



## PREPPING FOR A HEALTHY HOLIDAY

How retailers are preparing for what lies ahead for the crucial November and December sales season.

- + Sending the right message during the holidays
- + Festive fulfillment
- + COVID clouds Amazon sellers' holiday plans



# CONTENTS

## FEATURES

### Festive fulfillment

Scenario planning is the name of the game for retailers during this unusual holiday season.



### COVID clouds Amazon sellers' holiday plans

In preparation for a possible resurgence of the virus in the fall, some Amazon sellers are shipping inventory early to Amazon warehouses while also beefing up alternative sales channels.

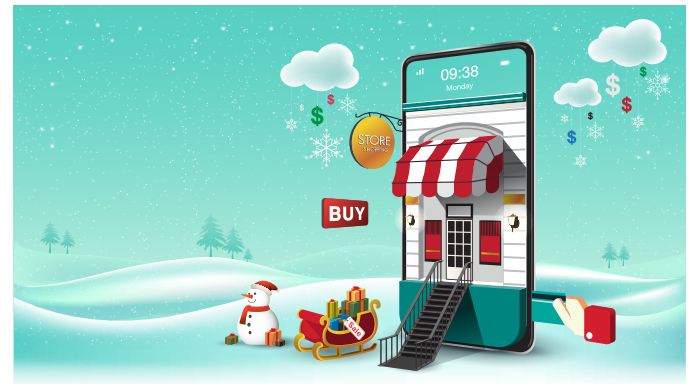


## SPONSORED ARTICLE

Omnichannel capabilities help retailers succeed through COVID-19 and peak seasons

### Sending the right message during the holidays

Online retailers have been prepping for the holidays—some since last year— with new products, better efficiencies and tailored marketing messages. However, GiftsforYouNow.com and Christmas Central are two retailers that have altered some plans as the coronavirus persists in the U.S. and the uncertainty of a second wave looms.



### Where is holiday 2020 headed?

Digital Commerce 360 takes an early pulse on retailers' predications and preparations for November and December.

### B2B web sellers are taking a 'wait-and-see' approach this holiday season

The fourth-quarter holiday shopping period may not be as crucial for B2B companies as it is for retailers, but B2B sellers nonetheless are figuring out how they can best engage their customers this year as the COVID-19 pandemic persists.



# FESTIVE FULFILLMENT

Scenario planning is the name of the game for retailers during this unusual holiday season.

BY JESSICA YOUNG

**Before the pandemic hit the United States,** Rae Nicoletti just happened to email her contact at the Italian factory where she sourced most of the vegan leather for her handbag line. The abrupt reply was a retailer's worst nightmare: The facility was closing permanently within the month.

Thankfully, Nicoletti, the founder of Hozen—a Los Angeles-based digitally native brand—

placed a big order with a vendor in December and purchased extra material, which got her company through until mid-summer. But with holiday orders looming, Nicoletti was left scrambling. After reading about biodegradable leather made from cacti in a fashion trade publication, she tracked down the alternative textile and worked with a Mexican manufacturer to supply it.





## FESTIVE FULFILLMENT

### PREPPING FOR A HEALTHY HOLIDAY

“Unless something goes on there, too, I should be OK,” Nicoletti says. “I feel pretty lucky—I have a lot of friends in the industry who can’t get materials from overseas because plants have shut down. Even friends who do production in the states—those factories have closed because of social distancing. And here we are staring down peak season.”

Holiday forecasting and logistics planning is tough enough for retailers in a normal year. But developing a fulfillment strategy that adequately addresses supply chain, inventory management and delivery for the all-important November-December months has become a herculean task in 2020. Merchants are sidestepping landmine after landmine with the uncertainty around COVID-19, and news of spikes in cases around the country has left retailers wondering just how merry the holidays will be.

“The best advice is to do contingency planning and get as prepared as possible for multiple

AT LEAST  
**30%**



The projected year-over-year percentage growth in 2020 holiday shipment volume.

Source: Convey

scenarios, depending on where we might be by the holidays. What are the things that would spell disaster, and how do you avert those?” says Emily Pfeiffer, a senior analyst at Forrester Research Inc. “This unprecedented time uncovered a lot of breakdowns in everything from supply chain to last-mile delivery, and it calls for retailers to be as flexible as possible. The ability to pivot quickly and put a plan B in place is really, really key now.”

**Many retailers may be stuck** with a lot of leftover inventory after a lackluster shopping season, Pfeiffer says. Conversely, others may miss out on opportunities to sell more to consumers buying online in greater numbers this year as they try to avoid crowded stores or can’t access them altogether. So retailers need to rethink their quantities and timing to mitigate issues or capitalize on buying patterns.

Bean Box got the memo. The online coffee subscription retailer has managed to get enough beans from artisan roasters as shuttered cafés have resulted in a surplus. That allowed the company to keep up with surging demand for premium coffee at home during COVID-19 even though sales were triple Bean Box’s forecast for the period, according to CEO Matthew Berk. For December, he expects sales to be 3-3.5 times higher than last year. Since Bean Box’s products are perishable, the retailer can’t stockpile months’ worth of inventory in anticipation of a crazy holiday peak, but Berk has started placing orders 10-14 days in advance rather than a week out as a buffer for any sourcing snafus.



'The best advice is to do contingency planning and get as prepared as possible for multiple scenarios... What are the things that would spell disaster, and how do you avert those?'

— Emily Pfeiffer, senior analyst, Forrester Research Inc.

Potential packaging woes have given Berk some anxiety, too. Bean Box uses coffee bean bags that are manufactured in Taiwan, and shipments are taking much longer to clear customs because of the backlog. In previous years, the retailer ordered fewer bags since it was easy to place another order later in the season. This year, Bean Box will order many more for the holiday season.

"Normally, we don't even have to think about it, but this year, we're like 'My gosh, it's a huge cash flow hit, but order a million of those instead of a couple hundred thousand,'" Berk says. "And make sure you have two or three folks that you can turn to waiting in the wings in case—God forbid—something happens."

Bean Box makes a little less than half of its annual revenue in Q4, so being prepared for the influx of holiday orders is crucial, Berk says.

**Ministry of Supply, a brand that sells dress** clothes mainly online, is facing the opposite dilemma as it tries to figure out what and how

much customers will buy at a time when overall apparel sales are down. White-collar workers are largely clocking in from a home office, events like weddings have been canceled for the foreseeable future, and no one knows whether holiday gatherings will even take place. Additionally, although the retailer's six shops just reopened after being closed for several months, Ministry of Supply has to be prepared for another round of store closures if the pandemic isn't under control soon, according to Nicole Mazzola, retail operations manager. Considering the stores bring in one-third of the company's annual revenue, that could translate into a big decline in holiday sales, although the retailer did recently launch curbside pickup to mitigate the impact of future store closures or consumers nervous to shop in stores.

Ministry of Supply recently shifted away from bulk ordering its pieces, opting instead to produce smaller quantities more frequently. Executives say they will double-down on a "mini-bulk" strategy for the holiday season to minimize risk. According to Aman Advani, the

# OMNICHANNEL CAPABILITIES HELP RETAILERS SUCCEED THROUGH COVID-19 AND PEAK SEASONS

An executive conversation with **Prashant Bhatia**, senior vice president of technology services, Radial



Even in a post-COVID-19 ecommerce world, consumer preferences drive strategy. In this evolving situation, following omnichannel best practices is critical. Retailers that embrace omnichannel strategies and are flexible in their fulfillment offerings will rise above the competition. To discuss how offering multiple purchase channels—allowing customers to follow the path-to-purchase they prefer—will help retailers capitalize on the 2020 holiday shopping season and beyond, Digital Commerce 360 spoke with Prashant Bhatia, senior vice president of technology services at Radial.

## What have been the most important lessons learned from recent holiday shopping seasons?

Particularly at the peak period, retailers must have the right inventory in the right place at the right time. This is especially true for stores that handle buy-online, ship-to-store and ship-from-store. Retailers should use data insights to determine where last year's demand came from. Then they will know where to place inventory so they can offer merchandise where customers want it and how to staff their stores appropriately. Doing this will reduce shipping time and costs.

Retailers should also use appropriate metrics—including historical data to establish and meet these targets—to ensure their channels are performing optimally during peak. Last year's peak performance should help them uncover gaps and data should point the way to causes and solutions.

## What role does the pandemic play in retailers' ability to prepare for holiday shopping?

As a result of COVID-19, retailers are facing an unprecedented demand for online orders. It also pushed stores to adopt buy-online, pick-up-at-store (BOPIS) and buy-online, pick-up-at-curb (BOPAC) options. Customers like these options and research shows they want to continue to have them as part of their overall experience. To accommodate this shift in buying habits and to ensure business continuity, retailers need omnichannel technology that provides flexibility.

## What challenges do retailers face in the upcoming holiday shopping season?

Shoppers will likely place orders earlier than ever before, given shipping delays caused by the pandemic. Online ordering, BOPAC and BOPIS will play a huge role in the success of the holiday shopping season as they will pull more share from brick-and-mortar sales than ever before. These changes mean that retailers need to start preparing for the peak season, developing a plan for seamless delivery even during unprecedented spikes in order volume.

## How should they overcome these challenges?

Having a multi-node, distributed supply chain linked to robust technology has given retailers an advantage in terms of transit, reduced transportation costs and general supply chain risk. A powerful order management system is essential to scaling on demand. This technology helps retailers develop better inventory visibility, order orchestration and the logistical order routing needed to pivot when unforeseen circumstances arise. It also helps reconfigure routing rules to allocate products to locations that have been less impacted by government mandates or labor shortages.

Though the technology itself is important, retailers should also work with a provider with a deep understanding of inventory best practices and operations that can act as a guide. Radial, for example, has helped hundreds of retailers optimize inventory management to improve customer experiences and scale on demand. Our fulfillment and transportation solutions solve the time-space equation that involves finding the product and setting it on the right path with expedience.

The retailers that could pivot their product line, through direct manufacturing or local sourcing, in alignment with strong digital efforts, will rise above their competition and end up in a class of their own.





# Holiday Preparedness Takes on a New Meaning

## Radial is Here to Help

Retailers who embrace **omnichannel strategies** and are flexible in their fulfillment offerings will be able to capitalize on this year's holiday shopping season and beyond.

**Consumer preferences drive strategy.** By offering multiple purchasing channels, consumers can follow the path to purchase they prefer. Whether it's BOPIS or online ordering, consumers are still looking to shop, they just need a variety of options.

Radial has helped hundreds of brands and retailers optimize inventory management to improve customer experiences and scale on demand.

A partner you can trust, we're here for you.

[radial.com/peak-readiness](https://radial.com/peak-readiness) | +1 877 255 2857



## FESTIVE FULFILLMENT

### PREPPING FOR A HEALTHY HOLIDAY

brand's co-founder and CEO, many retailers typically place an advance order with a 3-to-6-month lead time for up to 10,000 items, which theoretically would be enough inventory to stock its shelves for several months. But with mini-bulk, batch sizes cap out at 50 pieces, and lead time shrinks to just 2-3 weeks. This allows Ministry of Supply to be more agile—relying less on forecasting but rather adjusting based on actual customer demand.

“With mini-bulk, the consequences of being off in your numbers become much, much smaller. Instead of being understocked and missing tremendous demand for 3-6 months or being overstocked and having to put everything on clearance, you end up dramatically minimizing those two variances because you’re able to react quickly and not hold much inventory,” Advani says. “Financially, you’re much more stable than going with the alternative.”

While this allows the apparel brand to replenish its supply on a weekly basis as the team places four purchase orders a month rather than one every 3 months, it requires more work for the retailer.

Ministry of Supply is also being strategic with its product assortment right now—aiming for more season-agnostic staples like dress pants and suits that could be carried throughout an entire year if they don’t sell around the holidays, according to Mazzola.

“The what-ifs can go on for infinity, so you have to sort out where you want to be bulletproof, where you want to hedge and where you’re OK taking a hit like everybody else,” Advani says.

#### **While recent ecommerce performance**

has largely varied by merchandise category, consumers overall have heavily relied on online shopping since COVID-19 reached pandemic status. In the United States, ecommerce sales hit \$73.2 billion in June, according to research from Adobe Analytics—still up 76.2% year over year despite being past the panic-buying stage in early spring. Data is based on more than 1 trillion online visits to retail sites, including 80 of the top 100 retailers in the Digital Commerce 360 Top 1000, and covers 100 million SKUs.

Many industry experts say there is momentum heading into the holidays. Last-mile technology vendor Convey expects 2020 holiday shipment volume for its 130 retail clients—which include The Home Depot Inc., Neiman Marcus and





## FESTIVE FULFILLMENT

### PREPPING FOR A HEALTHY HOLIDAY

Eddie Bauer LLC—to increase at least 30% from last year. By comparison, shipment volume in November-December 2019 jumped by a moderate 14.2% year over year, with December seeing a 24.2% uptick. Convey's data is based on tens of millions of packages shipped from more than 500,000 U.S. locations across the company's client base.

The rapid rise in ecommerce during the pandemic will further boost the number of packages being shipped this holiday season, according to Carson Krieg, Convey co-founder and director of strategic partnerships. And if the surge projection holds true, shipping carriers might get overwhelmed, resulting in late deliveries.

According to Convey, 85% of holiday packages were delivered on time in 2018, but that dropped to 78% in 2019 because of weather delays. Delivery delays have already increased “significantly” since the pandemic, and “if peak network stress has a typical impact on carrier performance on top of that, we could see on-time performance drop even lower,” Krieg says.

Marc Wulfraat, founder and president of MWPVL International, a supply chain and logistics consulting firm, agrees that the delivery ecosystem is already stretched to capacity limits. If carriers can't manage it all, then the only option is to accept that it will take more time for packages to reach shoppers' doorsteps, which could result in the order-by date for Christmas delivery moving up to as early as Dec. 14 or



2-day shipping options taking closer to 7 days, he adds.

This poses a problem for retailers that guarantee holiday orders will be delivered on time. According to a March Digital Commerce 360 and Bizrate Insights survey of 1,000 consumers, 42% of survey respondents named the late arrival of packages as their biggest shipping and delivery concern. That was the No. 1 worry—even before the holiday calendar came into play.

#### **The top priority for whimsical holiday**

apparel retailer Topsy Elves LLC is on-time deliveries. Since most orders are placed for specific events like ugly Christmas sweater parties, holiday pub crawls and family photo sessions, orders arriving on time is critical for the merchant, according to Andrew Sutton, director of operations and fulfillment. If an item arrives later than promised, the customer has no use for it and returns the order for a refund, he says.

## FESTIVE FULFILLMENT

### PREPPING FOR A HEALTHY HOLIDAY

The company offers 5-, 3-, 2- and next-day shipping options that list an actual expected delivery date—not an ambiguous 3-day range—at checkout. TopsyElves.com uses a real-time, rate-shopping tool that chooses between USPS, UPS and DHL eCommerce. The system uses an API call to retrieve carrier pricing and transit time estimates based on where the order is shipping from, product weight, residential vs. commercial addresses and delivery postal codes, defaulting to the cheapest option that will have the package delivered by the customer's requested date.

But given the delays Topsy Elves has already encountered this year, Sutton's team will more closely monitor carrier performance throughout the peak season to make sure the retailer doesn't continue to ship with a lagging carrier that routinely struggles to deliver on time. According to Sutton, it'll be much more

important for his team to study analytics from AfterShip, a shipment tracking platform, on a daily basis this year. That way, he can opt to disable a carrier or a method like UPS 2-day delivery because it has been late 20% of the time in the last 2 weeks, for example, and hopefully minimize problems.

**This Q4, Bean Box plans to** more heavily promote the site's pre-purchasing option to help regulate order flow during peak season. That option, which the retailer plans to introduce in September, will enable customers to buy a gift for scheduled delivery before Hanukkah, Christmas or other holidays.

For roughly 20 years now, the one holiday trend that has been consistent year after year is that consumers ordered later and later in the season, says Berk, a former research director who analyzed ecommerce trends. That possibly reached its apex last year, when shoppers ordered off of Amazon.com Inc. the day before Christmas and received their items on time, he says.

“But maybe this is the first year in a very, very long time that we are slightly inconvenienced and there's a consumer knowledge dawning about what's reasonable,” Berk says. “I hope consumers will be more thoughtful around the calendar this year because we have, at least right now, a 3-month history of stuff taking a little bit longer—because of handling or shipping or both.”

[jessica@digitalcommerce360.com](mailto:jessica@digitalcommerce360.com) | [@jyoung7](https://twitter.com/jyoung7)





# COVID CLOUDS AMAZON SELLERS' HOLIDAY PLANS

In preparation for a possible resurgence of the virus in the fall, some Amazon sellers are shipping inventory early to Amazon warehouses while also beefing up alternative sales channels.

BY DON DAVIS

**No one knows what the coronavirus situation** will be when the holiday season arrives in a few months. But many retailers and brands that sell on Amazon.com Inc.'s marketplace are betting that consumers will shop even more than usual on Amazon this year, and they're adjusting their strategies accordingly.

Some are shipping more inventory earlier to Fulfillment By Amazon warehouses to ensure Amazon has plenty of their merchandise in

case Amazon halts deliveries to its fulfillment centers because of a COVID-19 upsurge, as it did in March. Many keep in close touch with their suppliers to make sure merchandise arrives in time for the gift-giving season. Others are creating new gift options so that shoppers can send personalized gifts without touching the products they send.

Giftware brand Demdaco is focusing more on Amazon this year than normal. The





## 'We have seen a big jump in Amazon sales as a result of COVID.'

— Marisa Lytle, vice president of consumer engagement and ecommerce, Demdaco

manufacturer attributes 80% of its online sales to Amazon.

"We are changing our strategy to some degree this holiday season because we have seen a big jump in Amazon sales as a result of COVID," says Marisa Lytle, vice president of consumer engagement and ecommerce. "In anticipation of that part of our business being up compared to other channels, we are shifting inventory focus to the Amazon channel."

At the same time, Demdaco is taking steps to make its own websites more appealing alternatives to Amazon, which prevents marketplace sellers from capturing the contact information of consumers who buy from them on Amazon and remarketing to those shoppers.

Others are thinking the same way, even as they remain reliant on Amazon for much of their online revenue. "We're thinking about the strategic ways we can earn the customer's loyalty and establish loyalty with us, rather than with Amazon," says Karen Schnelwar, vice president of global brand strategy and marketing

at housewares brand Oxo, part of consumer goods holding company Helen of Troy.

While there have been some high-profile examples of brands halting sales on Amazon, including athletic shoe manufacturer Nike Inc. and sandal brand Birkenstock, many brands plan to continue to lean on the marketplace this year amid the pandemic, says James Thomson, a partner at Buy Box Experts, a consulting firm that helps brands sell on Amazon.

"Brands that are on Amazon are doubling down, recognizing this is where consumers are shopping," Thomson says. "I've not heard a single brand say, 'I'm fed up with Amazon and now during COVID I'm going to act on it.'"

If anything, more big online sellers are selling on Amazon. Of the 2,000 leading online retailers in North America, 40.0% were selling on Amazon in 2019 versus 32.2% a year earlier, according to Digital Commerce 360 research.

Amazon is especially important for these retailers during the holiday season, given



# COVID CLOUDS AMAZON SELLERS' HOLIDAY PLANS

## PREPPING FOR A HEALTHY HOLIDAY

consumers' reliance on the leading marketplace in November and December. A fall 2019 Digital Commerce 360 and Bizrate Insights survey found that two-thirds of online shoppers expect to make at least a quarter of their online purchases on Amazon.com, and 40% planned to buy at least half of their gifts on Amazon.

The coronavirus only increased Amazon's dominance, as the e-retailer reported a 28.8% increase in total North American sales during its fiscal quarter that included February, March and April 2020. In a June 2020 Digital Commerce 360 and Bizrate Insights survey, 32% of online

shoppers expected to spend more on Amazon during the rest of 2020, while only 10% said they would spend less.

**Chan Stimart, president of Channie's LLC,** a 4-year-old company she founded, has seen Amazon's power—for good and ill.

Amazon accounts for a big part of her sales of workbooks designed to improve children's handwriting and math skills. Channie's mostly sells online, and Amazon has helped the retailer grow sales rapidly. Stimart estimates her online sales will reach well over \$1 million this year,



Chan Stimart, president of Channie's LLC, right, and sales manager Heather Haymore packing orders during the coronavirus outbreak.



## 'Amazon made us, but Amazon also has lots of control.'

— Chan Stimart, president, Channie's LLC

most of that coming from Amazon. But Stimart also suffered when Amazon stopped accepting nonessential merchandise into FBA warehouses in April so that it could handle surging demand for cleaning and health-related products.

Channie's sales also were surging as parents sought to instruct their children while schools were closed, but FBA would not accept her products, Stimart says. "Even though we had tons of inventory, we couldn't sell it," she says. "That made me realize how much we are at Amazon's mercy."

Stimart reacted by fulfilling orders from her garage until she could engage a logistics company to handle her Amazon orders. That allowed Channie's products to ship free to Amazon Prime members, even though Channie was not doing those through FBA.

Now that Amazon has resumed accepting all sorts of merchandise, Stimart is shipping more inventory than she usually would to FBA warehouse. That ensures Amazon will be able to sell her educational materials during the holidays even if a second wave of the coronavirus leads Amazon to stop accepting certain products into

its fulfillment centers. However, she is careful not to ship too much, as Amazon charges additional storage fees for merchandise that sits in its warehouses for more than a year.

She plans to continue to invest about \$20,000 per month in advertising on Amazon to promote her products, as she has been doing. But she's also planning to spend more on Google advertising to drive more traffic to her own website, recognizing that not all consumers shop on Amazon and that Amazon prevents her from remarketing to customers who buy her products on Amazon.com.

"Amazon made us, but Amazon also has lots of control," she says.

### **For Rick Vogt, owner of online retailer**

SweaterChalet.com and who derives half of his revenue from Amazon sales, the big questions for the holiday season are whether the high-end woolen apparel he sells will arrive in time from his suppliers in Europe—and whether consumers will be confident enough to buy his pricey sweaters, gloves, hats and scarves.

He placed his holiday orders in February before the pandemic's full force was evident, putting

# COVID CLOUDS AMAZON SELLERS' HOLIDAY PLANS

## PREPPING FOR A HEALTHY HOLIDAY

20% down. Now all he can do is keep in close touch with suppliers, trying to verify they will deliver his merchandise in time. “Did they buy all the wool?” Vogt wonders. “Are their suppliers still in business? Are they themselves in financial stress? And if the merchandise does arrive, are people going to buy it?”

Vogt does not use FBA because he wants to ensure his sweaters, some priced at around \$600, arrive in pristine condition. FBA can’t guarantee that, he says, because often Amazon shoppers return products and FBA ships them again, even though they may be smeared with lipstick or smell of cigarette smoke. Seeking to avoid bad reviews that can quickly depress sales on Amazon, he handles fulfillment himself.

In general, however, Vogt has high praise for the service Amazon provides marketplace sellers. In previous companies he’s owned, Vogt says he has sold on other marketplaces, including those of eBay Inc., Walmart Inc. and Rakuten. “No one has the level of support Amazon has,” he says.

**Like Channie’s, Demdaco is planning** to ship inventory into FBA warehouses earlier than usual in case a COVID resurgence in the fourth quarter causes Amazon to stop accepting deliveries again, ecommerce director Lytle says. At the same time, the giftware brand is considering adding a second shift to its own warehouse and taking steps to increase order-picking efficiency to ensure it can handle more orders internally if Amazon curtails shipments.

It’s also preparing to add services to its own websites, Demdaco.com and WillowTree.com, geared to consumers who may want to add a personalized touch to gifts but are wary of physically touching products they send to relatives and friends because of COVID-19. To that end, the company is “adding in capacity to do additional gift wrapping and personalized messaging on shipments so consumers can ship a gift and provide a more personal out-of-box experience to those receiving the gift without ever touching the shipment themselves,” Lytle says.

Also, Demdaco has introduced to its WillowTree.com ecommerce site, which features hand-painted figurines, gift box assortments tailored to specific kinds of recipients—such as grandparents or a new mom or dad. Lytle says the company also plans to offer those gift sets on Amazon during the holiday season.

Lytle says that exposure may ultimately bring Amazon shoppers to WillowTree.com. “We will have a wider selection on our own website,” she says. “We hope the consumer will sample or







# COVID CLOUDS AMAZON SELLERS' HOLIDAY PLANS

## PREPPING FOR A HEALTHY HOLIDAY

discover the line on Amazon, then come to us for more.”

Housewares brand Oxo, too, continues to sell on Amazon while working to make Oxo.com more appealing by adding features and offers that shoppers won't find on Amazon. Having redesigned its ecommerce site nearly 2 years ago, Oxo.com has added some 800 product videos and is planning to test bundles of products designed to appeal to visitors to the site. It's also made its money-back guarantee more prominent and joined the “1% for the Planet” community of companies that pledge 1% of revenue to environmental nonprofits, hoping to increase its appeal to socially conscious consumers.

All those steps can differentiate Oxo from competitors, including Amazon. “We're thinking through how to create a very curated advantage over Amazon in terms of shopping experience and assortment,” says Robbie Williams, divisional director of DTC [direct-to-consumer] ecommerce at Oxo parent company Helen of Troy. Noting that Amazon has developed private-label products of its own that compete with Oxo's, he adds, “They don't have our best interests at heart.”

There's little doubt Amazon will be a strong competitor to most retailers and brands over the long-term. But for the short-term and for the 2020 holiday season, Amazon remains an indispensable sales channel for many brands and merchants.

[don@digitalcommerce360.com](mailto:don@digitalcommerce360.com) | [@DonDavisDC360](https://twitter.com/DonDavisDC360)

# SENDING THE RIGHT MESSAGE DURING THE HOLIDAYS

Online retailers have been prepping for the holidays—some since last year— with new products, better efficiencies and tailored marketing messages. However, GiftsForYouNow.com and Christmas Central are two retailers that have altered some plans as the coronavirus persists in the U.S. and the uncertainty of a second wave looms.

BY STEPHANIE CRETS

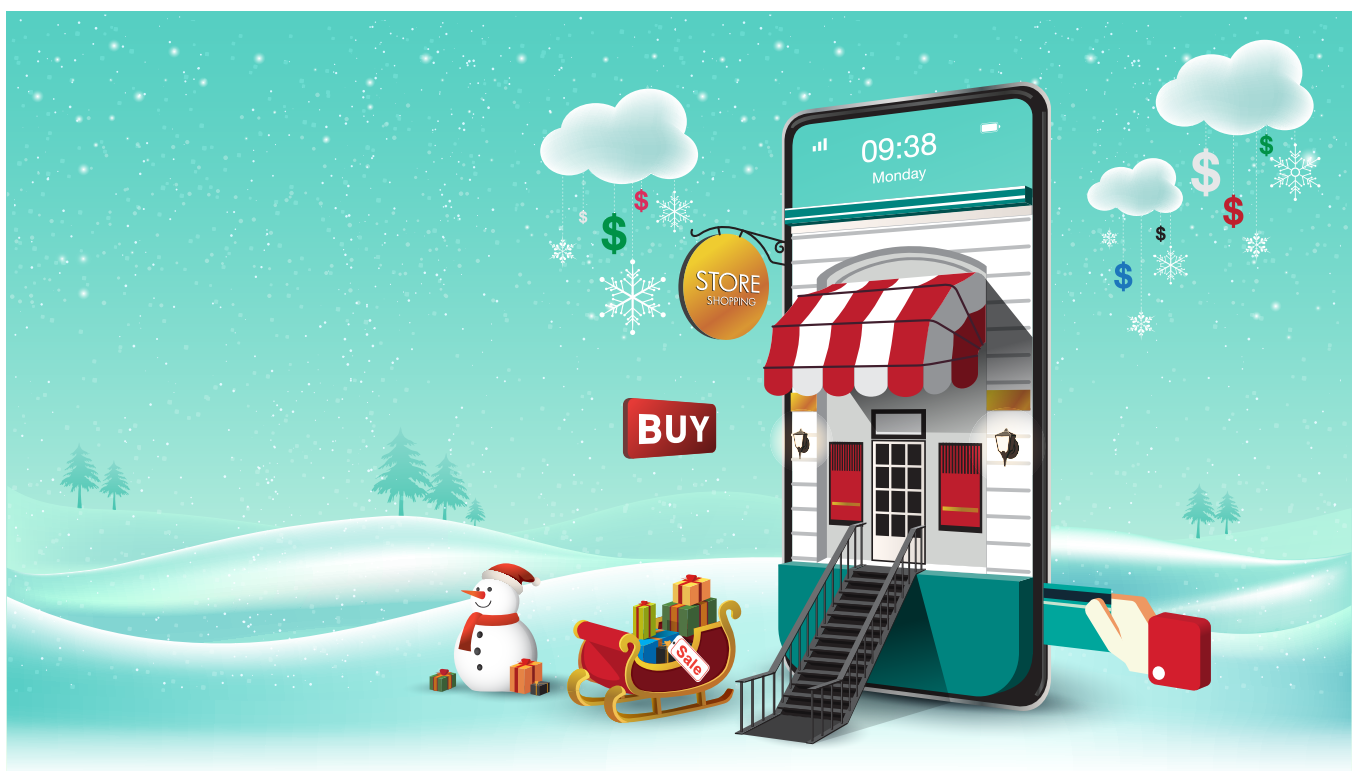
## As a personalized gifts retailer,

GiftsForYouNow.com is always thinking about the holidays—from Christmas to Halloween to Mother's Day and Father's Day.

"Summer is our exhale moment," says president Jim Tuchler. "We've made it through our Father's

Day, Mother's Day and graduation seasons. Now, we're gearing up for Q4."

At GiftsForYouNow.com, preparing for Q4 typically means hiring seasonal workers, load testing its ecommerce site to scale up for holiday demand, adding more products and executing





# 'Summer is our exhale moment. We've made it through our Father's Day, Mother's Day and graduation seasons. Now we're gearing up for Q4.'

— Jim Tuchler, president, GiftsForYouNow.com

on new marketing programs. June 15 to October 15 is the gift retailer's window to get these things done, and buy new equipment and machinery—such as presses, lasers and embroidery machines—to increase bandwidth and speed in producing its personalized products.

This year, the stakes are especially high for online retailers preparing for the holiday season. Similar to last year, retailers are operating with a shortened season between Thanksgiving and Christmas, with 28 days for consumers to shop—although it is 2 days longer than last year's 26 days. But the bigger risk is that the coronavirus pandemic still looms in the U.S., and there is still uncertainty as to whether or not a second wave will hit in the fall, affecting online merchants' holiday sales. GiftsForYouNow.com and Christmas Central are two retailers that expect modest sales growth during the holidays despite the pandemic, yet they are still altering some of their product selection, fulfillment and marketing plans to address the state of the world.

**At GiftsForYouNow.com**, a big part of its holiday prep this year is personalization, Tuchler says.

The retailer plans to have its website better recognize shoppers and show products relevant to what they have browsed. Or, for example, if the shopper came to its site from a deals website, it might show her deals and coupons.

"We might ask your name and that's in the web cookies, so then we can show products that have your name on them," Tuchler says.

GiftsForYouNow.com last year had to deal with the shortened season—6 fewer days between Thanksgiving and Christmas—and experienced 20% lower sales year over year in November, while its sales were up 35% in December compared with a year earlier. The retailer is preparing with last year in mind, despite how different the world is now because of the coronavirus pandemic.

If there is a second wave of coronavirus cases and the retailer has to shut down its operations "that would be catastrophic," Tuchler says.

One challenge the merchant is bracing for is inventory shortages. Therefore, if the retailer

# SENDING THE RIGHT MESSAGE DURING THE HOLIDAYS

## PREPPING FOR A HEALTHY HOLIDAY

has a huge spike in sales or sells out of anything, it plans to use domestic suppliers to replenish inventory quickly. Using domestic suppliers also means it doesn't have to contend with any supply chain shutdowns in other countries. It takes about 120 days to import something from its overseas suppliers. If GiftsForYouNow.com wants a product from overseas, July is its last chance to order those items and have them in time for the holidays, Tuchler says.

GiftsForYouNow.com is preparing for modest growth this holiday season and expects to have the same 35% December increase in sales as last year, Tuchler says. "Last year was good preparation since we saw that 3-week spike," he says. "I think that consumers have been trained to wait because of Amazon Prime's 2-day delivery window and that won't change."

**GiftsForYouNow.com's usual marketing** budget is about \$3-4 million a year, Tuchler says. It gains most of its new customers through paid search, affiliate marketing and social media, while email marketing works better for its customer retention, Tuchler says.

Retailers need to tailor holiday marketing messages to the current context, whatever that context is come November and December, says Shannon Warner, vice president of retail and consumer goods at digital consulting firm Capgemini.

For GiftsForYouNow.com, that may prompt it to take an ethical tone with its marketing. "We

also may do more messaging around being a good social citizen," Tuchler says. "We've given \$75,000 in donations to social justice movements, but we haven't touted it. But we're trying to raise our voice a little bit, whether it's about COVID-19 or social justice causes."

**GiftsForYouNow.com is not the only retailer** preparing for an unorthodox holiday season. Christmas Central, a holiday decor and supplies retailer, starts prepping for the holidays more than a year in advance. For the upcoming 2020 holiday season, Christmas Central began preparing in October 2019, says Nathan Gordon, chief information officer for the retailer's parent company Gordon Companies Inc.

November and December are when the retailer does 75% of its annual business and its sales also spike about 75% during that time compared with the rest of the year. But this year, given the pandemic and the uncertainty of its progression in the coming months, Gordon isn't sure how much sales will grow. The retailer is planning for a 25% spike rather than its usual 75%, he says.

**\$3-4 MILLION**

GiftForYouNow.com's annual marketing budget.



'It's not the time to be blatantly pushing goods at people. Our ads are more about community and what we're doing to help.'

— Laura Gordon, director of communications, Gordon Companies Inc.

"We want to be a little more conservative, but if it's higher, then we'll figure that out," Gordon says. "We should know in early October what the growth for the Christmas season will be. My gut is telling me it will be higher because there will still be a lot of people who won't go to a store because they don't want to." But the pandemic creates too much uncertainty for the retailer to accurately predict online holiday sales, so it remains cautious, he says.

Sales spiked for the retailer when the U.S. locked down due to the pandemic in mid-March. "Easter, Fourth of July, other spring and summer holiday [products] started selling out instantly," he says.

Gordon Companies also owns PoolCentral.com, which experienced more than 500% year-over-year growth in some outdoor product categories in the last few months. Gordon says the company's sales peaked in May with a 400-500% year-over-year increase across its retail businesses. But even in late June, it was still up 200-300% year over year. "We were having Christmas volume in April and May," he says.

**Christmas Central's holiday prep begins** with product selection. It decides on its merchandise based on what sold last year and what it might sell more of this year given current trends. Then, it orders products from its suppliers by March 1 to be ready in time for the holidays, the retailer says. In a typical year, it also hires about 150 seasonal, temporary workers for its fulfillment centers, usually in early fall.

"That's a lot of people that have to be trained in a short window," Gordon says. "The flip side, however, is that we're double the staff we normally have right now because of the sales spikes, so we already have that in place that's being trained. So we have a bigger, better core going into Q4 than we would normally."

With the shortened holiday season, the retailer is focusing on ensuring orders arrive on time, he says. It aims to ship all orders, but especially holiday orders, out by 2:30 p.m. the same day they are placed. "It could be a challenge this year, especially if we have that anticipated growth," Gordon says.



# SENDING THE RIGHT MESSAGE DURING THE HOLIDAYS

## PREPPING FOR A HEALTHY HOLIDAY

It has spent the last few months improving its efficiency in its warehouses, such as training employees on its new enterprise resource planning (ERP) system, as well as figuring out how to keep things moving swiftly when the retailer has to stagger shifts for more social distancing.

To help with the deluge of orders and increase its shipping speed, Christmas Central plans to purchase two 100,000-square-foot warehouses in Las Vegas and Memphis in the coming months, although Gordon declined to reveal more. Right now, it has 400,000 square feet of warehouse space spread out over four locations in Buffalo, New York. But with these new warehouse locations, it will be able to deliver items in 2 days to 90% of the U.S., Gordon says.

**Another challenge for these unusual** forthcoming holidays is sending the right marketing message. And Christmas Central has changed its tone to be more sensitive

to what's going on in the world, says Laura Gordon, director of communications for Gordon Companies Inc.

"It's not the time to be blatantly pushing goods at people," she says. "Our ads are more about community and what we're doing to help."

Christmas Central has spent less on advertising since mid-March and is getting four times the return on ad spend, she says. "I don't know if it's our messaging or if other retailers are scaling back," Laura Gordon says. "But we're not spending as much as we were last year, and we're seeing a much, much higher return."

Christmas Central digitally advertises on Google, Bing, Facebook and Instagram. And it has recently had success with Pinterest, she says. "With so many people being home, Pinterest has been a great tool for us." It also works with several bloggers that incorporate its products into posts on topics such as how to use the retailer's patio furniture in an outdoor space or how to keep kids entertained while sheltering at home.

A lot of Christmas Central's holiday messaging will focus on making time spent at home special, Laura Gordon says, as many consumers are unsure if they will be able to travel to see family or even spend time indoors with extended family because of the pandemic. "We're really driving the idea that you can make your Christmas at home special by brightening up the holidays with new Christmas decor," she says.

[secrets@digitalcommerce360.com](mailto:secrets@digitalcommerce360.com) | [@StephCretsDC360](https://twitter.com/StephCretsDC360)



# WHERE IS HOLIDAY 2020 HEADED?

Digital Commerce 360 takes an early pulse on retailers' predilections and preparations for November and December.

BY LAUREN FREEDMAN

## **Holiday 2020 seems a long way away.**

Given that retailers are mired in back-to-school promotions and still operating in the midst of a pandemic, we want to be cautious in addressing retailers' sentiments for the upcoming festive sales season.

Nonetheless, Christmas isn't cancelled this year and Hanukkah isn't on hold. Thus, Digital Commerce 360 decided to move forward with its annual retailer holiday survey. In the following pages, we share some preliminary results as merchants move into the planning



# WHERE IS HOLIDAY 2020 HEADED?

## PREPPING FOR A HEALTHY HOLIDAY

stages for this critical time period. Throughout the season and particularly post-Labor Day, we will update these findings as we head closer to the gift-giving surge.

### EARLY RESULTS AND HOLIDAY EXPECTATIONS

Let's begin by looking at business now and projections for the remainder of the year. Three out of four retailers report year-to-date ecommerce revenue is up as a result of changing consumer behavior during the pandemic.

#### Aggregating the findings, retailers report the following:

- 25% say revenue is up 50%
- 37% say revenue is up 11%-49%
- 13% say revenue is up 1%-10%

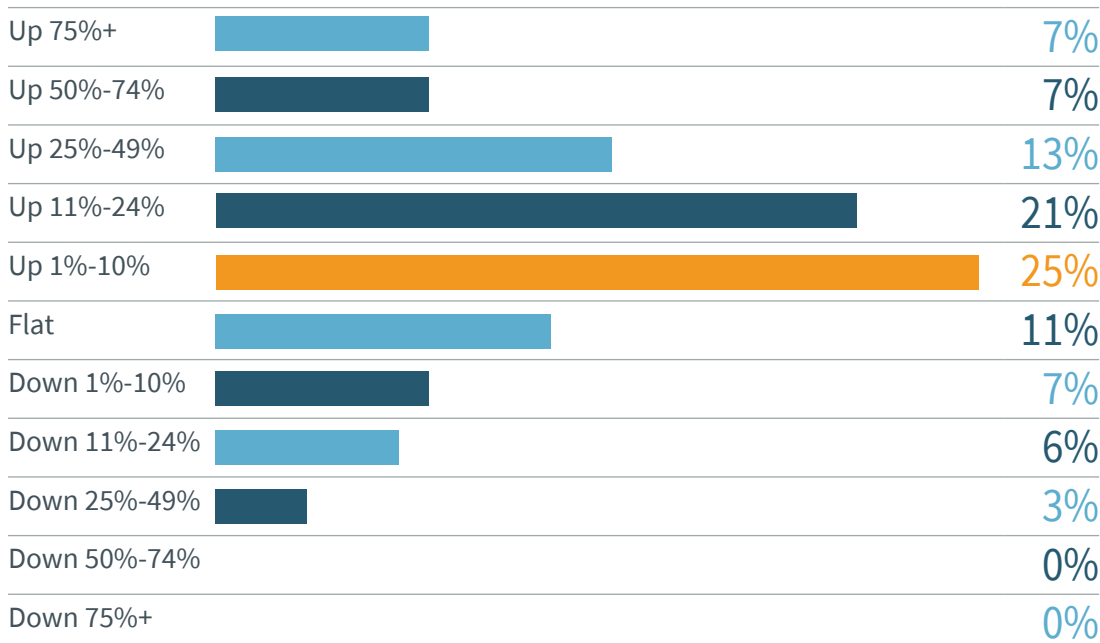
- 5% say revenue is flat
- 15% say revenue is down 1%-25%
- 5% say revenue is down more than 25%

Retailers are forecasting strong online holiday sales as a result of store closures amid the pandemic and the long lines to enter stores that are open. Almost half (46%) of retailers project web sales this holiday season to increase as much as 24% this year, while an additional 27% are bullish, predicting gains of 25% or more. The remainder are projecting flat sales (11%) or a downward trend (16%).

### CONSUMER BEHAVIOR REVEALS MIXED SENTIMENTS

It's challenging for retailers to truly forecast consumer behavior during these times. 61%

#### Relative to the same period in 2019, how do you expect your 2020 online holiday season to compare from a revenue perspective?



Source: Digital Commerce 360 survey of 61 retailers. July, 2020



# WHERE IS HOLIDAY 2020 HEADED?

## PREPPING FOR A HEALTHY HOLIDAY

believe consumers will be more cautious based on circumstances. Yet, 44% are optimistic that there will be a shopping frenzy, given pent up demand. Meanwhile, 48% of retailers predict growth in mobile shopping.

It's hard to know what shoppers will buy, as some retailers believe there will be less demand for holiday items such as decor or attire with fewer in-person gatherings (34%). A quarter of merchants think holiday buying will vary by merchandise

category. However, no matter the times, getting a good deal remains in vogue. Retailers say 34% of consumers will expect deeper discounts. I'm surprised it's not even higher.

Buy online pick up in store (BOPIS) has surged during the coronavirus, and 52% of survey respondents are expecting it will play an increasing role in their business. Retailers also foresee more local shopping on the horizon as cited by 30% of merchants.

### How do you anticipate consumers' online holiday shopping will change this year? *Select all that apply.*

Consumers will be more cautious about buying because of unemployment and overall economic uncertainty	61%
Buy online pick up in store or curbside pickup orders will increase significantly since consumers became more comfortable with omnichannel features during the pandemic	52%
Consumers will buy more on mobile devices	48%
Pent-up demand from stay-at-home orders will lead to more of a shopping frenzy this year than in previous seasons	44%
Consumers will expect deeper discounts knowing that the retail industry is struggling and competing for every dollar	34%
Consumers will buy fewer gifts, holiday party apparel/supplies or groceries and hosting items because gatherings may be cancelled or smaller this year	34%
Consumers will shop local more to help save their communities	30%
Consumers will concentrate their shopping even more on Amazon	28%
Consumers will shop more or less in certain merchandise categories	25%
Consumers will demand even faster shipping including greater expectations for same-day delivery	21%
Prime Day timing will alter consumer shopping behavior rendering early buying less important	5%
Behaviors and expectations will be the same as any other year	0%
None of the above	0%

Source: Digital Commerce 360 survey of 61 retailers. July, 2020

# WHERE IS HOLIDAY 2020 HEADED?

## PREPPING FOR A HEALTHY HOLIDAY

21% think consumers will prioritize faster shipping since they may not be able to quickly pop into a store and when they can, there may be inventory shortages.

Only 28% of retailers believe there will more purchasing on Amazon. I'm skeptical and sadly think Amazon may use its strength and capitalize even further on these continuing circumstances.

### RETAILERS MUST MAKE CHOICES ABOUT STOCK LEVELS

Retailers are taking a cautious stance regarding inventory, given weaker consumer confidence. Almost half (48%) cite inventory as an obstacle. 26% list navigating supply chains as a challenge, while 15% are refining assortments to adapt to the times.

As I touched on before, retailers say timely delivery is tough (39%) along with getting fulfillment up to speed (21%), which also includes omnichannel capabilities (18%). The customer's interest in buying is a concern, and 41% of merchants cited weakened consumer confidence as an obstacle. Retailers are always on guard about meeting customer expectations (25%) and nothing has changed in that realm.

One in three retailers viewed competition from Amazon as an obstacle. 28% are feeling pressed to grow their marketplace business. 26% are concerned about meeting profitability goals and nearly one-fifth are concerned about making sure they are evolving business models (18%) during these unprecedented times.

Investments for the holiday season start with the customer experience. I'm glad to see that

### 2020 has been an unusual year for retail and ecommerce. What obstacles do you face as the 2020 holiday season is on the horizon?

Please select your top 5.



Source: Digital Commerce 360 survey of 61 retailers. July, 2020

# WHERE IS HOLIDAY 2020 HEADED?

## PREPPING FOR A HEALTHY HOLIDAY

retailers are trying to get creative in fostering growth. 38% are investing in new products, services or business models and 26% are paying attention to marketplaces. Customer service will be more important than ever, and 38% indicated they will invest in it.

Marketing will require finesse as the season rolls out and retailers indicate they are focused on social media and email marketing as noted below:

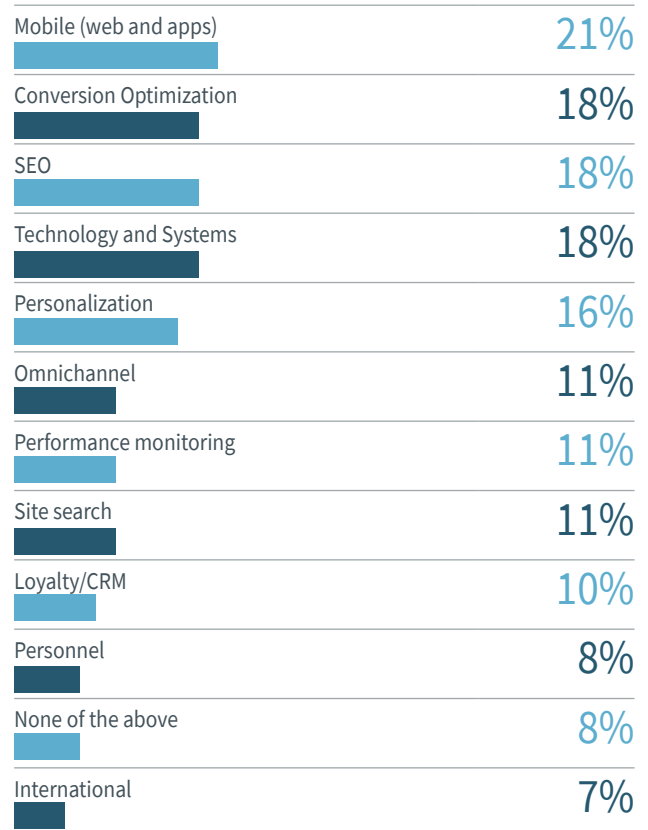
- Social media: 36%
- Email marketing: 34%
- SEO: 18%

There is still time for merchants to invest in technology before the holidays and the areas generating investments include:

- Ecommerce platforms: 33%
- Content management: 30%
- Analytics/Testing: 26%
- Logistics/Operations: 23%
- Fulfillment/Delivery/Supply Chain: 21%
- Mobile: 21%
- Conversion/Optimization: 18%
- Technology and systems: 18%
- Personalization: 16%

### In which of the following areas have you made investments throughout 2020 to grow your holiday business?

Please select all that apply.



Source: Digital Commerce 360 survey of 61 retailers. July, 2020



# WHERE IS HOLIDAY 2020 HEADED?

PREPPING FOR A HEALTHY HOLIDAY

## RETAILERS MUST FIND WAYS TO CHIP AWAY AT AMAZON'S MARKET SHARE

Fundamentals including customer service, selection and free shipping top the list of ways retailers intend to compete with Amazon. Almost half (49%) believe that one of the answers to taking business from the behemoth could be paying greater attention to customer service. Given Amazon's UX and business model, predicated on Prime members, price remains important and around a third of retailers (36%) will be offering free shipping and lower prices (31%). Amazon's personalization prowess is a force to be reckoned with, and 36% of retailers are hoping to enable similar personalization strategies.

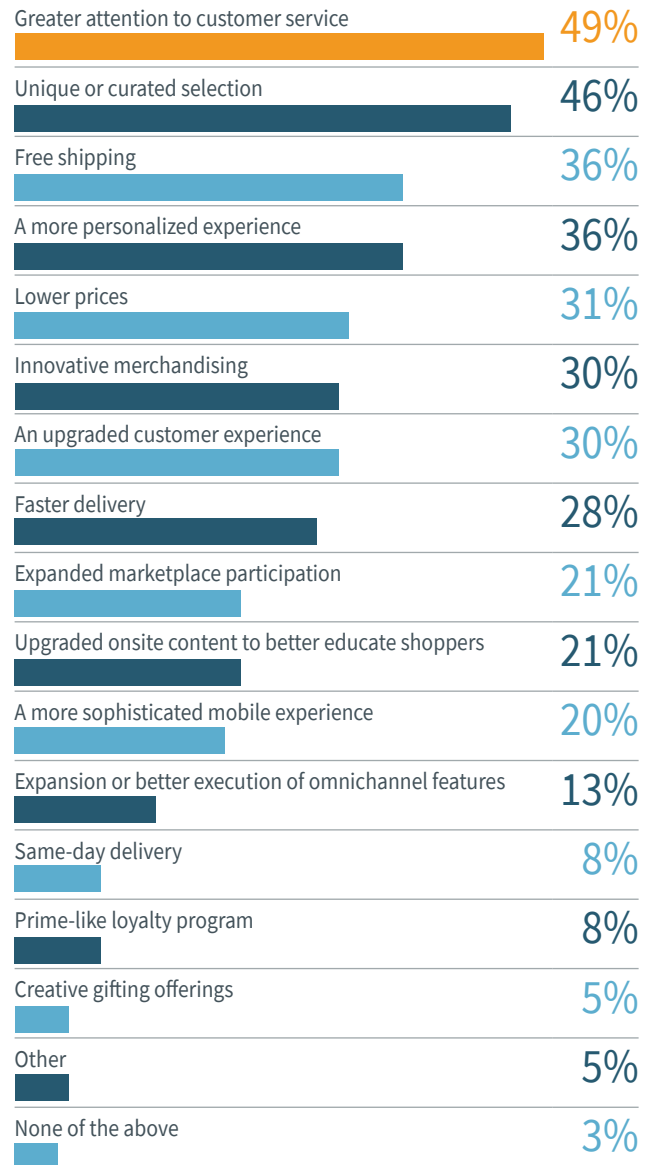
Other customer experience initiatives include:

- Upgraded customer experience: 30%
- Upgraded onsite content: 21%
- More sophisticated mobile offerings: 20%

From a merchandising perspective, 46% of merchants plan to compete with Amazon by focusing on unique or curated selections, while 30% say they will work toward innovative merchandising.

Logistics is always in play and the main one to watch in this category is the 28% of retailers that will attempt to compete via faster delivery. Omnichannel expansion/execution, at 13%, is also a competitive tool. Growth in some cases means "if you can't beat 'em then join 'em" and that may include expanded marketplace participation, as cited by 21% of respondents.

**Knowing that Amazon is many retailers' competition, what will you do to more effectively compete with Amazon? Please select all that apply.**



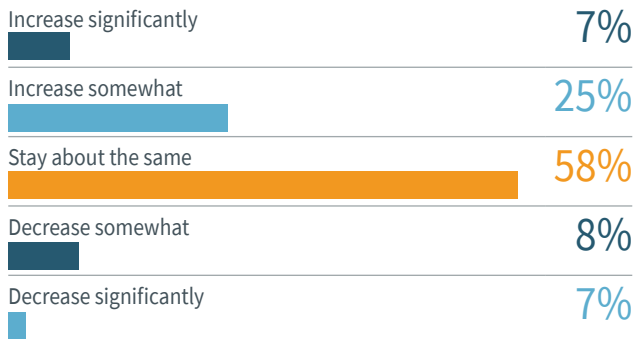
Source: Digital Commerce 360 survey of 61 retailers. July, 2020

# WHERE IS HOLIDAY 2020 HEADED?

## PREPPING FOR A HEALTHY HOLIDAY

### Online shoppers expect to spend more on Amazon this year

Thinking about your overall spending with Amazon in 2020 how do you expect it to change for the rest of the year?



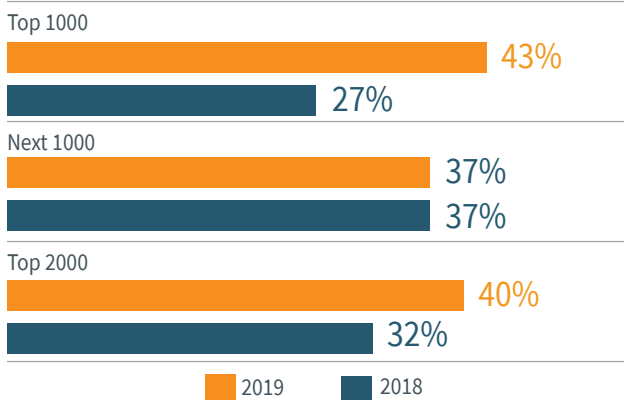
Source: Digital Commerce 360/Bizrate Insights survey, June 2020

Retailers plan to offer an array of shipping options this holiday season, with an emphasis on omnichannel. With COVID-19 still prevalent, omnichannel options are growing in importance. The numbers speak for themselves, including curbside gaining ground as government mandates ebb and flow.

- 34% plan to offer BOPIS
- 26% plan to offer ship from store

### More leading retailers and brands sell on Amazon

Percentage selling on Amazon in each ranking, 2019 vs. 2018



Source: Digital Commerce 360 Research. Top 1000 includes North American retailers and brands ranked Nos. 1-1000 in online sales; Next 1000 includes companies ranked Nos. 1001-2000.

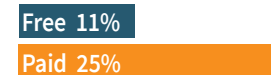
- 26% plan to offer buy online, curbside pickup
- 10% plan to offer an option to ship to alternative locations such as lockers

Below is an early read on shipping options and related fees that retailers plan to use over the holidays.

### 2-day shipping



### Next-day shipping



### Same-day shipping



Same-day starts to make inroads but may cost more than most retailers can afford or not be significant to their business model.

Retailers' holiday free shipping often requires a minimum dollar threshold, though 33% use a mix of tactics.

Holiday tactics surrounding free shipping include:

- Minimum dollar threshold: 54%
- Offering free shipping for specific merchandise categories: 13%
- With loyalty program: 13%

# WHERE IS HOLIDAY 2020 HEADED?

## PREPPING FOR A HEALTHY HOLIDAY

- Unconditional: 13%
- During peak holiday periods: 8%
- Ecofriendly delayed deliveries: 8%
- Paid memberships: 8%

### PROMOTIONS WILL LIKELY POWER THE 2020 HOLIDAY SEASON

62% of retailers will provide a simple percentage off of products.

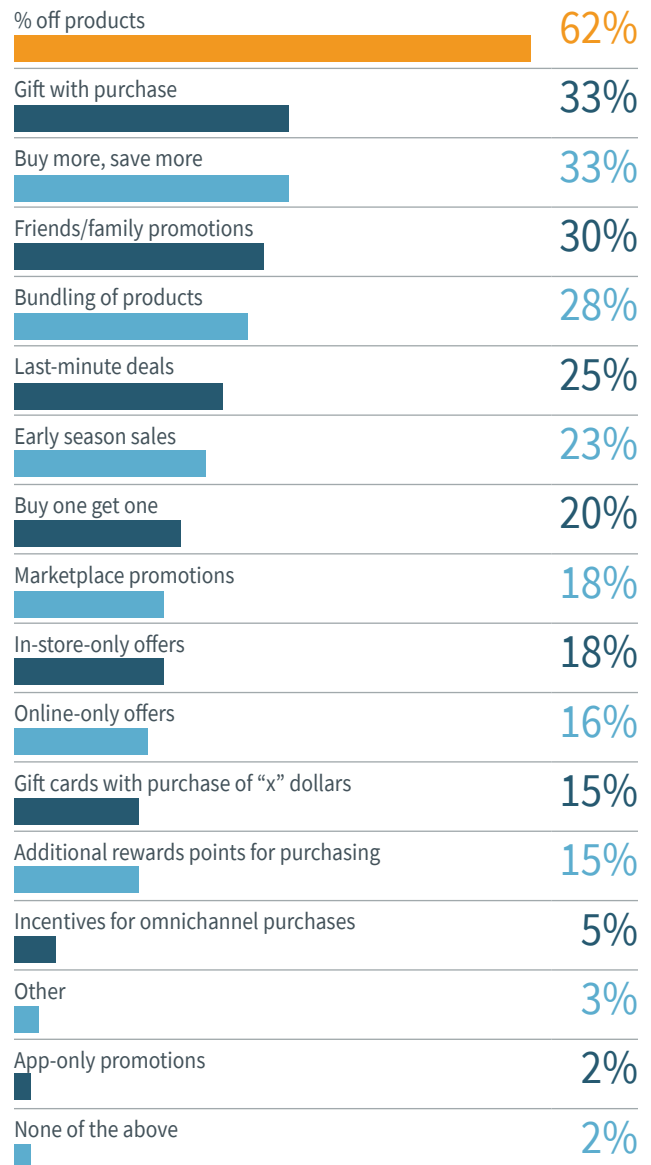
Thinking about other tried-and-true tactics, retailers plan to offer the following promotions:

- Buy more, save more: 33%
- Gift with purchase: 33%
- Friends/family promotions: 30%
- Product bundling: 28%
- Last-minute deals: 25%
- Early-season deals: 23%
- Buy one, get one: 20%

Channel approaches will likely be a tactic as well:

- In-store-only: 18%
- Marketplace: 18%
- Online-only: 16%

### Which promotional tactics do you expect to utilize over the holiday season? *Please select all that apply.*



Source: Digital Commerce 360 survey of 61 retailers. July, 2020



# WHERE IS HOLIDAY 2020 HEADED?

## PREPPING FOR A HEALTHY HOLIDAY

### MARKETING BUDGETS ON THE RISE

When asked how retailers plan to tweak marketing as a percent of their overall holiday budget, almost all said their marketing budgets will be flat or increase over the holidays. The greatest percentage of retailers will increase their email budgets. Social, SEO and content

marketing ride close behind. Retailers will also continue to focus on mobile as consumer adoption accelerates. Tactics that are more evenly split between increases and remaining the same include paid search, influencer marketing, affiliate marketing, marketplaces and Amazon.

	Increase	About the same	Decrease	NA
Email	64%	24%	4%	8%
Social (Instagram, Facebook, Pinterest, TikTok, You Tube)	58%	31%	3%	8%
SEO/Natural search	57%	31%	4%	8%
Content marketing	54%	28%	0%	18%
Search engine (Google/Bing product listing ads)	52%	31%	2%	15%
Mobile ads (web and app)	42%	25%	0%	33%
Paid search	36%	40%	3%	21%
Influencer marketing	33%	34%	3%	30%
Affiliate marketing	33%	29%	5%	33%
Ads on marketplaces beyond Amazon (Walmart, Target, Etsy, etc.)	28%	26%	2%	44%
Amazon ads (sponsored brands, sponsored products)	25%	21%	7%	47%
Direct mail/print catalogs	16%	28%	8%	48%

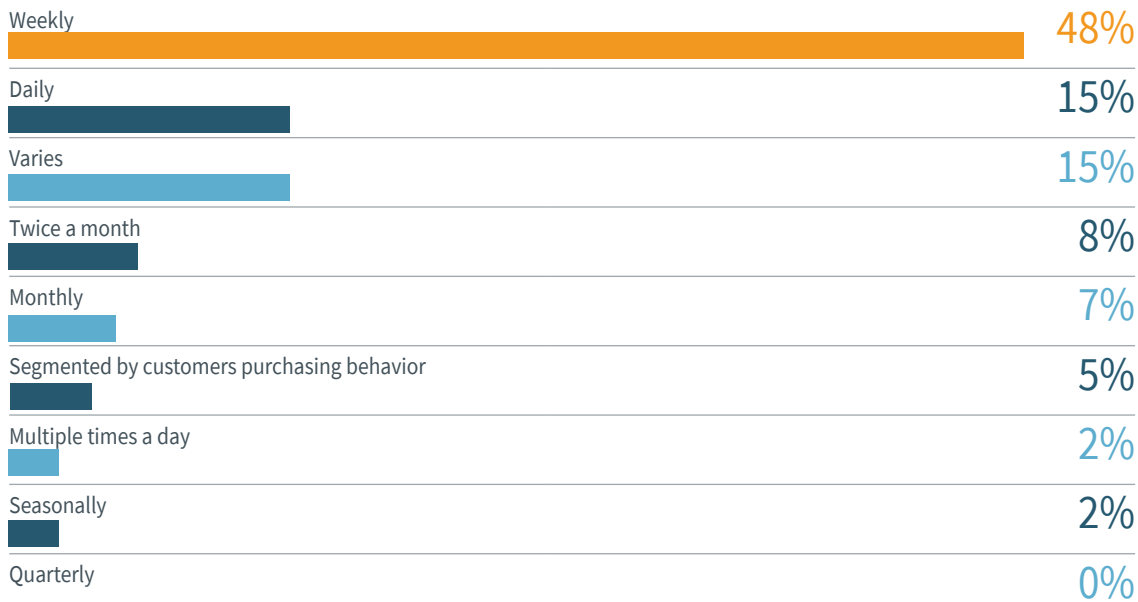
Source: Digital Commerce 360 survey of 61 retailers. July, 2020

# WHERE IS HOLIDAY 2020 HEADED?

## PREPPING FOR A HEALTHY HOLIDAY

### How often will you be sending emails to your subscriber base over the 2020 holiday season?

Please select all that apply.



Source: Digital Commerce 360 survey of 61 retailers, July, 2020

Despite being one of the original digital marketing techniques, email has retained its power to drive revenue. On average, retailers will send holiday emails at least weekly. It's interesting to observe the projected frequency that retailers will follow:

- Daily/multiple times a day: 17%
- Weekly: 48%
- Monthly/ Twice a month: 15%
- Varies: 15%
- Segmented by customers' purchasing behavior: 5%

Not only is the frequency aggressive, the overall mailing volume change relative to the 2019 season is almost universally up, as 87% of retailers plan to send more email. In fact, 34% suggest email volume will increase significantly.

Ecommerce has for years garnered standard double-digit annual growth. As consumers seek to stay home more and grow more accustomed to online shopping due to the pandemic, ecommerce stands to potentially gain even more of total retail's market share over the holidays. In response, retailers are focusing on fast delivery and more omnichannel options. Amazon will once again be a formidable player and retailers will invest in customer service and creative products and solutions to compete with the behemoth. Retailers also plan to zero in on maintaining the right inventory levels, sharpening their pricing and personalizing shopping. While 2020 will no doubt bring about an un-traditional holiday season, retailers plan to work hard to make sure it's a healthy one.

# B2B WEB SELLERS ARE TAKING A 'WAIT-AND-SEE' APPROACH THIS HOLIDAY SEASON

The fourth-quarter holiday shopping period may not be as crucial for B2B companies as it is for retailers, but B2B sellers nonetheless are figuring out how they can best engage their customers this year as the COVID-19 pandemic persists.

BY MARK BROHAN

**Christmas is coming soon for business-to-business web sellers of all kinds.** But this year, as they deal with the ongoing litany of ecommerce challenges and problems brought about by the global COVID-19 pandemic, many B2B sellers don't know—or can't forecast—what lies ahead for them this upcoming holiday buying season.

“We are keeping our expectations and sales forecasts very fluid these days,” says Mike Connors, CEO of Bulbs.com, a B2B ecommerce site that sells electrical equipment and supplies.

**The holiday shopping season is quite different** for B2B sellers compared with business-to-







'Business buyers get swept up in the momentum or want to complete their corporate buying for the year, before the holidays hit.'

— Mike Connors, CEO, Bulbs.com

consumer ecommerce merchants. The fourth quarter for web retailers is the biggest quarter of the year. For many merchants, it's the year's "make-or-break" quarter, in which merchants plan their consumer strategies months in advance, agonize over the best offers and deals to attract online holiday shoppers, and work to create the best customer experience possible.

In contrast, B2B buyers typically aren't impulse buyers, but tend to purchase goods and services for their organizations year-round and often on a set schedule. B2B buyers also make more complex buying decisions and take months to research products before placing an order online.

But Black Friday, Cyber Monday and the days leading up to the end of the holiday shopping season can generate significant website traffic and online sales for B2B sellers. "Business buyers get swept up in the momentum or want to complete their corporate buying for the year, before the holidays hit," Connors says.

"We get some really good business before the holidays."

Bulbs.com, which launched in 1999 as a web store selling lighting products, generates annual B2B ecommerce sales of about \$20 million. Throughout the week after Thanksgiving, it targets B2B buyers with special deals.

"We see a substantial increase in traffic during that whole Cyber Week, particularly Monday through Wednesday," Connors says. He defines Cyber Week as the days preceding and following Black Friday and Cyber Monday. "I believe our B2B customers are busy looking for deals on maintenance, repair and operations (MRO) supplies during the week when doing some personal shopping as well and hit our site along the way."

Bulbs.com is planning on offering new deals during this year's holiday shopping season. But what form those deals may take, and how well they may perform, is hard to predict given the

# B2B WEB SELLERS ARE TAKING A 'WAIT-AND-SEE' APPROACH

## PREPPING FOR A HEALTHY HOLIDAY

ongoing changes on online operations from COVID 19, Connors says.

**Like many B2B sellers,** Bulbs.com—which provides lighting products to more than 200,000 commercial customers operating across 300,000 global locations in the hospitality, retail, property management, healthcare, manufacturing, government, education, industrial and municipal sectors—coped with multiple challenges when the coronavirus began hitting home in March.

The B2B seller spent the end of 2019 and into January adding more product inventory from new suppliers to counter supply chain disruptions in China. The company also overhauled its distribution center workflow, developed a new remote workforce program so office staff could work from home, and adjusted to big swings in order volume and web sales.



“From the middle of March to the middle of April, we were down 40%, and then business bounced back,” Connors says.

To generate more sales and create new ecommerce opportunities, Bulbs.com developed new product categories, such as hand tools and protective eyewear, and launched a new business-to-consumer page that now accounts for about 25% of total web sales, the company says. Bulbs.com will also eye new holiday shopping opportunities. But what specifically the B2B web seller will do—and when—remains fluid. “These days it’s all about staying nimble,” Connors says.

For example, as successful as its new direct-to-consumer ecommerce program has been, it’s too soon to tell if Bulbs.com can count on that jump in online business for the long-term, he says.

With nearly 20 years in the ecommerce business, Bulbs.com knows about strategic planning. “We think ahead,” Connors says. Bulbs created a new planning model based on data from website traffic, daily online orders and other metrics to forecast business conditions in increments of 5 days, 10 days and 15 days in the future. “It’s an indicator of what we need to do as a business to adjust to constant change,” he says.

But even though the holiday shopping season is fast approaching, it’s too soon to see what’s ahead for the fourth quarter, Connors says.

Bulbs.com is typical of how many B2B sellers are rushing to put in place new online business

## B2B WEB SELLERS ARE TAKING A 'WAIT-AND-SEE' APPROACH PREPPING FOR A HEALTHY HOLIDAY

strategies and launch website features like product recommendations to satisfy the demands of more purchasing managers shifting more of their buying online.

But there is also great uncertainty in forecasting sales or putting in place new programs too soon, says Karie Daudt, senior commerce consultant with digital transformation consulting firm Perficent Digital.

“We saw many manufacturers that were more digitally mature make quick pivots to adjust, but they still suffered in one way or another,” she says. “The bottom line is that everyone needs to fix something about their business as a direct or indirect impact of COVID-19.”

**State Electric Supply Co.**, a 67-year-old regional distributor of electrical, data communications and power transmission products, is another B2B seller taking a short-term view of ecommerce sales as it reworks its game plan for online in the wake of COVID-19.

State Electric Supply sells products through an ecommerce site and 44 physical branch locations in seven states: Illinois, Kentucky, Ohio, Pennsylvania, North Carolina, Virginia and West Virginia. “Holiday shopping has never been a major focus for electrical distribution, perhaps it should be,” says Dave Gravely, vice president of ecommerce at State Electric. “We will run a few specials, and we started free freight just after the pandemic started.”

Ecommerce has been an even bigger priority for State Electric since the pandemic began. “The virus has definitely created more online opportunities as our B2B customers are using it to lessen site visits and control social visits and distancing,” he says. “We are also hearing from many customers not wanting to purchase products made in China.”

State Electric doesn't break out ecommerce sales, but since the coronavirus hit home, web sales are up more than 40% compared with the same time last year. “We've been doing a lot of pushing of the website,” he says. “Face-to-face meetings for our sales guys came to a stop.”

State Electric has been putting in place new ecommerce programs, including curbside pickup at its distribution network, and adding new digital marketing programs, such as campaigns



Dave Gravely, vice president of ecommerce, State Electric

# 46%

State Electric's online sales increase March-May compared with a year earlier.



## B2B WEB SELLERS ARE TAKING A 'WAIT-AND-SEE' APPROACH PREPPING FOR A HEALTHY HOLIDAY

for products made in the U.S. “We used this as an opportunity to highlight products ‘Made in the USA,’ and we now have ‘Made in the USA’ as a filter, so customers have the option to view U.S. products only,” Gravely says.

State Electric is no stranger to B2B ecommerce. Two years ago, ecommerce design firm AmericanEagle.com redesigned StateElectric.com; it now runs on ROC Commerce ecommerce technology platform from Real Omni Channel Commerce Inc.

The retooled website features a faster and better-organized site search that lets users search through an inventory of about 60,000 products by category, manufacturer or such attributes as voltage or lamp wattage. The site’s updated product pages now feature such content as customer reviews, detailed product specifications and better images that site visitors can enlarge with a zoom tool.

Features for registered customers are also new. Among the changes: registered customers with accounts can access special online prices, ordering tools and quote-request forms. Also, they can use stored user profiles to expedite checkout, review orders and manage account details.

“Ecommerce is now a necessity for our business growth,” Gravely says.

But the distributor also is strategizing beyond the upcoming holiday shopping season as it looks for new and bigger ecommerce opportunities while managing its way through the coronavirus. “We’re doing lots of things to drive COVID-cautious customers to our site,” he says. “Our online sales have increased 43% for March, April, May year over year—for the electrical industry, we’ll take that over a slight holiday bump.”

[mark@digitalcommerce360.com](mailto:mark@digitalcommerce360.com) | [@MarkBrohan](https://twitter.com/MarkBrohan)



## ABOUT DIGITAL COMMERCE 360 RETAIL

Digital Commerce 360 Retail provides business intelligence and editorial content on the global online retail market through our research and topic focused reports on recent retail trends, technologies, industry best practices and more. Distribution: 34,000 + opt-in subscribers, retail newsletters and on the website. Sponsorships include thought leadership articles, promotion and guaranteed leads. These exclusive reports are available only via registration download, providing qualified leads to sponsors.

## ABOUT DIGITAL COMMERCE 360

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 the Digital Commerce 360, August 2020. Prepping for a Healthy Holiday, whether in print or digital formats, and all content of the Top500Guide.com database version of this publication (collectively, the “Content”), is owned by Vertical Web Media and protected by U.S. Copyright and by applicable intellectual property laws worldwide. The Content is intended solely for the personal use of Purchasers or Authorized Recipients of said Content, which use is limited to viewing, analyzing and creating reports for internal noncommercial use only.