



Logistics in Indiana

Meeting demand at the front door

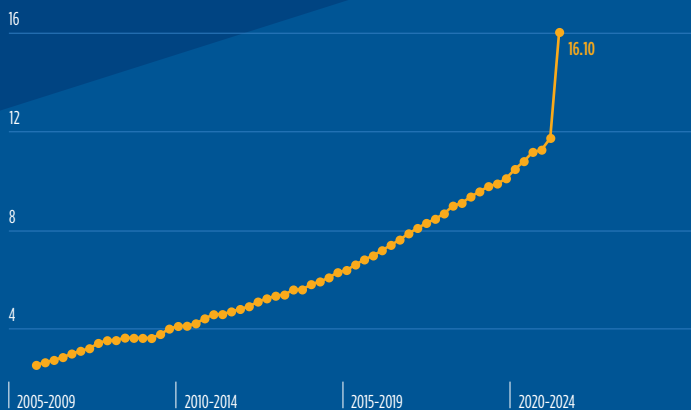
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2021 Outlook

Accelerated E-commerce demand

As social distancing orders and norms have taken hold, consumers have been forced to buy online more than ever before. FedEx recently moved up its projection of when the US market would hit 100M e-commerce packages per day up by three years to 2023. We expect e-commerce to retain and expand its new 16% market share in the post-pandemic era due to habits formed in 2020.

E-commerce as a percentage of total U.S. retail sales

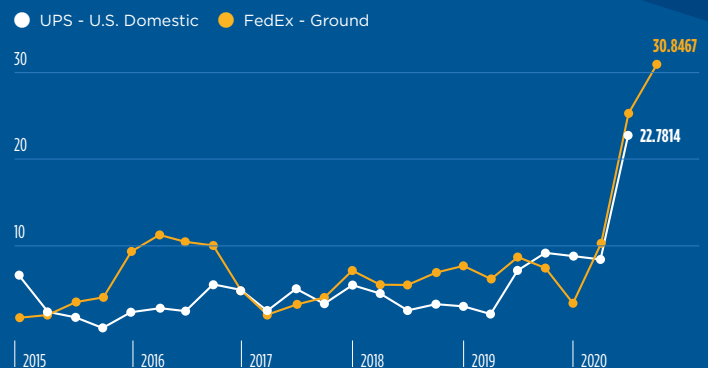


Source: U.S. Census Bureau, Bloomberg Intelligence

Huge volume fuels robust rates

UPS domestic and FedEx ground have reported average daily volume growth at dramatically higher levels than in previous years, spurred by heavy E-commerce activity in the wake of the pandemic. Similarly, strong restocking demand drove ocean and air-freight rates to extremely robust levels. The majority of the passenger fleet in the U.S. and Europe remains grounded, keeping capacity much tighter than is typical and benefitting rates. These factors have grown the Hong Kong to North America air-freight rate by 44% in 2020.

Average daily volume growth %, UPS domestic & FedEx ground



Key Opportunity: Digital Platforms

Rising investments in predictive-analysis technology are front-and-center for parcel carriers, following years of investment in automation tech. These platforms are essential to improving profitability in an e-commerce-centric logistics future. The last-mile logistics startup world is still fragmented, with the top 50 companies representing less than 50% of the total market. As investment pours into these startups, we expect sizable growth, and consolidation, in the near future.

Impact of COVID-19 on digital logistics technologies

● Negative ● No Impact ● Positive

| | | | |
|-----------------------|-----------|---------------------------|-----------|
| Trucking as a service | Positive | Last-mile technology | Positive |
| Blockchain tracking | No Impact | Air logistics platforms | No Impact |
| Warehouse robotics | Negative | Autonomous tech | Positive |
| Digital twins | No Impact | Supply chain visibility | Positive |
| Predictive Analysis | Positive | Supply chain as a service | Positive |

Why Indiana

Experience in the field

Indiana's unique geography and long history in logistics innovation has made it home to the 2nd largest FedEx air hub worldwide and 2nd largest dry and liquid cargo barge fleet. Our workforce is well-versed in all avenues of transportation.



Transportation infrastructure

Indiana is 1st in pass-through highways, 1st in shortest distance to median center of U.S. population, and 1st in rail tons of primary metals, making it a prime hub for transportation and logistics.

