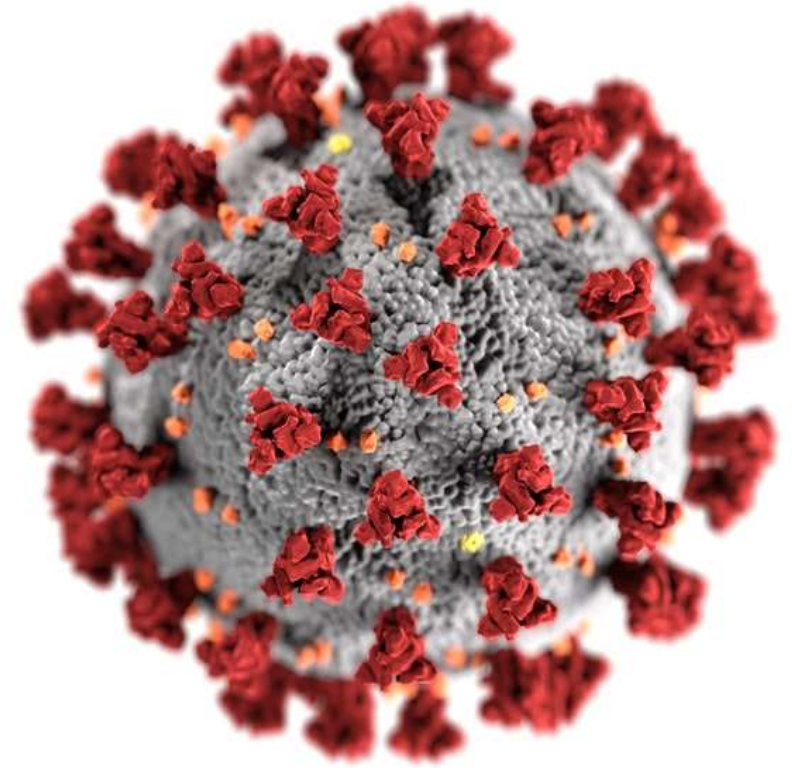


**Disclaimer: The opinions expressed in this presentation are solely those of the presenter and do not necessarily represent the official policy or position of the Illinois Chamber of Commerce.**



## **Navigating your business through COVID-19**

**May 2020**



## **A message from our CEO, David Abney:**

In the wake of the COVID-19 virus, our highest priority is to do our part to help ensure the health and safety of our employees, customers, and suppliers while taking all reasonable measures to meet our service commitments.

We share the concern of the global community and hope the virus can be contained and eradicated as quickly as possible.

It's true that the world faces many challenges, but none that we can't overcome.

**Learn more at [UPS.com](https://www.ups.com).**

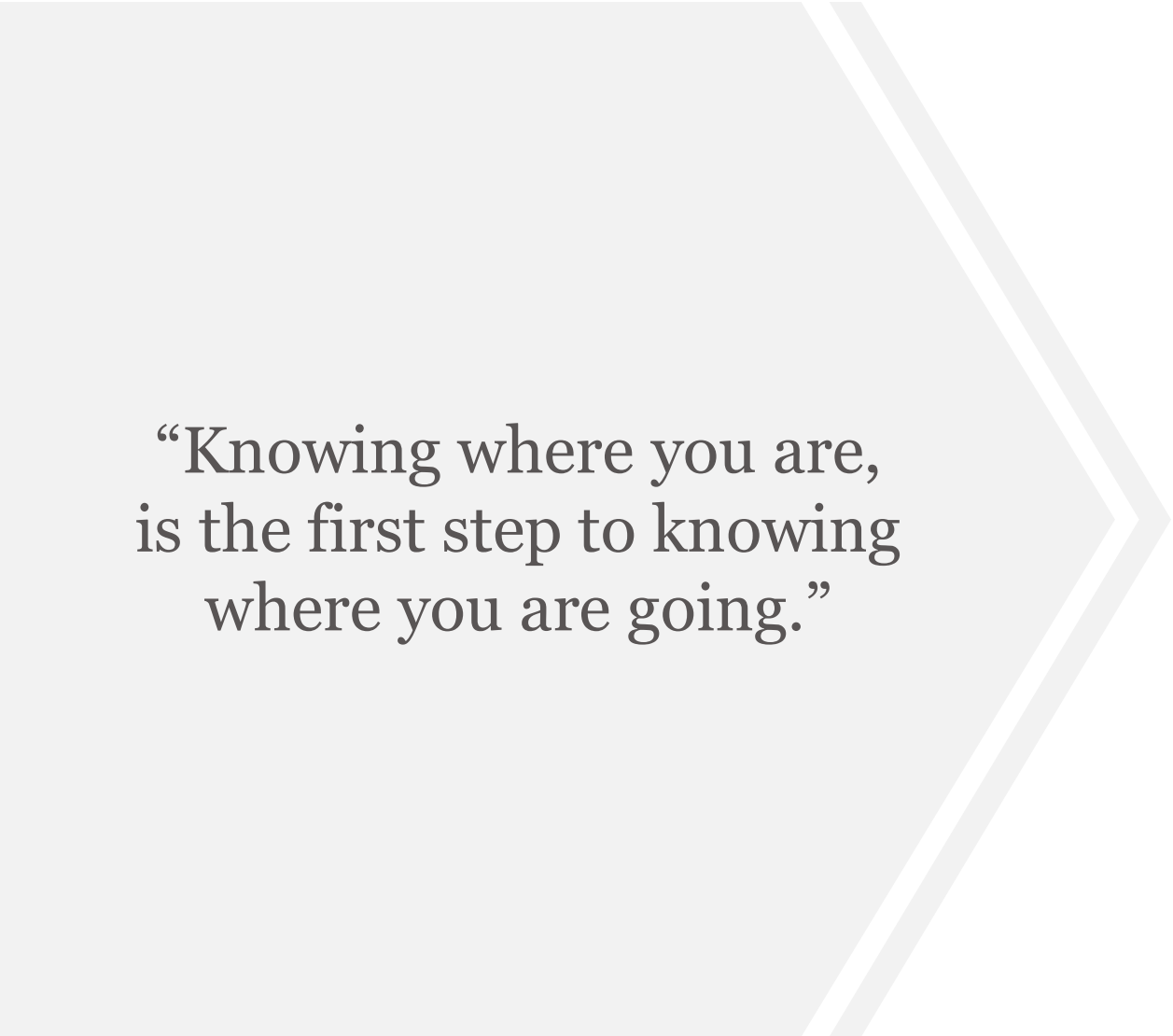
**The Health and Safety of Our Employees and Customers is Paramount**

**Serving Our Customers and Communities in a Time of Need Unlike Any We Have Seen Before**

**Adopting Safety Measures Specific to the Pandemic**

**Navigating a World of Changes to Ensure that the Global Supply Chain Continues to Function**

**Developing and Providing Solutions For Our Customers**



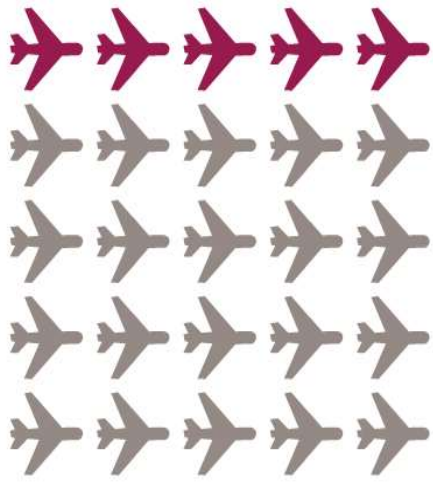
“Knowing where you are,  
is the first step to knowing  
where you are going.”

How is COVID-19 impacting  
**U.S. BUSINESSES?**

# Global air capacity is 29% lower than last year

Almost all trade lanes across the world are seeing double-digit air capacity declines compared to last year (among all carriers).\*

Passenger belly capacity is down 82% as of April 24, 2020.



More than **16,000** passenger jets are grounded worldwide, as the coronavirus heavily affects travel and puts unprecedented strain on airlines.

\*Seabury Consulting update - coronavirus effects on air cargo capacity, April 24

# Summary of what's happening as a result of COVID-19



## Inventory delays and shortages

- Limited operations in global ports
- Limited commercial air capacity
- Visibility challenges on inbound inventory



## Labor and fulfillment challenges

- Labor shortages due to quarantines and fear
- Forced labor reduction due to low cash flow
- Fulfillment disruption due to Amazon's delayed shipping of non-essential items and a general shift to reach customers through new channels



## A shift to ecommerce due to social distancing

- Greater need for a seamless ecommerce checkout
- Increased importance of digital marketing to compete against peers
- Need for alternate delivery options and clear communication regarding potential delivery delays



## An increased focus on cost savings from reduced cash flow

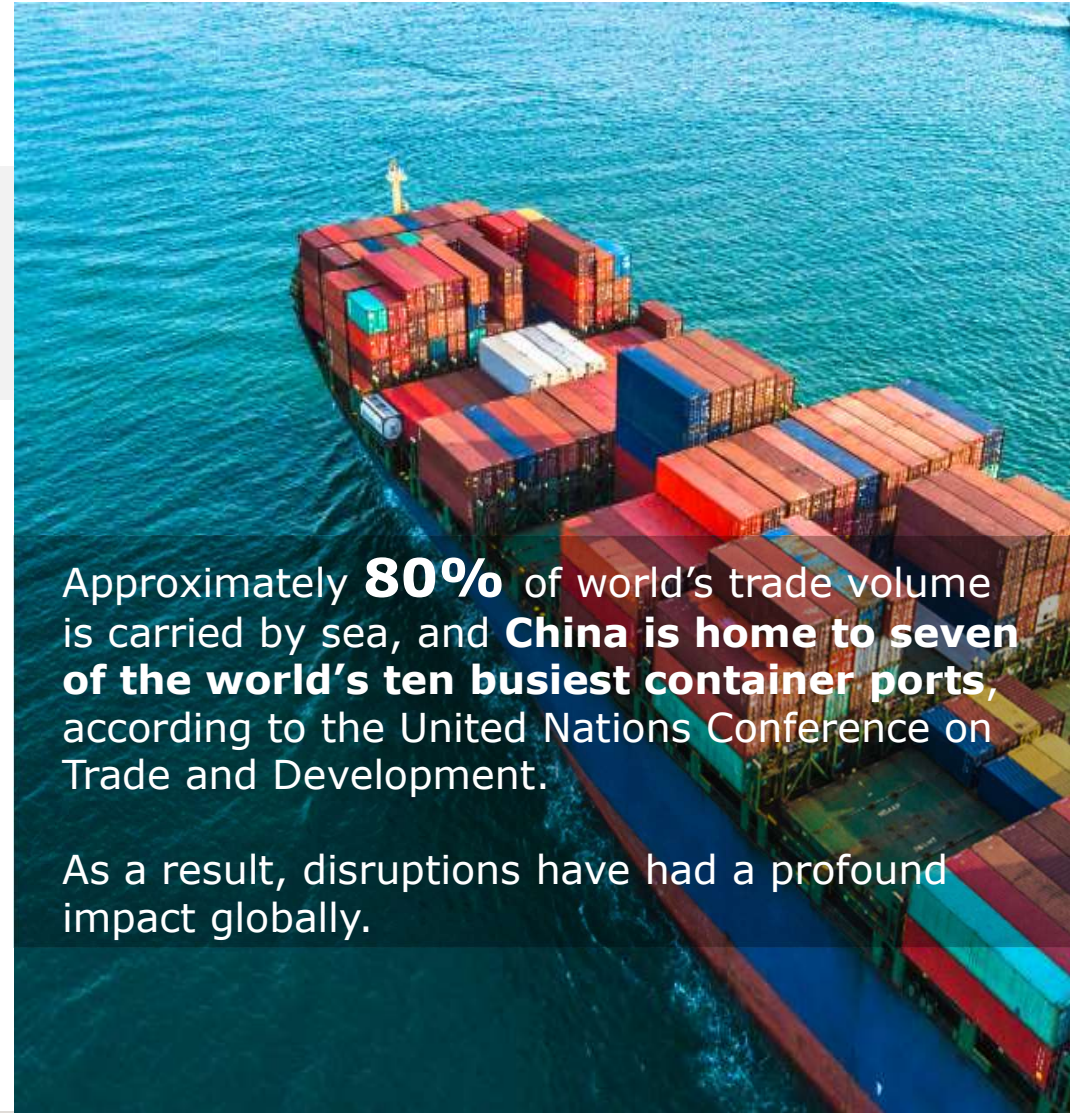
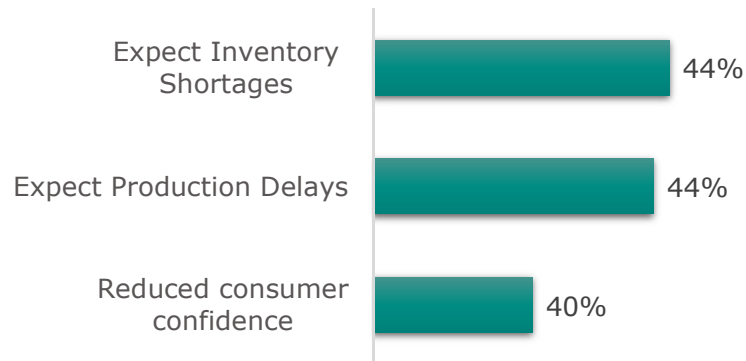
- Financial stress from increased costs of obtaining inventory, limited liquidity from delayed payments, and high monthly fixed costs

## Inventory Delays and Shortages

# 93%

of U.S. businesses expect to see impacts to their supply chain as a result of COVID-19

Which of the following impacts are you expecting as a result of COVID-19?

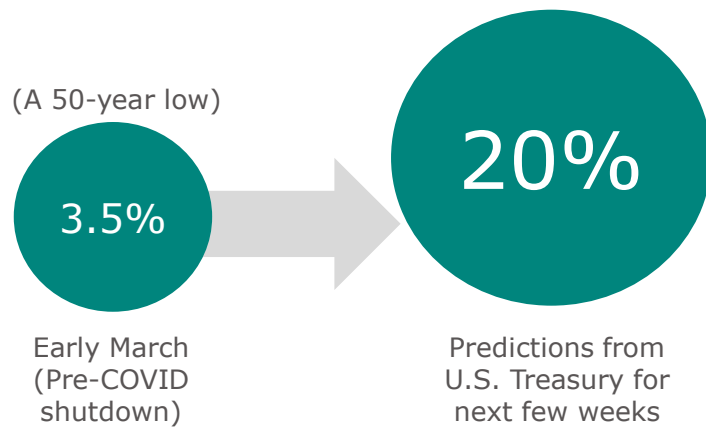


Source: [Digital Commerce 360](#), [United Nations Conference on Trade and Development](#)



# Labor and Fulfillment Challenges

The unemployment rate is rapidly rising as businesses close or run low on cash to pay workers<sup>1</sup>



Plus, many workers that are still employed are afraid to go to work due to fear of contracting the virus<sup>2</sup>



Amazon announced that they will delay restocking of non-essential items until April causing merchants to scramble to find a backup fulfillment option

**94%**  
of Amazon merchants use FBA for at least some orders<sup>2</sup>

**64%**  
of sellers exclusively rely on Amazon's FBA service<sup>2</sup>

**What are they doing?**

**22%** of businesses using Fulfillment by Amazon plan to alter their channel strategy--most will put an emphasis on **selling directly to their customers.**

In addition, businesses with no previous ecommerce capabilities are now struggling to **quickly stand up a web presence** to stay in business in what seems to be "**the new normal**"

<sup>1</sup> Bureau of Labor Statistics, <sup>2</sup> ProPublica, <sup>3</sup> 2020 Wired

## A shift to ecommerce from social distancing

75%



of American internet users say they are likely to **avoid shopping centers and malls** as COVID-19 worsens<sup>1</sup>



As a result, global ecommerce transactions **grew 23%** between March 11<sup>th</sup>-18<sup>th</sup> compared to the average weekly volume earlier in 2020

## What are you doing to capture this opportunity?

The shift to ecommerce has led to:



More businesses needing to build websites from scratch, improve their websites or find alternate channels to sell their products (e.g. marketplaces)



A greater need for digital marketing solutions to drive traffic, especially for products in high demand



Higher need for timely communication with customers regarding delivery dates

## Have you considered going beyond US Borders?

Source: [eMarketer](#), [TransUnion](#); [Online Sellers Strap In for a Wild Roller Coaster Ride with Coronavirus](#);