



July 26, 2021

RE: Industry Update

Overview

Retailers who partner with BGA member manufacturers understand that 2020 and 2021 have posed challenges not seen in our generation. Since 1889, our members have experienced extremely busy times, as well as slow periods, due to a myriad of factors. We have always found a way to meet those obstacles and come out stronger.

Looking back to 2017, the media, the Vermont Agency of Commerce & Community Development and others were already highlighting the resurgence of Barre's granite industry. It had become clear again that the craftsmanship of our artisans and quality of Barre Gray granite was second to none. Those looking for durability, the generations of artistic talent found in our craftspeople, and state of the art production capacity were choosing the work of BGA members for their memorials, monuments, statuary, mausoleums, and columbariums.

The impact of COVID-19 and increase in pre-need purchases

The COVID-19 pandemic struck as our member manufacturers were already ramping up manufacturing capacity to meet an increasing demand. Despite having to close our plants for five weeks in early 2020 due to state pandemic mandates, our members hit the ground running as quickly as possible.

We fully expected that new technology, added production capacity, additional granite workers, designers, and office support staff would be needed to meet the demands of the Baby Boomer generation, and we planned accordingly. Fortunately, we knew the supply of Barre Gray granite, the finest quality gray granite in the world, would last approximately 4,500 years at our current recovery rate!

The pandemic has tremendously increased the demand for our products in two additional ways. First, we have all seen the devastating impact of the pandemic on families across the country. Secondly, we have seen a dramatic spike in "pre-need" purchases, far greater than we could ever have imagined. The pandemic has confronted many individuals with the stark reality of their own mortality, and many are choosing to reduce the burden on their families, while also playing an active role in how they would like to be remembered.

What has been the impact on our member manufacturers, and how does this affect our retailers and their clients?

This extraordinary high volume has created a large backlog at most of our members' plants. Many are reporting that sales in 2021 have more than doubled compared to the same period in 2019.

Unfortunately, this sudden increase in backlog has extended delivery times of memorials well beyond the lead times typically seen before the pandemic.

Our members have been reinvesting and positioning themselves for what we expect will be a long period of increased business. They are hiring new manufacturing employees for all stages of the production process, new apprentices to learn from skilled craftspeople, investing in leading edge technology, and employees are working a record amount of overtime. Quarrying operations are also at full capacity to meet the demand.

Barre is known as the "World's Center of Memorial Art" and "Granite Center of the World" for many reasons. With over \$100 million of annual sales, 1,000+ employees connected to the industry, and over \$5 million invested recently in new equipment and technology, we are dedicated to meeting the exacting requirements of our retailers and their clients.

Due to this substantial and generational increase in demand for our products, it is important that our retailers pass along reasonable expectations as to delivery times to their clients, as it puts us all in a better position.

Rest assured that our BGA member firms are doing everything possible to adjust for the increased volume, and to make certain our production times are the best in the industry for the future.

Sincerely,



Doug Grah, Executive Director
Barre Granite Association