

CPMA Value Chain Town Hall: COVID-19 Impact on Cleaning Products, Adhesives & Sealants

May 27, 2020



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Today's Presenters:



Melissa Hockstad
President & CEO
The American Cleaning Institute



Bill Allmond
President
The Adhesive & Sealant Council



The Cleaning Products Industry in a Post-COVID World

Melissa Hockstad

President and CEO, American Cleaning Institute

Quick Intro to ACI

- Founded in 1926, based in DC
- 140+ member companies
- Members include:
 - Manufacturers of household, I&I, healthcare cleaning products
 - Chemical producers (surfactants, fragrance, enzymes, etc.)
 - Finished packaging suppliers
 - Chemical distributors



american cleaning institute®
www.cleaninginstitute.org

A Snapshot of ACI Members



Economic Analysis of the U.S. Cleaning Products Industry

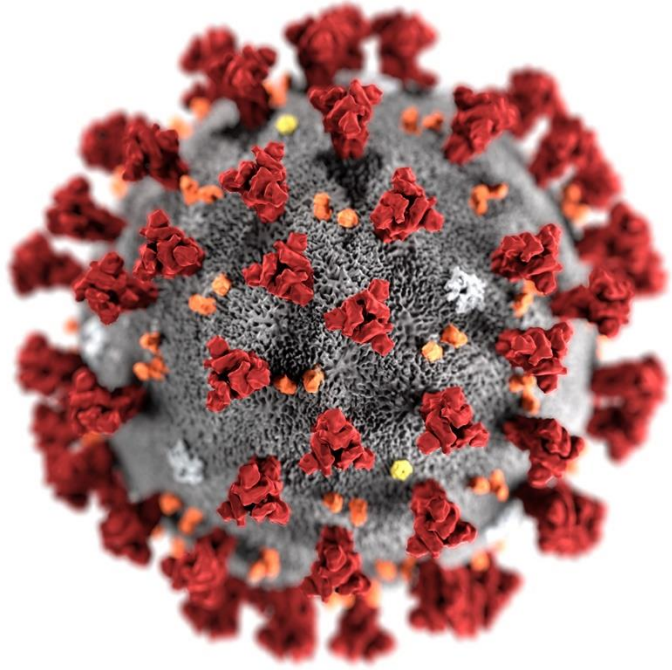
Direct Impacts

- 64,800 jobs
- \$59.1 billion in output

B2B

- ~\$31.4B of total sales purchased by other industries





**And Then
This
Happened**

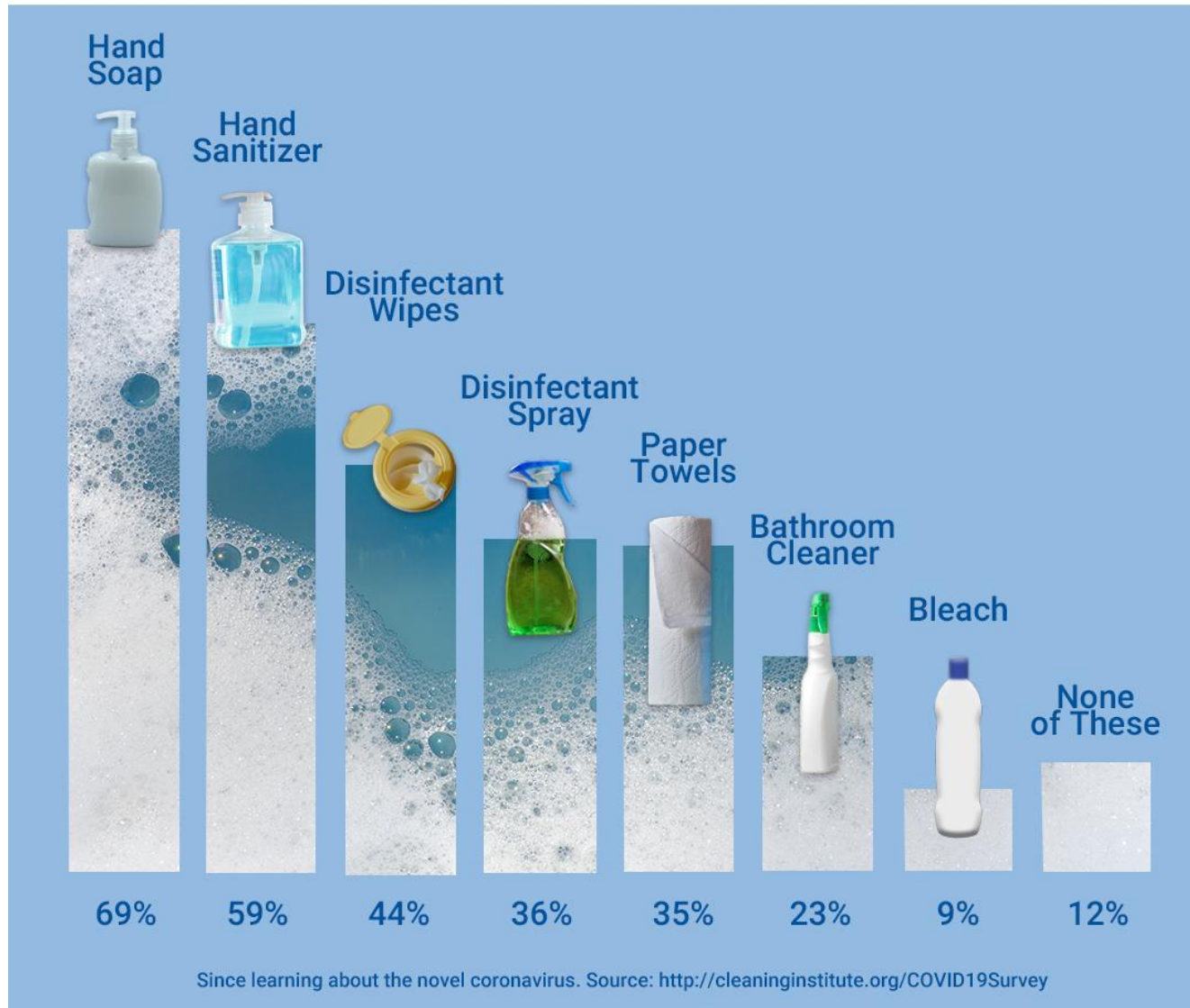


Where to Focus First?

- Confirmation as critical infrastructure
- Product specific matters (e.g., disinfectants, hand sanitizers)
- Compliance requirements
- Price gouging
- Media
- And more.....

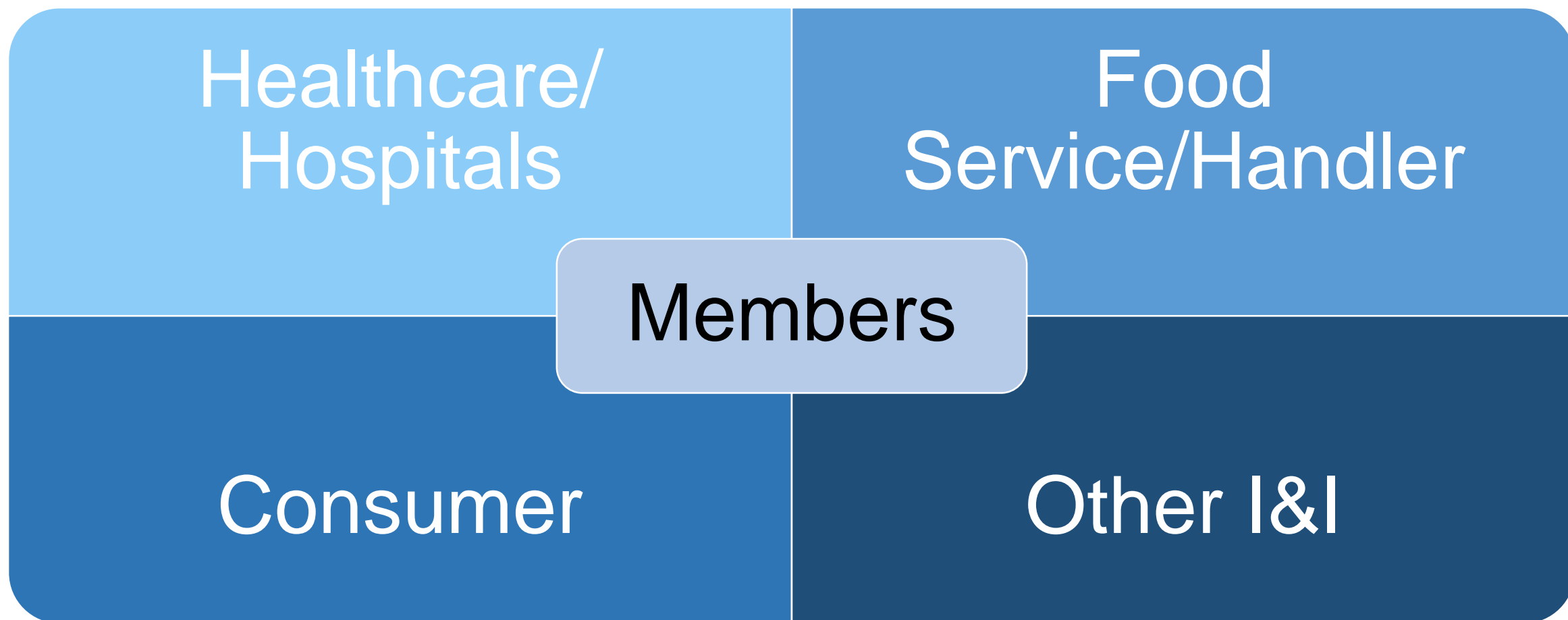


Which Products Are Americans Using More Of?

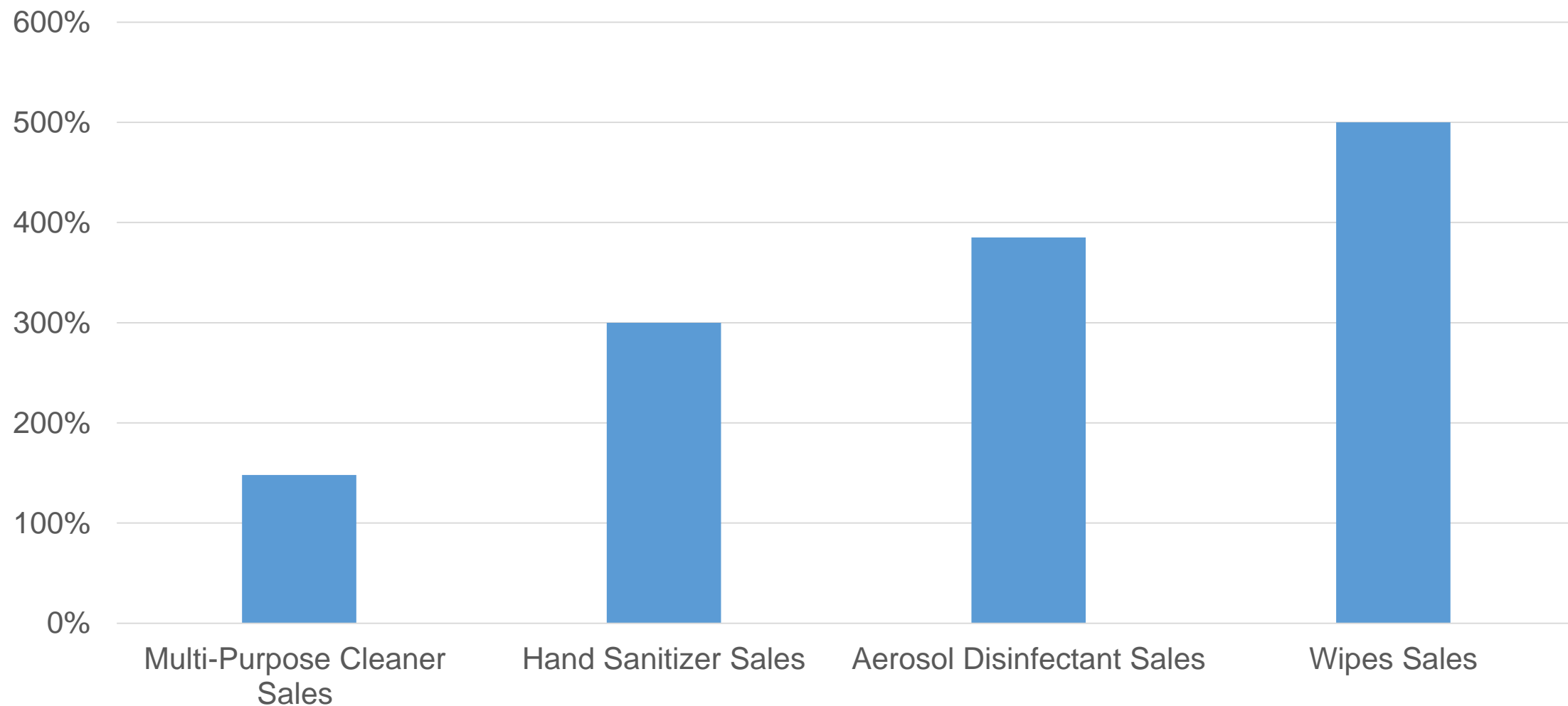


Consumer Behavior Survey

ACI Members Have Been Busy



Compared to Same Time Last Year



Company Examples



HEALTH ▸ HYGIENE ▸ HOME





What Does The Future Hold.....



A word cloud featuring the phrase "Thank You" in large, bold, red letters at the center. Surrounding it are numerous words in various colors and sizes, representing different languages and dialects for "Thank You". The words include: Merci, Obrigado, Asante, Arigato, Spasibo, Maake, Matondo, Vinaka, Mamana, Terma Kasih, Mochchakkeram, Niringrazziak, Multumesc, Kiitos, Dank Je, Matur Nuwun, Chokrane, Raibh Maith Agat, Cam on ban, Mochchakkeram, Ua Tsaug Rau Koj, and Niringrazziak. The words are arranged in a circular pattern around the central "Thank You" text.

Impacts of Covid-19 in the Adhesive & Sealant Industry

Bill Allmond

President

The Adhesive & Sealant Council, Inc.

Who We Are

- National non-profit association representing 107 manufacturers, raw material suppliers, and distributors within the North American adhesive and sealant industry
- Membership represents more than 75% of U.S. adhesive and sealant industry
- Seven full-time staff
- Based in Alexandria, VA
- \$3.0m annual budget (FY20)

Sample of ASC Manufacturer Members



Sample of ASC Supplier Members



Who We Are

Paperboard & Packaging



Building & Construction



Transportation



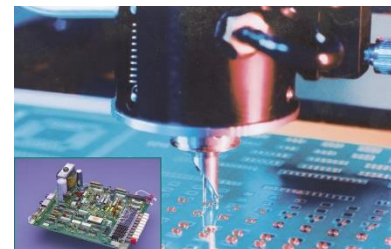
Consumer & DIY



Healthcare



Electronics



COVID-19

Economic Impact

- Markets under pressure the most are automobiles and light trucks, woodworking, healthcare, and construction.
- Packaging, hygiene, and consumer/DIY are performing better.
- Whereas manufacturer members felt economic pain first, beginning in late April and especially in May, raw material suppliers are expected to realize the negative economic downturn in the coming months as demand from manufacturers falls.

COVID-19

Supply Chain

- Very little supply chain disruptions have been experienced.
- Inventories were well-stocked prior to the pandemic.
- Those with operations in Asia saw the pandemic coming and made necessary inventory adjustments in anticipation of its impact once it reached the U.S.
- Where there were disruptions, they were isolated and quickly resolved.
- Some Supplier members are reporting continuing delays in raw material sourcing via ocean freight from India and other parts of Asia.

COVID-19

Production

- Manufacturing plants have remained in production with little disruption; some have repurposed to support healthcare workers.
- Worker availability has not been an issue.
- Some facilities reduced and combined the number of shifts working.
- Others said they provided incentives to production employees, such as extra compensation for a limited period.
- There has been a very limited number of Covid-19 cases within production. In cases where a worker has been infected, the worker was quickly isolated and quarantined. Temperature checks are being conducted, but it is unknown yet how widespread this is taking place.
- For the most part, laboratories and R&D have also remained open with social distancing practices being put in place.

COVID-19

Engagement & Interaction

- **Customers.** No issues engaging customers virtually. However, a downside of virtual contact is the inability to solve all of a customer's needs, especially if they require services best handled in person. Few say they have had in-person sales meetings since late March.
- **Employees.** Communication with employees has been essential to help manage the crisis and provide direction. It has helped build confidence among employees about the company's priority on safety and health.

COVID-19

Outlook

- Mid-2021 is how soon many feel that business will return to pre-pandemic levels, though some markets to which adhesives are sold are expected to improve in the 3rd or 4th quarter of 2020. Others will take longer.
- Positive signs are automakers are returning to work, with residential and non-residential construction beginning to restart as well.
- Recovery has been state-by-state; some states are “re-opening” sooner than others, allowing more non-essential industries to return to work sooner.

ADHESIVES.ORG
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Thank you!

***Next Value Chain Town Hall: COVID-19 Impact on
Plastics, Household & Commercial Product Sectors***

Wednesday, June 24

2:00pm – 2:30pm EST

[Register](#)



David Wawer

Executive Director, CPMA

davidwawer@cpma.com

