

FLASH REPORT:

HOW B2B BUYERS AND SELLERS ARE MANAGING THE CORONAVIRUS CRISIS

Data, research analysis and best practices that explain in detail how the coronavirus is impacting B2B ecommerce and how manufacturers, distributors and their customers are reacting to the pandemic.



MARCH 2020

CONTENTS

EXECUTIVE SUMMARY

Coronavirus: Making big changes to B2B ecommerce 3

COVER STORY

Online sellers shift gears, rethink strategy as the impact of coronavirus hits home..... 6

SIDEBARS

Best practices: tips for helping customers during the coronavirus pandemic 7

A veteran online seller changes course as the coronavirus storm hits home 18

FEATURES

Why coronavirus is roiling B2B healthcare ecommerce 23

Coronavirus crisis gets online B2B sellers scurrying..... 27

Coronavirus effect: B2B sellers scramble for inventory 31



EDITORIAL CONTACT

Mark Brohan
Vice President, B2B and Market Research Development
mark@digitalcommerce360.com

ABOUT

The authors 34

Digital Commerce 360 35

SPONSORED ARTICLE

Liferay 14

CORONAVIRUS: MAKING BIG CHANGES TO B2B ECOMMERCE

The coronavirus is here, it is happening and it's changing how—perhaps even fundamentally—the B2B ecommerce market is doing business.

From supply chain and inventory management to customer service, fulfillment and delivery, the sudden and ongoing impact of the coronavirus is making B2B buyers and sellers of all sizes change operating and business tactics daily—and in some cases even hourly. “It’s a war out there,” says Vic Hanna, the CEO of BettyMills.com, an online medical supplies superstore that sells primarily to B2B customers in healthcare.

But manufacturers, distributors, wholesalers and other online B2B sellers aren’t being caught entirely off guard. In fact, many B2B ecommerce sellers are making solid plans and implementing new technology, marketing and other procedures to immediately manage the short-term effects of the coronavirus.

B2B companies also are making new and stronger plans for the long-run based upon the coronavirus challenges they are dealing with now. For many distributors, wholesalers and digital sellers of business goods and services, a



top priority for now is keeping products coming in from manufacturers and other inventory suppliers. Already, companies of all sizes are seeing a disruption in their supply chains, especially from China.

A new poll of 600 supply chain managers by the Institute of Supply Chain Management finds that nearly 75% of companies report supply chain disruptions in some capacity due to coronavirus-related transportation restrictions, and more than 80% say that their organization will experience some impact because of COVID-19 disruptions.

“The story the data tells is that companies are faced with a lengthy recovery to normal

operations in the wake of the virus outbreak,” says institute CEO Thomas Derry. “For a majority of U.S. businesses, lead times have doubled, and that shortage is compounded by the shortage of air and ocean freight options to move product to the United States—even if they can get orders filled.”

For many companies such as Bulbs.com, which has operated a B2B ecommerce site for 21 years and sells about 85% of all products online, the buying behavior of its customers is driving how it’s reacting to the coronavirus. “Developing plans to address this coronavirus is based on consistency of voice and actions for our customers and employees,” says Bulbs CEO Mike Connors. “We are also identifying ecommerce and operational adjustments that have been brought on by the current situation.”

So how else is the coronavirus impacting the B2B ecommerce market, and what actions are companies taking?

Consider the following:

► Manufacturers such as Proto Labs Inc., which does virtually all of its sales through its ecommerce site and sells to customers worldwide, is shifting production to prioritize product manufacturing and delivery for healthcare companies.

► At MSC Industrial Supply Co., along with other big distributors such as McKesson Corp. and Cardinal Health Inc. in medical supplies, executives also are prioritizing healthcare providers and other frontline organizations battling coronavirus.

► Sellers such as SustainableSupply.com, BettyMills.com, Bulbs.com and others are revising an array of ongoing procedures to secure more inventory from their suppliers and keep pace with demand from customers.

The coronavirus is unlike any other major crisis the B2B ecommerce market has experienced. There are many unknowns. But this flash report sums up the impact of the coronavirus outbreak thus far on B2B commerce. The report provides known data, analysis and best practices that companies of all size can take and use to keep the wheels turning now and for the long haul.

ONLINE SELLERS SHIFT GEARS, RETHINK STRATEGY AS THE IMPACT OF CORONAVIRUS HITS HOME

By Mark Brohan

Vic Hanna, a veteran online commerce executive who's built and scaled a digital business for nearly 20 years, doesn't mince words when it comes to the impact the coronavirus is having on B2B ecommerce. "It's a war out there," says Hanna, the CEO of BettyMills.com, an online medical supplies superstore that sells primarily to B2B customers in healthcare.

Brian Fricano, CEO of SustainableSupply.com—a business-to-business ecommerce site that sells a full inventory of about 1 million products in categories that include restroom, cleaning, safety, tool and hardware, motors, plumbing and heating, ventilation, and air conditioning

(HVAC) products—is equally as blunt. "We are bracing and preparing for a major slowdown in the economy as businesses are being temporally closed and expansion plans put on hold," he says.

The \$1.1 trillion U.S. B2B ecommerce market has experienced a business crisis before. Long-time ecommerce companies remember when the dotcom crash came in 2000 and the economy fell into a deep recession that lasted about two years. Many online retailers and B2B sellers also remember the scars left by the Great Recession of 2008-2009, when they scrambled to stay in business and looked at all aspects of their ecommerce business to cut costs and still grow revenue.

CORONAVIRUS: A NEW KIND OF GAME-CHANGER

But manufacturers, distributors, wholesalers and B2B sellers of all sizes that sell online say they have never seen such a fast-moving and game-changing crisis impact ecommerce as substantially as the fallout from the coronavirus. As a result, many B2B ecommerce sellers are in full-blown crisis management and shifting and rethinking priorities daily and, in some cases, hourly.

Big dig distributors such as MSC Industrial Supply Co., which reported ecommerce sales of \$2.019 billion for the fiscal year ended Aug. 31, 2019, an increase of 5% over the prior year, are busy stocking inventory—and deciding who gets what first. In particular, MSC, which carries an inventory of about 1.7 million products for maintenance, repair and operations (MRO) and other industrial products, is seeing a big demand for safety products.

“As a result of the novel coronavirus (COVID-19), we continue to see increased demand for safety products such as N95 respiratory masks and a few other related products,” an MSC spokesman says. “Like other suppliers, we are experiencing a back-order situation for these items, but we are working with our supplier partners, who are working diligently to get product back in stock as quickly as possible to address current and future demand.”

BEST PRACTICES: TIPS FOR HELPING CUSTOMERS DURING THE CORONAVIRUS PANDEMIC



“For dealing with inventory supply and shortages, it will be important for B2B sellers

to consider setting maximum order quantities for products with limited supply. This equitable process will help to satisfy as many of their customers as possible and prevent one buyer from taking the entire supply.”

—Jason Daigler, Research Director,
Commerce Technology and Experiences, Gartner

B2B ecommerce experts from digital technology and services firms Perficient Digital, Brilliance Business Solutions and Gartner Inc. offer advice on critical operations covering such areas as supply chains, inventory management, order fulfillment, website performance, payments and customer relations to help B2B sellers maintain high levels of service during the coronavirus crisis. “The COVID-19 crisis is a terrible situation, but ecommerce companies can shine during this pandemic by being transparent, exceeding expectations and offering valuable solutions for customers that allow them to make the best decision for their business or family,” says Karie Daudt of Perficient Digital.

SUPPLY CHAINS/INVENTORY MANAGEMENT

Karie Daudt:

Inventory and supply chain shortages will remain the top challenge and priority for any organization that does business online. Having a clear picture of your inventory available to process as well as sourcing will make companies more agile during challenging times.

- ▶ Develop ways to manage supply shortages and inventory transparency. Building out website features such as item quantity and order frequency restrictions can be a solid first step. You're seeing this today in your local grocery stores, where customers are being limited to the number of paper towels or toilet paper products they can purchase. The same model can also apply to ecommerce shops.
- ▶ Determine what you have in inventory and committed today, versus what is committed to ship at a later date. It is not uncommon to have orders that are actually commitments for a later date. While these orders show the inventory as committed, it is not actually needed at this moment in time.
- ▶ As a manufacturer, determine what supplies you have on hand now, what is already in transit and when can get more of; these areas are all critical components of managing inventory.
- ▶ Many digitally mature organizations have invested in an order management system, which provides them with a 360-degree view of inventory and supply.



—Karie Daudt, Senior
Commerce Consultant,
Perficient Digital



—Lori McDonald,
CEO, Brilliance
Business Solutions

- ▶ Make sure that your product relationship data is robust and accurate so people can find similar or related products if what they normally order is not available.

Lori McDonald:

- ▶ Provide clear information for customers regarding product availability. Display information on how quickly customers can expect products to ship out or if there are known delays due to product shortfalls.
- ▶ Consider enabling customers to place orders for products on back-order.
- ▶ If enabling customers to purchase products that won't ship out right away, the best practice is to authorize a card when they place the order but not charge the payment card until that item ships. Depending on the set-up of your software, this can present technical challenges, especially if you anticipate the shipments taking longer than 30 days. Talk to your development team.
- ▶ If an item isn't in stock, consider allowing customers to request a notification when it comes available, and then follow up with an email when it does arrive.

ORDER MANAGEMENT AND FULFILLMENT

Karie Daudt:

The ability to both fulfill and deliver products is always an important aspect but is even more important in times of crisis. If a business relies on third-party logistics (3PL) services heavily today, there will be some challenges. Specifically, delivery delays. COVID-19 is causing increased stress on companies like UPS and FedEx. Additionally, many businesses will be forced to shift more efforts into the ecommerce space as social distancing remains and lockdowns continues. With this, the demand for 3PL services will also increase.

- ▶ Businesses that operate within the ecommerce space need to focus on clear and transparent messaging with customers.
- ▶ Provide several different delivery options including standard and expedited shipping. Consider offering customers the option to order online and pick up at a physical location or, even better, think of ways to provide curbside delivery. Consider looking for relationships with organizations like UBER, Lyft or cab companies. (An example is that our schools are delivering breakfast and lunch to students via school buses. Students and their families have a scheduled time to be at their bus stop to pick up the food.)

"To manage effective order processing, fulfillment, and delivery, it will be important for B2B sellers to set expectations properly for extended order processing and shipping times. They should advise buyers to expect delays as logistics systems are strained while doing their best to estimate arrival dates."

—Jason Daigler,
Research Director, Commerce
Technology and Experiences, Gartner

- ▶ If companies own their own delivery vehicles, they should look at ways to extend delivery services. Services like extended delivery hours, priority delivery for customers who are age 60 or over, and possibly text-message delivery updates to customers who have orders that have been shipped.
- ▶ Make sure that your product relationship data is robust and accurate so people can find similar or related products if what they normally order is not available.
- ▶ Spend some time optimizing product data to support onsite search and search engine optimization (SEO) to improve rankings in internet search results. This will help prospects find you and the products you make and/or sell.

Lori McDonald:

- ▶ If a lack of availability will cause the order to ship out in multiple shipments, communicate that to your customer.
- ▶ If there are multiple shipments, don't charge extra for shipping if you didn't communicate extra fees to customers during the checkout process.
- ▶ If you anticipate delays in an order being shipped, send customers an email explaining the delay and when they can expect the order.
- ▶ Once the order ships, send an email with tracking information.

PAYMENTS**Karie Daudt:**

B2B organizations need to think outside the box as it relates to payment options. Payment for orders and strategy around it will vary depending on business type and use cases. For example, most B2C organizations are already accepting credit cards today.

- ▶ B2B organizations should look to leverage credit card processors and merchant accounts as quickly as they can, and for a few reasons. The impact COVID-19 will have on the economy is yet to be known, but what is known is that businesses must pivot and leverage new options to sell product to survive this time.

- ▶ Implementing credit card processes allows B2B organizations to accelerate efforts into a B2B2C approach. There will still be product shortages, so being able to accept credit cards and opening the store up to new customers seems like a backwards idea, but it isn't.
- ▶ There will still be other categories of product they offer that are stocked where demand will still be high from both B2B and B2C users. Opening their website up to end-users and accepting credit cards gives B2B organizations the ability and the avenue to offer their product and services to other customers who may desperately need them.
- ▶ Consider extending credit for good and loyal customers to make it easier for them to purchase.

Lori McDonald:

- ▶ Provide multiple ways to pay – credit card, pay by invoice (following credit approval).
- ▶ Consider automating the credit approval process and A/R process with tools like Bectran Credit Management and Apruve A/R process.



CUSTOMER RELATIONS

Karie Daudt:

Working from home isn't going away anytime soon, that's for sure. With that, organizations should look at leveraging technology that allows their teams to stay connected and, more importantly, take care of customers.

- ▶ Implementing features like live chat will be crucial. Live chat will allow customer service reps who are at home to still provide real-time answers and questions to customers.
- ▶ Another great feature to offer is "key product inventory updates" through channels like email or site messaging. Product stock status will likely change like the wind over the next few months, giving customers a window into what items are in stock and what's crucial. Customers have never depended more on ecommerce than now, so being transparent on stock status and building in workflows like product notifications for inventory levels will be key to good customer relations.
- ▶ Encourage customers to sign up for notification on specific items that they need so if an item is out of stock, they will be notified when the item comes back in. The COVID19 crisis is a terrible situation, but ecommerce companies can shine during this pandemic by being transparent, exceeding expectations and offering valuable solutions for customers that allow them to make the best decision for their business or family.

"To maintain strong customer relations, now is the time for B2B sellers to consider more relaxed return policies, price-break thresholds and payment terms. Many small businesses are under strain and need help. Helping them through a difficult time like this will be something they remember when the crisis is over and they will likely become more loyal in the long-term. Customer service reps should be trained on these new policies and empowered to help these customers.

—Jason Daigler, Research Director, Commerce Technology and Experiences, Gartner



DECIDING WHICH CUSTOMERS GET CRITICAL SUPPLIES

Manufacturers also are shifting priorities to keep pace with an economy and an ecommerce market that is in flux and deciding who—and who doesn’t—get needed products. For example, Sustainable Supply Co., which generates annual B2B ecommerce sales of about \$25 million, carries a full inventory of about 1 million products. But about 40,000 to 50,000 products for janitorial and cleaning supplies, among others, used for hygiene and sanitation are the products most in demand, says Fricano.

The company has available products for many in-demand categories. But the supply of about 100 products such as hand sanitizer is running “dangerously low,” Fricano says.

“Our janitorial supply business on SustainableSupply.com has exploded and it is indeed turning into an all-out war for supplies,” he says. “Dealers and consumers are trying to snatch up every last piece of inventory—we’ve sold a year’s worth of toilet paper in the past three days.”

Big suppliers of hand sanitizer and related products such as GoJo Industries, which manufactures Purell, a brand of instant hand sanitizer made of ethyl alcohol, and The Clorox Co., maker of bleach, cleaning products and many other related brands, are telling Sustainable Supply and other B2B sellers that they are prioritizing which outlets get available inventory first, such as hospitals and other healthcare facilities, he says.

- ▶ The most important thing to consider during challenging times is communication. Think outside of the box and install technology like SMS notifications.

Lori McDonald:

- ▶ Look for ways that your team can be empathetic to your customers right now. Everyone is dealing with anxiety and we all need to look for ways to care for each other, especially now.
- ▶ Listen to customers for what their biggest needs are right now and consider what ways you might help them, whether that is directly with items you sell or with information you might be able to share. It may be sharing some positive messages with your customers—things you are thankful for from your team and your customers. Or it may be sharing ways your customers are solving challenges and that may be of help to others.
- ▶ Consider the use of tools like live chat to assist customers on your site that need help with orders.
- ▶ Provide your sales team or customer service reps with the ability to impersonate their client accounts on your site so they can assist customers by putting items in the shopping cart for them.
- ▶ Provide CSRs or sales reps the ability to set up and email a shopping cart to a customer, letting the customer click to complete the order with a payment.

SHIFTING MANUFACTURING AND PRODUCTION

“We have some big manufacturers that are telling us it may be July before we can get full delivery,” Fricano says. “They tell us they are distributing now to those that need it first.”

Manufacturers such as Proto Labs Inc., which does virtually all of its sales through its ecommerce site and sells to customers worldwide several types of custom manufacturing, also is shifting production to prioritize product manufacturing and delivery for healthcare companies. Protolabs produces custom parts and assemblies in as fast as one day with automated 3D printing, CNC machining, sheet metal fabrication, and injection molding processes. Its digital approach to manufacturing enables accelerated time to market, reduces development and production costs, and minimizes risk throughout the product lifecycle, the company says.

“The way we interact with customers has not changed, as we are an ecommerce-enabled company,” says a Protolabs spokeswoman. “However, we are prioritizing projects which are needed to equip our medical system to treat patients with COVID-19 and providing these customers with additional consultative design assistance to rapidly get these parts produced.”

MAINTAINING INVENTORY FLOW

For many distributors, wholesalers and digital sellers of business goods and services, a top priority for now is keeping products coming in from manufacturers and other inventory suppliers. Already, companies of all sizes are seeing a disruption in their supply chain, especially from China.

A new poll of 600 supply chain managers by the Institute of Supply Chain Management finds that nearly 75% of companies report supply chain disruptions in some capacity due to coronavirus-related transportation restrictions, and more than 80% say that their organization will experience some impact because of COVID-19 disruptions.

“The story the data tells is that companies are faced with a lengthy recovery to normal operations in the wake of the virus outbreak,” says institute CEO Thomas Derry. “For a majority of U.S. businesses, lead times have doubled, and that shortage is compounded by the shortage of air and ocean freight options to move product to the United States—even if they can get orders filled.”

RESPONDING TO CUSTOMERS

For many companies such as Bulbs.com, which has operated a B2B ecommerce site for 21 years and sells about 85% of its products online, the buying behavior of its customers is driving how it's reacting to the coronavirus. “Developing

VALUING PEOPLE IN THE MIDST OF CRISIS

Ed Chung
Vice President,
Global Product Management



One of Liferay's core values is Valuing People, and we take that seriously in the way we respond to our customers, employees, and partners. In times of crisis, we're all quick to focus on the biggest fires and most alarming news, but don't forget to also pay close attention to the needs of your customers as individuals. Communicating how you're prepared to support them at every step is key to successfully navigating the twists and turns that might come.

If you're a B2B seller, you've probably discovered weaknesses in your supply chain and fulfillment processes due the surges in online purchasing. Prioritizing these areas and figuring out ways to strengthen them in the next two to four weeks should be at the top of your to-do list—and then the next thing you should do is explain what you're doing to your customers.

This is a crucial but often overlooked step. Many companies work hard to quickly respond to customers' needs, but forget to tell customers directly what they've done. Customers don't realize that any changes have been made and, more importantly, feel like they aren't being listened to, reducing the impact of all the work you've done. By telling them what you're doing and emphasizing that it's in response to their needs or concerns, you can proactively strengthen relationships as well as ensure customer needs are met.

At the top of most B2B buyers' minds right now are questions like:

- ▶ How much stock is available right now for products I care about?
- ▶ How much stock will be available in two week, four weeks, and one month from now?
- ▶ Do I need to be ordering everything now to get ahead of shortages later?
- ▶ How are my suppliers reducing the risk of contamination in how they package, ship, and deliver my orders?
- ▶ How are my suppliers handling support staff shortages so that I still get the service I need?

In addition to proactively answering these questions, sellers can go a step further and ask themselves, what else is going to help our customers that they haven't thought to ask?

Think beyond your products—do you have access to research or resources you can leverage to help people? An air filter manufacturer recently used their research team to test which home materials make the most effective face masks. That's a creative way to provide real help to people, and it's the kind of thing customers will remember months down the road.

For B2B sellers, the online store is the obvious place for this type of in-depth, personalized communication since it's the main touchpoint that customers are interacting with. Liferay's combined focus on content and commerce helps sellers turn their online store into their primary communication hub with their customers. This enables marketers, sales and service teams, and partners to receive updated information and communicate it to the customers quickly in the same place where they're making and managing orders.

The need to communicate and respond to customers at a moment's notice is incredibly urgent right now. As you focus on fixing immediate gaps, take note of the customer-facing technology that you wish you'd had in place two months ago. Use any extra time you have now to figure out a strategy for addressing those long-term needs so that, once things normalize, you're ready to hit the ground running and prepare your business—and your customers—for any future crisis that could occur.

plans to address this coronavirus is based on consistency of voice and actions for our customers and employees,” says Bulbs CEO Mike Connors. “We are also identifying ecommerce and operational adjustments that have been brought on by the current situation.”

Bulbs.com sells such products as light bulbs, fixtures and related lighting products to companies in the real estate management, hospitality, foodservice and related industries, and it began laying in extra inventory beginning in January, Connors says. “Inventories in the U.S. are being depleted and Chinese manufacturers are not back to full production,” he says. “We brought in 20% more inventory of top-selling SKUs several weeks ago when we first learned

about the virus and the potential impact on Chinese manufacturing.”

Today, Bulbs.com has inventory coming in from about 100 suppliers and is stepping up efforts to keep customers informed of key inventory levels—and keeping the lines of communication open with suppliers. “We are working very closely with our vendors and staying on top of various scenarios,” Connors says.

PLANNING AHEAD FOR DISRUPTIONS

Managing a B2B ecommerce enterprise successfully—and addressing inventory management, customer service and marketing issues coming in the wake of the coronavirus—requires companies to be nimble and proactive



and to anticipate problems, says Lori McDonald, CEO of Milwaukee-based ecommerce services and website design and development firm Brilliance Business Solutions.

In particular, keeping customers fully informed on inventory and delivery status is especially critical, she says. “Provide clear information for customers regarding product availability,” McDonald says. “Display information on how quickly customers can expect products to ship out or if there are known delays due to product shortfalls.”

Equally important to B2B sellers is prioritizing what orders to fulfill based on available quantities, says Jason Daigler, research director, commerce technology and experiences, at technology research and advisory firm Gartner Inc. “For dealing with inventory supply and shortages, it will be important for B2B sellers to consider setting maximum order quantities for products with limited supply,” he says. “This equitable process will help to satisfy as many of their customers as possible and prevent one buyer from taking the entire supply.”

At MSC Industrial Supply, along with other big distributors such as McKesson Corp. and Cardinal Health Inc. in medical supplies, a critical strategy is prioritizing the delivery of supplies to healthcare providers and other frontline organizations battling the coronavirus.

“To ensure that we continue to serve our existing customers as a trusted partner, we have prioritized their orders ahead of new customers looking to order these particular products only,” says an MSC spokesman. “We also have a “good, better, best” portfolio of products to offer customers alternative product options—for any potential shortfall of products, we will work with alternative sourcing partners and make every effort to maintain inventory levels to support our customers. At this point, we do not anticipate a material disruption in the supply chain.”

MAINTAINING ACCURATE ORDER AND INVENTORY DATA

Most manufacturers, distributors and other online sellers should take special precautions in keeping accurate data feeds and constantly look at analytics to keep a tight handle on inventory management, says Perficient Digital senior commerce consultant Karie Daudt. “Spend some time optimizing product data to support on-site search and search engine optimization (SEO) to improve rankings in internet search results because this will help prospects find you and the products you make and/or sell,” she says. “Many digitally mature organizations have invested in an order management system, which provides them with a 360-degree view of inventory and supply, so make sure that your product relationship data is robust and accurate so people can find similar or related products if what they normally order is not available.”

B2B ecommerce sellers are still in the throes of coming up with plans to deal with B2B ecommerce operations in the short run, and for many sellers that's led to a short-term boost in ecommerce sales. "I can tell you that for the first 18 days of March, our year-over-year order count is up 160% and revenue is up 180% during that same comparable period," Hanna says.

At SustainableSupply.com, some products are practically flying off the shelf and ecommerce revenue is up. "We offer about 200 portable sinks and hand-washing stations, and the average order value is around \$800," Frianco says. "Mostly demand right now is from health departments, U.S. military and healthcare facilities, and March has been the busiest month in the company's 7+ year history—our company has the largest in-stock inventory in the U.S. of portable sinks, however, we are down to our last dozen or so as of today. Back orders will be available in April."

LOOKING TOWARD AN UPTICK IN ONLINE DEMAND

Many online B2B sellers also are seeing an uptick in ecommerce sales tied to massive demand for many products and services because of the coronavirus. The coronavirus is being felt throughout the ecommerce industry, and retailers in particular are getting ready for a wild ride. But the precautions and actions retailers are taking vary widely. In fact, 34% of retailers are still taking only a wait-and-see approach,

according to a survey of 304 merchants by Digital Commerce 360.

37% of web merchants also are anticipating an increase in ecommerce sales as a result of the coronavirus, compared with 27% that expect revenue to remain the same and 30.7% that expect anticipate a decrease.

But as the coronavirus settles in and the U.S. economy continues to stall, many B2B digital sellers are taking a wait-and-see attitude. At Bay Fastening Systems, an industrial distributor based in Farmingdale, New York, that's been selling a wide array of fasteners to big and small companies since 1961, the company's ecommerce business continues—so far. "It is too early for me to tell and we have not seen any changes in business," says chief operating officer Michael Eichinger. "Revenues remain flat for right now, and online orders have not changed."

For many B2B sellers, how 2020 and the coronavirus pandemic ultimately impacts their business will be determined by how long manufacturers and businesses of all sizes keep current spending levels the same—or increase or decrease them.

For that forecast, it's too early to tell, says Fricano. "The uptick in volume is most likely short-lived, as we are bracing and preparing for a major slowdown in the economy as businesses are being temporally closed and expansion plans put on hold."

A VETERAN ONLINE SELLER CHANGES COURSE AS THE CORONAVIRUS STORM HITS HOME

In this question-and-answer piece, CEO Vic Hanna talks about how Betty Mills as a digital commerce company is meeting the challenge of the coronavirus and offers perspective and advice on how other business-to-business and business-to-consumer web merchants can as well.

Editor's note: As CEO of BettyMills.com, an online medical supplies superstore in business for nearly two decades, Vic Hanna knows how to weather a crisis and challenging times. But the onset of the coronavirus is challenging Betty Mills in new and very different ways.

From inventory and supply management to customer service, business planning and operations, Betty Mills is operating in an ecommerce environment with a whole new set of dynamics.

In this question-and-answer piece, Hanna talks about how Betty Mills as a digital commerce company is meeting the challenge of the coronavirus and offers perspective and advice on how other business-to-business and business-to-consumer web merchants can as well.

Q: What is your biggest immediate concern and how are you handling it?

Aside from the obvious supply chain constraints, as an online retailer we depend on technology and bandwidth to deliver our service to the customer.



—Victor Hanna, CEO,
BettyMills.com

If the weight of the pandemic on our national internet infrastructure were to fail, it would send all of us back to the Stone Age—it wasn't designed for these conditions.

Q: How are you getting inventory from suppliers? What can't you get and when will you be able to?

We are 100% drop-ship and we have a number of supply partners which are the largest of the large, so we have a deep and diversified catalog and plenty of inventory to work with, but even our largest suppliers were caught off guard and it took a few weeks for them to regain their bearings.

We are beginning to see replenishment on many core items, but at the same time, inventory levels are very fluid and what you see now may not be available 30 minutes from now. So in certain instances timing can be a factor.

Q: You said “it’s a war out there.” How so?

We’ve long been positioned as America’s medical and sanitary supply superstore, so when the first signs of an epidemic appeared, shoppers showed up in large numbers. The first wave of (demand) began in mid-January with the initial run on masks.

“We’re not sure yet if this is the new normal.”

Those quickly went on allocation and all the attention turned to gloves and hand sanitizers. Next was liquid alcohol and aloe gels to make your own hand sanitizers. We figured that was the end of it, and then we had a massive run on toilet paper.

Even our business-to-consumer (B2C) customers were purchasing jumbo commercial rolls that you would typically see in a public restroom. Then the panic buying began and everything in our catalog lit up, and it hasn’t stopped since.

Companies of all size brace for the impact of coronavirus on ecommerce

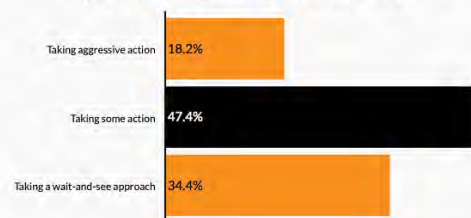
Retailing is a good industry to take the temperature over how businesses are feeling about the impact of the coronavirus on their ecommerce operation. A survey of 304 retailing executives by Digital Commerce 360 finds that merchants are anticipating inventory shortages and some supply chain disruption. But there is a silver lining as nearly 30% of retailers are anticipating the coronavirus pandemic will result in at least a small bump in ecommerce revenue, while 7% anticipate a significant boost.



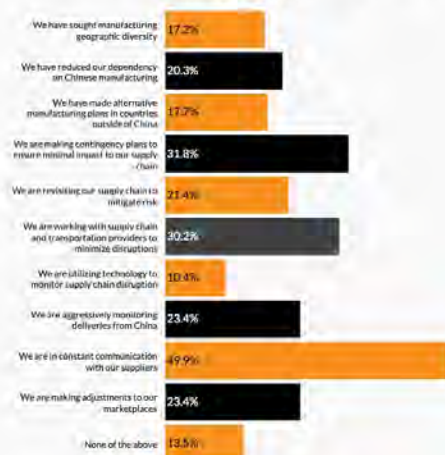
What impact do you believe the coronavirus will have on your ecommerce business?



How would you describe the level of action you are taking relative to coronavirus?



Which of the following actions are you taking as a result of coronavirus relative to your supply chain? (Select all that apply)



Source: March 2020 Digital Commerce 360 survey of 304 ecommerce

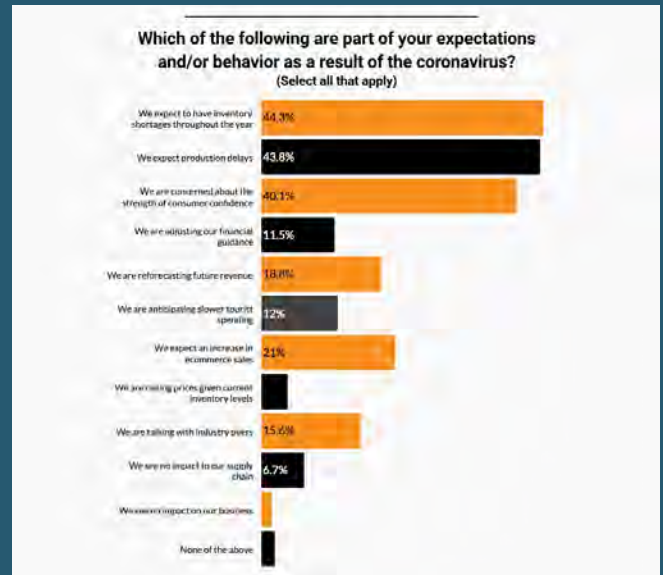
Q: What adjustments are you having to make for order processing, fulfillment and delivery? How and why? What adjustments are you making to customer service? How and why?

It's been a good stress test for us. You wake up one morning and many of the operational processes and software tools we had designed over the years which worked fine in the pre-COVID-19 world were not designed to work at this new level of scale.

Much of my day is working with our engineering team to add the next generation of automation to our existing systems to keep up with the demand and the associated workload on the back-end.

We are writing code in real time and rolling it out live within 24-48 hours. I've said all along that we will come out of this a much more optimized operation and better prepared for anything similar in the future. Our customer service teams are up very early in the morning and working late hours and on weekends.

Everyone is overworked but we feel we are playing an instrumental role in providing vital supplies at a historic moment in time.



Source: March 2020 Digital Commerce 360 survey of 304 ecommerce

Q: What adjustments are you having to make for marketing? How and why?

Our teams which are responsible for creating product demand and traffic generation have been redirected to support our order processing and customers service teams.

Right now it's about servicing the customers who have trusted us with their order which they need for their facility, family member or themselves.

That's not to say that we have suspended all marketing activities, but most of the current traffic is arriving through word-of-mouth and from longstanding repeat customers.

Q: What kind of web sales increase or decrease are you seeing? What about for the year?

I can tell you that for the first 18 days of March, our year-over-year our order count is up 160% and revenue is up 180% during that same comparable period.

Q: You're a veteran ecommerce executive – how is this crisis different from 2008 or any other?

We were not very affected by the financial crisis of 2008, but we have seen our share of epidemics since 2002. The product demand onset is fast, sudden and overwhelming. The inventory is decimated in a matter of days, then it's all over and things go back to normal. It's like a hurricane passing through.

This one is much different in that it has been sustained across a broad range of categories and it hasn't let up for the past 60 days and only seems to be increasing.

We're not sure yet if this is the new normal.

What's the mood of your customers?

In just a flash, everyone's lifestyle has been upended and it's very difficult to comprehend. Many customers are feeling anxious, but also grateful to be able to speak with someone on the



FEATURES

WHY CORONAVIRUS IS ROILING B2B HEALTHCARE ECOMMERCE

by Mark Brohan

In a Q&A, healthcare and ecommerce expert Justin Racine discusses how suppliers are dealing with the coronavirus outbreak in ways that can help them stand out in their industry.

Editor's note: Given the intense complexity and regulatory nature of the industry, business-to-business healthcare is an ecommerce market that's unlike any other. And these days in B2B healthcare ecommerce, it's hardly business as usual.

And it won't be business as normal anytime soon, as the fast-spreading and widely erratic nature of the coronavirus is putting the B2B healthcare ecommerce market into a state of flux and forcing companies of all sizes to cope with a range of problems that include supply chain disruption, decisions over who—and who doesn't—get to purchase medical supplies and when and new logistic headaches in order processing, fulfillment and delivery.

In this question-and-answer column, Justin Racine, an experienced B2B digital healthcare executive and marketer with expertise in the long-term care facilities market and now senior ecommerce consultant with Perficient Digital, looks at some of the immediate challenges the coronavirus is raising for B2B healthcare ecommerce and how well companies are coping.



Justin Racine,
Senior Commerce Consultant,
Perficient Digital

Q: The coronavirus is causing major disruption to U.S and international healthcare supply chains. What's the immediate impact overall on the U.S. B2B ecommerce market?

Racine: From a healthcare supply and manufacturing perspective, the impact is immediate throughout the entire supply chain.

Manufacturing companies can't keep up with the demand, distributors are rushing to create workflows that attempt to mitigate customers from beefing up their supplies, and end users are in panic.

Q: What's the long-term impact on U.S. B2B healthcare ecommerce and how do you define long-term?

Racine: Within the healthcare space, this outbreak for B2B distributors will build in workflows that allow them to restrict product quantities and frequency of ordering. In addition, the B2B users of these products (nurses, doctors, other providers) will also have to look at the clinical use of products and wherever possible attempt to reduce use.

Q: If the coronavirus epidemic grows even bigger and lasts longer, which distributors/wholesalers with a B2B site will be hardest hit? What about manufacturers?

Racine: It will hit really hard with companies that manufacture or distribute any sort of personal protection and disinfectant products.

There is already a shortage of items like medical gloves, face masks and other protective gear—this could possibly span further, depending on what happens. B2B organizations in the healthcare space are already feeling this today, and it isn't showing any signs of slowing down.

Distributors are being forced to pad their inventory and claw their way to the front of the line from the manufacturers to stock product and take care of their customer.

Q: What part of an organization's B2B ecommerce operation are impacted most and why? Which ones the least?



Racine: As mentioned above, it's really anyone and everyone. Delivery drivers will be forced to make emergency deliveries to customers who may be running low on products.

Purchasing associates are being forced to procure products wherever they can find them, and also keep up with usage and demand changes that isn't typical to what they may be used to.

Sales and service associated are being looked upon to help their customers ration product and find creative ways of "doing more with less."

Pricing and contract managers have to manage customer prices which are no doubt increasing dramatically.

It's times like these that distributors and manufacturers can really separate themselves from the Amazons of the world with their value-added services like same-day emergency product delivery, and sales and service people that actually will pick up the phone and answer their questions.

I've talked before about the changing role of the salesperson, and this situation speaks exactly to their value as their role has evolved.



Q: Is U.S. B2B healthcare ecommerce prepared for this sudden change?

Racine: In the healthcare space, organizations typically have disaster preparedness plans; however, the level and depth that these plans go to can be questionable.

Distributors typically always carry safety stock. But when something of this scale happens, it's not just a question of buying more product, it's a question of where can you put it. Distribution centers are only so large, and with thousands upon thousands of product bin locations within these centers, it makes it challenging to find space to hold extra product that these companies may need.

Q: What should healthcare buyers and sellers be proactively doing about all of this—and are they?

Racine: There is only so much that can be done. Everyone in the world is looking to procure these types of products currently, and that causes anxiety to all parties within the supply chain.

I think distributors and manufacturers have to do what they can to help their customers. Looking at things like creating webinars or educational content on the proper way to ration hand sanitizer or soap. Providing sales and service avenues outside of normal business hours and finding ways to make emergency deliveries wherever possible.

This situation is unfortunate, there is no questioning that. But it also offers B2B organizations an opportunity to prove why they are so valuable to the customers that they serve through these “extra mile” efforts. Hopefully, these efforts will resonate with their customers and help to leverage their organization as a valuable resource.

CORONAVIRUS CRISIS GETS ONLINE B2B SELLERS SCURRYING

by Mark Brohan

As they prepare for an extended market disruption cause by the coronavirus, manufacturers and distributors are figuring how to keep their ecommerce operations adding value to their customer relationships.

B2B sellers are settling in for the long haul

while coping with the impact of coronavirus on all aspects of their ecommerce business.

But how B2B manufacturers, distributors and other B2B sellers are managing their operations during the fast-spreading coronavirus outbreak is changing daily—and sometimes hourly.

For many companies such as Bulbs.com, which has operated a B2B ecommerce site for 21 years and sells about 85% of all products online, the buying behavior of its customers is driving how it's reacting to the coronavirus. "Staying on top of various scenarios and developing plans to address this coronavirus is based on consistency of voice and actions for our customers and employees," says Bulbs CEO Mike Connors. "We are also identifying ecommerce and operational adjustments that have been brought on by the current situation." Bulbs.com sells such products as light bulbs, fixtures and related lighting products to companies in the real estate management, hospitality, foodservice and related industries.



Mike Connors,
CEO,
Bulbs.com

REACTING BUYER DEMAND

At Sustainable Supply Co., an online distributor of "green" or "eco-friendly" building materials, cleaning supplies, and maintenance, repair and operations products, the company is reacting to the coronavirus based on such factors as supplier relationships, available inventory—and buyer demand.

Sustainable Supply, which operates SustainableSupply.com, generates annual B2B

ecommerce sales of about \$25 million, carries a full inventory of about 1 million products in categories that include restroom, cleaning, safety, tool and hardware, motors, plumbing and heating, ventilation, and air conditioning (HVAC). But about 40,000 to 50,000 products for janitorial and cleaning supplies, among others, used for hygiene and sanitation are the products most in demand, says CEO Brian Fricano.

The company has available products for many in-demand categories. But the supply of about 100 products such as hand sanitizer is running “dangerously low,” Fricano says.

“Our janitorial supply business on SustainableSupply.com has exploded and it is indeed turning into an all out war for supplies,” he says. “Dealers and consumers are trying to snatch up every last piece of inventory—we’ve sold a year’s worth of toilet paper in the past three days.

Big suppliers of hand sanitizer and related products such as GoJo Industries, which manufactures Purell, a brand of instant hand sanitizer made of ethyl alcohol, and The Clorox Co., maker of bleach, cleaning products and many other related brands, are telling Sustainable Supply and other B2B sellers that they are prioritizing which outlets get available inventory first, such as hospitals and other healthcare facilities, he says.



“Demand is strong, and we are keeping pace.”

—Brian Fricano, CEO, Sustainable Supply Co.

‘THOSE WHO NEED IT FIRST’

“We have some big manufacturers that are telling us it may be July before we can get full delivery,” Fricano says. “They tell us they are distributing now to those that need it first.”

For March, ecommerce sales for SustainableSupply.com are running ahead of projections, Fricano says. That’s a trend other B2B and B2C ecommerce sellers are seeing as well, according to new research from Digital Commerce 360.

A new survey of 304 online retail executives by Digital Commerce 360 finds that 30% of web merchants expect their ecommerce sales to increase “somewhat” because of demand for products generated by coronavirus, while 8% expect to experience a significant jump in ecommerce sales.

For Sustainable Supply, meeting buyer demand is becoming even more fluid as the coronavirus shift priorities. For example, the immediate demand for available product was from B2B

customers wanting to replenish or stockpile products such as hand sanitizer.

Now demand is shifting for a variety of supplies such as sinks and soap dispensers as more companies and organizations rush to build out more handwashing stations.

Sustainable Supply runs a companion ecommerce site that sells various types of faucets, sinks and related inventory for handwashing stations. Business on the site is “brisk,” Fricano says.

HELPING CUSTOMERS ORDER JUST WHAT THEY NEED

One distributor of such products as Purell hand sanitizer and Lysol and Clorox cleaning products has learned lessons during prior virus outbreaks on how to better deal with market disruptions and manage supply chains and customer expectations.

In earlier virus outbreaks, such as Zika and H1N1 within the past several years, the distributor, which asked to remain anonymous, stepped up communications with customers to let them know about available inventory and expected shipping and delivery times. Such tactics are helping again during the coronavirus outbreak when customers have been clearing the warehouse shelves of cleaning products like Purell hand sanitizer and Lysol and Clorox cleaning products.



This distributor has been able to work with its suppliers to maintain deliveries to its distribution centers, but some of the hottest-moving products don’t even get placed on warehouse shelves before getting shipped to customers.

That has made communication with customers more important—and harder to accomplish—as fast-moving inventory often doesn’t even get shown on the company’s online ordering portals, requiring customers to rely more on calls to customer service centers instead of checking the portals for inventory availability.

A MARKET MORE FLUID THAN EVER BEFORE

The distributor has expanded call center hours to address customers’ questions. And it has broadened efforts to help customers better plan order volumes, helping them to acquire enough products for expected market demand without over-purchasing products that may not be suitable for returns should demand from end-

CORONAVIRUS CRISIS GETS ONLINE B2B SELLERS

HOW B2B BUYERS AND SELLERS ARE MANAGING THE CORONAVIRUS CRISIS

customers suddenly drop. If companies order overly large quantities of, say, hand sanitizers, they have to realize that such products often have expiration dates beyond which they can't be returned to suppliers.

At SustainableSupply.com, Fricano says his business is keeping pace with buyer demand—and the business is performing well. “Our team is working around the clock, processing orders and keeping up with supplier backorders and stock outages,” he says. “We’re seeing significant demand for toilet paper, paper towels, soaps, dispensers, and facial tissue not only from our business customers but also from homeowners as well.”



But the current business environment in B2B ecommerce is more fluid and shifting in ways that executives and analysts say they haven't seen before. “Demand is strong, and we are keeping pace,” Fricano says. “So far spending for maintenance, repair and operations (MRO) products is very strong, but that could change if big factories and other B2B operations start to close down because of coronavirus.”

CORONAVIRUS EFFECT: B2B SELLERS SCRAMBLE FOR INVENTORY

by Mark Brohan

Companies ranging from MSC Industrial Supply to Bulbs.com are taking extra steps to source inventory and fulfill orders of what their customers need. 'It's a war out there,' says Vic Hanna, CEO of BettyMills.com.

The fast-spreading coronavirus isn't catching all digital B2B buyers and sellers entirely unaware or unprepared.

But the coronavirus, now updated by the World Health Organization as a global pandemic and the chief driver of shutting down entire industries, roiling stock markets and forcing companies of all sizes to shift their entire workforce to work from home, is impacting B2B ecommerce in major ways, say ecommerce executives.

From challenges on all fronts of ecommerce—

from supply chain, inventory management, order fulfillment and delivery to customer service and even search engine optimization—many B2B ecommerce executives say they have never seen business conditions change so rapidly.

“It's a war out there,” says Vic Hanna, CEO of BettyMills.com, which sells a range of medical equipment and supplies online but was founded as an ecommerce site for janitorial and cleaning supplies.



SURVEY: 80% OF SUPPLIERS SEE DISRUPTION

The front line of the impact of the coronavirus is being felt by ecommerce companies on their supply chain, inventory management and product delivery operations. A new poll of 600 supply chain managers by the Institute of Supply Chain Management finds that nearly 75% of companies report supply chain disruptions in some capacity due to coronavirus-related transportation restrictions, and more than 80% believe that their organization will experience some impact because of COVID-19 disruptions. Of those, one in six companies (16%) report adjusting revenue targets downward an average of 5.6% due to the coronavirus, the institute says.

“The story the data tells is that companies are faced with a lengthy recovery to normal operations in the wake of the virus outbreak,” says Institute of Supply Chain Management CEO Thomas W. Derry. “For a majority of U.S. businesses, lead times have doubled, and that shortage is compounded by the shortage of air and ocean freight options to move product to the United States—even if they can get orders filled.”

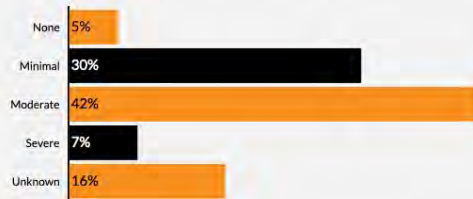
For many B2B ecommerce sellers such as MSC Industrial Supply Co., which reported ecommerce sales of \$2.019 billion for the fiscal year ended Aug. 31, 2019, an increase of 5% over the prior year, the biggest immediate challenge is stocking inventory—and deciding who gets what first.

Coronavirus Has B2B Digital Sellers Twisted in Knots Over Supply Chain

The front line of the impact of the coronavirus is being felt by ecommerce companies on their supply chain, inventory management and product delivery operations. A new poll of 600 supply chain managers by the Institute of Supply Chain Management finds that nearly 75% of companies report supply chain disruptions in some capacity due to coronavirus-related transportation restrictions, and more than 80% believe that their organization will experience some impact because of COVID-19 disruptions.



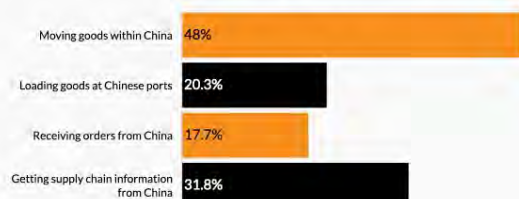
What impact do you believe the coronavirus will have on your business over the next six months?



What impact do you believe the coronavirus will have on your business over the next 12 months?



Is your company impacted by delays in shipments from China?



Source: Institute of Supply Chain Management

For now, the big priority is getting products into the hands of returning and long-standing digital customers, MSC says. “To ensure that we continue to serve our existing customers as a trusted partner, we have prioritized their orders ahead of new customers looking to order these particular products only,” says an MSC spokesman.

BIG DEMAND FOR SAFETY PRODUCTS

MSC, which carries an inventory of about 1.7 million products for maintenance, repair and operations (MRO) and other industrial products, is seeing a big demand for safety products. “As a result of the novel coronavirus (COVID-19), we continue to see increased demand for safety products such as N95 respiratory masks and a few other related products,” the spokesman says. “Like other suppliers, we are experiencing a back-order situation for these items, but we are working with our supplier partners, who are working diligently to get product back in stock as quickly as possible to address current and future demand.”

MSC began working to secure available inventory beginning in December, especially from Chinese manufacturers, the company says. “Our inventory levels are strong as a result of stocking up at the calendar year-end to take advantage of rebate opportunities, as well as buying ahead of the Chinese New Year,” the MSC spokesman says. “We have a ‘good, better,

best’ portfolio of products to offer customers alternative product options.”

At Bulbs.com, which generates about 85% of all sales on the web, sells light bulbs, fixtures and related lighting products to companies in the real estate management, hospitality, food service and related industries. Its biggest challenges are scrambling to find more available inventory and frequently update contingency plans to stay on top of an ecommerce market in flux, says CEO Mike Connors. “We are working very closely with our vendors, staying on top of various scenarios and developing plans and watching the consistency of voice and actions for our customers and employees,” he says.

For Bulbs.com, another big priority is watching conditions of the various vertical markets it sells to. For example, sales to schools, universities are being impacted because of closings related to coronavirus. “Project work from our customers is becoming a challenge and planning a lighting retrofit for April could be dicey,” Connors says.

For now, inventory levels at Bulbs.com are adequate. “We brought in 20% more inventory of top-selling SKUs several weeks ago, when we first learned about the virus and the potential impact on Chinese manufacturing,” he says. “We have mixed results depending upon the supplier—but we have nearly 100 suppliers.”

ABOUT THE AUTHOR

Mark Brohan is the Vice President, B2B and Market Research Development for Digital Commerce 360, covering B2B ecommerce trends. Prior to his current role, Mark was vice president of research for Digital Commerce 360 and editor of Internet Retailer's Top 500 Guide, Top500Guide.com and related research publications. Mark's previous experience includes leading new print and web product business development for Faulkner & Gray where he was web publisher and editorial director for DM Review magazine and its two websites: DMReview.com and dataWarehouse.com. He was also the founding editor of various Faulkner & Gray technology magazines, including Internet Retailer. Mark earned a bachelor's degree in secondary education and history from Western Michigan University and a master's in journalism and public affairs from the American University.



Mark Brohan
Vice President,
B2B and Market Research Development
Digital Commerce 360
mark@digitalcommerce360.com
312-362-9535

DIGITAL COMMERCE 360 B2B

PAUL DEMERY

Editor
paul@digitalcommerce360.com
312-362-9534

ABOUT US



Digital Commerce 360 | B2B covers all aspects of how businesses sell to business, government, and other institutional clients via the web, providing intelligence to the executives, managers and professionals at manufacturers, retailers, wholesalers and distributors. We provide business intelligence and industry leading content through our research and topic focused B2B ecommerce reports on trends, marketplaces, technologies, and industry best practices. Distribution: 20,000 + opt-in subscribers, newsletters and on the website. Sponsorships include thought leadership articles, promotion and guaranteed leads. These exclusive reports are available only registration download, providing qualified leads to the sponsors.

Digital Commerce 360 is a leading media and research organization that delivers daily news and competitive data across e-retailing, B2B ecommerce, and digital healthcare. Building on the reputation of Internet Retailer® which we introduced in 1999, Digital Commerce 360 is an expert in digital strategies and publishes a wide range of products including reports and newsletters, Internet Retailer® magazine, webinars, and data on thousands of global ecommerce companies through its Digital Commerce 360 Research brand. In 2018, we also co-founded B2B Next, the premier conference for B2B executives embracing ecommerce.

COPYRIGHT

Copyright 2020, Vertical Web Media LLC. All rights reserved. All content of this report is owned by Digital Commerce 360 | B2B, a product of Vertical Web Media, LLC and protected by U.S. Copyright and by applicable intellectual property laws worldwide.