

Great Supply Chain Disruption – Impacts on the Global Moving Industry

A White Paper Published by the International Association of Movers

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Supply Chain Disruption - 2022 IAMX Resource Page Link

SUPPLY CHAIN DISRUPTIONS 2022

Introduction



Some services or aspects of life work so seamlessly in the background that we hardly pay any attention to them. Think about running water from your tap. As water runs from the faucet, we really don't think about how this precious commodity gets delivered to us each day. We are oblivious to the infrastructure, the complex parts, the machinery, and the manpower that continuously work in concert to make this safe water available to us. It works, it gives us what we need. As consumers, that's all we know and all we care about.

The same is true for the Supply Chain. It is a phrase that consumers hardly ever mentioned or thought about before. It used to work so efficiently that the regular consumer did not have to think about the vast infrastructure of sea, land and air transport, ports, distribution warehouses and the millions of people that keep the supply chain moving and able to meet its deadlines.

Just-In-Time inventory management preceded “I want it and I want it now”, a customer demand which Amazon was able fulfill to good advantage. Rapid delivery and dynamically trackable status updates once considered differentiators, became expectations. Other companies had no choice but to offer the same to their customers if they were to succeed and stay in business.

Even the moving industry, not known for rapid technological advances had to keep up. Customers have become accustomed to cost efficiency and transit time certainty and moving companies learned to meet these requirements, too until the Covid pandemic happened, triggering what is now globally considered the great Supply Chain Disruption.

Suddenly, people became aware of the Supply Chain. The pandemic-caused Supply Chain crisis brought attention to the many parts and pieces that used to work so efficiently together. These same parts and pieces are now front and center as the many affected industries try to come up with solutions to cope with the crisis.

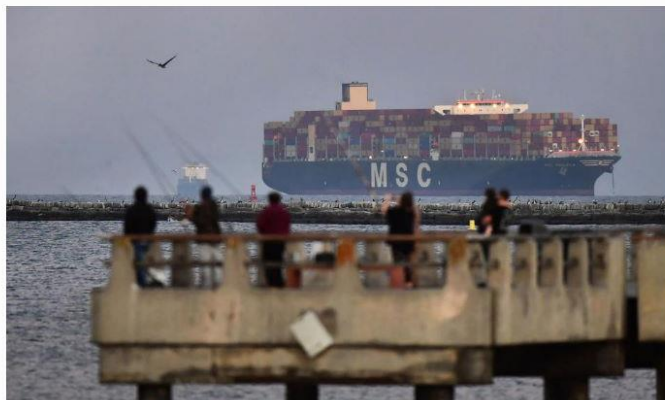
Forbes

Jan 30, 2022, 07:57am EST | 3,344 views

From Just-In-Time To Just-In-Case: Is Excess And Obsolete Next?



Willy Shih Senior Contributor
Manufacturing
I teach at Harvard Business School, and I write about manufacturing



Forbes.com Article - Jan 30, 2022



Empty grocery shelves return as sick employees, supply chain delays collide

PUBLISHED TUE, JAN 11 2022, 12:58 PM EST | UPDATED TUE, JAN 11 2022, 6:31 PM EST

Melissa Repko
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The omicron variant has exacerbated worker shortages in nearly every industry, from airlines to restaurants.



CNBC.com Article - January 9, 2022

Delays, Empty Shelves, Unpredictability and Price Hikes

It is now 2022. Empty store shelves, delays, staffing shortages, and unpredictability have become the norm. To help moving consumers understand how the great supply chain disruption began and how the effects touched every aspect of our daily lives including the impacts on the global moving industry, the International Association of Movers produced a short video chronicling its causes and

effects. Updated in April 2021, that video has received over 13,000 views and became a helpful resource for movers in explaining the disruptions and their effects on the moving industry to consumers, corporate and government accounts. It remains relevant and provides necessary context for this update on the situation where we even hazard some predictions on how this supply chain disruption may play out.

2022 Update

The initial shock of the unprecedented container shipping rate hikes that sent prices skyrocketing may have waned, but continued volatility and even further price increases remain. Domestic shipping rates for moving goods by rail and truck in the US are up about 23% over 2020. The availability of warehousing space continues to tighten, with prices increasing over 14% in some parts of the world.

Retailers now lengthen their lead times in ordering goods which means that inventory must be warehoused for longer periods. Seasonal goods that arrive late and miss their selling season are warehoused until the next season. All this is pushing up demand and prices for warehousing.



Supply and demand imbalances have led to price increases and, in some cases, blatant corporate profiteering. Ocean carriers that provide vital container shipping services have been breaking profit records and given continued disruptions, these carriers will go on hiking their charges and breaking new profit records.

What this means is further suffering for the end consumer. With underlying inflation across the economy, price hikes are not expected to abate in the transport industry soon. Supply chain wrinkles and price hikes may not improve until 2023.

EFFECTS OF HIGHLY SEASONAL DEMAND ON A SUPPLY CHAIN



WHAT IS SEASONAL DEMAND?

During the holidays, when we're continuously flooded with the next themed decor, or [Starbucks Coffee drink](#), or seasonal dinner dish, I'm constantly reminded that these goods are purposefully designed to be consumed at a particular time of year. To get these goods to consumers, including myself, supply chain professionals have worked tirelessly to ensure their providers are delivering the right thing on time.

profitpt.com Article - December 12, 2021



Regulatory Authorities and the U.S. Congress Take Action

Government-based intervention does not always represent an ideal solution but the confluence of lengthy delays, consumer price increases, alongside never-before seen import and export challenges became so significant in 2021, that the U.S. Congress took notice and moved to implement measures.

FORTUNE

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POLITICS - SUPPLY CHAINS

Shipping container lines on track make a record-breaking \$150 billion this year from the supply chain breakdown

BY NICOLE GOODKIND
December 3, 2021 3:30 PM EST



Fortune.com Article - December 3, 2021

In August, the bipartisan Ocean Shipping Reform Act, a critical legislation to reform and reshape the authority of the Federal Maritime Commission was introduced. In December, the Ocean Shipping Reform Act overwhelmingly passed the House leading to the Senate companion legislation's introduction in January of 2022. These Congressional efforts dovetail with independent action being taken by the Federal Maritime Commission to establish firm boundaries around charges assessed to the broader shipping community.

Challenges Ahead



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TELEWORK'S HIGH TIDE

Remote work is here to stay, but doesn't extend to many workers

By Mike Sunnucks APC Enterprise Editor msunnucks@chespub.com Feb 17, 2021 [Comments](#)

The wave of remote work and Zoom meetings born for office workers and white-collar sectors during the COVID-19 pandemic will have lasting social and economic impacts. But the high tide of telework still does not extend to the majority of private sector workplaces.

WyomingNews.com Article - Feb 17, 2021

The moving industry has been especially hard hit as it faces critical staffing shortages with drivers and operational staff as well as customer service and administrative staff. Work-from-home benefits are attracting staff away from moving companies where telework has not usually been an option.

Drivers would rather work in industries with higher pay and better working conditions. Hiring seasonal foreign workers through the H-2B visa program posed new challenges during the pandemic, exacerbating labor shortages during the peak periods.

The net result is a huge imbalance in supply and demand, where there is a constantly rising and strong demand for moving services on one hand, and a gravely short-staffed and over-stretched industry, on the other. The inevitable financial repercussions sadly are passed on to the customer through price hikes in moving services. Moving companies do not have a choice in this if they are to stay afloat.

What We Have Learned

The past 2 years has shown the unpredictability of this pandemic. The Covid virus continues to mutate and while we may reach an endemic state soon that will help alleviate some of the disruptions and its effects on the supply chain, there is no telling when.

What we can hopefully count on are the lessons we have learned.

We now know that we cannot take our supply chain for granted the way we have in the past. We now understand the critical role that people play in this chain.



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No longer taken for granted: Supply chain resilience returns to prominence

The coronavirus (COVID-19) pandemic has shone a spotlight on the importance of resilient supply chains. Assumptions about the work that goes on in the background to provide next day delivery or fresh produce were challenged by supply shortages and empty shelves. It's an age old problem. Supply chains are taken for granted when they work, and scrutinised when they don't. Now with public awareness high, companies are having to state how they'll ensure resilience and protect against volatility.

pwc.co.uk Article

Consumers now know that a strong, viable global moving industry is part of the vital infrastructure that keeps our economies and our lives moving. Transport, moving and storage may indeed be essential services that need public support and understanding.



We need to improve pay and working conditions for the people in the moving industry if we are to attract and retain competent labor. Training and professional staff development utilizing resources like the ones found at IAM Learning are an important part of the overall investment in people, our most precious resource.

Perhaps these realizations are a few of the silver linings of the COVID-19 cloud.

[Link to IAM Learning](#)

References

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[PWC.com – Post – Supply Chain Resilience Returns to Prominence](#)

[IAM Learning – Professional Staff Development Program of International Association of Movers](#)

About the International Association of Movers

The International Association of Movers (IAM) is the moving and forwarding industry's largest global trade association. With more than 2,000 members, it comprises companies that provide moving, forwarding, shipping, logistics, and related services in more than 170 countries. Since 1962, IAM has been promoting the growth and success of its members by offering programs, resources, membership protections, and unparalleled networking opportunities to enhance their businesses and their brands.

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