Thank you for joining! The webinar will begin in the next few minutes.

1. Connect to audio if you are using a desktop or mobile phone
2. Keep your **camera off** and your microphone on **mute** to allow speakers to continue without disruption
3. The presenter will remain muted until the webinar begins, so don’t worry if you do not hear anything before 15:00 (CET)
Covid-19 impacts on trade
Wednesday 15 April, 3 PM CET

Accounting Covid-19 in financial planning and projections
Monday 20 April, 3 PM CET

Crisis management/Contingency plans
Wednesday 22 April, 3 PM CET

New normal: how to address changes in consumer behaviour?
Wednesday 29 April, 3 PM CET

How are the trade lanes being impacted?
Wednesday 6 May, 3 PM CET

Managing cash flows in Covid-19 times
Wednesday 13 May, 3 PM CET
ITC SheTrades team

Juan Hoyos
Senior Capacity Building Expert

Anna Mori
Project/Partnership Manager

Kritee Sharrma
M&E Expert

Nina Jessen
Communications Expert
Webinar 4 - New Normal: how to address the changes in consumer behaviour?

Our Speakers

Maria Luisa Boyce
Vice President, Global Public Affairs
UPS

Kathleen Marran
Vice President of Marketing, Diverse Customer Segments
UPS

Brendan Lease,
Ecommerce Strategy Senior Manager
UPS
Impacts of COVID-19: The new normal - How to address the changes in consumer behavior?

We’re all in this together: UPS can help Small Business navigate exporting
Agenda

Shifts in consumer behavior due to COVID-19 outbreak
Drivers of change in consumer preferences
Impact on Small Businesses
Recommendations for Small Businesses to meet new customer needs
Agenda

**Shifts in consumer behavior due to COVID-19 outbreak**

Drivers of change in consumer preferences

Impact on Small Businesses

Recommendations for Small Businesses to meet new customer needs
Globally, the outbreak of COVID-19 has resulted in a rise in e-commerce

• As only essential brick and mortar shops are allowed to stay open, consumers frequent e-commerce shops more to serve their needs and to avoid long lines

Asia stands out with in terms of at least 50% increase in online activity
Certain markets stand out in magnitude of growth on online channel

At least 30% of customers buy more frequently online since Covid-19 outbreak

Medical and protective equipment saw the largest increase in demand in China

Large uptake in e-commerce activity in the UK coincides with COVID19 compared to last year

Middle East & N. Africa change in online, Mar 20-23 2020

Canada: Increase online spend, March 2020

Brazil: Increase online sales, Mar 1-15 2020
Customers now purchase many products and services online that they traditionally bought via offline channels

<table>
<thead>
<tr>
<th>Product</th>
<th>China</th>
<th>Germany</th>
<th>United Kingdom</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hygiene products (hand sanitizer, toilet paper)</td>
<td>65%</td>
<td>10%</td>
<td>14%</td>
<td>55%</td>
</tr>
<tr>
<td>Household cleaning products</td>
<td>57%</td>
<td>6%</td>
<td>13%</td>
<td>48%</td>
</tr>
<tr>
<td>Food and drink delivery</td>
<td>51%</td>
<td>10%</td>
<td>23%</td>
<td>43%</td>
</tr>
<tr>
<td>Restaurant delivery</td>
<td>36%</td>
<td>11%</td>
<td>13%</td>
<td>30%</td>
</tr>
<tr>
<td>Clothing</td>
<td>32%</td>
<td>16%</td>
<td>9%</td>
<td>27%</td>
</tr>
<tr>
<td>Health products (medicine)</td>
<td>26%</td>
<td>12%</td>
<td>12%</td>
<td>22%</td>
</tr>
<tr>
<td>Books</td>
<td>23%</td>
<td>12%</td>
<td>10%</td>
<td>19%</td>
</tr>
<tr>
<td>Video</td>
<td>23%</td>
<td>6%</td>
<td>6%</td>
<td>19%</td>
</tr>
<tr>
<td>Consumer electronics, household appliances</td>
<td>23%</td>
<td>8%</td>
<td>5%</td>
<td>19%</td>
</tr>
<tr>
<td>Games</td>
<td>19%</td>
<td>10%</td>
<td>8%</td>
<td>16%</td>
</tr>
<tr>
<td>Financial products and services</td>
<td>18%</td>
<td>2%</td>
<td>3%</td>
<td>15%</td>
</tr>
<tr>
<td>Hobby supplies</td>
<td>12%</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Magazines and newspaper</td>
<td>8%</td>
<td>4%</td>
<td>4%</td>
<td>6%</td>
</tr>
</tbody>
</table>

*Data is for April 2-8th 2020*
Agenda

Shifts in consumer behavior due to COVID-19 outbreak

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Impact on Small Businesses

Recommendations for Small Businesses to meet new customer needs
The more the cases of COVID-19 in a country, the more the customer adapts

• Increased spending of products related to health & wellness (i.e. vitamins, medicine, etc.)
• Increased spending of personal protective equipment (PPE) (i.e. masks, gloves, etc.)
• Increased basket sizes
• Essential goods stockpiled
• Increased spending of non-essential items (i.e. gym equipment, table games, etc.)
• Rise in e-commerce
• Increase spending for hygiene products
• Rise in e-commerce sustained
• Consumers are more price sensitive
• Certain traits and shifts carry over to the “new normal” (i.e. e-commerce shopping)

Initial outbreak: few cases of COVID-19
First rise: more cases, first deaths, borders closure
Peak: more deaths, lockdowns except for essentials
Recovery: governments lift quarantine, reopening
New normal: life returns to normal with new changes

progression of the virus
As customers stockpile their pantries and increase their e-commerce spending, they are increasingly concerned about package safety

Why are consumers buying more?

• There are three main psychology needs that are driving customers to ‘panic buy’:
  1. Autonomy: to feel in control of actions
  2. Relatedness: to feel that we are doing something that benefits our families
  3. Competence: to feel like smart shoppers making the correct choice

• Customer are also influenced by:
  1. Multiple sources: differing advice creates an instinct to over prepare
  2. Crowd mentality: scarcity on shelves validates the decision to stock up

The risk of catching COVID-19 from packages is very low

• According to the CDC, there is very low risk of spread from products or packaging that are shipped over a period of days or weeks at ambient temperatures

• This is aligned with the WHO that reported the likelihood of an infected person contaminating commercial goods is low and the risk of catching the virus from a package that has been moved, travelled, and exposed to different conditions and temperature is also low

COVID-19 can live on surfaces up to 3 days

- Plastic surface: 72h
- Stainless steel surface: 48h
- Cardboard / Boxes: 48h
Agenda

Shifts in consumer behavior due to COVID-19 outbreak

Drivers of change in consumer preferences

Impact on Small Businesses

Recommendations for Small Businesses to meet new customer needs
80% of Small Business owners reported that COVID-19 has already had a negative impact on their business

Businesses are facing financial difficulties

• 76% have seen a decline in revenue
• 20% of Small Businesses are considering layoffs
• 25% say they will need a loan to survive

UPS customers echo the same challenges

• Reduced cash flow
• Obstacles with labor and fulfillment
• Delays and shortages with inventory
Small Businesses need to have an online presence to meet the surge of e-commerce transactions

**Social distancing = more time online**

- 75% of American internet users say they are likely to avoid shopping centers and malls as COVID-19 worsens
- As a result, global ecommerce transactions grew 23% between March 11th-18th compared to the average weekly volume earlier in 2020

**Therefore, Small Businesses have to adapt**

- Need to build **websites** from scratch, improve their websites, or find alternate channels to sell their products (e.g. marketplaces)
- Need **digital marketing** solutions to drive traffic, especially for products in high demand
- Need to **communicate** timely with customers regarding delivery dates
Agenda

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Impact on Small Businesses

Recommendations for Small Businesses to meet new customer needs
Small businesses can select from a multitude of digital resources to sell to their customers depending on their need

**Marketplaces**

- **Who**: Amazon, eBay, Etsy, Tmall, Alibaba, Mercado Libre, etc.
- **What**: An online channel that connects buyers and sellers
- **Why**: Demand Generation: Marketplaces allow businesses to get their products in front of significantly more customers than they would have access to on their own

**eCommerce Platforms**

- **Who**: Shopify, WooCommerce, Magento, Weebly etc.
- **What**: An e-commerce management solution that helps sellers manage online sales from click to ship
- **Why**: Simplification: Tools that allow businesses to manage listings, inventory, marketing, label creation, payment, and much more

**Shipping Multi-Channel/Multi-Carrier**

- **Who**: Stamps.com, Shippo, EnviaYA, Postmen etc.
- **What**: A set of tools to compare shipping prices and offerings and create shipping labels
- **Why**: Convenience & Cost Savings: Pulls order information from various platforms and uses negotiated rates compared across carriers to create shipping labels
UPS programs can help Small Businesses maintain continuity and provide new supply chain alternatives

- Focus on cost savings
- Shift to ecommerce
- Inventory management
- Fulfillment solutions

For more information:
- Contact local UPS sales representatives
- Register for more in the UPS Webinar Series: Things to Know and Do Now
Lessons for Small Businesses to think about when considering how they can adapt and be flexible to meet changing needs

Create an Action Plan
• Look ahead and constantly reframe your efforts
• Use an adaptive, bottom-up approach to complement top-down efforts

Restructure Human Capital
• Proactively create clarity and security for employees
• Reallocate labor flexibly to different activities

Optimize Sales & Marketing
• Shift your sales channel mix
• Use social media to coordinate employees and partners

Innovate in New White Space
• Look for opportunity amid adversity
• Rapidly innovate around new needs
• Spot new consumption habits being formed

Plan for a Strategic Future
• Prepare for a faster recovery than you expect
• Expect different recovery speeds for different sectors
• Adapt your recovery strategy by location
Thank you

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Coming up next:
How are the trade lanes being impacted?

Wednesday, 06 May at 3 PM Geneva time (GMT +2)

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