



COMPETITIVE RESPONSES TO COVID-19 IN THE PACKAGING & LOGISTICS INDUSTRIES

Prepared for Company X
March 2020

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EXECUTIVE SUMMARY

INTRODUCTION

BACKGROUND

The COVID-19 outbreak is both an opportunity and a threat to companies in both B2B and B2C markets. Depending on how competitors in a market respond, brand may deteriorate, customer loyalties may shift, and market share may change, for the better or worse.

To help better formulate a competitive response to the crisis, Hanover is offering its Comparative Competitive Response Analysis to help Company X understand how their competitors are responding to the COVID-19 crisis and improve their positioning in response.

PROJECT OBJECTIVE

Provide Company X with a Comparative Competitive Response Analysis. Companies in focus include Competitor 1, Competitor 2, and Competitor 3.

METHODOLOGY

Hanover utilized secondary sources including industry publications, syndicated market research reports, competitor websites and other publicly available information sources in compiling this report.

RESEARCH QUESTIONS

- How are competitors changing their service models to reduce contagion risk? How are they using the crisis to advance business goals?
 - Are they offering different products and services?
 - How have they altered sales and marketing activities in response to the crisis?
 - Have they altered logistics/customer support/customer service to align with customers own responses to COVID-19?
- How are competitors communicating these changes to their customers?
- What are overall industry trends?

RECOMMENDATIONS

- To maintain its reputation as a steward of its customers' goals, Company X should implement a comprehensive communications campaign that communicates its response plan to its customers. This should comprise two sets of communication practice:
 - *Opportunities for Differentiation* – Hanover recommends including communications that are currently differentiating high performing customers in your space.
 - Communicate Company X's commitment to safe and ongoing support of your customers' goals with messaging from the [REDACTED],
 - Build a COVID-19 [REDACTED] to demonstrate the depth of solutions to the problem, and
 - Finally, communicate changes to your [REDACTED] to show that insight being converted to practice.
 - *Table Stakes* – Communicate recognition of the [REDACTED], the stakes, and your health policy for keeping employees (and by extension customers) safe from contagion.
- Hanover recommends that Company X prepare for a [REDACTED]. The resulting strategy to adapt and preserve the business should be shared transparently with customers. Hanover's online [COVID-19 resource center](#) is helping our members develop effective response plans.

KEY FINDINGS

- **Company X's competitors fall into 3 major tiers according to their COVID-19 response: Tier 1 representing a comprehensive "robust" response, Tier 2 representing a minimal or "limited" response, and Tier 3 representing little to no formal response.** Motivated by the B2C business commitments, Competitor 1 and Competitor 2 are Tier 1 companies robustly communicating their COVID-19 response to their customers
- **Company X's competitors are reacting to the COVID-19 crisis with a set of core practices.** Almost all competitors with a response strategy in place communicate (1) their [REDACTED] of the emergency and its impact on their customers and (2) health policies describing employee safety (and implication customer safety) activities.
- **Tier 1 competitors provide additional elements that differentiate their response from other companies in the comparison group.** Tier 1 companies also communicate interviews/letters from [REDACTED] to demonstrate high level commitment to the crisis, launch COVID-19 response [REDCATED] to show the extent of their solutions to the challenge, and alterations to their [REDACTED] to detail how these solutions are being converted to practice.
- **Major supply chain disruptions and increased demand for [REDACTED] are likely in coming months.** A decline in Chinese production capabilities and international efforts to combat COVID-19, such as national restrictions on "non-essential" labor, are responsible for supply chain disruptions. [REDACTED] are in greater demand as concerns about disease transmission from contaminated surfaces grow and environmental concerns about waste drop.






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COMPANY RANKINGS

COMPARING COMPANY RESPONSES

Company X's competitors fall into three tiers according to their response to the COVID-19 pandemic

Reaction to COVID-19 Crisis	Companies
 <p>Tier 1: Robust Response</p> <p>These firms are successfully communicating their actions and plans to the press, social media, their employees, and customers during the COVID-19 crisis.</p>	<ul style="list-style-type: none">• Competitor 1• Competitor 2
 <p>Tier 2: Limited Response</p> <p>These firms have publicly acknowledged the COVID-19 pandemic and its effects on business but are not providing regular service updates or other materials regarding their operations.</p>	<ul style="list-style-type: none">• Competitor 3
 <p>Tier 3: No Public Response</p> <p>These firms have made little to no public communications response related to the COVID-19 pandemic.</p>	<ul style="list-style-type: none">• Competitor 4

COMPARING COMPANIES

As companies with large B2C logistics operations, Competitors 1 and 2 have comprehensive COVID-19 responses. Major packaging companies with large B2C presences are also active.

Company	Tier	Revenue	Employee Count	Primary Industry
Competitor 1	1	\$XXX	XXX	Shipping/Logistics
Competitor 2	1	\$XXX	XXX	Packaging
Competitor 3	2	\$XXX	XXX	Packaging
Competitor 4	3	\$XXX	XXX	Packaging / Wood & Paper Products

BEST PRACTICES (AS OF MARCH 23RD)

Top tier firms are likely to have engaged in higher impact practices like [REDACTED] communications, COVID-19 [REDACTED], and alterations to their [REDACTED] models.



Company	COVID-19 Alert*	Health Safety Policy*	Social Media Outreach**	[REDACTED] Communications**	COVID-19 Support {REDACTED}	Altered [REDACTED]	TOTAL
Competitor 1	Yes	Yes	Yes	Yes	Yes	Yes	6
Competitor 2	Yes	Yes	No	Yes	Yes	Yes	5
Competitor 3	Yes	No	Yes	No	No	Unknown	2
Competitor 4	No	No	No	No	No	Unknown	0

* Published on website or social media channels

** Related to COVID-19 Pandemic

*** Regularly updated



COMPETITOR RESPONSES TO THE COVID-19 PANDEMIC

COMPETITOR 1

COMPETITOR 1

Key Facts

Industry focus:	Shipping/Logistics	Revenue:	\$XXX
Founded:	XXXX	Employees:	XXX
Headquarters:	Competitor 1 Location	Website:	Competitor1.com



Relevant News

- Competitor 1 partnered with [REDACTED], a emergency response non-profit to deliver 250,000 urgently needed facemasks in the US
 - Competitor 1 has also sent 10 aid shipments of medical supplies to China with [REDACTED]
- March 17th-18th Competitor 1 assisted with the logistics for one of the largest humanitarian actions in the US regarding the transportation of 500,000 test kits and 1M face masks, among other PPE, using its [REDACTED] based logistic resources
- March 19th Competitor 1 announced one of its on-site US employees contracted Coronavirus

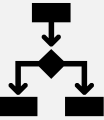




Crisis Communications Strategy

- Created sub-website and daily updates for customers in regions facing service disruptions/delays
- Delivering service alerts available on website
- Utilizing pre-existing disaster response group “Competitor 1 [REDACTED]” to expedited and pay for deliveries of key supplies to effected areas
- Increasing safety by: educating workforce on best practices, suspending physical signatures for most packages, regularly disinfecting surfaces in retail and commercial sites

COMPETITOR 1 RESPONSE SUMMARY

Competitor 1 is making significant efforts to combat the COVID-19 outbreak and is effectively communicating its effort to internal/external parties.

 Business Model Changes	 Customer Support Updates	 Communication Strategy
<ul style="list-style-type: none">• Using company resources for more B2B and cargo shipping/delivery efforts• Safety training and additional cleaning for workplaces• Remote work for some employees• Elimination of unnecessary physical exposure during delivery / in retail locations• Promoting e-Commerce during pandemic response• Expecting higher cargo volumes and sales amid lower overall profits	<ul style="list-style-type: none">• Sub website on COVID-19 response set up to inform customers on potential service interruptions• Daily service impact updates by geography showing affected services• Retail location lookup service available for customers to see changes before they go	<ul style="list-style-type: none">• Direct updates from COO(letter) and CEO (video)• Formal COVID-19 response plan published on website• Promoting safety tips on social media channels• Showcasing virus response related charity efforts with Direct Relief and Competitor 1 Cares• Assuring the public a majority of Competitor 1 workers are considered “essential” and will remain on the job
Response Rating: High	Response Rating: High	Response Rating: High

COMPETITOR 1 – DAILY SERVICE DISRUPTION TABLE

Competitor 1 keeps customers updated on potential service disruptions by geography to set service expectations with customers and reduce unexpected risk.

Service Adjustments Related to COVID-19 Containment Measures for Shipments from APAC (China)

([Redacted])

The transit time for select [Redacted] shipments from the below origins will be temporarily adjusted as per the table below.

Temporary Service Suspension:

Origins	Destination	Affected Services	Affected Shipments	Service Impact
<ul style="list-style-type: none"> China / Hong Kong 	<ul style="list-style-type: none"> U.S. 	<ul style="list-style-type: none"> [Redacted] 	Temporary service suspension of all bookable shipments above 300kg each	Temporary service suspension
		<ul style="list-style-type: none"> [Redacted] 	Temporary service suspension of all bookable shipments	

Transit Time Extension:

Origins	Destination	Affected Services	Additional Transit Time (Business Days)
<ul style="list-style-type: none"> China / Hong Kong 	<ul style="list-style-type: none"> U.S. 	<ul style="list-style-type: none"> [Redacted] 	3

COMPETITOR 1 – PROMOTING CHARITABLE EFFORTS

Competitor 1 is showcasing its charitable work to reduce COVID-19 infections, displaying additional capacity to aid the public sector in emergency deliveries of key products.



Sales and Marketing

COMPETITOR 1 – EMPHASIZING E-COMMERCE

E-Commerce is increasingly important to Competitor 1's short-medium term growth strategy as other streams of business shrink during national pandemic responses.

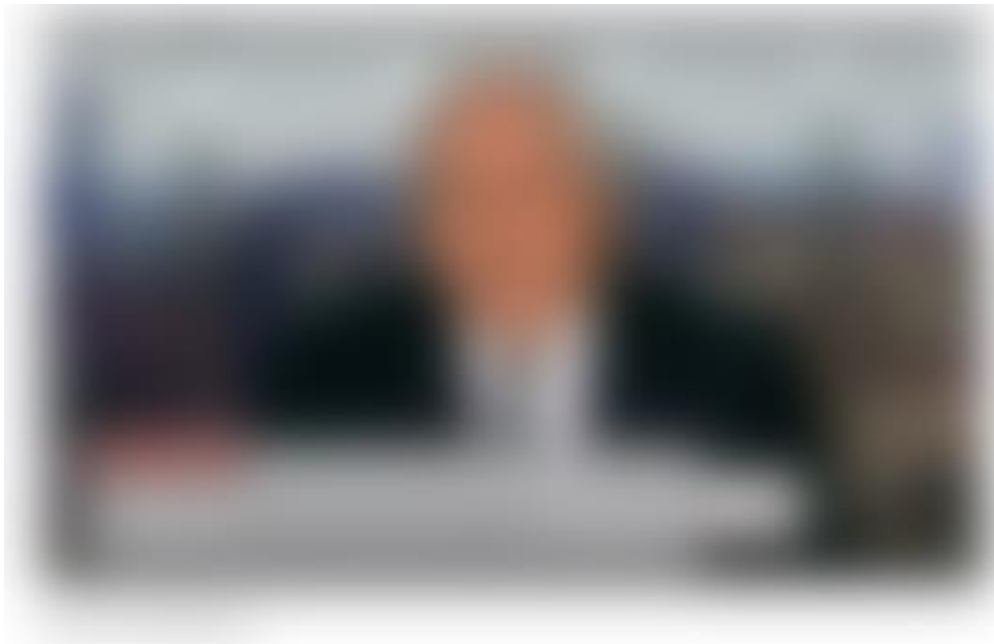


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COMPETITOR 1 – CEO INTERVIEW

On March 22nd Competitor 1's CEO reassured the public of the company's strength and the massive efforts it has taken to maintain a healthy and productive work environment

Screenshot of March 22nd Interview



Key Quotes

- *“Competitor 1 is not expecting any layoffs at all, quite the contrary our people are working very heavily on the B2B side, for hospitals and diagnostic labs, picking up specimens [and delivering them]...In certain instances our business has actually increased”*
- *On supply chain: “We began to deal with this problem in China in January....just last week we flew 240 flights in and out of china so we’ve been dealing with this for a long time.”*
- *“About 70% of Chinese Business are now open....we have a significant amount of traffic going to China...Our airplanes are carrying a lot of stuff both ways*
- *On worker safety: “We have massive efforts underway to try to socially distance folks...providing gloves, antiseptics...we’ve suspended the requirement for signatures...the risk is low and we are clearing our facilities prolifically.”*

COMPETITOR 2

COMPETITOR 2

Key Facts

Industry focus:	Packaging	Revenue:	\$XXX
Founded:	XXXX	Employees:	XXX
Headquarters:	Competitor 2 Location	Website:	Competitor2.com

Relevant News

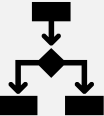


- Competitor 2 has active operations in [REDACTED] where it is deploying and spreading best practices in maintaining a clean and effective workplace during the pandemic

Crisis Communications Strategy

- Competitor 2 has published various materials for employees and customers on its website while avoiding communications on social media
- Materials include:
 - Workplace best practice guide for internal facilities to reduce disease
 - A letter of reassurance to customers responding to worries of Chinese sourced materials
 - A letter banding supplier visits for 60 days
 - A CEO update acknowledging the severity of the crisis and recommended actions for employees and the general public
 - Visitor and employee screening questionnaire
 - Directive on acquiring supplies to combat corona virus

COMPETITOR 2 RESPONSE SUMMARY

Competitor 2 has recently several internal/external publications on its response and is frequently updating materials on its website

 Business Model Changes	 Customer Support Updates	 Communication Strategy
<ul style="list-style-type: none">• 60 day ban on supplier visits to Competitor 2 locations• Employee questionnaire enforced to remove risk-prone workers from sites• Employee risk management strategy in place with outlined benefits policy• Procurement guide to stocking up on anti-corona virus materials	<ul style="list-style-type: none">• Customers assured imports of international materials will not cause disease• On March 17th customers told no service disruptions are forecasted, but Europe may suffer future delays	<ul style="list-style-type: none">• March 20th CEO letter addressing COVID-19 crisis posted on website• Various materials available on website addressing COVID response / recommendations• No COVID-19 response on social media channels
Response Rating: High	Response Rating: Medium	Response Rating: Medium-High

COMPETITOR 2 – WORKER SAFETY PPT SAMPLE

Competitor 2 is sharing recently implementing advanced safety measures in its [REDACTED] operations and using them as best practices company wide.



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COMPETITOR 2 – CORONAVIRUS RESPONSE SAMPLE

Competitor 2 is continually publishing updates and materials regarding its response to the ongoing pandemic.



Customer Support

COMPETITOR 3

COMPETITOR 3

Key Facts

Industry focus:	Packaging	Revenue:	\$XXX
Founded:	XXXX	Employees:	XXX
Headquarters:	Competitor 3 Location	Website:	Competitor3.com

Relevant News

- None

Crisis Communications Strategy

On March 19th Competitor 3 promised no service disruption due to the COVID-19 outbreak via LinkedIn/Twitter:

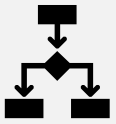


“We at [#Competitor 3](#) are closely monitoring Covid-19 developments and continue to take proactive measures to protect our employees and customers.

We're committed to ensuring there is no interruption in service to our customers.

We are following CDC guidelines as the health and safety of our employees, customers, and the extended members of the communities in which we operate continues to be our utmost priority.”

COMPETITOR 3 RESPONSE SUMMARY

Competitor 3 is accomplishing the bare minimum in its corporate response by reassuring the public it is still open for business during the COVID-19 crisis.

 Business Model Changes	 Customer Support Updates	 Communication Strategy
<ul style="list-style-type: none">• None	<ul style="list-style-type: none">• Customers reassured Competitor 3 operations are deemed “essential” and no service disruptions will occur as a result of the crisis	<ul style="list-style-type: none">• Competitor 3 is using Twitter and LinkedIn to reassure customers and the general public they will continue business as usual
Response Rating: Low	Response Rating: Low	Response Rating: Low

COMPETITOR 3 – SOCIAL MEDIA REASSURANCES

Competitor 3 is using social media channels to inspire brand confidence and settle any uncertainties that it may reduce service because of the COVID-19 crisis

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Competitor 3 + Follow ...
39,806 followers
4d •

We at # [Redacted] are closely monitoring Covid-19 developments and continue to take proactive measures to protect our employees and customers. We're committed to ensuring there is no interruption in service to our customers. We are following CDC guidelines as the health and safety of our employees, customers, and the extended members of the communities in which we operate continues to be our utmost priority.

Competitor 3 Mar 18 ▼

We [Redacted] are closely monitoring Covid-19 developments and continue to take proactive measures to protect our employees and customers. We are following CDC guidelines and are committed to ensuring there is no interruption in service to our customers.

Competitor 3 Mar 20 ▼

[Redacted] C3* [Redacted] packaging is a critical part of the supply chain. During these challenging times, # [Redacted] remains committed to getting essential products to their final destination safely and on time. [Redacted]

Competitor 3 Mar 19 ▼

[Redacted] C3* [Redacted] pkg is a critical part of the supply chain. We are closely monitoring developments and will continue to take proactive measures to protect employees and provide customers with the products & services they require to safely ship goods to market.
[Redacted]

COMPETITOR 4



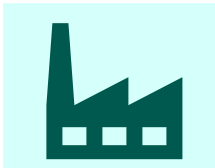
PACKAGING AND LOGISTICS RECENT BUSINESS TRENDS

RECENT BUSINESS TRENDS

Major supply chain disruptions and an increased demand for [REDACTED] are likely in coming months.



- Due to a decline in Chinese production and COVID-19 related closures global firms like [REDACTED] and nations like Australia, which rely heavily on their Chinese suppliers, are facing threats of low packaging inventories
 - During the span of February 22nd to March 5th Institute 1 projected Chinese manufacturers were operating at about 50% of capacity with only ~56% of regular staff on duty



- Wealthy nations will likely see a temporary pause in the trend against single-use plastics as corporations like [REDACTED] ban reusable cups and supermarkets add additional packaging to produce and other foods for increased cleanliness
- Packaging industry events like “Interpak” and “Plastics Recycling Show Europe” are cancelled due to COVID-19



- Demand for [REDACTED] in China is likely to grow as a result of heightened regulation and public health concerns – particularly around Food 1 and Food 2
- In general, manufacturers will face negative impacts as global supply chains partially shut down following national efforts to stop the spread of disease by closing factories and tightly regulating commerce in sensitive areas



Thank you.

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