

Effects of COVID on the Towel Industry

Part 2

By Valerie Sweeney

Back in the Spring issue of *The Northeast Carwasher* I touched upon how COVID-19 has impacted the global supply chain, and in particular, how it has impacted the carwash towel market. One of the key points of the article was explaining the longer than normal turnaround time for towels to be produced, then shipped from

overseas. Every part of the supply chain is facing delays including manufacturing, local transportation, overseas shipping containers and customs. Containers full of towels have gone from a 45-60 day lead time, to a four- to seven-month lead time.

The shipping container issue has been going on longer and is months now,

so vendors are learning how to adapt and send in their orders earlier. The same can be applied to the buyer. Until the supply chain goes back to normal, purchasers should plan on ordering earlier than needed, and have a buffer zone so you don't run out of supplies. This holds especially true for those businesses that can only use a specific color. Now is a good time to be flexible, and consider using a few different colors.

Besides delays in overseas shipments, there has also been an increase in costs as well. The price of microfiber and cotton has gone up, along with other factors that contribute to pricing. The most influential cost driver is the cost of freight. The price to ship a container from overseas has risen drastically. This increase in freight costs is deeply affecting the pricing of not only towels, but many of the items you use in your everyday life that originate from overseas. Other factors that contribute to pricing is the rise in the cost of labor, and the rise of other materials, such as corrugated boxes.

Patience Is a Virtue

We most likely will be dealing with the container shortage/pricing well into 2022, and possibly longer. Once it eventually rights itself, the supply chain can start to get back on track. In the meantime, place orders earlier than normal in anticipation of potential inventory constraints. Also, understand that price increases in towels are inevitable, and are happening as a result of the current costs and economy. Work with your vendor to help navigate and find the solution that works best for you and your carwash. **NC**

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