

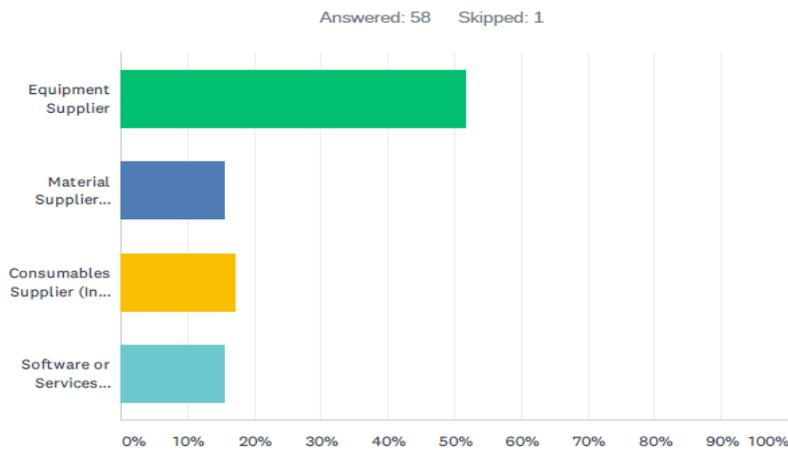
Here's what you said

Associate Members Report Changes in Operations in Response to COVID-19

AICC's supplier members are facing new challenges and changing their operations to accommodate the COVID-19 crisis. In a survey conducted in the week of March 16, 70 of the 182 AICC supplier member companies – or 38% -- responded to questions about the kinds of impacts they are seeing in their businesses as the coronavirus pandemic spreads throughout North America. The survey was sent concurrent with a similar poll to AICC's general, or boxmaking, members.

Just over half of those responding were machinery and equipment suppliers; 15% were raw material suppliers, meaning containerboard and/or sheets; 17% supplied consumables such as inks, adhesives, strapping, etc.; and 15% are suppliers of software or related business services.

Q1 My Company is a:



ANSWER CHOICES	RESPONSES	
Equipment Supplier	51.72%	30
Material Supplier (Containerboard, Sheets)	15.52%	9
Consumables Supplier (Inks, dies, strapping, etc)	17.24%	10
Software or Services Supplier	15.52%	9
TOTAL		58

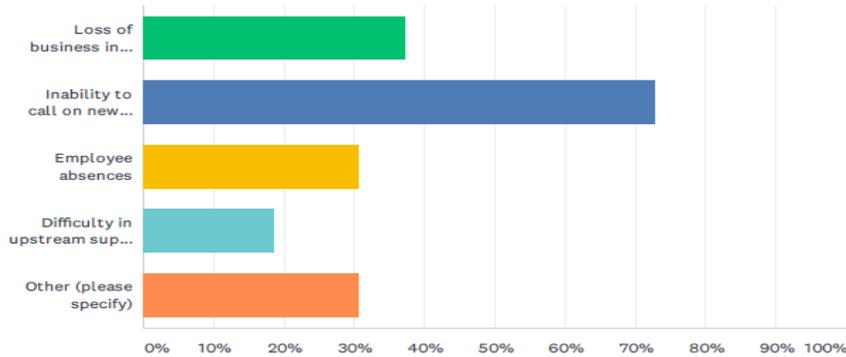
Initial Impacts

The initial effects of the coronavirus pandemic and its related societal and business restrictions appears to be in suppliers' ability to visit customers directly. Fully 73% of those responding said they faced an inability to call on their customers directly due to vendor and visitor restrictions. This was followed by slowing of business or deferral of capital expenditures among boxmakers, and an increase in employee absences. Not all these impacts were negative: "We're having a record week of shipments across the printing spectrum," wrote one member as his company's customers responded to increased demand for corrugated packaging products.

Yet, a predominant theme in the comments received was uncertainty. “No forecast is possible,” wrote one member. Said another, “Customers are delaying decisions regarding the purchase of equipment until they can determine the length and scope of the impact of the virus on the economy, which is 100% understandable.” Asked to predict the negative impact on their business, 49% of associate members replied, “don’t know; too hard to tell.”

Q2 What kind of impact, if any, do you see from the current COVID-19 pandemic? (Check all that apply.)

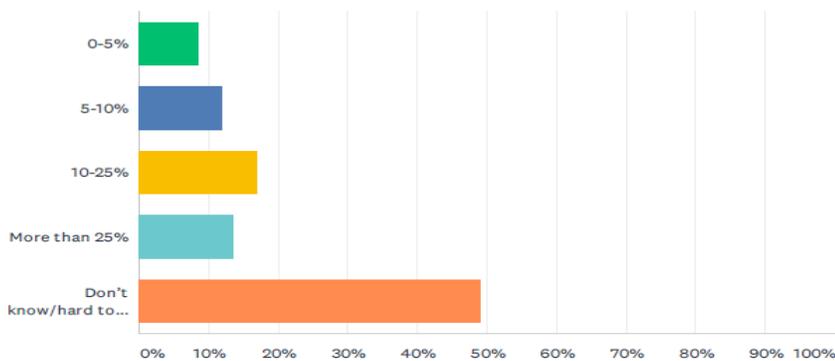
Answered: 59 Skipped: 0



ANSWER CHOICES	RESPONSES	
Loss of business in current customers	37.29%	22
Inability to call on new customers due to vendor restrictions	72.88%	43
Employee absences	30.51%	18
Difficulty in upstream supply chain, e.g., raw material and consumable supply	18.64%	11
Other (please specify)	30.51%	18
Total Respondents: 59		

Q3 What is your prediction of the negative impact on your business?

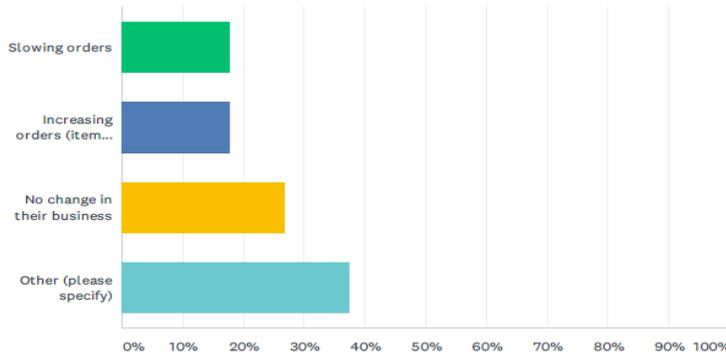
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ANSWER CHOICES	RESPONSES	
0-5%	8.47%	5
5-10%	11.86%	7
10-25%	16.95%	10
More than 25%	13.56%	8
Don't know/hard to estimate	49.15%	29
TOTAL		59

Q4 What have your customers told you about the state of their business operations?

Answered: 56 Skipped: 3



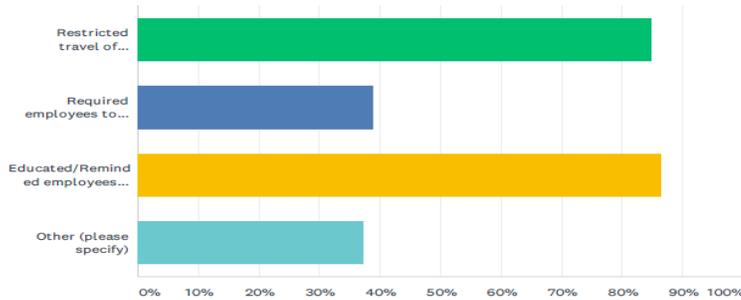
ANSWER CHOICES	RESPONSES
Slowing orders	17.86% 10
Increasing orders (items in high demand due to nature of pandemic)	17.86% 10
No change in their business	26.79% 15
Other (please specify)	37.50% 21
TOTAL	56

What boxmakers are telling them

We asked AICC supplier members what their customers are telling them about their business conditions. In an even split – 18 % in each category – boxmakers reported both “slowing orders” and “increasing orders.” A larger percentage of 27% said that there was “no change” in their business. “It’s customer-dependent,” wrote one supplier. “Some orders are slowing; others increasing.” Another supplier said, “We’ve seen a drop in orders from some customers while others report panic buying from some of their end users.” For major capital equipment makers, deferral of boxmakers’ 2020 capital projects is an immediate concern, but another reported a silver lining: “Good news is that we are seeing inquiries for business lost to China years ago. Bad news is we are seeing project ship dates getting pushed out.”

**Q5 What steps has your company taken to deal with this situation?
(Check all that apply.)**

Answered: 59 Skipped: 0



ANSWER CHOICES	RESPONSES
Restricted travel of company employees	84.75% 50
Required employees to self-quarantine if they have traveled	38.98% 23
Educated/Reminded employees about importance of hygiene and provided additional hygienic supplies for them, e.g., hand sanitizers, wipes, etc.	86.44% 51
Other (please specify)	37.29% 22
Total Respondents: 59	

Their Companies' Responses

As for their own companies' responses to the coronavirus crisis, the principal actions taken thus far are to restrict travel of company employees and increased employee education about the virus and the prevention of its spread. Eighty five percent say they've taken these steps first in their companies. Another step taken by 39% of those responding was to require employees to self-quarantine if they're traveled overseas or to places of high concentrations of reported infections.

Asked to list additional steps, telework was mentioned frequently as well as staggered shifts for plant employees. Another said, "We're undertaking massive amounts of cleaning and basically at every opportunity trying to instill a mentality of 'procedure in place of fear.'"

AICC will continue provide daily updates on the COVID-19 pandemic and the corrugated packaging industry's response to it. Join us for our weekly Zoom video conference call this coming Friday, March 27, at 2:00 p.m. Eastern (1:00 p.m. Central; 12 Noon Mountain; and 11:00 a.m. Pacific) to learn what other AICC members are doing in their individual companies and to share best practices in these unprecedented times.