



Is Your Price *Right*?

Distributors are racing to keep customers happy—and their bottom lines healthy—in this current climate of rapid, sometimes unexpected, price increases. *by Joe Sullivan*

MAY YOU LIVE IN INTERESTING times” is said to be an old curse. The present time is certainly interesting for distributors, as they work to maintain balance while the world shifts beneath them. How’s a distributor to keep customer relationships in good shape and make sales when both price and delivery times are up in the air?

Like two sides of a malignant coin, waves of price increases accompanied by unpredictable delivery times are challenging electrical distributors in ways not seen since the Carter administration of the late 1970s. If that weren’t enough, general inflation is back. If it persists rather than tapering off, as the Federal Reserve’s hopeful press releases keep saying, distributors will have to dust off other skills not used since the 1970s.

Nobody knows whether the price increases in electrical products will fade back down—the way lumber seems to be doing—or just keep going. Either is quite possible. Short-term factors like COVID-19-related border closings, the squeezes in both ocean transport and domestic motor freight, and electronic chip shortages are likely to be resolved in months. If so, price pressure could ease. On the other hand, demand for copper, grain-oriented e-steel, and the rare earth minerals needed for many green projects is another matter entirely. In fact, copper alone may rapidly reach disruptive levels of supply shortages and price.

The Australian government’s Department of Industry, Science, Energy, and Resources (DISER) recently issued a report that forecast a 31% increase by 2030 in global demand for refined copper compared with 2020 demand. Of course, one could argue that 2020 was a depressed baseline, but still, the forecast growth is material. Among the big drivers is demand from China as it continues to modernize and develop industry through its