



# ACC NEWS



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INDUSTRY NEWSPAPER

- Week 22 of 2020

## YOUR WEEKLY UPDATES



*Ports*



*Retail*



*Rail*



*Shipping*



*Handling*



*Beverages*



*Road*



*Supply Chain*



*C-Stores*



*Healthcare*

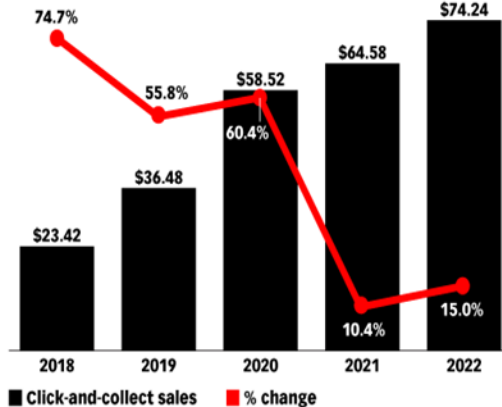


***Thinking Differently – Executing Quickly***

- Slide 3 – Coronavirus Changes
- Slide 4 – Freight Sales Survey: Returning to Normal
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## US Click-and-Collect Sales, 2018-2022

billions and % change



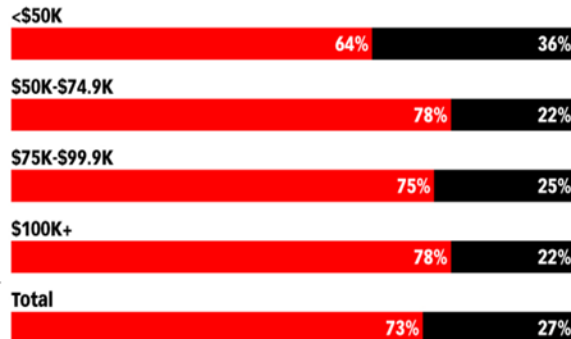
Note: includes products or services ordered using the internet (regardless of payment method) for pickup in a store or a locker in a retail or pickup hub location; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales  
Source: eMarketer, May 2020

255407

www.eMarketer.com

## US Adults Using Digital Banking and Digital Payments During the Coronavirus Pandemic, by Income, April 2020

% of respondents in each group



Note: n=1,043

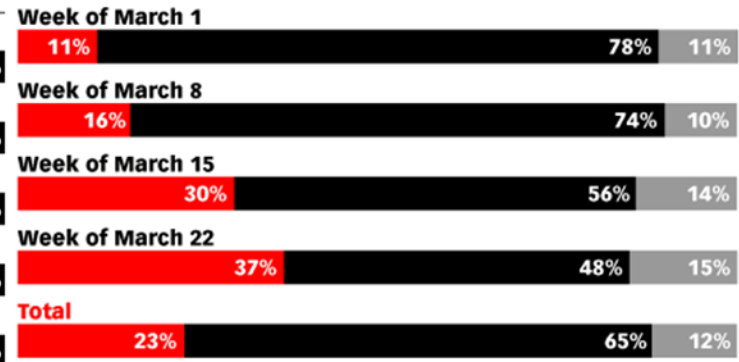
Source: William Mills Agency survey conducted by The Harris Poll, April 2, 2020

254846

www.eMarketer.com

## Change in US Adults' Digital Grocery Shopping Activity due to the Coronavirus, March 2020

% of respondents



Source: CivicScience, March 31, 2020

254285

www.eMarketer.com

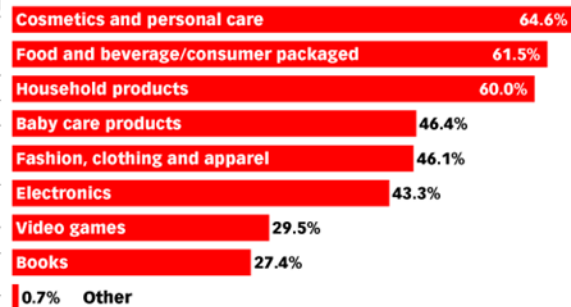
## From Which Digital Channels Do US Digital Buyers Purchase Food or Beverage Products?

% of respondents, by demographic, April 2020

	Gender		Age				Total
	Female	Male	18-34	35-54	55+		
Amazon (including AmazonFresh, Amazon Pantry and Amazon Prime Now)	58%	68%	68%	64%	51%		62%
Walmart	39%	45%	36%	47%	39%		42%
Target	27%	23%	40%	25%	7%		25%
Grocery store's website (e.g., Kroger.com, Albertsons.com, Publix.com, HEB.com)	21%	28%	25%	25%	20%		24%
Digital grocery delivery company (e.g., Instacart, FreshDirect, Shipt)	20%	16%	27%	16%	11%		18%
Club store's website (e.g., Costco)	17%	18%	14%	18%	20%		17%
Meal kit company (e.g., HelloFresh, Blue Apron)	9%	3%	10%	7%	1%		6%
Other	11%	12%	7%	10%	18%		11%

## Products US Internet Users Are More Likely to Digitally Purchase During the Coronavirus Pandemic, March 2020

% of respondents



## Coronavirus Impact: How Did US Primary Grocery Shoppers Purchase Items that Were Recently Unavailable at Their Preferred Retailer?

% of respondents, April 2020



## MAY 21, 2020: RETURNING TO NORMAL

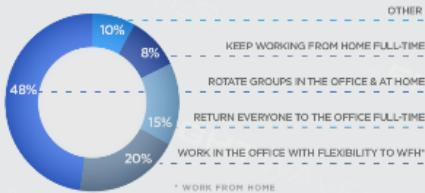


### RETURN POLICY

WHAT IS YOUR COMPANY'S TIMELINE FOR EMPLOYEES RETURNING TO THE OFFICE FOR WORK?



WHAT DO YOU THINK YOUR WORK FROM HOME POLICY WILL BE ONCE YOUR OFFICE IS OPEN AGAIN?



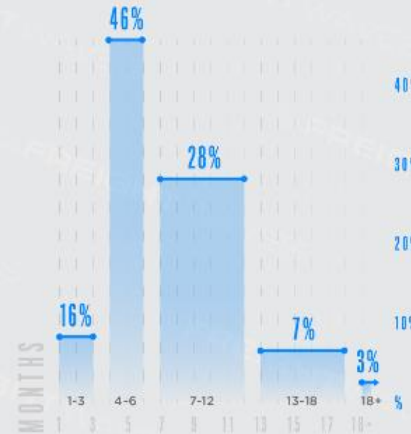
WHEN IN OFFICE SALES CALLS RESUME, HOW WILL YOU HANDLE FACE MASKS, SOCIAL DISTANCING, AND CLEANING (PPE) PROTOCOLS?



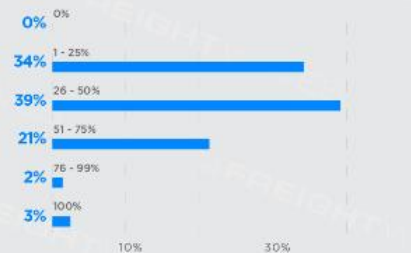
### PERSONAL POLICY

### BUSINESS TRAVEL

WHEN DO YOU EXPECT ANY BUSINESS TRAVEL TO CLIENTS AND CONFERENCES TO RESUME?



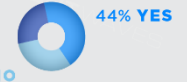
WHAT ARE EXPECTATIONS FOR THE VOLUME OF BUSINESS TRAVEL A YEAR FROM NOW (MAY OF 2021) COMPARED TO BEFORE THE COVID-19 PANDEMIC?



DO YOU THINK YOUR COMPANY'S INTERNAL COMMUNICATION ON SALES, GOALS, BUDGETS, ACCOUNTING, ADMINISTRATIVE HAS IMPROVED WITH EMPLOYEES WORKING FROM HOME?

### CAREER THOUGHTS

25% NOT SURE

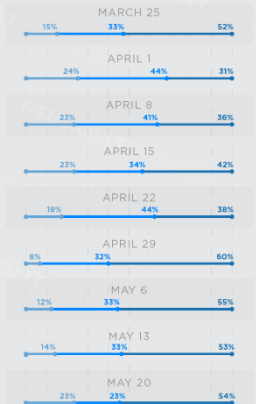


WHAT HAS BEEN THE BIGGEST LESSON YOU AND YOUR COMPANY HAVE LEARNED DURING YOUR WORKING FROM HOME EXPERIENCE DURING THIS PANDEMIC?



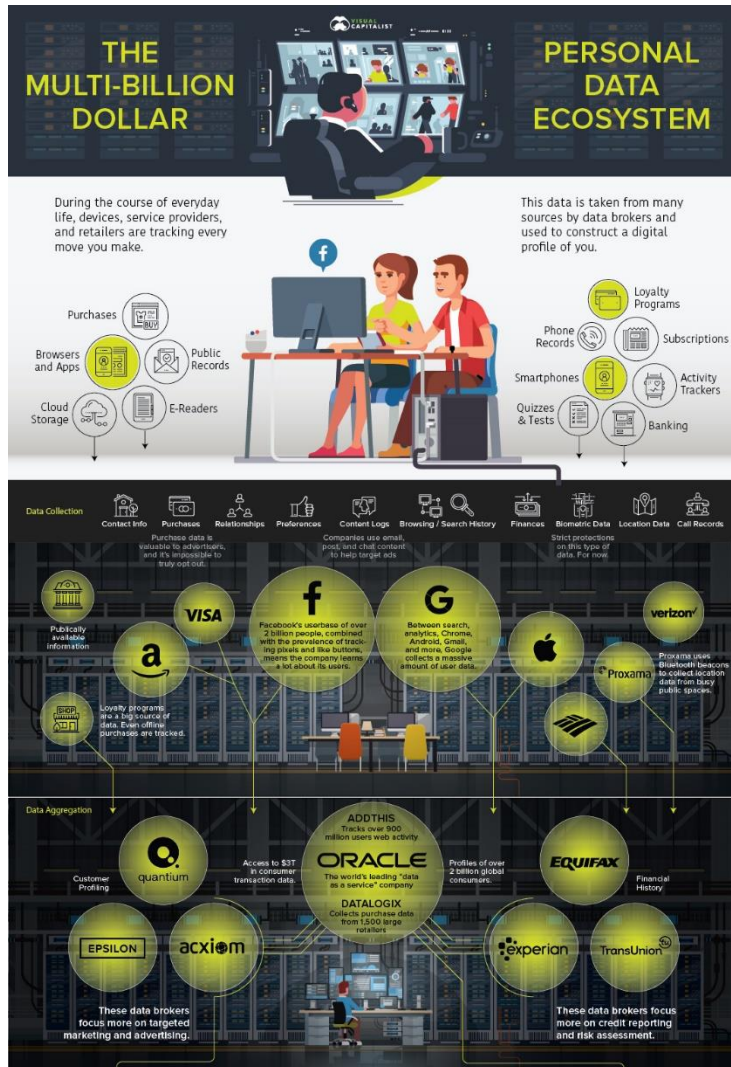
ARE YOU CONCERNED YOU MAY LOSE YOUR JOB DUE TO A LACK OF SALES OR AN ECONOMIC CRASH?

● NOT SURE ● YES ● NO



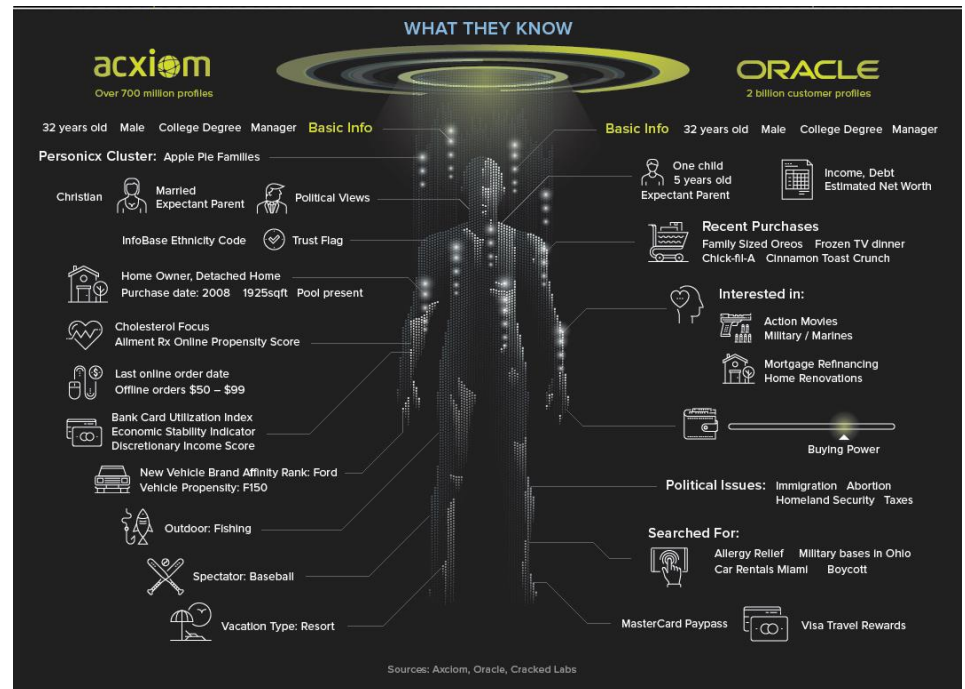


## The Multi-Billion Dollar Industry That Makes Its Living From Your Data



In the ocean ecosystem, plankton is the raw material that fuels an entire food chain. These tiny organisms on their own aren't that remarkable, but en masse, they have a huge impact on the world.

The massive volume of content and meta data we produce fuels a marketing research industry that is worth nearly \$50 billion. Every instant message, page click, and step you take now produces a data point that can be used to build a detailed profile of who you are.



## Target digital sales of 141% fuel Q1 growth

Target's digital sales fueled first-quarter gains, with total revenues growing by 11.3% and same-store sales up by 10.8%. Digital comparable sales increased by 141%, accounting for 9.9 percentage points of Target's sales growth. The sales have come at a cost to operating income however, with shoppers spending more on lower margin categories, while Target spent USD500 million on additional wages and store cleaning during the pandemic.

## “Disruptive” near-infrared technology fights food fraud

- Chemometric Brain is a newly launched SaaS platform created to identify food fraud and increase transparency along the global supply chain. The cloud-based software uses near-infrared (NIR) technology to guarantee the traceability, suitability and homogeneity of ingredients and food products. While the powerful technique of using NIR has been around for many years, it was never extensively adapted into the food sector due to its complexity. Chemometric Brain is touted for making the technology more accessible to a wide range of ingredients suppliers.
- “Consumers are asking for the composition of what they are eating, and industries need to improve their traceability and food safety. This is to decrease risks avoiding food fraud or nonconformities,” Dr Beatriz Carrasco, CTO at Chemometric Brain tells FoodIngredientsFirst.

## Walmart Is an Ecommerce Winner During Pandemic

- Walmart's US ecommerce sales are expected to rise 44.2% to \$41.01 billion this year, a significant bump from 2019's stellar 36.8% growth—and an increase from our January 2020 estimate of 27.0%.
- With this increase, Walmart will solidify its No. 2 spot on our top 10 ecommerce companies list, still far behind Amazon but pulling further ahead of eBay, which is expected to grow just 3.0% this year.
- Thanks to Walmart's prior investments in online grocery delivery and pickup services, the retailer appears to be in a strong position as consumers have increasingly turned to ecommerce amid the pandemic.
- In 2021 Q1 results, Walmart's digital sales surged 74%, double the 37% growth rate yoy. In Walmart's earnings call, company president Doug McMillon noted, “The number of new customers using pickup and delivery had increased fourfold since mid-March,” which was around when shelter-at-home orders began in the US.

## GDP Forecasts

JPMorgan forecasts gross domestic product in the U.S. to fall at an annualized rate of 40% in the three months through June, the eurozone to tumble by 45%, with the U.K. economy expected to contract by 56.7% and Japan by 35%.

## Why Would Amazon Scope Out JCPenney? It's The Real Estate

- JCPenney filed for Chapter 11 bankruptcy Friday and said it would close about 240 of its 846 stores permanently over the next two years. If Amazon stepped in and bought the company, it could be a quick, relatively cheap way to get a large brick-and-mortar footprint, similar to its acquisition of Whole Foods in 2017.
- The e-commerce giant hasn't confirmed or denied reports of a possible Penney's acquisition probe, with a spokesperson for Amazon telling Bisnow Tuesday the retailer doesn't respond to rumors. But this is a big rumor, considering the e-commerce giant is often considered the final stake through the heart of department stores like Plano, Texas-based JCPenney. Retail experts believe Amazon is either expanding its apparel vertical or shopping for prime space in key suburban markets where it desires additional last-mile delivery locations or package pickup and drop-off hubs. "The fact that Amazon is trying to buy a department store would make you think twice," Weitzman Executive Managing Director Bob Young said. "Why? Because that category is hurting. It comes back to one thing from my perspective as a real estate guy, and that is generally speaking about the real estate Penney's controls."
- Penney's owns 347 of its 846 locations and has a supply chain network with 11 facilities made up of fulfillment centers, store merchandise distribution centers and regional warehouses, according to corporate filings. The company has not released a list of which stores it is considering closing permanently but said in its bankruptcy filing it intends to be down around 600 locations by the end of 2021.
- With Penney's, like most department stores, holding key sites in consumer-centric neighborhoods, Amazon could pick up a massive distribution footprint on the cheap to get deliveries closer to customers.
- Amazon could use Penney's strong apparel brand to enhance its online and brick-and-mortar apparel business the same way it solidified itself in the grocery space with the purchase of Whole Foods.
- In a third option, Penney's stores could also offer a little bit of everything to customers if Amazon purchases the retailer and preserves its 118-year-old brand while improving Penney's e-commerce and digital presence.

## Kohl's expects to reduce receipts 60% in Q2, even as stores open

- After reducing receipts 30% in the first quarter, Kohl's will double that reduction in Q2, executives said.
- "We reduced inventory receipts, extended payment terms and reduced expenses across the business, including marketing, technology and operations," CEO Michelle Gass said. Inventory in the first quarter was down 3% over Q1 2019 and further reductions are in the retailer's plans through the rest of the year.
- Gass described a "step change" in inventory visibility and related technological capability in the last few months as the chain shifted to shipping 40% of e-commerce orders from stores. At the same time, Kohl's reduced 2020 capital expenditures by 70% which will push back planned technology spending and a sixth e-commerce fulfillment center.

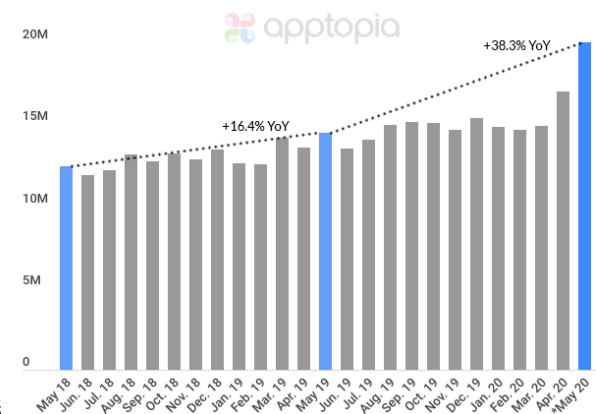
## The transition to digital remittances has been accelerated; remittance apps see sharp uptick in new users

- Apps used for the purpose of sending money to other people, also known as sending remittances, have been adding new users at a dramatically higher rate this quarter. They've been steadily increasing for some time, but this quarter specifically has seen a noticeable step up. For this research, we looked at 10 top remittance apps: PayPal, Cash App, Venmo, Western Union, Zelle, TransferWise, Remitly, WorldRemit, Xoom, and MoneyGram.
- While all 10 apps are projected to grow year-over-year for the month of May, Remitly, Xoom and MoneyGram are on pace to experience the highest levels of growth. At an estimated 256%, Remitly has grown much faster than its rivals.

Mobile app sessions of top money remittance apps grow by 5.4 million, or 10.7%, over last 2.5 months



Money remittance apps growing more in Q2 2020  
Net new installs, worldwide





## **Victoria's Secret to close 250 stores this year — with more to come**

L Brands is shrinking the store portfolio of its struggling Victoria's Secret division.

## **Macy's to have 270 stores open by Memorial Day; posts big Q1 operating loss**

Macy's on Thursday said it expects first-quarter sales to fall by as much as 45% as its stores remained dark during the COVID-19 outbreak.

## **Amazon pushing Prime Day to September**

Amazon is reportedly delaying its annual Prime Day online sales extravaganza from July to September.

## **CoStar: Retail rents will fall as much as 15% in 2020**

Some retail shops, restaurants, fitness centers, and movie theaters that survive the pandemic panic may be paying much lower rents in the coming years.

## **Store closures hit TJX hard with big Q1 loss; defers Q2 rent to 2022**

With its stores dark for half the quarter due to the COVID-19 pandemic and a weak e-commerce presence (or none at all for some of its brands), The TJX Cos. posted a much wider first-quarter loss than expected.

## **Best Buy earnings, sales fall but beat Street as digital sales skyrocket**

Best Buy reported Q1 earnings and sales that beat analyst expectations amid a 155% rise in online sales as customers took advantage of curbside pickup at its stores.

## **BJ's Q1 same-store sales jump a record 27%**

BJ's Wholesale Club reported profit and sales that topped analyst expectations amid surging online sales and a spike in new members during the pandemic.

## No surprises here: Amazon is top e-retailer in North America

Mass merchant and consumer electronics retailers top an annual ranking of the top 500 North American e-commerce retailers by web sales.

- Amazon ranked No. 1, followed by Apple, Walmart, and Dell Technologies on the Digital Commerce 360 list. The Home Depot (No. 5) was the highest-ranked e-retailer by web sales outside the mass merchant and consumer electronics categories. The remainder of the top 10 was filled out by Wayfair, Alphabet Inc. (Google parent company), Staples, Quorate Retail Group, and Best Buy.
- Digital Commerce 360 analysis indicates that the top 500 e-retailers grew their collective web sales by 16.3% in 2019 over the year before. That's at a faster clip than the North American e-commerce market as a whole at 15.1%.
- The 135 retail chains and 171 web-only retailers were the standouts, growing their web sales <sup>[1]</sup><sub>[SEP]</sub> by 17.2% and 17.8%, respectively. By merchandise category, housewares and home furnishings and sporting goods retailers led the way, growing at 22.7% and 22%, respectively. Food and beverage retailers came in third, with 21.5% growth. Office supplies retailers grew online only by 1.7%, making office supplies the slowest-growing category in the Top 500.
- Overall, the vast majority of the Top 500 grew web sales: 96.2% of the top 500 increased web sales in 2019, and 56% grew sales more than the North American e-commerce market average. The 485 U.S.-based retailers in the 2020 Top 500 accounted for 88.2% of U.S. online retail sales in 2019.
- Other points of interest are:
  - The 38 digitally native retailers collectively increased their online sales by 33% in 2019 – more than double the 16% for the Top 500 and the 12.6% for consumer brand manufacturers when excluding digitally native brands.
  - Amazon.com increased by 26.2%, when including purchases from Amazon and marketplace sellers. Those sales accounted for 37.3% of U.S. online retail sales and 59.7% of its growth.
  - Walmart, grew its web sales by 47%.
  - 32.8% of web sales came from tablets and smartphones in 2019. The median share of online sales from mobile in 2019 for the top 500 was 39.1%. And, the median share of digital traffic from mobile was more than half at 58.3%, with nearly half (48.5%) of all digital traffic to Top 500 retailers coming from mobile devices.

## Facebook Shops present both opportunity and questions to DTC brands

- Over the past year, Facebook hasn't been shy about its e-commerce ambitions. Last March, the company launched a beta of Instagram Checkout, where customers could buy products from participating retailers without leaving the Instagram app. In December, the company acquired a startup called Packagd to enable live shopping videos in the vein of QVC.
- So, it didn't come entirely as a surprise when Facebook announced that it would be launching customizable online storefronts called Facebook Shops, as part of its quest to get customers to think of Facebook and Instagram as their go-to places to discover new products.
- Facebook Shops is a simple version of your online store that lives inside the Facebook and Instagram mobile apps. Facebook Shops make it easy for billions of users to find, browse, and buy your products in the apps they use daily to discover new experiences.

## 10 Fascinating Amazon Statistics Sellers Need To Know in 2020

9 out of 10 consumers price check a product on Amazon, (ii) 2% of Echo owners have purchased a product via Alexa, (iii) Amazon sells more than 12 million products, (iv) Amazon sells over 1.1 million home improvement products, (v) 95 million people have Amazon Prime memberships in the US, (vi) \$1.4K is the average spent by Amazon Prime members each year, (vii) FBA gives sellers a 30-50% increase in sales, (viii) Amazon shipped over 5 billion items worldwide in 2017, (ix) More than 50% of all Amazon sales come from third-party sellers and (x) 80% of sellers also sell on other platforms outside of Amazon.

## Alibaba reaches USD1 trillion in GMV in FY 2020

Chinese ecommerce giant Alibaba has reported results for its 2020 financial year running to end-March, saying that general merchandise value (GMV) sales on its platforms surpassed USD1 trillion for the first time, including USD945 billion from its China retail marketplaces. Revenue increased by 35% year-on-year to USD72.0 billion, while adjusted EBITDA was up 29% to USD22.3 billion. During the March quarter most affected by COVID-19, sales on Tmall increased 10% year-on-year, driven by fast-moving consumer goods and resilient demand for consumer electronics.

## Clothing Stores Lead Steep Losses for U.S. Retailers

Estimated change in retail and food services sales in the U.S. in April 2020 (from March 2020)\*



\* Advance estimates based on a subsample of the Census Bureau's full retail and food services sample; seasonally adjusted  
Source: U.S. Census Bureau

Monthly retail and food services sales in the United States (seasonally adjusted)\*

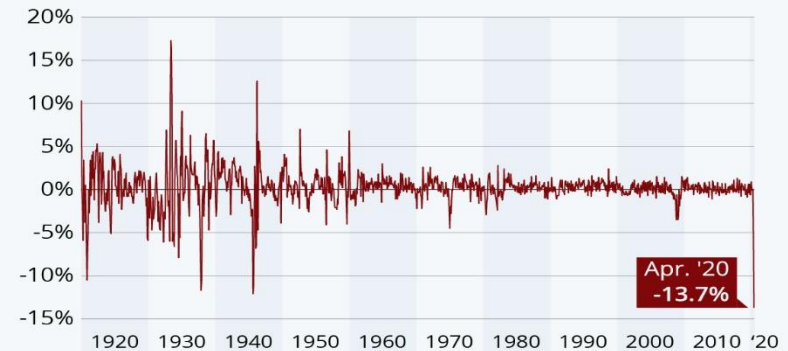


\* April 2020 figure represents an advance estimate based on a subsample of the Census Bureau's full retail and food services sample

Source: U.S. Census Bureau

## U.S. Manufacturing Output Takes Biggest Hit in 100 Years

Change in U.S. manufacturing output compared to the previous month (seasonally adjusted)



Source: Board of Governors of the Federal Reserve

## Uber ‘re-evaluating’ non-core units like freight, WSJ reports

- The digital brokerage’s attitude toward growth changed – the first quarter of 2020 marked the second quarter in a row that Uber Freight’s gross revenue had declined sequentially. Still, the \$199 million in gross revenue Uber Freight reported in the first quarter 2020 put it on a \$796 million annual run rate, enough to place the business in the top 15 or 20 freight brokerages in the United States.
- The question around Uber Freight has always been how and why it fits into Uber’s overall business. Uber’s Rides business was unique because the company created capacity by convincing people to drive passengers in their own cars, but the Freight business cannot create Class 8 trucks out of thin air. That left Uber Freight subject to the supply-and-demand dynamics of a fragmented, highly competitive market with many tech-savvy brokerages already established. Freight brokerage revenue, it turns out, is more volatile – and so are its margins – unlike the B2C marketplaces for rides and food delivery that Uber has effectively been able to create and control.

## Warehousing space demand

U.S. business inventories stood at \$2.02 trillion in March, according to the Department of Commerce Data. A 5% increase inventories could lead to a demand for an additional 400 million to 500 million square feet in warehouse capacity, real estate firm CBRE said in a new report.

## Intermodal volumes will take months to improve, panel predicts

- Intermodal volumes could start to improve around the fourth quarter of 2020 or the first quarter of 2021, but uncertainty surrounding the coronavirus pandemic makes any volume forecast dicey, said a trio of panelists at Wolfe Research’s Global Transportation and Industrials conference on Tuesday last week.
- Forecasting intermodal demand is challenging under existing conditions; in the near term, intermodal volume growth will largely depend on how consumer demand affects economic activity, panelists said. Although volumes at key ports on the East and West coasts are anticipated to be lower in May and June because of canceled sailings, some in the intermodal sector are using consumer confidence and retailer demand as gauges for how intermodal activity might fare the remainder of the second quarter.



## Sobeys' Ocado-Powered Fulfillment Center Goes Live

- In the United States, all eyes have been on The Kroger Co.'s partnership with Ocado for 20 highly automated customer fulfillment centers (CFCs). Kroger broke ground on its first location in Ohio in June 2019, and a number of other locations have been announced for Florida, Georgia, Texas, Wisconsin and the mid-Atlantic region.
- As construction continues on these facilities, however, Ocado has launched its first North American CFC just over the border in Vaughan, Ontario. Sobeys parent company, Empire, is Ocado's exclusive Canadian partner, and the new CFC will service online grocery home delivery service Viollà by Sobeys.
- Viollà has started testing orders with rollout to customers planned across the greater Toronto area once complete.  
*"Our robotic automated warehouses will set us apart with a higher-quality service experience for Canadians," said Empire. "Online grocery home delivery is an essential service – one that's needed now more than ever before. We are thrilled to bring Viollà by Sobeys to the GTA and do our part to help Canadians in this challenging time."*
- In Canada, the next step is to have CFCs launch in Quebec and Ottawa. Another Ocado CFC, in France, got up and running last month as well.

## US trucking suffers most in the US transport virus downturn

US Trucking shipments were down 23% year on year in April, according to Cass, with a 16% drop month over month, according to the Cleveland Research Company's monthly trend analysis. This reflects pre-COVID and COVID pull-forward, seasonally adjusted tonnage in March rose 6.2% year on year, said the American Trucking Associations (ATA).

## Domestic intermodal slides to weakest month since 2012

Domestic intermodal volume in April suffered its worst month in eight years because of the COVID-19 pandemic, with intermodal marketing companies saying May might end as poorly, if not worse.

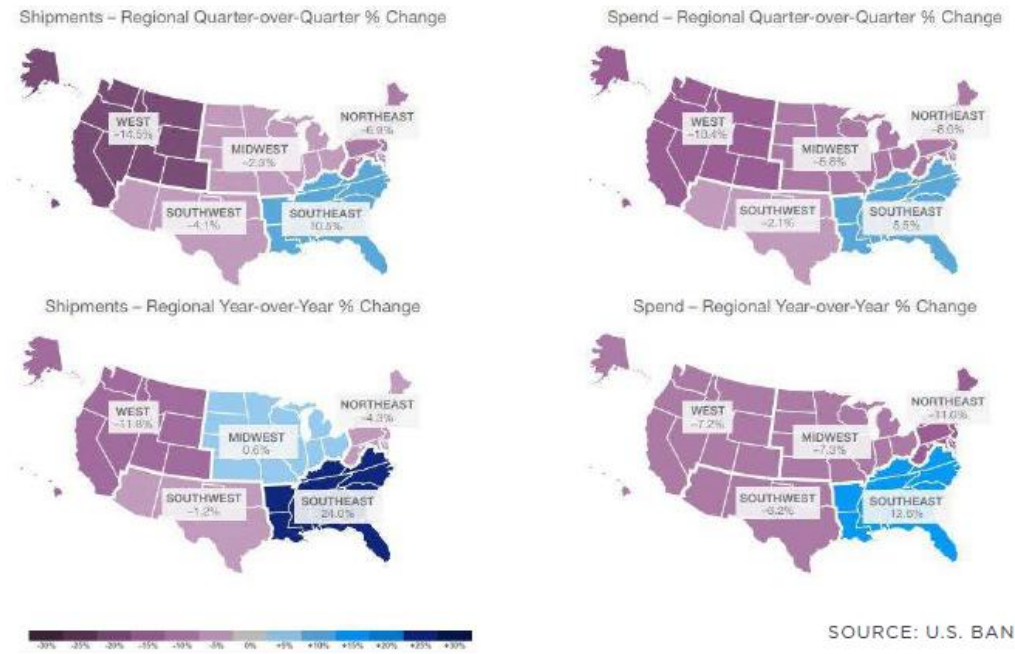
## US agriculture exporters, chassis lessors clash

As the debate rages on between chassis providers and chassis users over interoperability, merchant haulage, and carrier haulage, agricultural shippers and the truckers they hire say they experience logistics inefficiencies and high costs.

## 2020 freight forecast executive summary

- The freight market saw the wildest ride in recent history in Q1. The frenzy was caused primarily by panic buying and consumer hoarding at grocery stores. Shippers and carriers could not move quickly enough to keep pace with the demand spikes for many food items, personal care products and consumer staples. But as fast as the freight volumes came, they left even faster. The outbound tender volume index surged and fell 30% in a matter of weeks. Q2 will be difficult for all freight industry participants, but there are some positive signs that things may pick up soon.
- It will be several quarters before volumes return to pre-crisis levels. From a broad perspective, the 40% of trucking volumes tied to consumer staples/consumer packaged goods (CPG)/medical may be up 5% Y/Y in Q2 (fading compared to the initial burst but still positive), while we assume the remaining 60% of volumes will likely contract at least as much as Q2 GDP of -20% (+). The former analysis implies trough volumes of down 10% likely in Q2.
- Excluding the Southeast, every region posted weak results for the first quarter. The Southeast region is simply set up better to deal with surge freight as this is the area of the country frequently impacted by hurricanes and other severe storms. As a result, supply chains and trucking operators have more experience with rapid shifts in freight. In addition, the late start to stay-at-home orders in this region may have allowed for increased freight-shipping activity.

U.S. Bank Regional Shipment and Spend Indexes Q1 2020 Performance (quarter-over-quarter and year-over-year)



## Prospects of US freight recovery fade on new COVID-19 stings

- As some states ease stay-at-home orders despite the lack of testing and contact tracing, threatening flare-ups of the coronavirus disease 2019, the prospect of a significant US freight recovery this year is fading. Equally alarming are the hits various transport sectors have already taken due to the volume drop, hinting at the scale of pending damage for the rest of the year.
- US ports are projecting a 20 to 30 percent drop in container volumes in the first half of 2020, according to the American Association of Port Authorities (AAPA). The Global Port Tracker report on May 8 downgraded the outlook for import volumes even further, dispelling hopes for a peak season as it forecasts double-digit year-over-year volume declines each month until September. And even then, volume will fall 9.3 percent over 2019, according to the report created by Hackett Associates on behalf of the National Retail Federation.
- US import demand could come back strongly and then wither if the underlying economy is still weak, said Uffe Ostergaard, president, North America, at Hapag-Lloyd. “Our approach is to be cautious in terms of capacity allocation, and if for some reason the market comes back stronger than we expect, great, and then maybe we lose out a little bit, but we don’t put cost into something we really don’t know if it will have a return.” He expects the broader container shipping industry to behave similarly in terms of cautiously adding capacity.

## Large US truckload carriers cut capacity again in Q1

The JOC Truckload Capacity Index indicates large US carriers are making deeper cuts in their fleets after an unprecedented 10-quarter expansion in available capacity. But tightening truck capacity will collide with rising freight demand by 2021, flipping pricing power back to truckers next year, Coyote Logistics predicts, but consumer behavior is a wild card.

## Did you know?

Gross margins for truckload activity managed by 3PLs declined 210 basis points in the first quarter of 2020 compared to a year ago. Intermodal margins were down 140 basis points while less-than-truckload margins dropped 10.

## **‘Great Dispersal’ to upend intermodal rail supply chains**

- Setting aside the immediate and significant impacts of the coronavirus disease 2019 (COVID-19) and accompanying lockdown, it is becoming increasingly clear that once we manage to get to the other side of the crisis, things won’t be getting back to “normal.” It’s trite, but accurate, to say that there will be a “new normal.”
- Forces have been set in motion that will slowly but inexorably change the status quo in myriad ways. One of the more significant changes will be a great dispersal insofar as where freight is coming from and where it is going. This will cause changes across the economic spectrum, and intermodal will not be immune. The current intermodal focus on running the simplest possible network of the largest trains will also need to change in the years to come in order to adapt to this new reality.
- What are some of these looming changes? Looking at international trade, for sure we will see continued efforts to decouple the US and Chinese economies to the greatest extent feasible. The dangers of single-sourcing have been — once again — dramatically illustrated. Further, geopolitical tensions will make doing business with China considerably less comfortable than was the case previously.

## **Recession wipes out 88,000 trucking jobs: BLS**

The recession caused by the COVID-19 pandemic has erased years of trucking employment gains, bringing payroll headcounts below 2006 levels, US data shows.

## **Target tests post-store sort center for last-mile delivery**

- Target is testing a new sort center concept downstream from stores in order to better facilitate efficient last-mile delivery, COO John Mulligan said. They are intended to remove parcel sorting from stores and enable higher throughput of e-commerce packages and more efficient shipping to lower costs per order.
- The facilities will be smaller than an average Target store, and parcel density will determine their locations.
- Target shipped 80% of e-commerce orders in the first quarter from stores amid a 141% year-over-year rise in e-commerce revenue. Same-day fulfillment grew by 278% year over year in the quarter. On an average day in April, Target fulfilled more orders than Cyber Monday 2019.

## WEEKLY FUEL REPORT

25 MAY 2020

\* These figures do not include taxes or transportation costs.

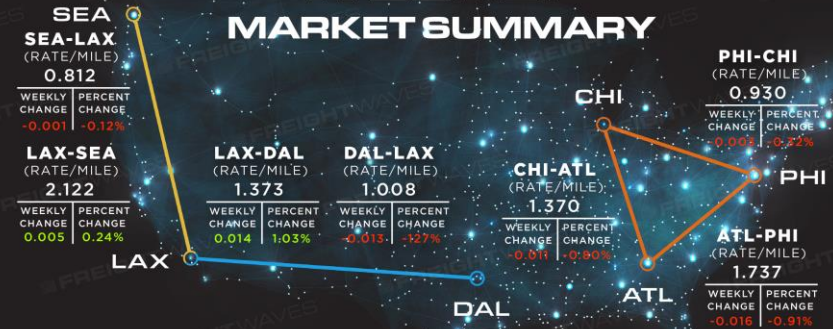
USA	04/27/20	05/04/20	05/11/20	05/18/20	05/25/20
DOE AVERAGE	2.437	2.399	2.394	2.386	2.390
RETAIL TO WHOLESALE FUEL SPREAD*	1.670	1.521	1.397	1.328	1.259
RACK PRICE*	0.746	0.863	0.971	0.994	1.061
DIESEL TRUCK STOP ACTUAL PRICE PER GALLON	2.417	2.384	2.368	2.322	2.320

**FREIGHTWAVES**  
American Shipper

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TRUCKING FREIGHT FUTURES || MAY 22nd, 2020

## WEEKLY MARKET SUMMARY



VAN LINE	RATE (PER MILE)	WEEKLY CHANGE
NATIONAL LONG HAUL	1.335	-0.002 (-0.15%)
EAST LONG HAUL VAN	1.346	-0.010 (-0.74%)
WEST LONG HAUL VAN	1.467	0.002 (0.14%)
SOUTH LONG HAUL VAN	1.191	0.001 (0.08%)

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**FREIGHTWAVES**



## Electric trucks are the 'inevitable future,' fleets say

- With 1.3 million electric vehicles on the road in 2020, and with lawmakers pushing for more adoption, fleets have been looking at Class 7 and Class 8 vehicles carefully — kicking the tires and doing the math.
- According to Mark Russell, Nikola Motor president, electric trucks are still very attractive to fleets — in part because little has changed about the industry and related policies.
- Nikola has 14,000 trucks on preorder, with the first delivery of battery-electric trucks to European fleets expected in 2021, a Nikola spokesperson told Transport Dive in March.

## April unemployment rate by state

- The hustle and bustle of tourists along the Las Vegas Strip has been replaced by shuttered hotels, shops, and casinos.
- The damage to U.S. tourism is so great that Nevada now leads the entire nation with a 28.2% unemployment rate in April—a figure that is greater than the 25.6% peak U.S. jobless rate during the Great Depression.
- The national unemployment rate sits at 14.7%, however, 17 states have surpassed that, according to data state unemployment figures released by the U.S. Bureau of Labor Statistics on Friday.
- A state-by-state breakdown of unemployment in the U.S., according to the latest figures is shown alongside.

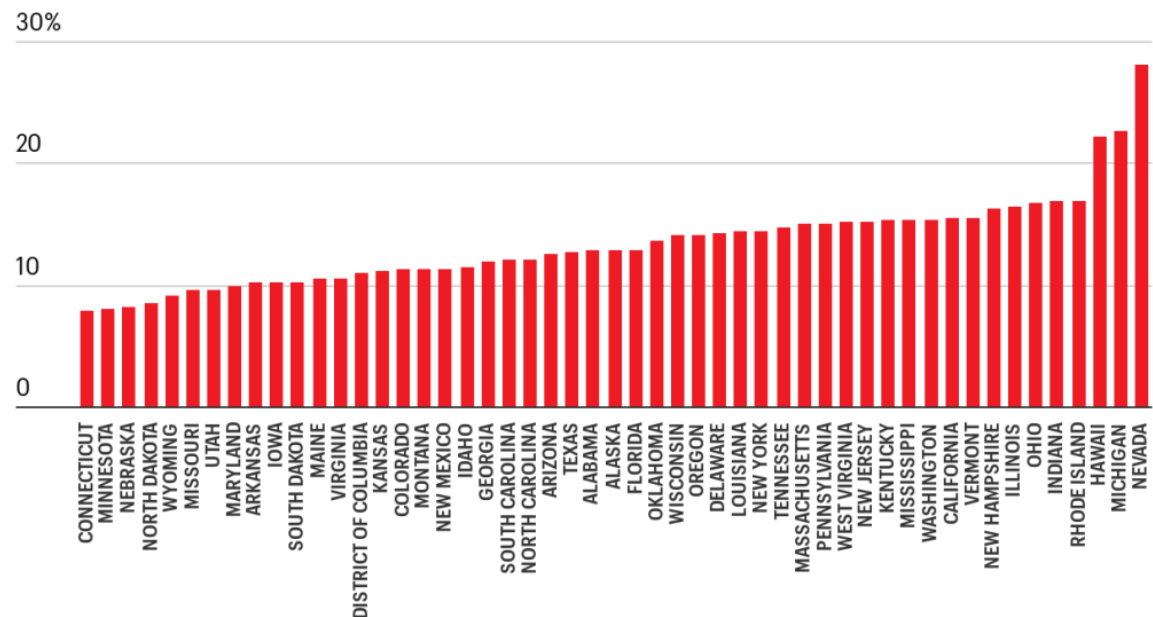


CHART: LANCE LAMBERT • SOURCE: U.S. BUREAU OF LABOR STATISTICS

FORTUNE

## Rates Tick Up Slightly After Dip In Truck Postings, Jump In Reefer Loads

Spot truckload van and refrigerated freight volumes continued to build while the number of available trucks dropped 17.5% during the week ending May 17. After the extreme turbulence of March and April, national average rates are firming up but remain well below last year's averages.

## Amazon Prime Air Will Grow to 200 Planes Rivaling UPS FedEx

- Amazon.com's Prime Air fleet will grow to about 200 planes, up from 42 now, in the next seven or eight years, creating an air cargo service that could rival United Parcel Service Inc. and FedEx Corp., according to a recent study. Since making its maiden flight in 2016, Amazon Air has been on a rapid growth trajectory, having grown to 42 airplanes by May 2020 and announcing plans to have at least 70 airplanes by 2021. In just three years, it has become a major component of Amazon's overnight and two-day delivery business. Amazon Air complements the retailer's massive ground-based shipping network, which by one estimate now surpasses 20,000 trucks. Amazon Air has built large sorting facilities at numerous airports, including Chicago Rockford, Ontario, CA, Tampa, FL, and Wilmington, OH.
- The massive investment being made in a large hub at Cincinnati/Northern Kentucky International Airport, however, could change everything. This hub appears to be the lynchpin to Amazon's efforts to develop a comprehensive array of domestic delivery services across the United States. This hub, when complete, will likely have a role similar to the FedEx "megahub" in Memphis.



## Panasonic takes a 20% stake in Blue Yonder, extends ongoing strategic partnership

Earlier this week, global electronics giant Panasonic said it has made a 20% equity investment in Scottsdale, Ariz.-based Blue Yonder (formerly JDA), a provider of AI-driven and end-to-end supply chain management services. Panasonic made this investment through a secondary sale of shares, with Blue Yonder having an enterprise value of \$5.5 billion. The companies have enjoyed a strong strategic relationship, which notably includes a Japan-based joint venture in April 2019.

## **FMC investigates Canada's proposed ballast water rules for Great Lakes**

U.S. Federal Maritime Commission finds sufficient credibility in Lake Carriers' Association petition to support invoking rarely used 1920 Merchant Marine Act investigative authority.

- The U.S. Federal Maritime Commission (FMC) said it will investigate whether Canada's proposed ballast water regulations discriminate against U.S.-flag vessels operating in the Great Lakes and St. Lawrence Seaway.
- All five FMC commissioners — Chairman Michael Kouri, Rebecca Dye, Louis Sola, Daniel Maffei and Carl Bentzel — on Wednesday voted to approve the petition from the Lake Carriers' Association (LCA), which asked the agency to carry out the investigation.

## **In terms of the impact COVID-19 has had on supply chain and freight operations:**

- Only 1% of respondents maintain that their operations have not been impacted by COVID-19.
- 59% say their operations have been significantly affected by the pandemic.

### ***Operations were affected by:***

- Volume declines – 71%
- Transit delays – 61%
- Delays from port to customer – 49%
- Capacity shortages – 39%

### ***In regard to the adaptability of their own operations:***

- 37% experienced a partial supply chain shutdown with significant freight delays
- 35% had a few glitches and experienced freight shipment delays of a few days
- 14% say their supply chain operations were able to adapt with no problem
- 8% said they had to endure a complete shutdown of their supply chain operations

### ***On the question of recovery from the supply chain disruptions caused by COVID-19:***

- 29% do not plan to change their strategy
- 30% say they may change their strategy
- 42% say they will change their strategy

## **Yang Ming, HMM post quarterly losses and expect more heavy weather**

- Taiwan's Yang Ming and Korea's HMM suffered first quarter losses as the coronavirus took its toll on Chinese volumes, reported IHS Media. Alphaliner said the two carriers will raise their capacity over the next two years. Yang Ming is to receive 14 new ships of 12,000 TEU each, and 10 ships of 2,800 TEU in 2020-22
- HMM will receive 12 new ships of 23,000 TEU - two of which have been delivered and eight units of 15,000 TEU in the next 18 months.
- HMM set to receive US\$382 million from the South Korean government, and Yang Ming's board earlier this month approving a private placement of 300 million shares to raise capital.
- HMM reported an 18.7 per cent decline in Q1 of container volume to 890,000 TEU, but cost-saving efforts and the securing of higher-yield cargo allowed revenue to remain flat at \$1 billion, the carrier said in a statement. While HMM reported a net loss of \$55 million, it was still a 63.2 per cent improvement on the same quarter last year.

## **Information flow vital for ocean container moves**

- “We are calling for a nationwide port community system. We need to be able to get containers to our export market, to our ag co-ops and many others and match them up with rail and truck services, the international ships and reintroduce us to our overseas customers. We will be able to help the American economy reemerge as long as we have a coordinated system of efforts through one screen,” Port of Los Angeles Executive Director Gene Seroka told the Agriculture Transportation Coalition (AgTC) during a virtual conference this week.
- “All of this work with LoVLA is underpinned by information technology. We along with our partners at Wabtec have created the Medical Optimizer as a plug-in to the nation’s only port community system, the Port Optimizer. It begins with demand signals from our hospitals, following the order cycle process all the way through to fulfillment. This execution platform not only enhances visibility in transit domestically, internationally, air and ocean, but it also creates an exception-management portfolio that we haven’t seen yet.”
- The Port Optimizer was developed to provide online access to terminal and container information to trucking and logistics companies. By the middle of last year, Seroka was suggesting ways to increase its reach, including the wireless tracking of chassis at the port to provide better inventory management.

## Rolling on the trans-Pacific

A surge in Asian imports into North America over the last two weeks is a taste of what will likely mark the rest of this year on the trans-Pacific trade: sporadic pockets of tightening capacity. There's been an uptick in outbound import containers out of central and southern China ports rolled to later sailings, with average eastbound vessel utilization rising from the mid-90 percent range to 110 percent. The surge is due to retailers engaging in a modicum of import restocking as the US and Canada begin to ease shelter-in-place restrictions due to the coronavirus disease 2019.

## Ports of Tacoma and Seattle see 23.5% volume drop

- The Northwest Seaport Alliance handled 247,675 TEUs in April, a 23.5% y-o-y decline in total container volume.
- "The economic fallout from the COVID-19 pandemic continues to disrupt the global supply chain," NWSA CEO John Wolfe said during a press conference Monday.
- Empty containers moved plunged 38.3% year-over-year, from 276,731 TEUs in April 2019 to 170,622 TEUs this year. Full exports declined 17.6% year-over-year in April and full imports decreased 13.9%.
- "During the first four months of 2020, we handled 1,036,556 TEUs. As a result, the total cargo volume is down 17.5% over last year through April," Wolfe said.
- "Part of this is driven by the canceled sailings as a result of COVID, and our gateway experienced a total of 39 canceled sailings through April, driven by both the lingering trade dispute with China and the global coronavirus pandemic," he continued.

The Northwest Seaport Alliance 5-Year Cargo Volume History:

CONTAINERIZED VOLUME (TEUs)								
	2015	2016	2017	2018	2019	Apr 19 YTD	Apr 20 YTD	% Change Y-O-Y
Int'l Import full TEUs	1,308,214	1,391,590	1,380,785	1,452,623	1,369,251	457,942	375,565	-18.0%
Int'l Export full TEUs	871,522	984,274	964,067	953,495	913,332	306,630	281,314	-8.3%
Int'l Empty TEUs	581,072	482,951	650,459	705,114	775,763	276,731	170,622	-38.3%
<b>Total international TEUs</b>	<b>2,760,808</b>	<b>2,858,815</b>	<b>2,995,311</b>	<b>3,111,232</b>	<b>3,058,346</b>	<b>1,041,303</b>	<b>827,500</b>	<b>-20.5%</b>
Total Domestic TEUs	768,633	756,938	706,863	686,394	716,957	214,933	209,057	-2.7%
<b>Grand Total TEUs</b>	<b>3,529,441</b>	<b>3,615,752</b>	<b>3,702,174</b>	<b>3,797,626</b>	<b>3,775,303</b>	<b>1,256,236</b>	<b>1,036,556</b>	<b>-17.5%</b>
CARGO VOLUME (METRIC TONS)								
Container Cargo	24,965,859	26,766,258	26,105,730	28,868,125	28,671,813	9,620,416	8,286,168	-13.9%
Breakbulk	235,476	181,372	210,725	249,055	246,412	90,806	90,010	-0.9%
Autos	270,744	246,421	224,864	228,295	305,816	95,945	80,343	-16.3%
Logs	236,557	176,928	278,078	116,790	75,757	50,425	0	-100.0%
Petroleum	815,380	612,224	715,546	665,670	636,150	200,154	264,325	32.1%
Molasses	43,731	43,666	35,980	45,686	46,661	17,398	26,577	52.8%
<b>Grand Total (Metric Tons)</b>	<b>26,567,747</b>	<b>28,026,869</b>	<b>27,570,924</b>	<b>30,173,621</b>	<b>29,982,608</b>	<b>10,075,143</b>	<b>8,747,423</b>	<b>-13.2%</b>
Vessel Calls	2,043	1,995	1,946	1,930	1,870	602	611	1.6%
Autos (Units)	183,305	165,687	146,885	141,143	155,930	50,156	46,224	-7.8%

Auto unit count does not include new auto facility



## **NY–NJ port seeks aid amid COVID-19 volume decline**

Congressional representatives of New York and New Jersey this week sent a letter to House and Senate leaders in support of \$3 billion in financial aid for the Port Authority of New York and New Jersey.

## **The World's Smartest Oil Traders Have Taken to the Seas**

- The waters off the South African oil storage terminal at Saldanha Bay are getting busy. A small flotilla of tankers full of crude is idling near the busy shipping lanes that link the Atlantic and Pacific Oceans. Their presence, along with similar gatherings of ships all around the world, will be a potential source of oil price volatility for months to come, as global demand begins to recover amid the biggest production shutdown in the oil industry's 160-year history.
- The floating supplies of oil are vast. Tankers carrying enough crude to satisfy 20% of the world's daily consumption gathered off California's coast in April with nowhere to go. Most are still there. At Durban, 800 miles to the east of Saldanha Bay, six giant Suezmax tankers, each holding about 1 million barrels of crude, have been anchored for up to six weeks. More tankers have amassed off Africa's northwest corner, around the entrance to the Mediterranean Sea, after processors in Spain, southern France and Italy all cut runs or shuttered refineries.
- The presence of many of these tankers can be explained by full onshore storage tanks, slower discharging operations and reduced refinery runs. But others will be the result of so-called contango plays, where traders buy cheap crude on the physical market and sell forward contracts to lock in a profit. Some are probably just waiting for prices to rise enough to make the cargo profitable.
- The eventual unloading of all of these floating supplies will have a significant bearing on the oil price. The gradual drawing down of the huge offshore stockpiles owned by refiners will help keep a lid on prices. But those held by canny traders will be sold whenever and wherever they are most profitable, and that will keep prices volatile.

## **APL Containership Loses Containers Off Australia**

An APL containership lost about 40 containers overboard during heavy sea Sunday off the coast of Australia. The Australian Maritime Safety Authority conducted a seaworthiness inspection to check the structural and operational condition of the ship

## Talking TEU's and Tequila

Container lines and shippers commiserated over the coronavirus pandemic's effect on their businesses during an Agriculture Transportation Coalition (AgTC) virtual conference last week. "COVID-19 obviously has had a significant effect on the global economy, on the U.S. operations and in Asia. We've almost doubled down on the complexity of the U.S.-China trade dispute we all faced together in 2019," said Ocean Network Express (ONE) CEO Jeremy Nixon.

Demand for alcoholic beverages certainly has remained strong, according to Alison Leavitt, managing director of the Wine & Spirits Shippers Association.

- "Tequila has been one of the big winners," she said during the AgTC conference. Wine & Spirits negotiated its contracts with the shipping lines before the coronavirus turned into a global lockdown.
- "We sign over 20 contracts every year. We ship over 85,000 TEUs of beverages between virtually all origins and destinations," she said. "We negotiate the majority of our steamship line contracts in the first quarter of the year."
- When contracts were signed this year, "the shipping portion of our world was under control. In all areas of the world that we ship ... the rates were relatively stable — trans-Atlantic, South America. The alliances and strings were not changing. Capacity was static. And the transition to IMO 2020 low-sulfur fuel did not result in the dramatic uptick [in cost] previously predicted. So we were feeling pretty good," Leavitt said.
- "We were adding volume, business was booming. A month later we've already signed our contracts and we are in the throes of the pandemic lockdown," she continued. "Some countries banned the shipment of beverage alcohol, including South Africa and Panama. Mexico briefly banned shipments."
- Leavitt said she wants all ocean carriers to stay in business throughout the economic crisis.
- Like Wine & Spirits, Johnsonville has had healthy sales through the pandemic but headaches with shipping its products.
- "Our biggest international market is Canada, which goes via truckload. Our next biggest markets are Japan, Korea, Hong Kong and Singapore. We ship temperature-controlled 40-foot reefers in both frozen and chilled condition," said Johnsonville global logistics specialist Rachal DeRosier. "We've seen high demand both internationally and domestically. In March our sales were 140% of our forecast."

## **American shippers, draymen want ocean carriers out of chassis pools**

Leasing companies say a neutral chassis pool lacks incentive to invest the tens of millions of dollars each year to maintain viable chassis equipment.

- Most ocean container carriers have divested their ownership of wheeled chassis to third-party service providers, but American shippers and their draymen say they continue to wield considerable commercial influence over the cost to use this equipment.
- In the U.S., most container chassis are owned by three leasing companies — Direct ChassisLink Inc. (DCLI), Flexi-Van Leasing and TRAC Intermodal — or by the North American Chassis Pool Cooperative (NACPC), which was formed by a group of 12 motor carriers.
- The draymen, who are represented by the American Trucking Associations' Intermodal Motor Carriers Conference (IMCC), earlier this month warned that they are willing to take regulatory and legal action against the ocean carriers, who are represented primarily by the Ocean Carrier Equipment Management Association (OCEMA), if they don't change their chassis-leasing practices.
- “We want a fair system. We want a system that works,” Rushford said during the Agriculture Transportation Coalition's virtual conference on May 20. He warned if the current commercial situation for chassis does not improve, the IMCC is prepared to file legal action.

## **Blank sailings exacerbate US ag shipper pain points**

Blank sailings are making it difficult for ag shippers and truckers to make appointments for delivering export containers to marine terminals, and they are experiencing additional supply chain costs as well.

## **Ocean carriers restore sailings but not enough to indicate a rebound**

Analysts and carriers expect additional blank sailings and reductions through the quarter, leaving shippers in an uncertain transportation environment.

## Bottled Water Consumption Grows 10 Years in a Row

- Bottled water has once again reaffirmed its position as America's favorite drink, outselling all other packaged beverages in 2019, new data from the Beverage Marketing Corporation (BMC) shows. Consumers are increasingly choosing bottled water instead of less healthy packaged drinks. The BMC data detail how, since 2010, bottled water has steadily increased in sales volume each year.
- Americans consumed 14.4 billion gallons of bottled water in 2019, up 3.6 percent from 2018. Bottled water's retail dollar sales also grew in 2019, up 5.2 percent reaching \$34.6 billion. And per capita consumption rose 3.1 percent to 43.7 gallons, BMC data show.

## Bottled water climbs, sugary drinks decrease, 10 years in a row

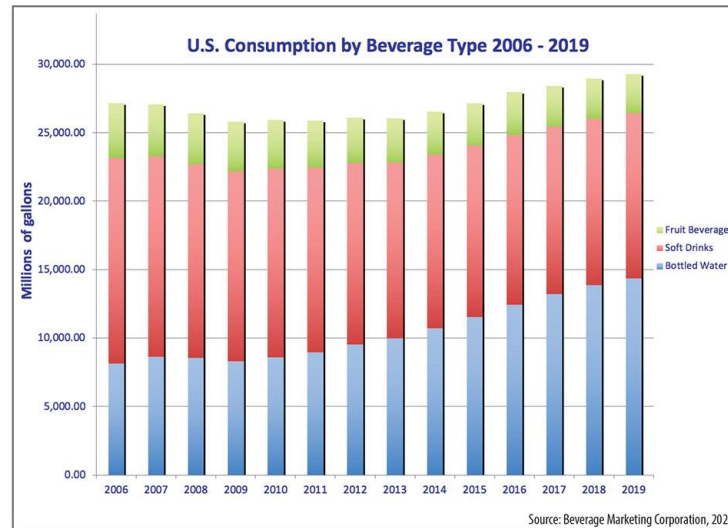
Most of bottled water's growth relative to other beverages has come from people switching from carbonated soft drinks and fruit drinks to water (66% since 2006).

Nearly all Americans (91%) want bottled water to be available wherever other drinks are sold, found The Harris Poll.

If bottled water is not available, 74% said they would choose another packaged drink.\*

Bottled water is the healthiest and uses the least plastic of all drinks packaged in 100% recyclable PET plastic.\*\*

America's favorite drink ~ bottled water ~ outsold soft drinks for a fourth year in a row in 2019.



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Bottled Water	8,129.53	8,626.45	8,534.31	8,319.50	8,609.67	8,955.37	9,539.30	9,990.24	10,709.39	11,523.62	12,433.63	13,195.10	13,855.70	14,350.40
Soft Drinks	15,022.72	14,634.08	14,186.37	13,869.48	13,746.51	13,502.95	13,257.16	12,828.23	12,703.49	12,507.85	12,406.32	12,246.23	12,172.75	12,065.95
Fruit Beverages	4,007.84	3,810.56	3,690.11	3,606.60	3,559.72	3,439.92	3,297.28	3,234.63	3,144.48	3,111.10	3,123.73	3,000.38	2,935.74	2,861.04

## Pandemic Fuels Wine Sales at Grocery & Convenience Stores

Catalina, the shopper intelligence leader says that shopping data reveals a significant increase in wine sales for the 10-week period beginning Feb. 23 through May 2, 2020 across grocery and drug channels, when sheltering in place became more common vs. the same period a year ago:

- Wine total dollar sales increased by 38%, with unit sales up by 32%
- The number of wine buyers increased by 16%: Dollars spent per wine buyer were up 15% — from \$62.74 to \$71.94 (for the total 10-week period). Units purchased per wine buyer were up 10% — from 6.3 to 6.9 (for the total 10-week period).
- 46% of wine buyers made a repeat purchase (2+ trips during the 10-week period) vs. 36% a year ago
- In 2020, 45% of trips included purchases of two or more bottles of wine, compared to 36% of trips in 2019: 3+ bottles were purchased this year on 19% of trips, compared to 14% of trips last year; 6+ bottles were purchased this year on 7.3% of trips, compared to 5.8% of trips last year

### New category buyers in grocery & drug (they didn't buy the category in the previous 52 weeks):

	% new buyers	% new buyers repeating
Wine - COVID period (10 weeks)	+13%	+21%
Wine - same period year ago	+11%	+15%
Beer - COVID period (10 weeks)	+10%	+21%
Beer - same period year ago	+10%	+16%
Spirits - COVID period (10 weeks)	+18%	+19%
Spirits - same period year ago	+16%	+13%



## "We are in the middle of a dietary revolution"

Moving toward a slaughter-free world is under the spotlight as the coronavirus pandemic pushes the needle on plant-based versus traditional meat and dairy diets. Henrik Lund, CEO of Naturli', a Danish plant-based food brand, declares "we are in the middle of a dietary revolution," driven by Millennial and Gen Z consumers who actively pursue the health benefits of a plant-based diet and actively reduce their meat intake. "This is a very positive trend, and will grow stronger," Lund tells FoodIngredientsFirst.

## Beer floats and more fun beer recipes to try

Now's the time to look at your beer cellar and the back of the fridge and get creative. This post from beer blog October serves up some fun beer experiments to try out at home. Beer has likely been a good friend these past two months; but it is time you took that relationship to the next level. Beer can be a dessert topping (beer syrup) or dessert (beer ice cream, beer floats). Beer can be a refreshing cocktail on ice or a cocktail made of ice (beer slushie). Here are five beer drinking experiments that you can try at home.

## Despite Re-openings, 69% of Americans Say They Will Delay Normal Work & Travel

- Although municipalities nationwide are beginning to lift stay-at-home restrictions, consumers aren't so willing to return to their normal work and travel routines.
- Research from NACS, says 58% of communities will reopen more non-essential businesses within the next weeks. While reopening is underway, it's mixed on what consumers will do, with 69% of Americans saying they will delay normal work and travel, while those who expect to commute again said they will, but not fully.
- Before the pandemic, 39% said they commuted at least five days a week, compared to 37% who did not commute. Going forward, 27% expect to commute five or more days a week, a 12-point drop. Meanwhile, 43% will not commute at all, a 6-point increase.
- Overall, two in five adult Americans (38%) say they are currently commuting, down from 57% who said they were commuting before the COVID-19 pandemic. That means fully one-third of all commuters are off the roads, even after some recent increases.

## Health plans have a consumer engagement problem, J.D. Power finds

- The overall satisfaction score for commercial health plans was 719 out of 1,000, among the lowest of all industries evaluated by J.D. Power.
- 69% of privately insured U.S. health plan members said they had not been contacted by their health plan with guidance or information related to COVID-19, and 48% said their health plan has not shown concern for their health since the pandemic began, according to the J.D. Power 2020 U.S. Commercial Member Health Plan Study.
- The findings show that health plans have not gained customer centricity, as just 36% of commercial health plan members said their health plan acts in their best interest "always" or "most of the time," and just 25% said they view their health plan as a trusted partner in their health and wellness.
- This lack of a customer-centric positioning results in an overall satisfaction score this year for commercial health plans of 719 on a 1,000-point scale, among the lowest of all industries evaluated, J.D. Power said.
- Proactive efforts by health plans to engage with members drive significant improvement in overall customer satisfaction. For example, when a health plan helps members keep out-of-pocket costs low, the average overall satisfaction score is 819, which is 152 points higher than when no such effort is made.
- Expanding telehealth usage is associated with a 39-point increase in overall customer satisfaction.
- The study measured customer satisfaction with commercial member health plans in 21 geographic regions. Highest-ranking health plans with scores of over 750 were:
  - California: Kaiser Foundation Health Plan (784)
  - East South Central: Blue Cross and Blue Shield of Alabama (761)
  - Florida: Humana (783)
  - Maryland: Kaiser Foundation Health Plan (802)
  - New York: Independent Health Association (783)
  - South Atlantic: Kaiser Foundation Health Plan (791)
  - Texas: Humana (797)
- The study was done largely before the COVID-19 pandemic hit the United States, but based on additional J.D. Power research conducted from March 15 to May 1

## **New standards will help advance medical device connectivity**

Better interoperability between devices could result in the "silent ICU" in which alarms are not constantly going off by a patient's bed.

- As medical technology has continued to advance, interoperability capabilities between devices such as ventilators and fusion pumps have lagged, according to Tobias Klotz, system architect for Drägerwerk AG and Co. KGaA.
- "Looking around, there is no real standard for device-to-device communication," said Klotz, who has worked on developing the architecture for the standards.

## **Hospital EHR spending projected to reach \$9.9B by 2024**

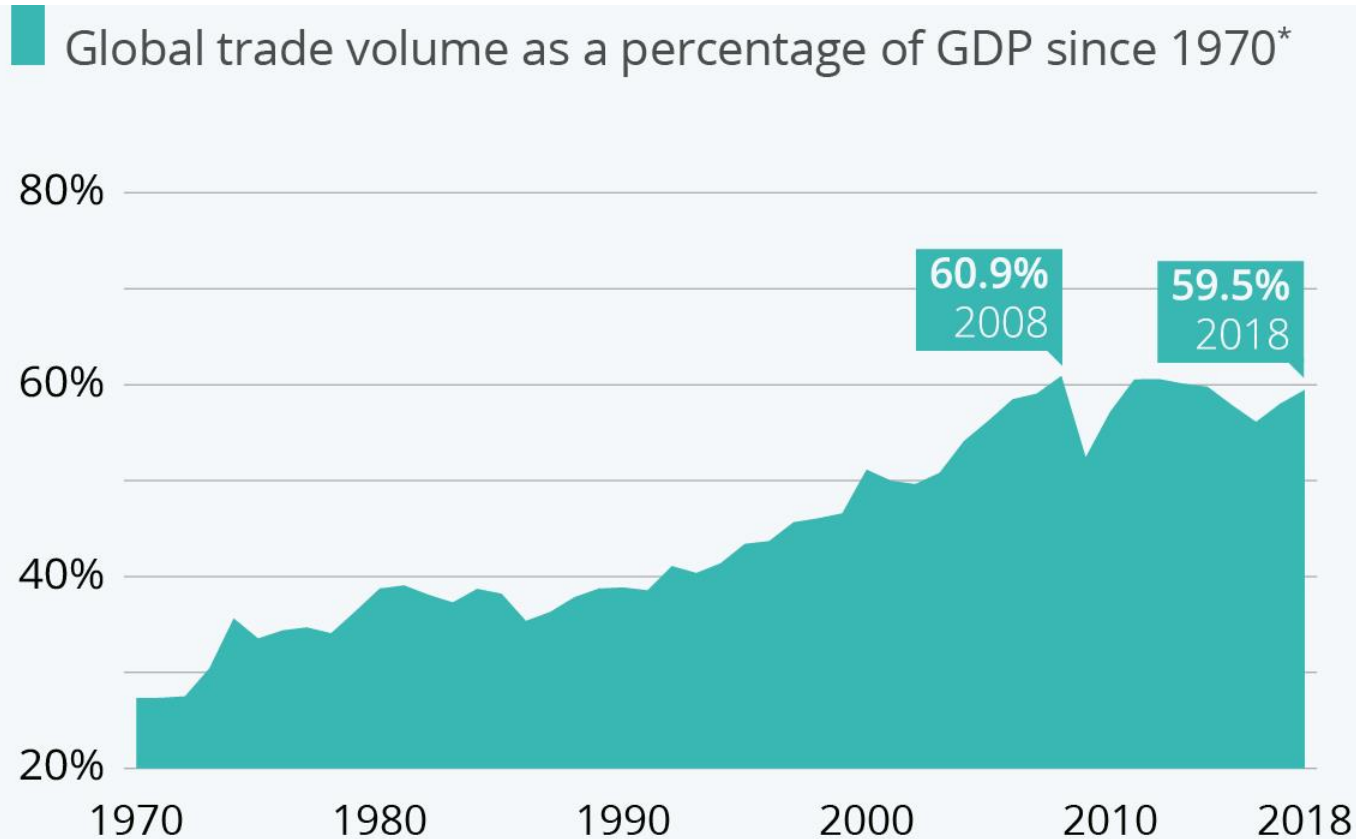
Despite budgetary strains from the COVID-19 pandemic, a new report predicts regulatory requirements and medical-service spending growth will benefit electronic health record vendors in the years to come.

## **COVID-19 telehealth waivers won't last forever, but permanent regulatory changes are afoot**

Reimbursement levels will go back to pre-coronavirus levels when the pandemic ends, but Congress may be pressured to make lasting change.

- Healthcare providers who were only passingly familiar with telehealth before the COVID-19 pandemic are certainly acquainted with it now – either due to its high-profile rise in popularity or because waivers from the Centers for Medicare and Medicaid Services have allowed them to start implementing it themselves. These waivers are temporary, of course. But long-term change will likely be permanent.
- For lasting change in areas such as reimbursement and the ability to offer telehealth across state lines, an act of Congress will be required, and on the surface, this seems like a tall order. Partisan gridlock has become a staple in American governance, and healthcare has been a particularly contentious topic. The Affordable Care Act has been strained by a legislative tug-of-war, and intraparty squabbles have erupted over the best method for healthcare reform.
- Telehealth, though, may be one of the few areas in healthcare primed for bipartisan support.





\* Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product.

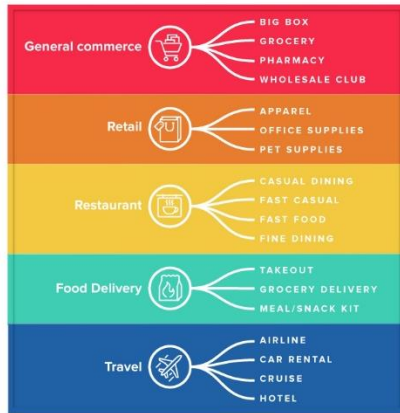
Source: World Bank



It's no surprise that COVID-19 has consumers cutting back on most of their purchases—but a few categories are winning out.

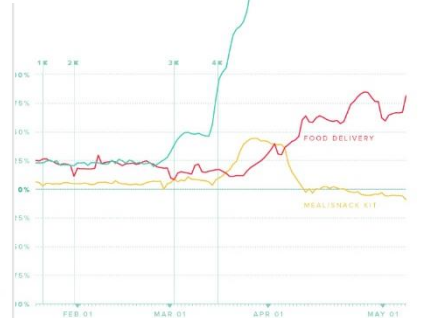
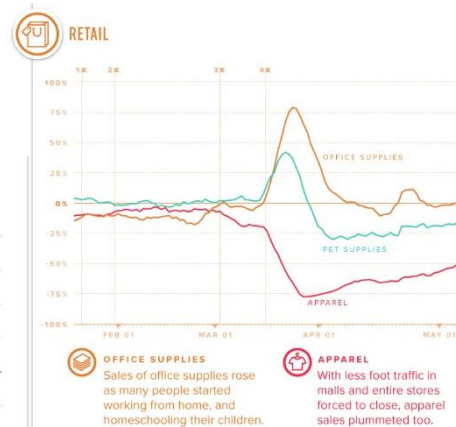
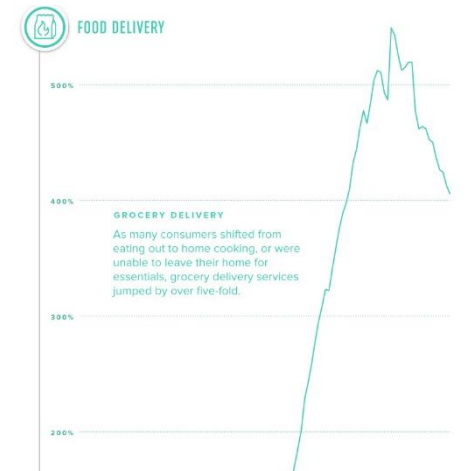
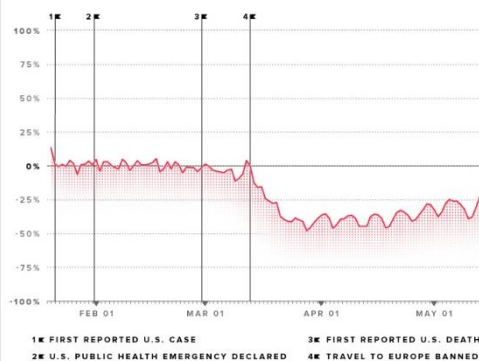
1010Data examined the credit and debit card spending of 5 million U.S. consumers over the past few months, across 18 categories covering five major themes.

## SPENDING CATEGORIES



U.S. CONSUMER SPENDING DURING COVID-19

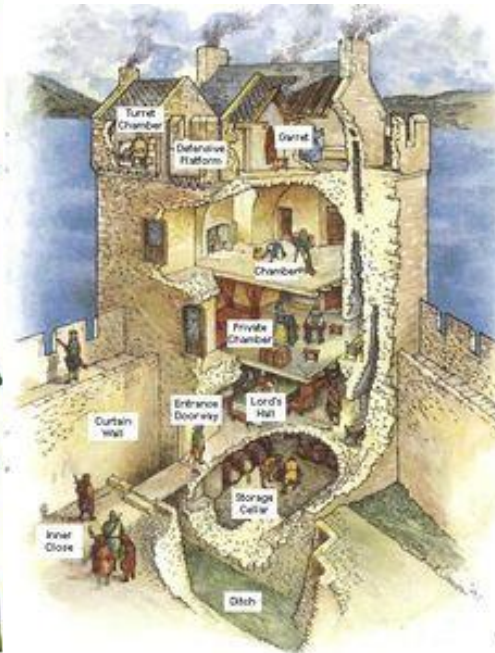
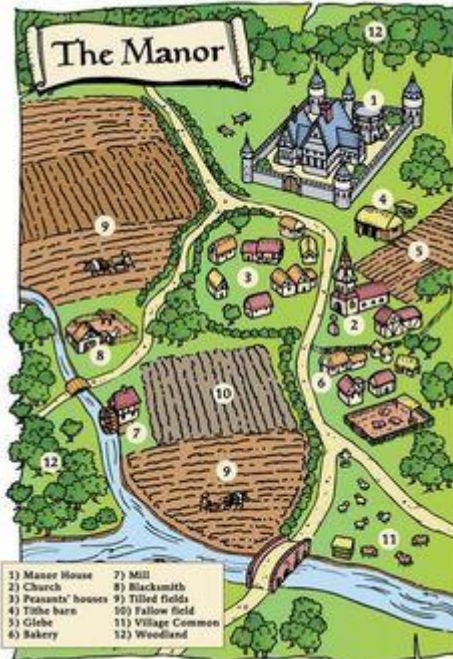
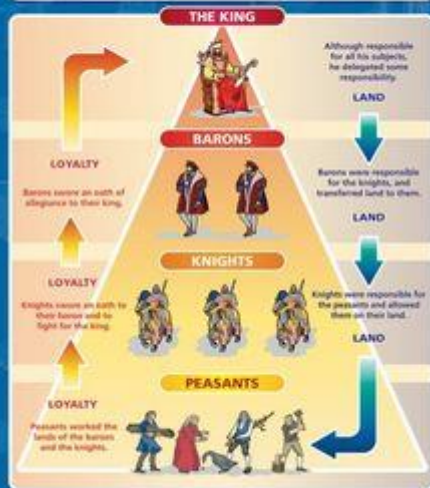
U.S. CONSUMER SPENDING DURING COVID-19



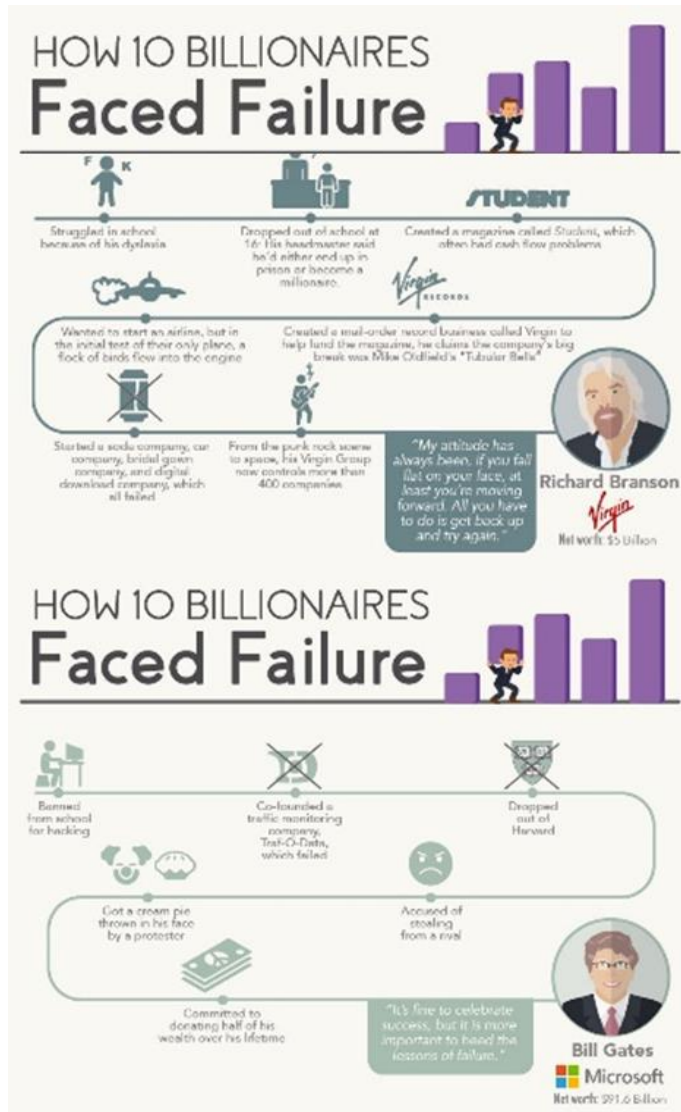
Not adjusted for cash transactions/cash credit spend.  
Combined spending shows the year-on-year difference (YoY), aggregated per sector and shown as a 7-day moving average.  
Source: 1010Data, powered by All platform Exactel  
Combined consumer spending data as of May 12, 2020. All other data as of May 5, 2020.

## THE FEUDAL SYSTEM

William the Conqueror introduced the Feudal System as a way of ensuring loyalty. His grip on power was ensured by giving away lands and passing on responsibility to his subjects.







Billionaire mini-series – more to follow

