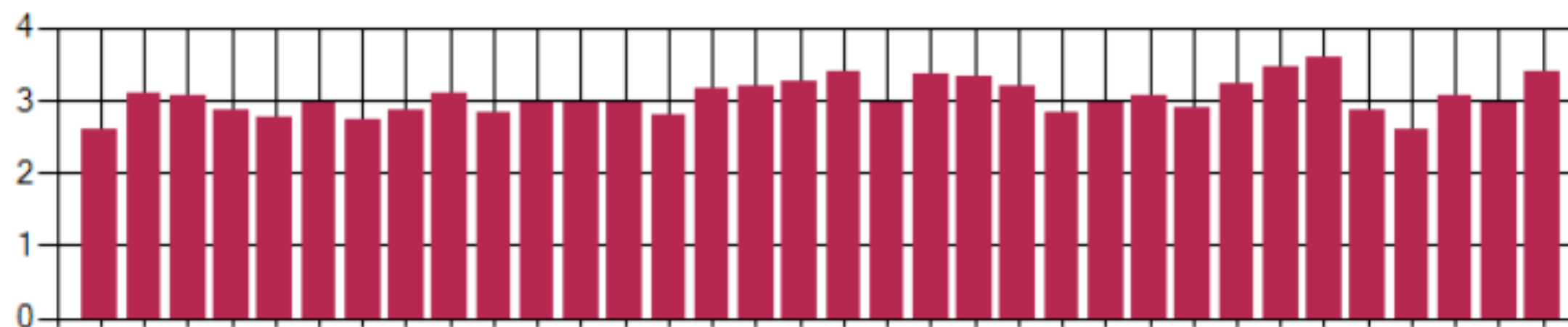
Average Days to Delivery



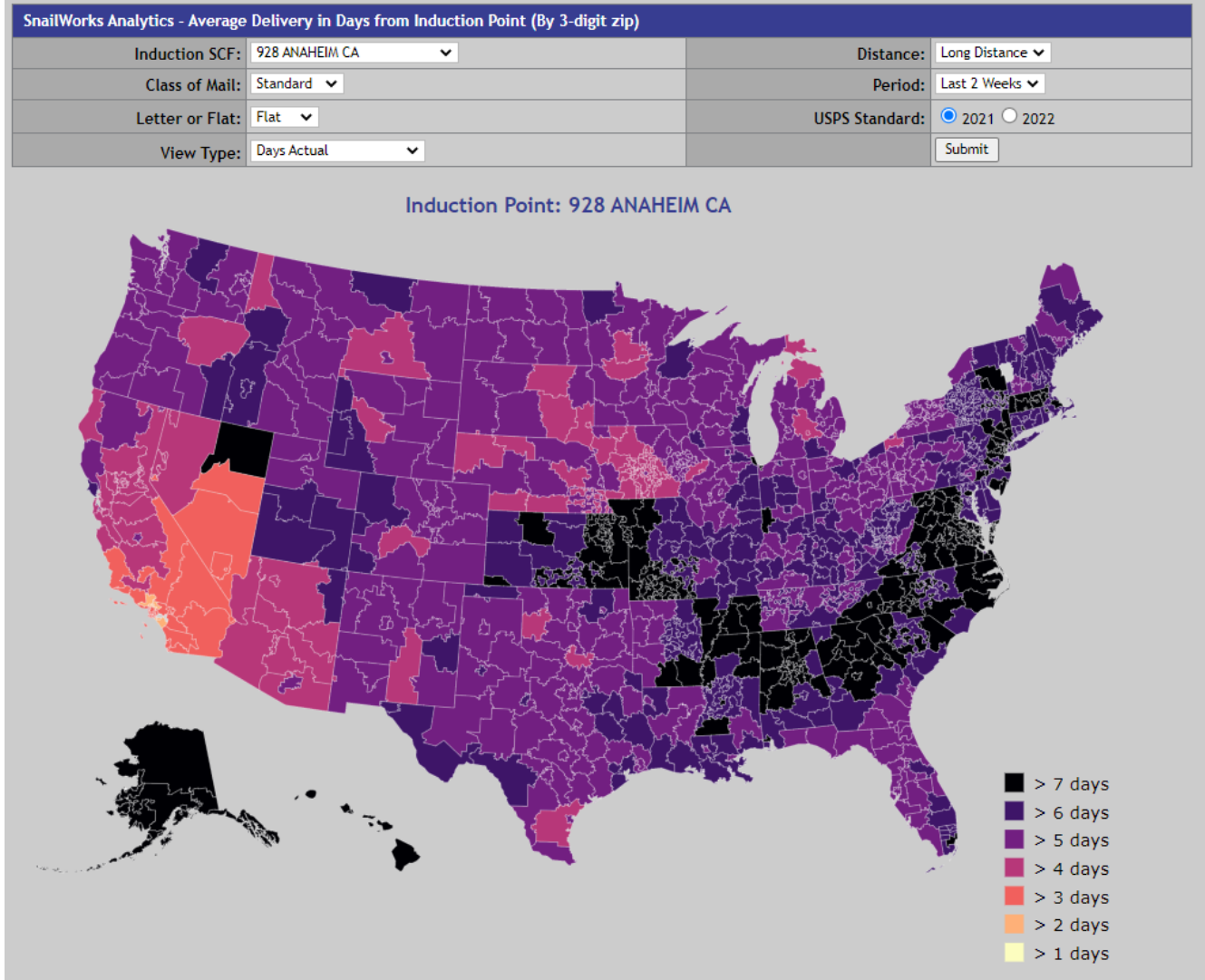
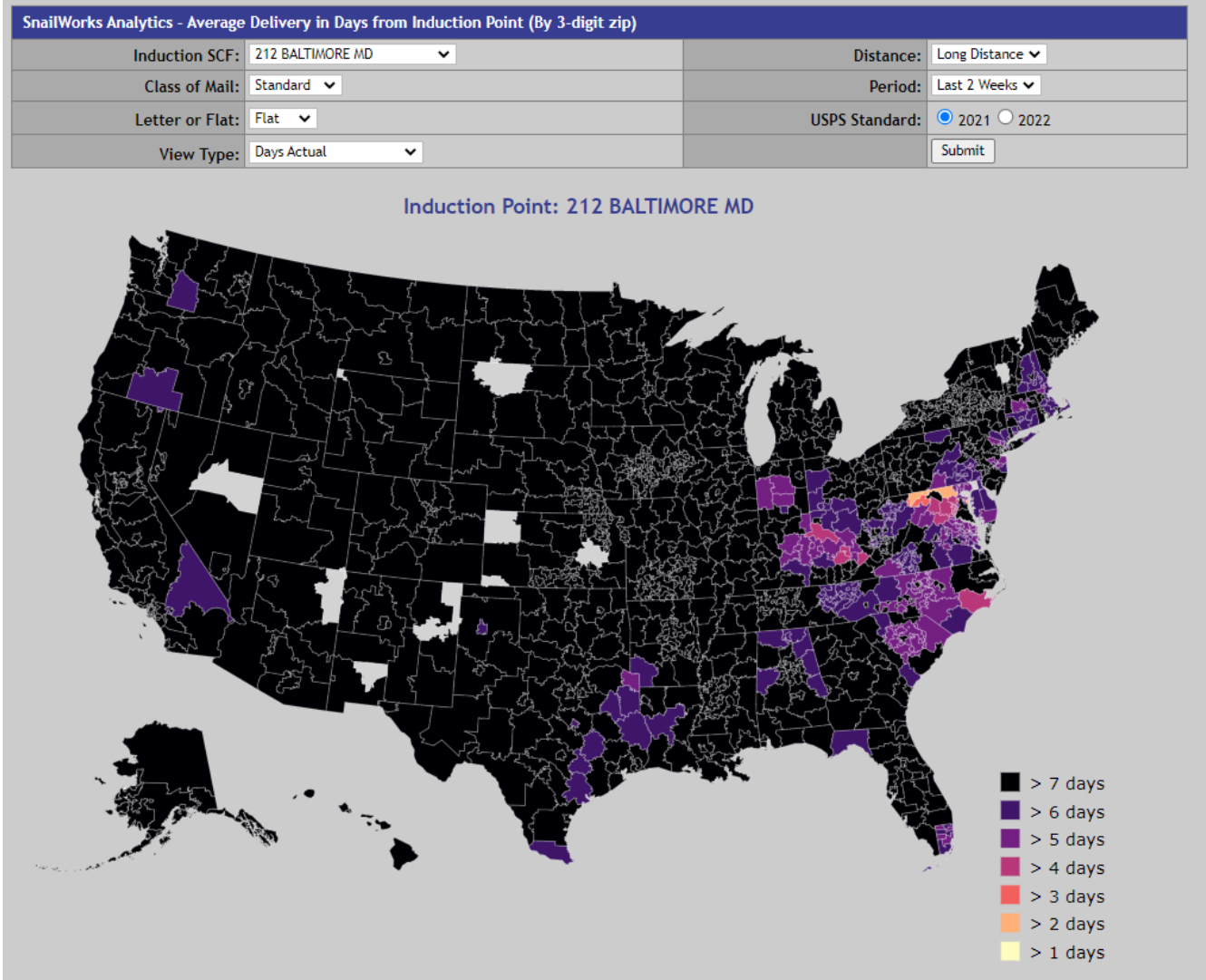
First-Class Letters



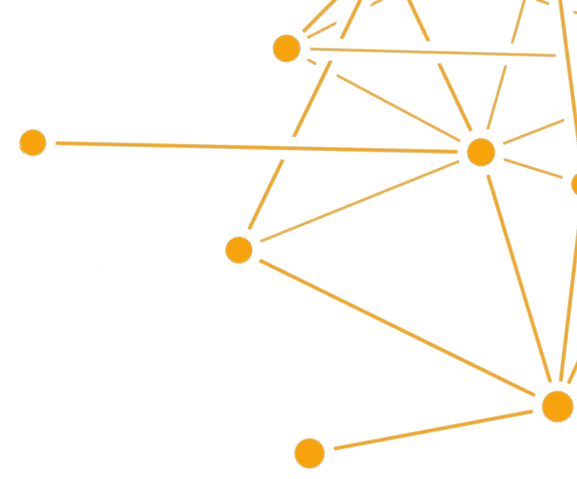
Marketing Mail Letters



Location Matters

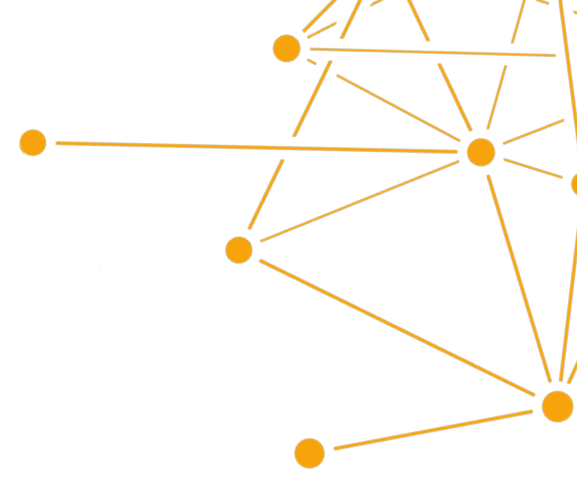


What You Can Do



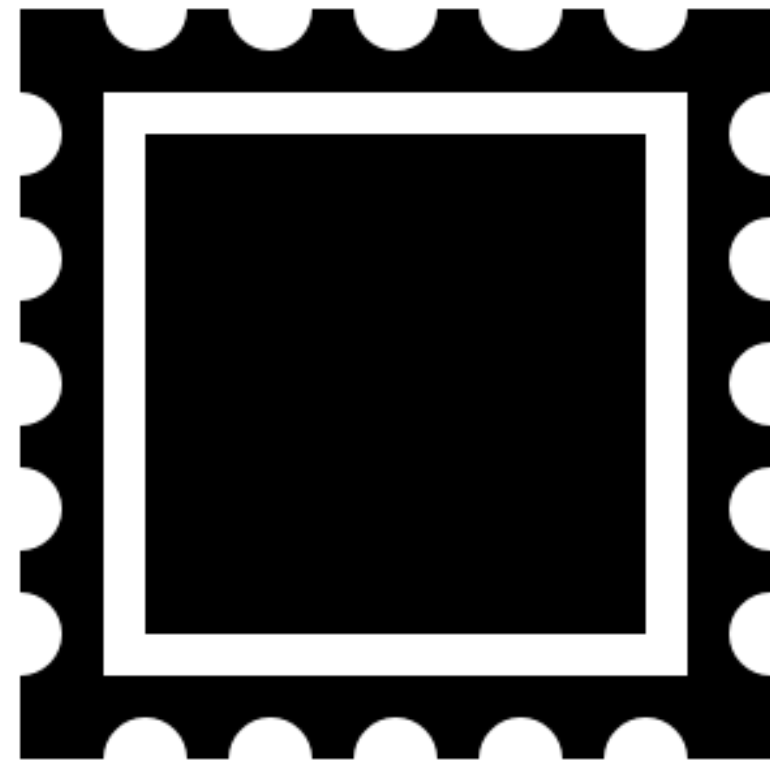
- **Understand** that delivery times can vary – particularly in heavier mailing seasons
- **Plan** your projects from desired delivery date back – not necessarily drop date
- **Stay informed** on delivery delays and issues around the country. Lean on your mail service provider to keep you tuned in
- **Track** your mail. Nothing measures your own delivery performance better than your own mail
- **Track your response**, too. It's easy to track inbound BRM or CRM

Postage Rates



- PRC authorizes rates and rate determination process
- Postal Service sets rates based on that process
- Postal Service has announced rate changes in January and July for next three years
- Criteria for January increase tied to CPI only
- Criteria for July increase includes
 - CPI
 - Density allowance (delivery point divided by number of pieces)
 - Retirement fund contribution
 - Rate authority leftover from last increase

Postage Rates



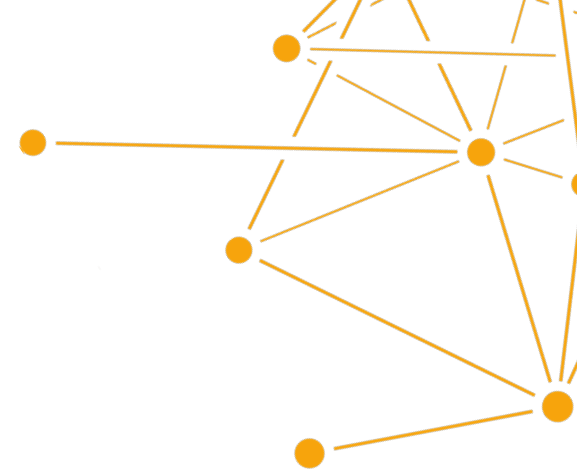
- **Last increase (August 2021)**

- CPI 1.244%
- Density 4.50%
- Retirement 1.062%
- Leftover .010%
- Total: 6.816%

- **This increase (July 2022)**

- CPI ???% (7% last 12 months. In July?)
- Density 1.5%
- Retirement 1.0%
- Leftover .0%
- Total: ???% (Worse case – 9% - 9.5%)

Postage



2021 RECAP

Two Postal Rate increases in 2021

- 1.5% average increase in Jan 2021
- 7% average increase in August 2021 – first under the new postal rules

2022 & BEYOND

Next rate change will come on Sunday JULY 10, 2022.

- 6.5-8.5% increase in rates for:
 - First-Class Mail
 - USPS Marketing Mail Non-Carrier Route Letters and High-Density/Saturation Mail (most Nonprofit mail falls into this category)
 - Commingle Mail rate increases should fall into this category as well
- If Senate passes HR 3076 (postal reform, we may see less on increase)



This Is Not a One-Time Event

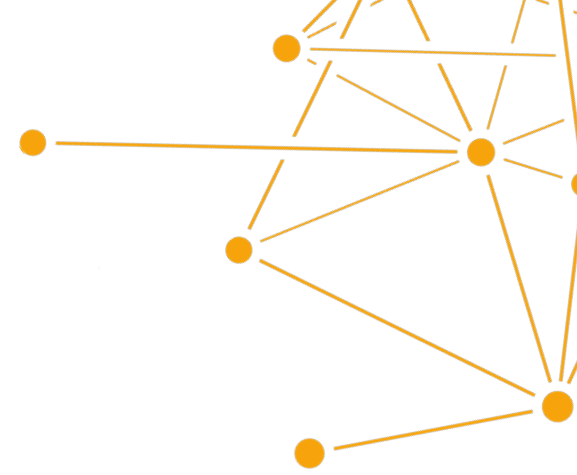


- The Postal Service has said that they will be increasing rates every six months:
 - Every January – The CPI (www.BLS.gov/cpi/)
 - Every July – The CPI + at least a couple points for density and retirement
- This will go on for the foreseeable future
- Do not count on Postal Reform to help with rates. If passed it will make USPS more stable but not impact near-term rate increases.
- Do not count on sudden change with the PMG position. The White House has indicated that they will not “stack” the Board of Governors to oust him.

What You Can Do



- **Build** higher postage into your budget(s)
- **Choose** the appropriate class of mail. Build time into your plans so you don't need to mail as much First-Class
- **Keep** your lists clean – use NCOA and ACS. Use the results to purge undeliverable addresses from your lists
- **Informed Delivery** is essential this year:
 - Takes 4% off your postage for the last five months of 2022
 - Likely to boost response – or at least keep you as visible as your competitors









USPS PROMOTIONS FOR VALUE

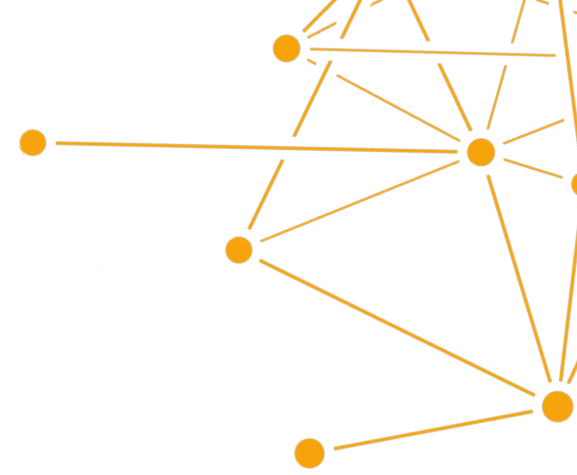
Good News (We need some!)



2022 MAILING PROMOTIONS TECHNICAL INFORMATION

PROMOTION	PROMOTION PERIOD	CCR INCENTIVE CODE	ELIGIBLE MAIL CLASS/ PROCESSING CATEGORY	DISCOUNT CALCULATION	EMAIL ADDRESS
 TACTILE, SENSORY AND INTERACTIVE	February 1 – July 31, 2022	SS	First-Class Mail® & Marketing Mail®	4% Discount off at Postage Statement line level	tactilesensorypromo@usps.gov
 EMERGING AND ADVANCED TECHNOLOGY	March 1 – August 31, 2022	ME	First-Class Mail & Marketing Mail	Emerging Technology: 2% Discount off at Postage Statement line level	EmergingTechPromo@usps.gov
		1X	First-Class Mail & Marketing Mail	Enhanced Emerging Technology: 3% Discount off at Postage Statement line level	
 EARNED VALUE	Credits Earned: April 1 – June 30, 2022 Credits Redeemed: July 1 – December 31, 2022	RR	Redeem credits on: First-Class Mail Presort and Automation cards, letters and flats, and USPS Marketing Mail™ letters and flats	\$0.02 Credit per BRM/CRM/Share Mail piece counted which can be applied to postage due***	earnedvalue@usps.gov
 PERSONALIZED COLOR TRANSPROMO	July 1 – December 31, 2022	CP	First-Class Mail Presort and Automation letters	3% Discount off at Postage Statement line level	FCMColorPromotion@usps.gov
 INFORMED DELIVERY	August 1 – December 31, 2022	PI	First-Class Mail & Marketing Mail	4% Discount off at Postage Statement line level	Promotion-InformedDelivery@usps.gov
 MOBILE SHOPPING	September 1 – December 31, 2022	MI	Marketing Mail	2% Discount off at Postage Statement line level	mailingpromotions@usps.gov

Informed Delivery



USPS.COM Search or Enter a Tracking Number

Quick Tools Mail & Ship Track & Manage Postal Store Business International Help

SEEING WHAT'S IN THE MAIL HAS NEVER BEEN MORE CONVENIENT

[View My Mail*](#)

*I have read, understand and agree to the Informed Delivery™ Beta Test Agreement. Please see our privacy notice.

SEE WHAT'S COMING
See your household mail - even while traveling.

GET EMAIL NOTIFICATIONS
Get an email each morning with images of that day's mailbox contents.

VIEW ONLINE
Get access to interactive content.

Detailed Images of Your Incoming Mail

Participate in this new USPS® service enhancement test and get images of the mail that will be placed in your mailbox each day. Black and white images of your actual letter-sized mail pieces, processed by USPS® sorting equipment, will be provided to you each morning. Flat-sized pieces, such as catalogues or magazines, may be added in the future. Participation is limited to certain ZIP Codes™ at this time. See the FAQs for more details.

View Your Mail Online or Anywhere from Any Device

Get up to 10 mail piece images in your morning email, on any computer or a smart phone. Get more mail than that are available for viewing on your online dashboard - in the track your packages! Don't worry if you are on travel; if online access, you can see much of the mail that will be in your mailbox.

See if your ZIP Code™ area is eligible for Informed Delivery™

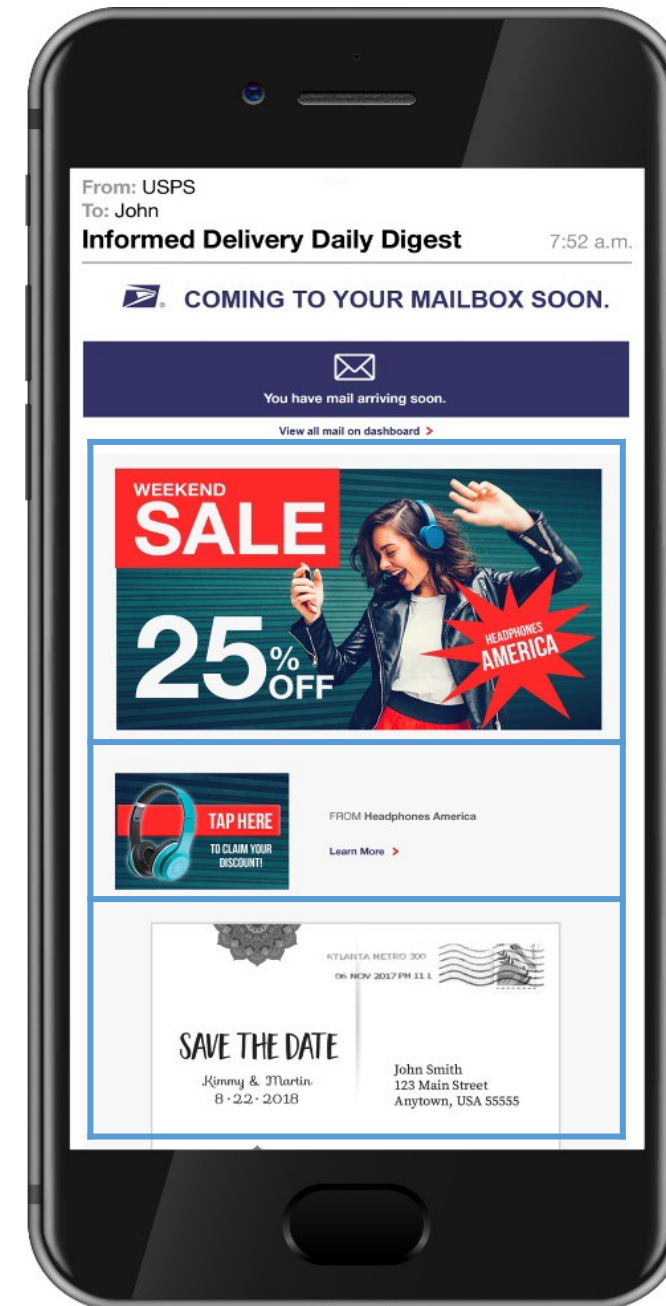
[>](#)

What is Informed Delivery?

Informed Delivery is a consumer-facing feature offered by USPS® that provides users with digital previews of their household mail arriving soon. Mailers can integrate digital campaign elements to enhance and extend the mail moment.

Informed Delivery users receive scanned images of the exterior of incoming letter-size mail pieces (processed through automated equipment).*

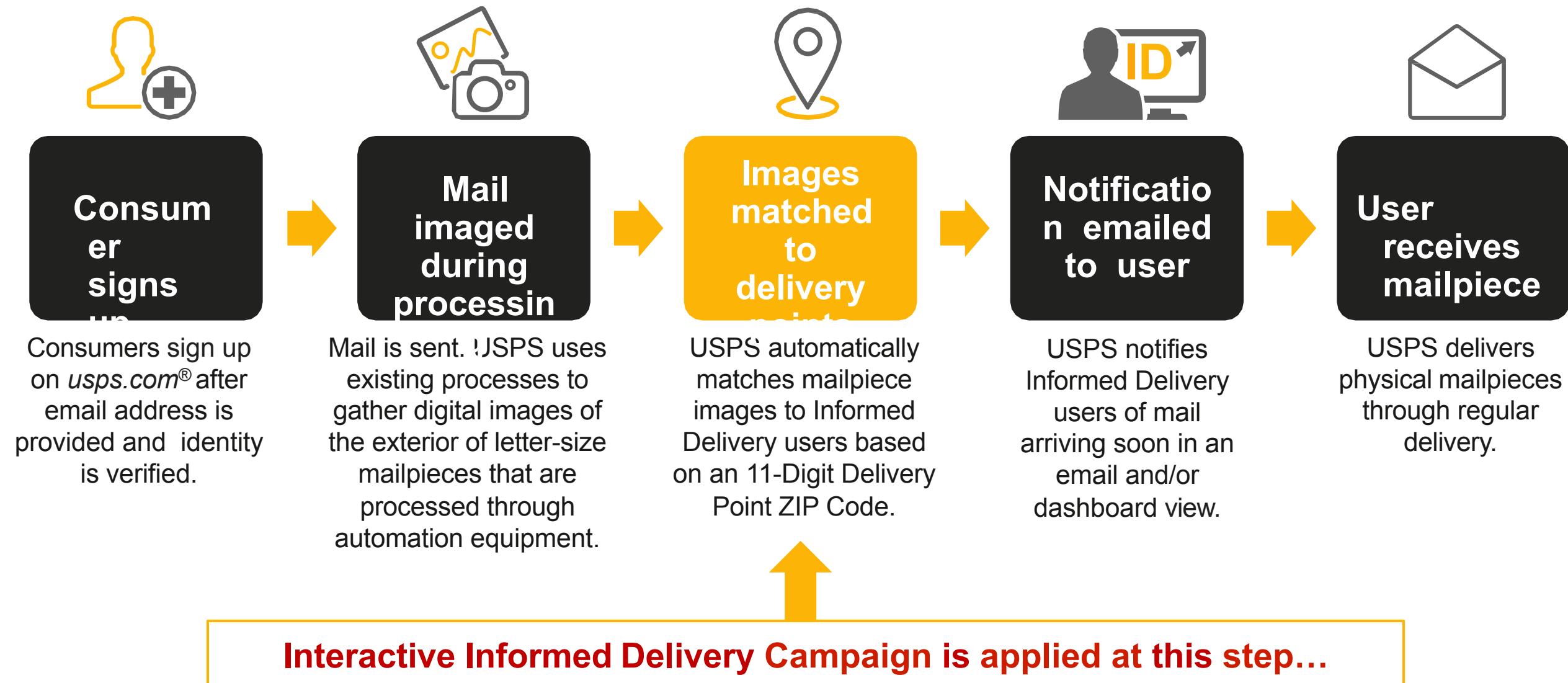
Images and package tracking information is available via email notification, online dashboard, or mobile app.



If a mailer conducts an Informed Delivery **interactive campaign**, supplemental content will be shown (for letters/postcards or flats).

Interactive campaigns include **custom images**, known as Representative and Ride-along Images, and a **target URL** that directs the user to a digital experience.

How Does the Feature Work?



Just like a physical mailbox, the Informed Delivery feature is provided at a household level, based on a unique delivery point code for each address. Multiple residents can sign up.

What Value Do Campaigns Add?



Offers a **high email open rate** – more than twice that of industry average



Generates **multiple impressions** from a single mailpiece (digital + physical)



Drives **consumer response** with interactive content related to mailpiece



Ability to **reach consumers digitally** by merely knowing their physical address

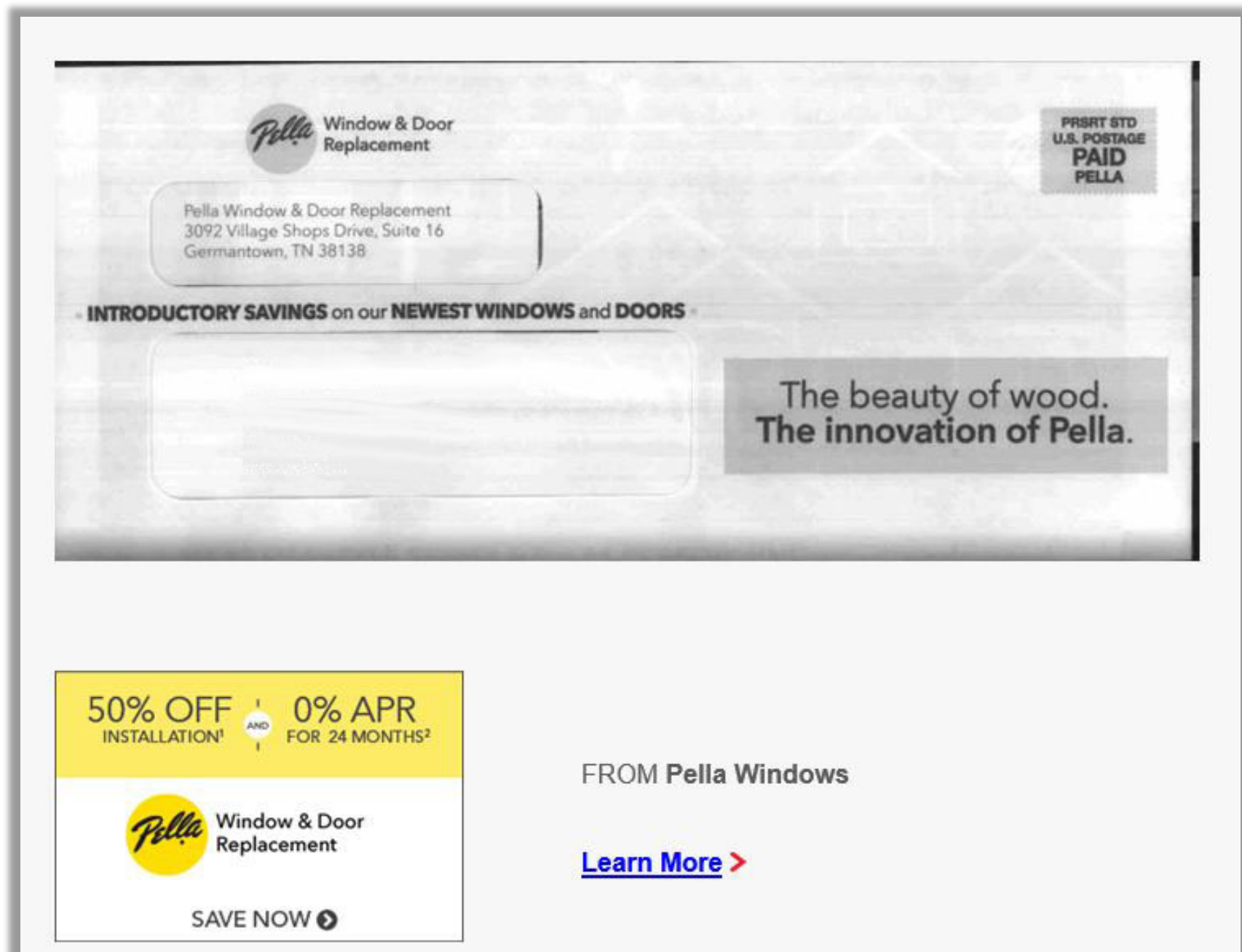


Potentially increases **ROI** on Direct Mail spend

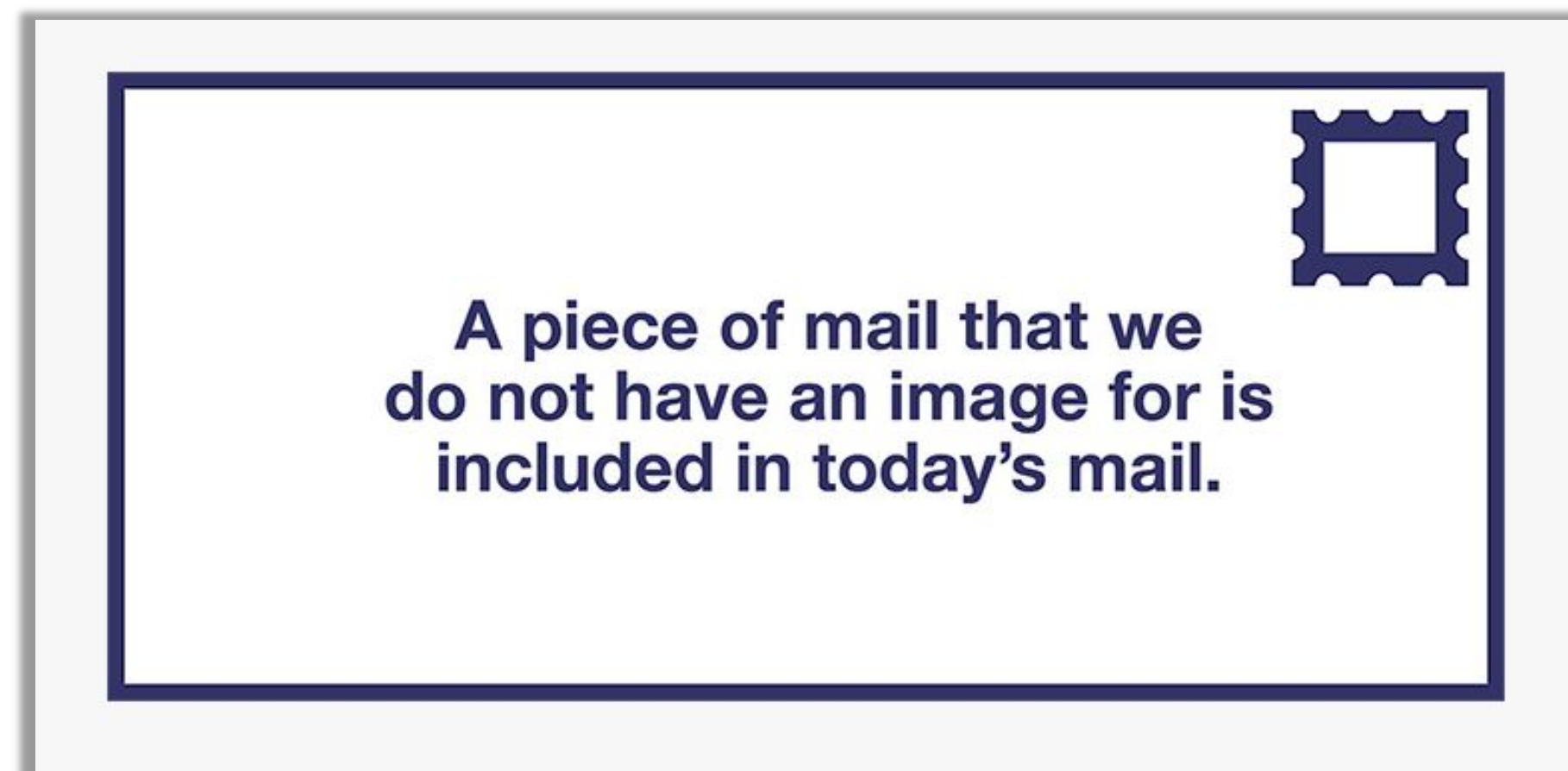


You receive 4% off your total postage for mailings with an ID campaign from Aug - Dec

Informed Delivery w/ Just the Ride Along



How does a mail piece look when there is no image?



You have mail and packages arriving soon.

5/30/2019

 **COMING TO YOUR MAILBOX SOON.**

 **MAIL**

[View all mail on dashboard >](#)

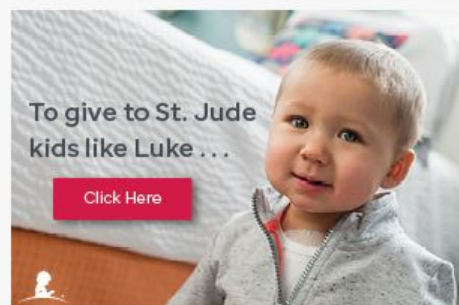


St. Jude Children's Research Hospital
Finding cures. Saving children.
ALMA: SAINT THOMAS, FOUNDER
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Nonprofit Org.
U.S. POSTAGE
PAID
St. Jude Children's
Research Hospital

**A special gift inside
from the kids of St. Jude . . .**

Help St. Jude give
children the gift of life
with your donation . . .



To give to St. Jude
kids like Luke . . .

[Click Here](#)

FROM St Jude

[Learn More >](#)

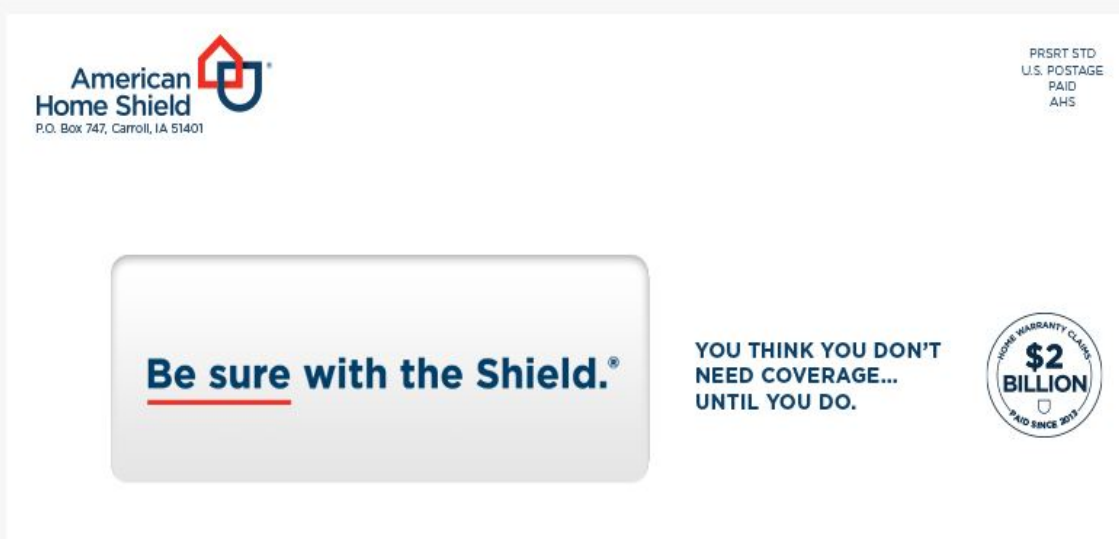
You have mail and packages arriving soon.

5/10/2019

 **COMING TO YOUR MAILBOX SOON.**

 **MAIL**

[View all mail on dashboard >](#)



American Home Shield
P.O. Box 747, Carroll, IA 51401

PRSR7 STD
U.S. POSTAGE
PAID
AHS

Be sure with the Shield.®

YOU THINK YOU DON'T
NEED COVERAGE...
UNTIL YOU DO.

\$2 BILLION
HOME WARRANTY CLAIMS
PAID SINCE 2013

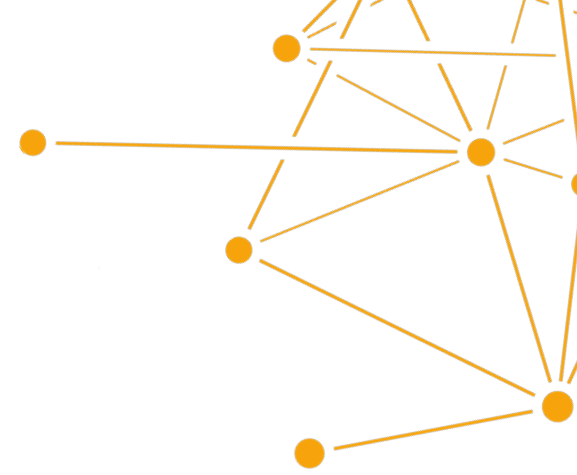


American Home Shield

[Learn More](#)

FROM AHS

[Learn More >](#)



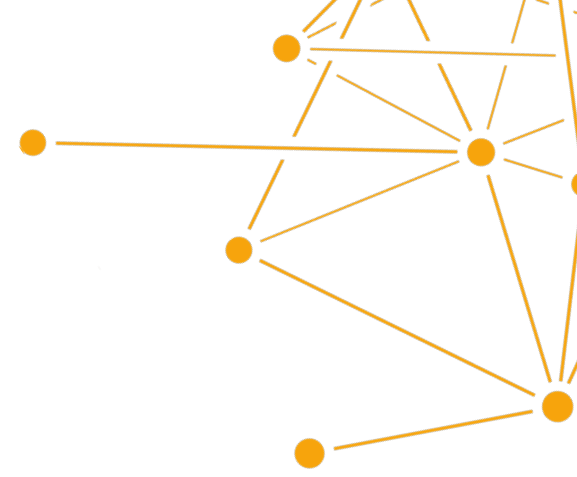
Helpful Tips For Support

2022 Helpful Takeaways



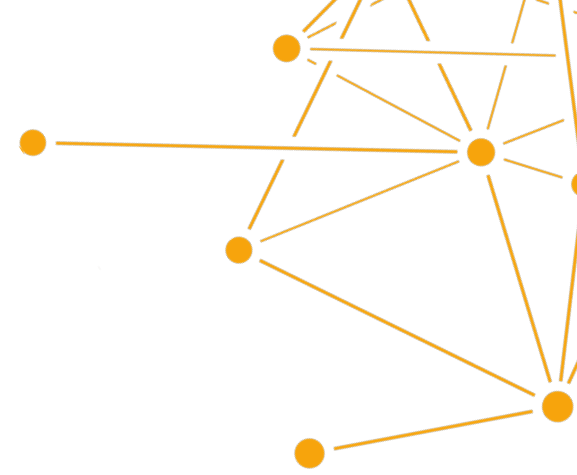
- **Communicate the effect or feeling you are trying to achieve** – Suppliers/Partners may have alternate suggestions or ideas to help (i.e. tint stocks for specialty paper)
- **Be open to digital print** to expedite schedules
- **Explore alternative drop cadence** and where there could be wiggle room
- **Testing larger ask strings** (with inflation + growing wages, when is the last time you've tested a larger ask string?)
- Look at encouraging more **Sustainer asks/donation support**
- **Lower-level postage treatments** (many NPOs are forgoing first class in outbound mail)
- **Segment for online donors** and drop the RE for those folks

2022 Helpful Takeaways...cont.



- Take advantage of the **USPS Earned Value Promotions** to **SAVE!**
- Push to **make online donations easier**
- Test up front-end premiums to **opt-in back-end premiums** (calendars, etc.)
- **Cultivation of younger donors**, invest now for payoff later, they **LOVE DM**
- **Cull non-responsive, deep lapsed donors** and even lo\$ folks into inexpensive packages, like ACQ
- **Invest heavily in your evergreen controls**, while minimizing the desire to test incremental creative
- **Be and stay KIND to one another!**
- **Seek ways to take care of yourself and staff to thwart or recover from burnout**

It's how we make others feel that we will be most remembered for!



Saying SORRY more, goes a long way to promote healing, increases trust, and grows collaboration!

Saying THANK YOU more, goes even farther...to defuse tense situations, increase inspiration, and promote connectedness!

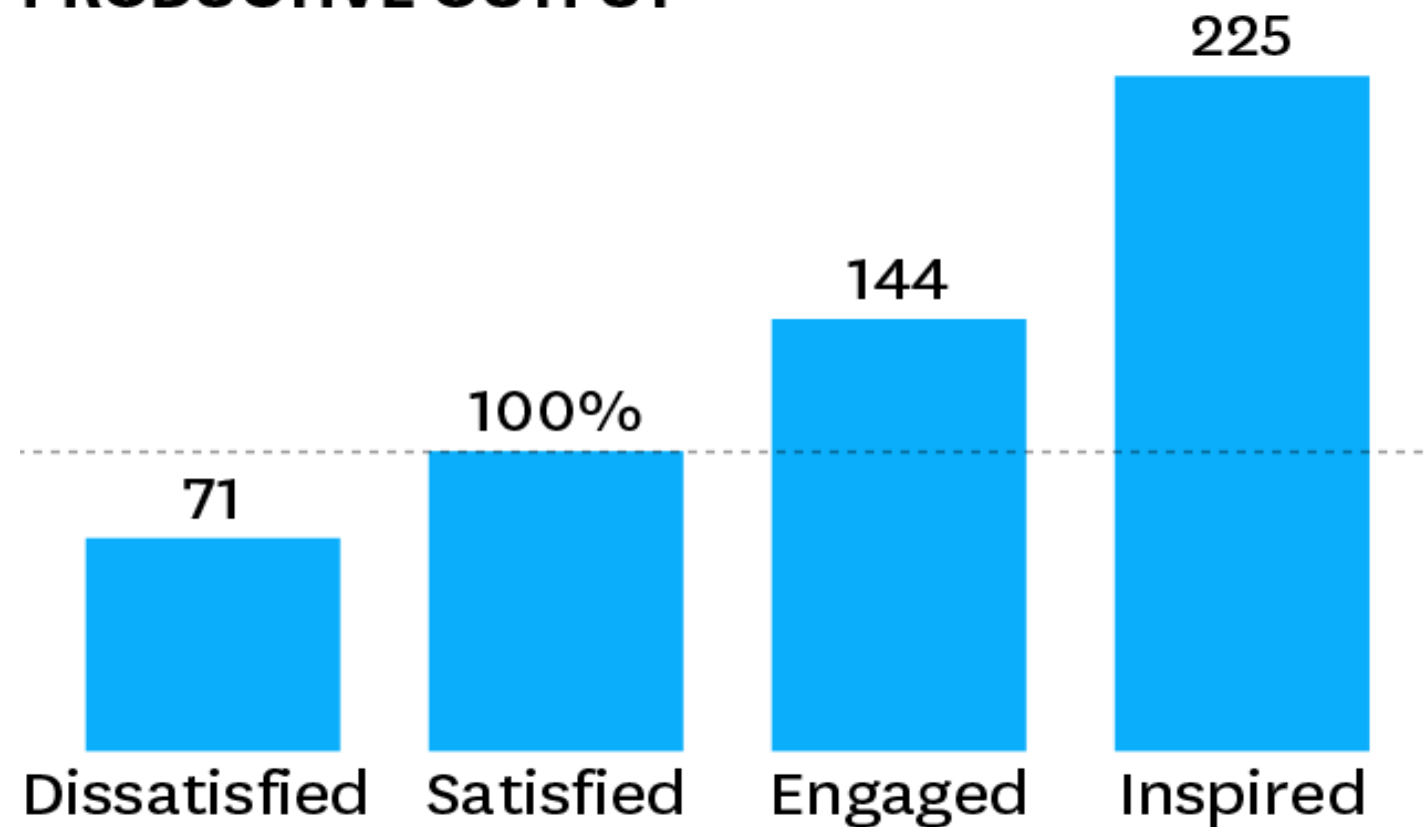
When a problem is brought to your attention – try making the first statement you think, write, or speak: HOW CAN I HELP MOST?

High Engagement Fuels Inspiration



Inspired Employees Are the Most Productive

PRODUCTIVE OUTPUT

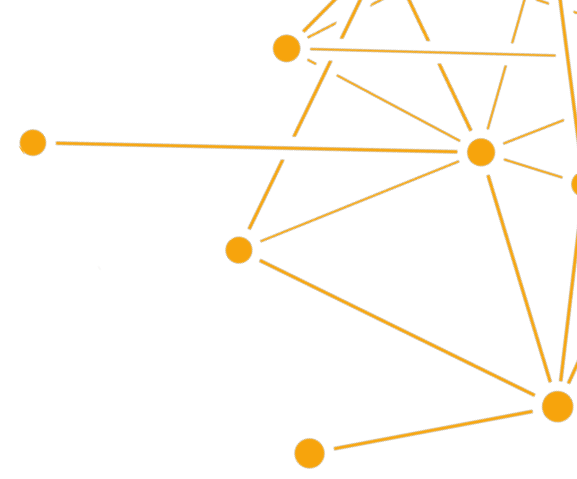


Inspired employees are **125%** more productive than satisfied employees, and they are **71%** more productive than engaged employees.

SOURCE BAIN & COMPANY AND EIU RESEARCH, 2015

© HBR.ORG

The Importance of Inspiration on Human Capacity



We see new possibilities



We're receptive to an outside influence



We feel energized and motivated



We can transcend beyond ordinary experiences and limitations



We move from apathy to possibility



We transform our perceptions of our own capabilities



Resources for Further Insight



TNPA - <https://tnpa.org> or contact Shannon McCracken, smccracken@tnpa.org

USPS Promotion & Incentives -

<https://www.usps.com/business/promotions-incentives.htm>

Alliance of Nonprofit Mailers - <https://www.nonprofitmailers.org/>

Postal Pro - <https://postalpro.usps.com/>

Harvard Business Review article, *Our Brains Were Not Built for This Much Uncertainty* - hbr.org

Sloan Review article -

<https://sloanreview.mit.edu/article/a-little-rudeness-goes-a-long-way/>

Q & A



For example: Were there any red flags or warning signs that our industry was not prepared for this type of disruption?

