

FLASH REPORT:

HOW ONLINE RETAILERS ARE RESPONDING TO CORONAVIRUS

An unprecedented crisis is upending ecommerce, creating problems for some retailers and opportunities for others. With many physical stores closing, online sales are surging in several categories. At the same time, deliveries to shoppers are delayed, Amazon is halting inbound shipments of some merchandise and retailers are reacting to shortages of in-demand products. This report from the editors of Digital Commerce 360 provides an up-to-the-minute look at the situation.



CLOSED SERVICE
EFFECT OF COVID-19 OUTBREAK

MARCH 2020

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OVERVIEW

The coronavirus pandemic is creating

unprecedented challenges for online retailers. The long-term impact COVID-19 will have on ecommerce is unknown, but in the short-term it has caused significant changes in warehouse operations, a surge in online sales in many categories and a panic amid Amazon.com Inc. marketplace sellers.

The pandemic has touched every part of retail, from store closures, to shipment delays, modified return policies and overhauled marketing messages. And this is only the beginning. News is changing rapidly and plans implemented a month ago need to be revised.

This report looks at the multiple ways retailers have had to adapt their businesses to the coronavirus. It includes advice from analysts, vendors and online retailers themselves, and provides a guide to ways merchants can navigate through these uncharted waters.



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As the threat of COVID-19 continues to loom, we recognize the difficulties retailers are facing to pivot their business strategies. The recent surge of online shopping has supply chain visibility and fulfillment contingency plans on most retailers' minds. Considering this, we've put together a list of best practices retailers can implement and key factors for review.

Best Practices to Use Now:

- ▶ **Provide customers with options to still receive their orders.** With social distancing now the norm, transform buy online, pick up in-store (BOPIS) to curbside pickup when stores close. Offer delivery and no-contact options, such as leaving packages at doors and placing in cars.
- ▶ **Leverage stores that can stay open as part of your fulfillment strategy.** If fulfillment centers are no longer an option, use the inventory of stores that can remain open to help the rest of your supply chain.
- ▶ **Extend timeframes for returns and exchanges.** Not only will this make your customers happy and save them from unnecessary hardship, but your fulfillment centers will have more time to receive and process inventory. Make sure your Order Management System (OMS) can be configured to bypass these windows for exceptional cases.
- ▶ **Consider backorder and presell options.** If your entire supply chain is impacted and you sell out of inventory or can't get your inbound inventory to your fulfillment location, taking backorders, or pre-selling products will continue to enable sales. Customer expectation management on delivery timing is critical for these types of orders.

▶ **Continue to take orders against inventory currently available in your network that cannot be fulfilled.**

Your OMS should continue to allow orders to be placed for inventory that may be available in given fulfillment locations even if picking and packing those orders is not. This will enable you to continue to sell against those products. Manage customer expectations for delivery windows and provide them the option to cancel during this potentially extended order holding/processing window.

Key Considerations for Order Management Systems

When looking at your OMS, make sure it allows for:

- ▶ Ease in turning on and off fulfillment locations (fulfillment centers, specific stores, regions, or an entire store network) if a given location can no longer fulfill orders, ship, or pick up.
- ▶ Enablement of a new fulfillment location such as a temporary or pop up site if many or all other fulfillment locations are shut down.
- ▶ Easy configuration and reconfiguration of routing rules for your fulfillment locations in case of labor shortage or less impacted location.

Radial, a bpost company, is a leader in omnichannel commerce technology and operations. We enable brands and retailers to simplify their post-click commerce and improve their customer experiences. Our technical omnichannel solutions connect supply and demand through efficient fulfillment and transportation options, intelligent fraud, payments and tax systems, and personalized customer care services. Hundreds of retailers and brands partner with Radial, which brings flexibility and scalability to their supply chains and optimizes how, when, and where orders are fulfilled.

FEATURES

RETAILERS CLOSE STORES, AND PROMOTE ONLINE SHOPPING

by Stephanie Crets

With news regarding the coronavirus changing almost hourly, retailers attempt to keep pace with more store closures, free shipping perks and more generous return policies.

Online retailers continue to adapt to the ever-changing environment that the coronavirus outbreak has wrought.

As of noon March 23, 71% of the 62 retailers in the Digital Commerce 360 Top 100 that operate retail stores have closed all their stores due to the coronavirus pandemic, which is up from 50% on March 18. Digital Commerce 360 ranks the top North American retailers based on their global ecommerce sales.

Additionally, 75% of retailers in the Top 100 have a coronavirus-related message on their site, most often in the form of a banner on the homepage, to alert shoppers as to what they're doing to support customers and employees during the outbreak. That's up from 60% of retailers who had messaging on their site on March 18.

Among retailers that are not closing stores, some are shortening their hours of operation. Target Corp. is closing at 9 p.m. every day to better replenish and deeply clean its stores, CEO Brian Cornell said in an email to shoppers.

RETAILERS IN THE TOP 100 THAT HAVE TEMPORARILY CLOSED STORES* BECAUSE OF THE CORONAVIRUS INCLUDE:

Apple	Hudson's Bay
Macy's	L.L. Bean
Nordstrom	Neiman Marcus
Sephora	Theory
Ulta Beauty	Restoration Hardware
Nike	Lands' End
Urban Outfitters	CCS
Warby Parker	American Eagle
Under Armour	Calvin Klein
Glossier	Belk
REI	Ann Taylor
Tommy Hilfiger	Ralph Lauren
Moosejaw	Sweetwater
Lush Cosmetics	Selfridges
Express	Game Stop
Lululemon	Fanatics
Patagonia	Kohl's
Everlane	Gap
Abercrombie & Fitch	Amway
Williams Sonoma	Dick's Sporting Goods
Crate and Barrel	J. Crew
Zara	Blair
H&M	Bed Bath & Beyond
Ikea	Follett Higher Education
Victoria's Secret	Backcountry

*As of March 23

Walmart and The Home Depot Inc. are reducing their store hours as well to restock and clean their stores, they posted in notes to customers on their ecommerce sites. (Store hours may vary based on the location and on the retailer.)

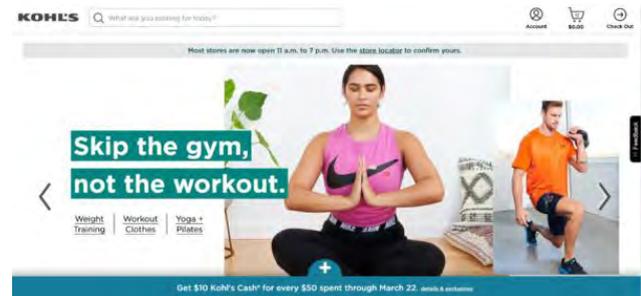
Target and grocery chain Albertsons Cos. are giving senior citizens and shoppers with health concerns dedicated times to shop.

“We’ll also reserve the first hour of shopping each Wednesday to support vulnerable guests, including the elderly and those with underlying health concerns,” Cornell wrote in an email to customers.

“We are asking our customers to respect these special hours for those who are most at risk in our communities,” said Vivek Sankaran, president and CEO of Albertsons, in a press release. “We thank our customers in advance for their compassion and understanding toward their neighbors and friends, and in helping us maintain this temporary operations guideline.”

Office Depot did not mention the coronavirus specifically on its site. However, there were banners on its homepage that led to dedicated pages promoting products for work from home and for online learning at home with the messages: “Prepare to work remotely” and “Get prepared to take online classes.”

Newegg.com went a similar route with a banner that reads, “Working from home? We’ve got you covered.” And Kohl’s also appeals to consumers



Retailers including OfficeDepot.com (top) and Kohls.com (bottom) add messaging on their homepages alluding to the pandemic.

stuck at home with language on its site that includes, “Skip the gym, not the workout” and “Your new corner office” with links to related products.

On the front-end of delivery, however, retailers’ fulfillment systems are strained. Because of the coronavirus, repair products and distributor MSC Industrial Supply is suspending its same-day shipping service guarantee and its no-cost upgrades of qualifying orders for next-day air shipping.

Because consumer shopping habits are shifting during this period, retailers should strategize how to better accommodate shoppers both online and in-store, says Jennifer Sherman, senior vice president of product at payment technology provider NMI. “It’s also a time to test out new offerings, like try-before-you-buy, to drive current and future sales from these loyal customers,” Sherman says.

THE CORONAVIRUS IMPACT ON AMAZON SELLERS

by Fareeha Ali

With bricks-and-mortar stores closing, more consumers are turning to Amazon, especially for faster deliveries. This has resulted in a sales lift for some Amazon marketplace sellers, but others express fulfillment woes as Amazon freezes shipments of 'non-essential' products from third-party merchants to its warehouses.

Sellers on the Amazon.com Inc. marketplace, like all retailers and business owners, are figuring out how to mitigate the impact of the coronavirus. Given how quickly restrictions on businesses from local governments and marketplace platforms are changing, some sellers have had to switch strategies daily.

22% of retailers say they are making adjustments to their marketplace strategies as a result of the coronavirus pandemic, according to a Digital Commerce 360 survey of 304 retailers during the first week of March. But what those adjustments are may be different for each merchant. Some are sending more products to Amazon, while others are focused on sales on their own websites where they have a higher profit margin since they don't have to pay Amazon a commission on each sale or fees for such added benefits as fulfillment.

AMAZON SUSPENDS SHIPMENT OF "NON-ESSENTIAL" PRODUCTS

Right as some sellers were planning to lean more on Amazon, however, the ecommerce giant announced late Monday that it will temporarily suspend shipments of "non-essential" products

to its Fulfillment by Amazon (FBA) warehouses from its third-party marketplace merchants in the U.S. and EU. With FBA, Amazon stores sellers' products in its warehouses and delivers the products to consumers. When sellers use FBA, their products are a part of Prime, Amazon's loyalty program that offers 2-day free shipping, free streaming of TV shows and more.

SHIPMENTS TO AMAZON FULFILLMENT CENTERS SUSPENDED UNTIL LATE APRIL

Shipments to Amazon fulfillment centers are suspended through late April. For now, Amazon will only accept new inventory of products that fall into household staples, medical supplies and other high-demand categories like baby products, health, personal care, grocery and pet supplies. According to Amazon, the decision was made in order to fulfill high-demand products and reduce delivery times.

"We've never had to continuously make so many drastic business decisions in such a short period of time," says Andrew Jacobs, CEO of online office supplies retailer Jam Paper & Envelope, which sells on its own website and

marketplaces, including Amazon. Jam Paper's products do not fall into Amazon's "essential" categories.

The retailer, which has a warehouse in New Jersey, split its warehouse/shipping department into two shifts to spread people out, as has been advised by the government to stop the spread of the coronavirus. However, there has been discussion from New Jersey's state government about total business shutdowns—which would shut down operations of Jam Paper's fulfillment center—so the company had a new strategy: ship as much to Amazon as fast as possible, Jacobs says.

"But just in case the news cycle couldn't get worse, Amazon announced no new shipments to Amazon, which completely took us by surprise," he says. "Luckily, we keep pretty substantial inventory levels at Amazon, which should last for a little while. But the scary part is, how long will this last? How much is enough inventory there? How long will our warehouse/shipping facilities have to close? No one has answers.

Sellers should be prepared to send inventory as soon as the FBA suspension lifts, says Fahim Naim, founder and CEO of eShoppportunity, a consultancy that helps brands sell on Amazon. He also suggests sellers consider canceling upcoming promotions and ad spend on Amazon so their current inventory doesn't sell out as fast as it might when there's a promotion attached to the listing.

Strategies are changing for sellers that fall into the "essential" categories too. "I am literally rewriting the playbook on the business," says David Rifkin, CEO of Microfiber Products, which sells items such as disinfectants and microfiber products. The retailer typically maintains about 30 days of inventory at FBA warehouses, so they are in a good position to continue operations at the moment, Rifkin says.

"We will lose quite a bit of money obviously, but we will still remain profitable through this," Rifkin says. Amazon sellers may lose money if Amazon's shipments are delayed and shoppers decide not to purchase the product because the delivery date is too far in the future. Plus, Amazon might prioritize the sale of its own products above marketplace sellers. "Additionally, we will be doing lots of shipping from our warehouse until further notice," he says, so anything that might run out on Amazon Prime, the merchant can fulfill on its own.

CORONAVIRUS QUARANTINE INCREASES AMAZON TRAFFIC

The coronavirus outbreak has led to many retailers shutting down store operations and pushing consumers to their websites. As a result, even more consumers are flocking to Amazon for essential and non-essential items. Between March 14-17, daily visitors jumped 5.18 million to 73.55 million visitors, according to traffic data source SimilarWeb Inc. Compared with the same time period in 2019, traffic remained steady at roughly 68 million from March 14-17.

EShoppportunity’s brands started seeing a lift in Amazon sales at the beginning of March, Naim says. Amazon sales grew about 20% at the beginning of March across all of its brands, Naim says. Jam Paper said its sales were growing 20-25% more than what it had projected during the week of March 9, Jacobs says.

Compared with February, sales in “non-essential” categories, such as toys and supplements, grew about 25% in March, Naim says. In “essential” categories like health/beauty and household products, sales growth ranged between 30-100% in March compared with February for eShoppportunity’s clients,” Naim says. The consultancy works with brands such as mattress brand Nectar, personal care brand Native and crafts retailer Michaels Stores.

When looking at the top search terms on Amazon.com, the majority of the top 50 fall in the household products/personal care categories, such as toilet paper, hand sanitizer and Clorox wipes, according to data from Marketplace Pulse, a company that tracks data on marketplaces. Toilet paper is the No. 1 search term the week of March 8–14, up from No. 37 the week of Feb. 23-29. “Toilet paper bulk” is No. 4 during the week of March 8 week, up from 2,647 during the week of Feb. 23.

TOP 50 SEARCH TERMS ON AMAZON.COM

Changes in search terms February 23–March 14

	search rank 3/8/20–3/14/20	search rank 3/1/20–3/7/20	search rank 2/23/20–2/29/20
toilet paper	1	9	37
hand sanitizer	2	1	2
clorox wipes	3	7	96
toilet paper bulk	4	603	2657
disinfectant wipes	5	18	344
lysol spray	6	16	138
n95 mask	7	2	1
paper towels	8	42	94
baby wipes	9	153	110
aloe vera gel	10	13	1278
purell hand sanitizer	11	5	36
hand soap	12	53	308
sanitizer	13	12	136
lysol	14	32	454
thermometer	15	41	82
rubbing alcohol	16	28	1209
alcohol	17	35	758
hand sanitizer travel size	18	10	54
purell	19	4	41
bidet	20	259	1531
charmin toilet paper	21	361	2522
water	22	40	118
mask	23	6	7
rice	24	72	135
thermometer for adults	25	343	1322
vitamin c	26	45	143
masks for germ protection	27	8	3
face mask	28	3	4
face mask medical	29	17	6
lysol disinfecting wipes	30	25	496
lysol wipes	31	38	971
disinfectant spray	32	77	652
hand sanitizer wipes	33	23	304
scott toilet paper	34	876	2775
hand sanitizer pump	35	33	416
iphone 11 case	36	11	9
pasta	37	198	449
isopropyl alcohol	38	61	2512
wipes	39	194	617
alcohol wipes	40	69	520
antibacterial hand soap	41	75	1089
sanitizing wipes	42	80	1192
clorox	43	159	2052
clorox disinfecting wipes	44	135	3094
bleach	45	212	956
airpods	46	15	12
disinfecting wipes	47	76	2036
water bottle	48	26	27

Source: Marketplace Pulse, March 2020

CORONAVIRUS WILL BOOST ECOMMERCE IN THE LONG RUN, BUT BRINGS NEW RISKS

by Don Davis

With stores closed, more consumers will shop online for the first time in new categories, particularly groceries and household essentials, say three investment professionals with ecommerce expertise. But risks to merchants include Amazon's aggressive moves to take market share and the impact of consumers losing wages as the stock market plummets.

The coronavirus will provide a long-term

boost for online retailers—if they can stay in business during what will likely be a rocky economy, say three investment professionals who specialize in evaluating the financial prospects of online retailers and other direct-to-consumer brands.

Threats include Amazon seizing the pandemic as an opportunity to take more market share, while the opportunity includes the possibility that the coronavirus will still be a factor during the 2020 holiday season, pushing more consumers to shop online.

“Ecommerce is better off because stores are closing and people are at home playing on the internet,” says Stuart Rose, a partner at investment bank Mirus Capital Advisers who has decades of experience managing mergers and acquisitions of direct retailers.

However, Rose adds that layoffs and a fast-dropping stock market could minimize short-term sales gains, especially for discretionary



Stuart Rose,
Partner, Mirus Capital Advisers

items. “The question becomes how employment, income and the wealth effect play into all of this: If you lose 30% of your 401K, you might not want to buy that extra sweater or other non-essentials,” Rose says.

In the long term, online shopping will get a boost from the lifestyle changes being forced on consumers because of the coronavirus, says Amish Jani, a partner at venture capital firm FirstMark, which has invested in several direct-to-consumer retailers.

“There are going to be people who thought, ‘I could never not touch an apple before I put it in my basket’ who now have been forced to use FreshDirect or AmazonFresh and have now said, ‘That’s a pretty convenient experience. I might do that more.’ Or who have bought meal kits to make home-cooked meals and thought, ‘That’s a much better experience than I would have thought, and I waste less.” Jani adds, “This is a forced way to retrain a broad swath of consumers.”

As evidence of the boost to meal-kit retailers, Jani notes that Blue Apron Inc.’s stock price has increased about five times over in mid-March.

Other retailers selling food and household staples will benefit, he says. “It will be a net positive for all digital commerce, especially grocery and household supplies and things like that,” Jani says. “You’ll see a bump from this and that behavior will persist going forward.”

AMAZON GOES ON A BUYING SPREE

“Yes, ecommerce will benefit in the longer term, but the longer term could be 2021,” says Eric Roth, managing director, consumer, at private equity firm MidOcean Partners, who specializes in deals involving online retailers. “Meanwhile,” Roth says, “a lot of smaller guys are going to go out of business.”

One problem online retailers face is sourcing supplies, given the widespread factory closings in China, where many online retailers buy their



Amish Jani,
partner, FirstMask



Eric Roth, managing
director, consumer,
MidOcean Partners

merchandise, Roth says. “If you were shut off for 6 weeks, you can’t just catch up that supply,” he says.

Another challenge e-retailers face is that Amazon appears intent on taking advantage of the closing of many bricks-and-mortar stores to increase its already-dominant online market share, Roth says. To do that, he says, it’s placing orders for all kinds of merchandise—not just hand sanitizers and bleach—in a bid to garner sales from consumers unable or unwilling to go to physical stores.

He says Amazon has placed “massive orders” with two companies he’s in touch with that sell goods not related to healthcare or cleanliness, Roth says.

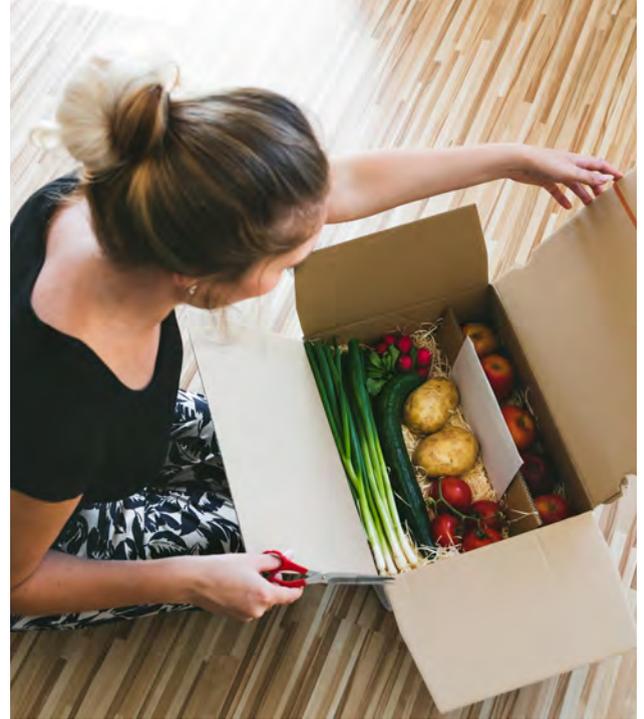
“That tells me Amazon is saying, ‘If we have the supply, we’re going to get the sales,’” he says. “Amazon is going to look at this as an opportunity to take share.” He declined to name the companies receiving the orders from Amazon.

Amazon did not immediately respond to a request for comment.

WILL THE CORONAVIRUS IMPACT THE HOLIDAY SEASON?

Online retailers may have another edge during the holiday season, Roth says, if the coronavirus follows the normal trajectory of the flu and dissipates during the summer but returns in the fall. That could cause consumers again to shun stores during the upcoming holiday season. “Consumers will wonder, ‘Should I go to the mall, what if there is something there?’” Roth says. Instead of going to the mall, many shoppers may choose to buy their gifts online.

Meanwhile, Roth says online grocery sales are likely to “explode,” and he foresees especially strong sales for online sellers of beer, wine and liquor. “The direct-to-consumer wine and spirits business? I’d like to be there today and for the next 12 months,” he says. “The only question is, can they get the supply?”



HOW A MEDICAL SUPPLIES E-RETAILER HANDLES THE CORONAVIRUS

by April Berthene

NorthShore Care Supply works to fulfill unprecedented sales spikes because of the coronavirus while also dealing with reduced staff and modified warehouse procedures to accommodate social distancing. The adult diapers retailer and marketplace seller has halted marketing campaigns and 2-day guaranteed Amazon Prime shipments.

The coronavirus pandemic is impacting every facet of NorthShore Care Supply's online retail business. The adult diapers retailer is making adjustments to its ecommerce strategy daily—and sometimes multiple times a day—to adjust to COVID-19 news and shifting shopper behavior, says Adam Greenberg, the retailer's owner.

Over the course of a week in mid-March, NorthShore Care Supply has stopped shipping products to Amazon warehouses, modified how its warehouse employees fulfill orders, put restrictions on product quantities shoppers can purchase and suspended all of its marketing dollars.

The retailer noticed an increase in sales from its own ecommerce site in the middle of February. As the coronavirus spread in China, NorthShore Care's customers—the majority of whom have an underlying health condition—started stocking up on adult diapers and wipes, Greenberg says. As the virus spread to Europe and the U.S., sales continued to increase until Friday, March 13, when President Donald Trump announced a



Adam Greenberg,
owner, NorthShore Care Supply

state of emergency. Then, it was complete panic buying, Greenberg says.

Sales surged 250% year over year for the four days following that announcement, with shoppers buying three to four months of supplies at a time, Greenberg says. A normal adult diaper and wipes supply purchase is about one month's worth, he says. These panic buys have only increased to consumers buying six months or a year's supply of products at a time, as more U.S. consumers are staying at home unless absolutely necessary.

A SPIKE IN ORDERS FROM AMAZON.COM

NorthShore Care, which is also a marketplace seller on Amazon.com, noticed surges in its Amazon.com products as well. Once toilet paper became scarce at stores and online, NorthShore Care observed a surge in sales for its adult and baby wipes on Amazon.com. This became an issue for the retailer for several reasons, Greenberg says.

To start, it couldn't handle fulfilling the deluge in orders. NorthShore Care fulfills a portion of its Amazon.com SKUs itself out of its own warehouse with seller-fulfilled Prime, which means the retailer guarantees 2-day delivery.

With an increase in orders off its own ecommerce site, plus an increase from Amazon, its warehouse staff quickly fell behind in shipments, Greenberg says. NorthShore Care increased the number of its workers to fulfill the Amazon orders, but that made it fall further behind shipping out orders from shoppers who buy directly off its own site. This is a problem, Greenberg says, as shoppers who buy directly at NorthShoreCare.com are often its most loyal customers, he says.

"Customers who buy directly from our website are getting priority. We have direct relationships with them," Greenberg says. "Many of the Amazon shipments are not previously our customers and are just panic buying. We love to have them as customers, and it's nice to have the

demand, but then we are falling further behind with our direct-to-consumer and call center orders."

Plus, NorthShore Care enacted new social distancing practices in its warehouse to help prevent the spread of the coronavirus. Employees have to be 6 feet apart unless it's absolutely not possible, and then they have to stay 3 feet apart, he says. Just following these safety guidelines limits its efficiency, such as how it loads cartons onto its trailers, he says.

In addition, many employees have children who are out of school and need to take time off to care for them. Greenberg estimates that its warehouse fulfillment staff is about 20% reduced, and about 50% of its total staff is working remotely.

Combined, all of these issues led NorthShore Care to no longer guarantee 2-day shipping for its seller-fulfilled Amazon.com orders, and to sell through its Amazon.com products but not send replenishments to Amazon's warehouse, he says. This way, it can prioritize serving its loyal shoppers.

"Supply is not the issue," Greenberg says. "The main issue is labor."

The retailer is running about a day behind for shipments, he says.

PRODUCT LIMITS TO DISCOURAGE STOCKPILING

Even though Greenberg is confident NorthShore Care Supply does have enough supply for shoppers, he knows it does not have enough supply for every shopper to have a year's supply stockpiled. And so, the retailer is working on putting restrictions on the number of products a shopper can buy.

“At some point, supply would be an issue if people are buying 6 months or a year at one time,” Greenberg says. “We want to help as many consumers get some supplies to give them some peace of mind today... Instead of one person getting a year supply and then 10 others not.”

However, the retailer has to toe the line with how it shares messages regarding the limits, Greenberg says. It wants to be subtle without broadcasting and causing concern. “You have to be careful about restrictions and limits, or it could create more panic buying,” he says.

Plus, shoppers are smart. If a shopper sees a limit, she may quickly find a workaround, such as using a different credit card and email address. Right now, NorthShore Care is considering putting on its website that orders of \$100 or less will receive priority shipping. It is still deciding on how to put quantity limits on certain products, he says. For each product, the

limit will be different, and so it has to figure out a way, technically, to add a different message for each SKU on its site.

It's also rolled back its marketing to curb demand. As of March 16, NorthShore Care suspended all of its Google ad campaigns, and a few days after that, it stopped its Amazon marketing ads, email marketing and retargeting campaigns as well.

NorthShore Care says it does supply some of its products from China and Italy, where the coronavirus hit hard before it came to the U.S. Both countries have reported shortages in raw materials; however, facilities are open and operating with reduced capacity, Greenberg says.

“About 10% of our products come from China. Luckily, we had a very good supply built up from before the Chinese New Year,” Greenberg says.

Greenberg has had supply containers leaving Europe every week, so its supplies coming from that area are sustainable at this time.

For the moment, the best NorthShore Care can do is to keep up with the news and follow official guidance, he says. “It feels like we have to be very creative to come up with new changes almost on an hourly basis as the landscape is changing very quickly,” Greenberg says.

Overall, Greenberg says he's humbled by the dedication of his staff. Its warehouse employees are working seven days a week to fulfill orders, up from six days a week, he says.

"The morale is great," Greenberg says. "People would rather be here helping others as opposed to staying home."

"Flexibility is one of our core values and it certainly is being tested to the limit, not only by me but by our entire team," he adds.



NorthShore Care Supply's warehouse is dealing with unprecedented demand.

TAKING THE PULSE: RETAILERS AND THE CORONAVIRUS

by Lauren Freedman

Survey findings from Digital Commerce 360 reveal how retailers believe the coronavirus will impact their business.

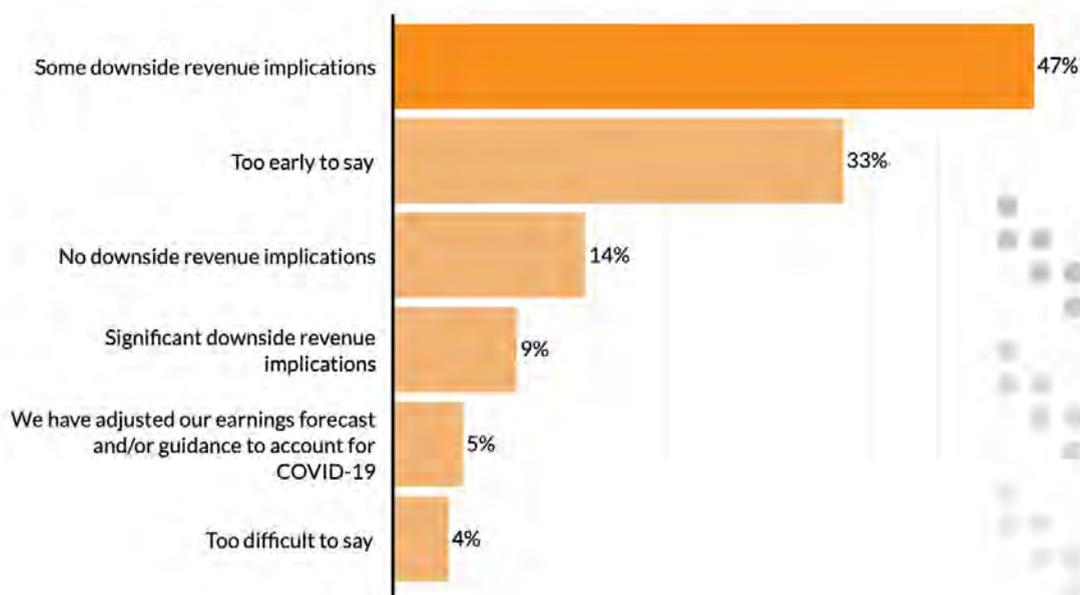
The coronavirus, is bound to have many consequences for consumers, but for retailers, this is uncharted territory. In my lifetime, I have never experienced such a threat, so Digital Commerce 360 felt it was important to reach out to the retail community to learn more about what they are thinking and how they are addressing this within their organizations. Our findings from an early March survey suggest that most are cautious and taking some action,

although it doesn't appear that panic mode has set in. I hope and pray for everyone impacted. At the same time, I look forward to returning to normal and hope it comes sooner rather than later.

Almost half of retailers expect some downside revenue implications. It is important to note that retailers are realistic, as one in three believe it's too early to say how the coronavirus will affect them regarding financial expectations.

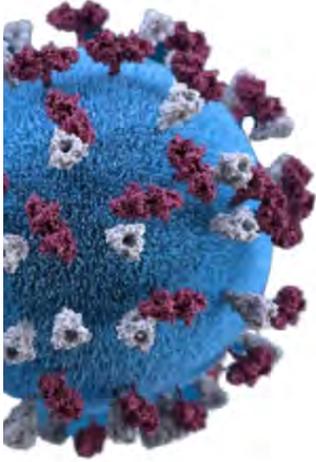
Almost half of retailers expect some downturn in revenue

What are your corporate financial expectations relative to the coronavirus and your retail business?
Please select all that apply.

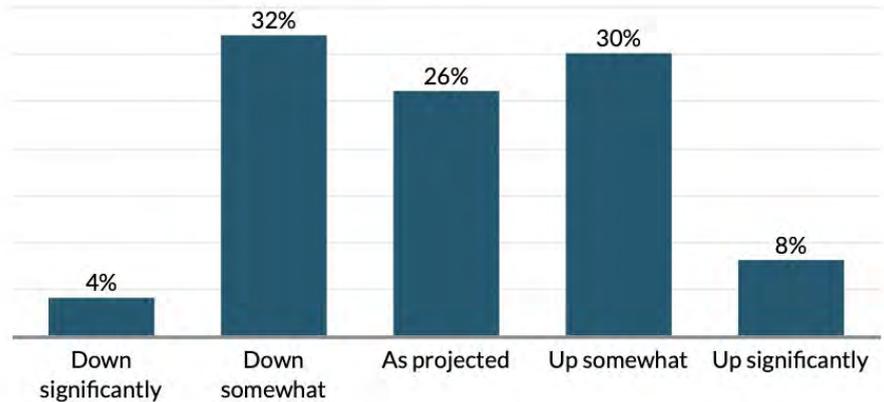


Source: Digital Commerce 360, March 2020 survey of 304 retailers.

Retailers are mixed on the severity of COVID-19 impact



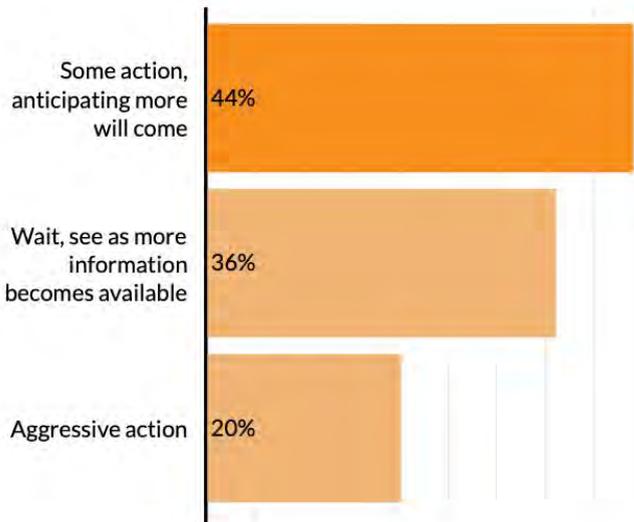
What impact do you believe the coronavirus will have on your ecommerce business?



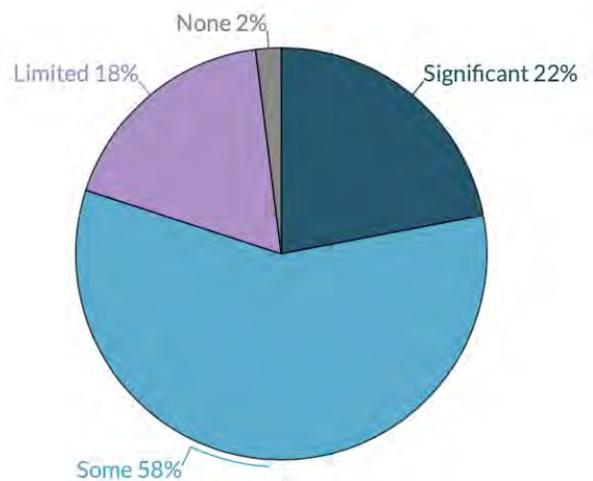
Source: Digital Commerce 360, March 2020 survey of 304 retailers.

Retailers believe there will be some effect on consumer confidence, and are taking at least some steps toward mitigation

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



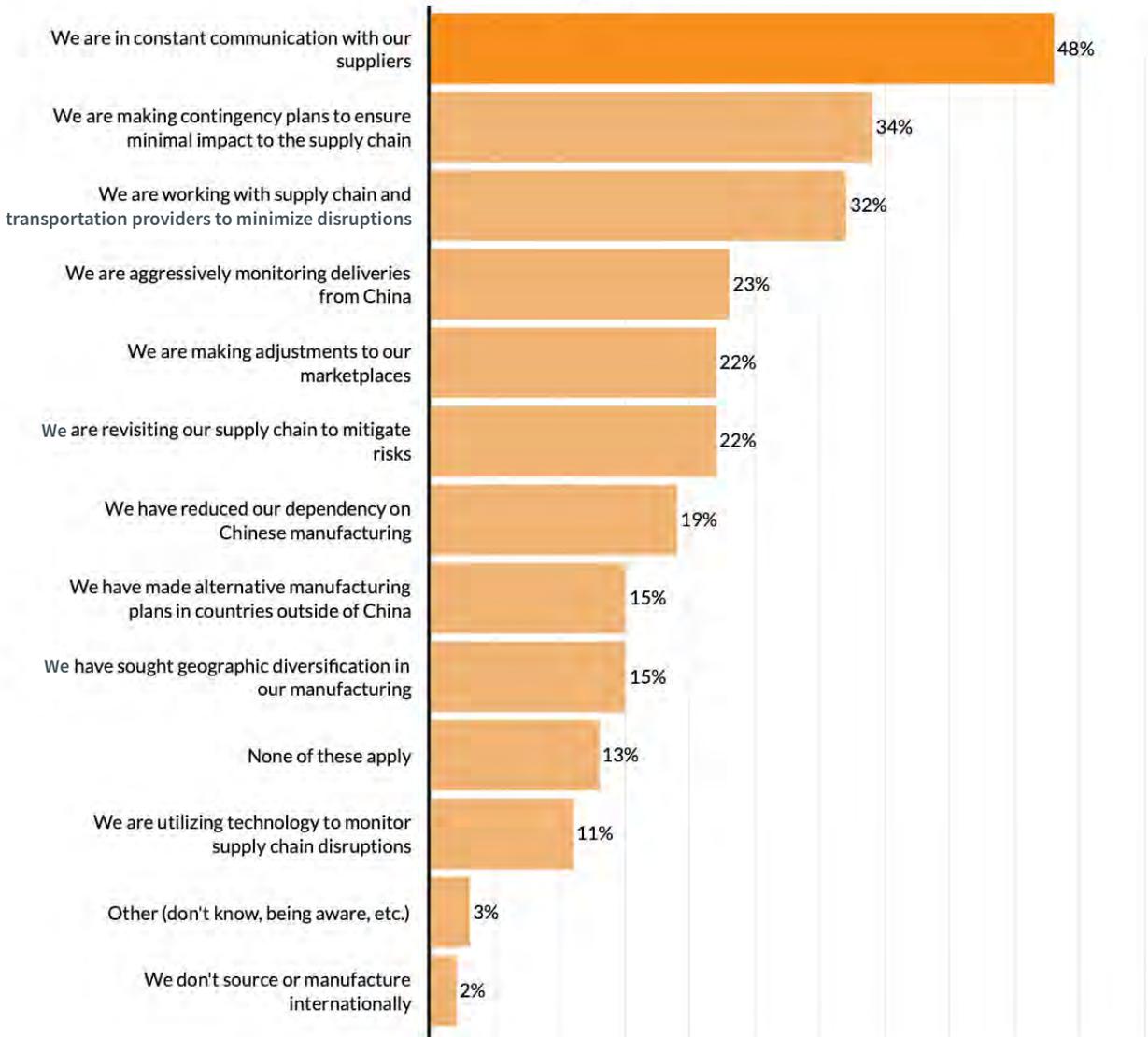
What do you believe the impact on consumer confidence will be as a result of COVID-19?



Source: Digital Commerce 360, March 2020 survey of 304 retailers.

**Communication and planning top the list of preventative actions
retailers are taking with their supply chains**

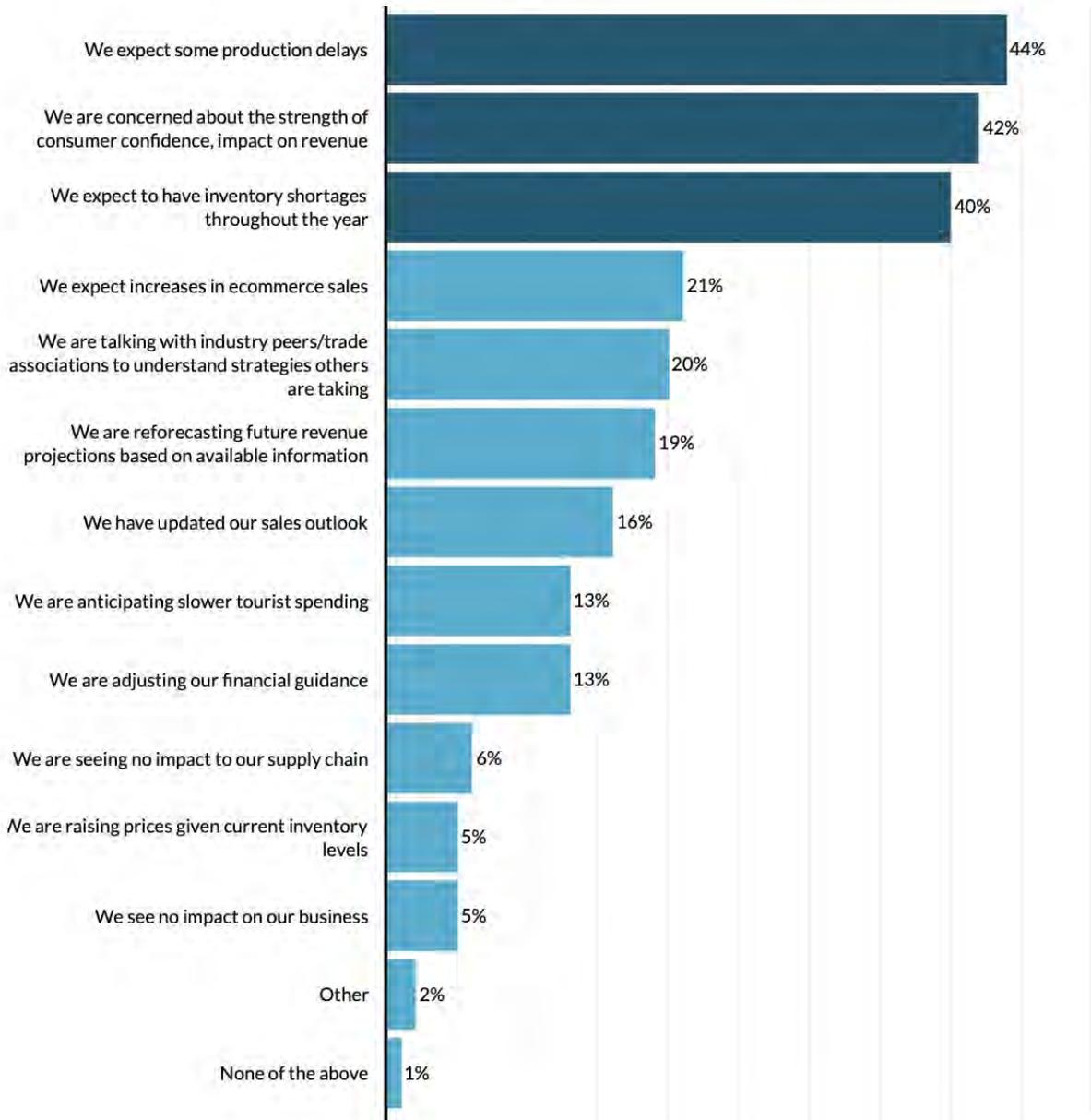
Which of the following actions are you taking as a result of the coronavirus relative to your supply chain?



Source: Digital Commerce 360. March 2020 survey of 304 retailers.

Retailers expect production delays and inventory shortages while being concerned about consumer confidence during the COVID-19 outbreak

Which of the following are part of your expectations and/or behaviors as a result of the coronavirus?



Source: Digital Commerce 360, March 2020 survey of 304 retailers.

A VIRAL SURGE: HOW THE CORONAVIRUS IS IMPACTING SHIPPING AND DELIVERY OF ONLINE ORDERS

by Katie Evans

Retailers and carriers are dealing with surges in online orders—particularly of household good and consumables—as 57% of consumers alter their day-to-day activities to be as ‘contactless’ as possible.

Consumers are staying home to curb the spread of the coronavirus. But they still need to eat, drink and engage in other daily essential routines. That’s putting a big strain on—and bringing big business to—shipping carriers and online merchants, especially those merchants that sell daily household consumables.

With anxiety at an all-time high, wine is considered an essential for many consumers. Online wine merchant Wine Insiders is seeing consumers’ desire to imbibe more firsthand with an enormous surge in sales over the last several weeks.

As of the third week of March the retailer was experiencing order volume similar to Black Friday and Cyber Monday, CEO Zac Brandenburg says. “We’re absolutely seeing a spike in demand, with a specific geographic focus from the Western states,” he says. Orders from Western states, which were initially hit the hardest in the United States by the global pandemic, are about double the rest of the country, he says.

March 9 marked one of the retailer’s top four sales days in the past 365 days. And March 16 generated even more sales.

On March 16, the West and Northeast both doubled sales volume in the regions over the previous day, far outpacing other regions. On March 17, the South started to pick up, he says. The surge began in late February, he says, as order volume crept up in the Northeast and Midwest. The nationwide spike occurred in mid-March, he says.

So far, Wine Insiders has been able to keep up with demand, Brandenburg says. But other retailers of food and household products have felt the strain of increased demand and fell behind.

RETAILERS FEEL THE STRAIN OF INCREASED ONLINE ORDERS

Food and household goods retailer Boxed Wholesale sent an email to customers on March 13 informing them of delivery delays.

“With the recent surge in orders, we are seeing delays in shipments,” the email stated. “Our fulfillment center teammates are working day and night to make sure your order goes out as fast as possible. As always, we’ll email you with delivery timing, so you’ll know when to expect your order.”

Like many other retailers, it said disinfectants, paper goods and hand sanitizer are regularly selling out and that it is placing order limits on certain popular products. “This helps make sure that as many of our customers as possible have access to these limited availability items,” the note read. Boxed didn’t respond to a request to comment on if delays have been resolved.

Grocer Meijer Inc. has also felt the heat of increased order volume. A note on its website observed by Digital Commerce 360 editors on March 18 alerted customers to possible delays. “We are currently experiencing high volume so your order fulfillment may occur after the time you requested. Your shopper will reach out to coordinate timing as they begin your order.” Meijer employs vendor Shipt (owned by Target Corp.), which deploys personal shoppers to shop Meijer stores to fulfill online orders. Meijer did not respond to a request for comment.

According to fulfillment data from Convey, a last-mile technology vendor, order volume for retailers that sell consumer staples like cleaning and household supplies, has increased from being slightly up year over year in early February (6.8%) to growing 52% for the second week of March 2020 compared with the same time last year.

ORDER FULFILLMENT SLOWS BECAUSE OF THE CORONAVIRUS

Time to fulfill orders has risen considerably since the outbreak of COVID-19, says Kirsten Newbold-Knipp, chief growth officer. “Over the past three weeks, we’ve seen an increase in fulfillment time of almost 40% (as measured by the length of time between when a shopper hits buy to when the order is picked up by the carrier for delivery),” she says. “It’s gone from 15.1 hours to 21.2 hours.” Fulfillment time data is the average fulfillment time for all shipments shipped out at that time across the Convey platform. Shipments aren’t equivalent to packages.

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. Analysis excludes Amazon shipments. The vendor has 130 retail clients in many merchandise categories, including retailers The Home Depot Inc., Neiman Marcus, Eddie Bauer LLC, and Jet.com Inc.

HIRING SPREES

Several grocers, including Albertsons Cos. and The Kroger Co., are hiring employees to fulfill online orders, while Walmart Inc. is recruiting delivery drivers, according to several reports. Albertsons has also been calling pharmacy customers to promote its prescription delivery service in an effort to curb customers venturing out to pick up their medications in stores.

Amazon.com Inc. plans to hire 100,000 workers and says the company will invest more than \$350 million globally and increase pay by \$2.00 an hour in the U.S. for employees and contractors who work in fulfillment centers, transportation operations, stores or those making deliveries so that others can remain at home.

Amazon also announced it was suspending inbound Fulfillment by Amazon warehouse shipments of what it calls “non-essential products” through mid April. For now, Amazon’s warehouses will only be accepting new inventory of products that fall into the categories of household staples, medical supplies, and other high-demand categories, such as baby, health, personal care, grocery, industrial and scientific, and pet products.

Consumers are ordering more online as national, state and local authorities demand consumers stay at home as much as possible and practice social distancing. Social distancing is when consumers avoid large crowds and stay at least 6 feet away from others in an effort to curb the spread of the coronavirus and ease the burden on hospitals and healthcare workers.

57% of consumers have altered their day-to-day activities to be as “contactless” as possible, according to a March 10-11 survey of 500 global consumers in the United States, Canada, the Middle East and Europe by ecommerce

implementation vendor Astound Commerce. 47% of consumers have faced out-of-stock product issues, the survey finds.

31% of shoppers have made more online purchases, and 23% have decreased their purchasing at physical store locations.

Additionally:

- ▶ 32% have purchased more shelf-stable, frozen or canned goods
- ▶ 32% have purchased more health and wellbeing products
- ▶ 45% have purchased more cleaning supplies

Shipping carrier UPS in a comment provided to Digital Commerce 360 said it “continues to operate in line with demand and the needs of our customers, except where limited by government restrictions.”

In another email to customers, UPS chairman and CEO David Abney said the carrier is working in partnership with governments around the world to “...obtain exceptions that allow our shipments to continue in restricted areas. UPS’s network planning and operations teams are experienced with adapting to changing conditions, and are developing contingency plans to address potential sources of disruption in our air and ground networks,” he wrote.

CORONAVIRUS IS CHANGING SHOPPERS' RELATIONSHIP WITH GROCERY RETAILERS

by James Melton

With U.S. consumers social distancing in response to the coronavirus, online grocery shopping has accelerated in an unprecedented way. Plus, buy online pick up in store orders surge for many e-retailers.

Anyone who has visited a grocery store over the past few weeks knows the coronavirus crisis has become an unprecedented challenge for food retailers.

Consumers—preparing for shelter-at-home orders that have been announced or fearing they might face lockdown orders at any time—have been stocking up on essentials at a time when retailers face supply chain disruptions. The result: empty shelves. And as the COVID-19 crisis continues, the ritual of grocery shopping is changing. An increasing number of consumers are turning to delivery, curbside and buy online pick up at store (BOPIS) options to meet their needs during a time of social distancing.

According to data from Rakuten Intelligence, online order volume from full-assortment grocery merchants rose substantially from March 12 through March 15, compared with the same period a year earlier. Rakuten Intelligence tracks emailed customer receipts to collect and catalog item-level purchase details from a panel made up of millions of shoppers.

The dollar value of online orders from full-assortment grocery merchants during those four days—BOPIS and delivery—was up 210.1%, while the number of online orders grew 151.1%. For the period of Jan. 1 through March 15, online sales increased 61.3% and the number of online orders rose 57.6%, compared with the year-ago period. Merchants in this category include the Amazon Fresh service operated by Amazon.com Inc., grocery delivery company Instacart Inc., the Walmart To Go service run by Walmart Inc, Kroger Co. and others.

The dollar volume of BOPIS orders of all kinds (grocery and non-grocery) grew 111% from March 12 through March 15, compared with last year, according to Rakuten. The number of BOPIS orders grew by 82.8%. For the period of Jan. 1 through March 15, those numbers were 38.9% and 39%, respectively.

The data indicates online grocery and overall BOPIS purchases might have peaked on Friday, March 13 and slowed over the weekend. According to Rakuten Intelligence data for March 12 and March 13 only, online sales at full-assortment

grocers grew 325.9% and online orders rose 219% compared with a year earlier. For BOPIS orders as a whole, sales were up 183.7% and orders grew 126.3% over those two days, Rakuten Intelligence found.

Online grocery ordering for pickup and delivery grew significantly over the most recent holiday season, but social distancing accelerated adoption in an unprecedented way, says Jaimee Minney, senior vice president of marketing and public relations at Rakuten Intelligence. Social distancing is the practice of consciously reducing close contact between people to help slow the transmission of COVID-19.

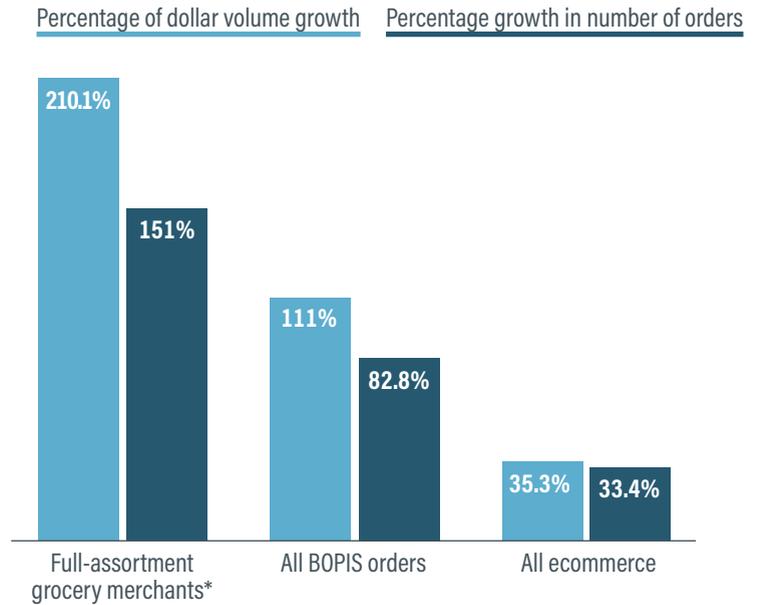
The increase in BOPIS online sales from full-assortment grocery merchants far exceeded those experienced by e-retailers overall. For March 12 through March 15, ecommerce sales for all retailers grew 35.3% and orders were up 33.4% compared with last year, according to Rakuten. For the period of Jan. 1 through March 15, dollar volumes for all ecommerce retailers grew 18.2%, the number of orders rose 16.9%.

THE LONGER-TERM IMPACT OF THE CORONAVIRUS FOR ECOMMERCE

Minney says the COVID-19-related spike in online grocery sales is introducing a lot of new shoppers to capabilities they might never have tried before. That could have a lasting impact, assuming consumers view their experiences as positive, she says. How many consumers stick with online shopping depends in part on how

GROCERY WEB ORDERS AND BOPIS SURGE

Increase in ecommerce sales March 12 through March 15



*These merchants include Amazon.com Inc.'s Amazon Fresh service, Instacart Inc., Walmart Inc.'s Walmart To Go service, Kroger Co. and others.

Source: Rakuten Intelligence, 2020

understanding consumers are about supply chain disruptions that could affect what they can get and how quickly their orders arrive, she says.

Amish Jani, a partner in venture capital firm FirstMark Capital LLC., agrees the COVID-19 crisis could have lasting effects in retailing. In the long term, online shopping will get a boost from the lifestyle changes of COVID-19 consumers, Jani says. He says the COVID-19 crisis “will be a net positive for all digital commerce, especially grocery and household supplies and things like that. You’ll see a bump from this, and that behavior will persist going forward.”

People who start using online grocery delivery services like Amazon Fresh or buying meal

kits from companies like FreshDirect LLC or Blue Apron might find they like the experience and stick with those habits after the crisis has passed, Jani says.

“This is a forced way to re-train a broad swath of consumers,” Jani says. “You’re certainly going to come out not worse off in terms of digital sophistication, and there’s an argument to be made that people will be more familiar with ways to get things delivered to their doorsteps without going out.”

WALMART COULD GAIN ‘SHARE OF STOMACH’

As online grocery shopping goes mainstream, Walmart will be the primary beneficiary, analysts say.

One-third of shoppers surveyed by Gordon Haskett Research Advisors on March 13 said they bought food online over the past week, and of those, 41% were doing so for the first time. For those newbies, Walmart was by far the most popular option, capturing more than half of orders. Amazon and its Whole Foods chain garnered only 14%.

Walmart’s online grocery business has already been a source of increased sales, if not profit, for the retail giant. Recently, Walmart reported it increased online sales 37% for its fiscal year 2020, which ended Jan. 31, and 35% for the fourth quarter, the company says. Strong

growth in groceries sold online—for pickup and delivery—significantly boosted those totals.

Walmart reported its ecommerce business during the vital fourth quarter, “had strong growth in grocery pickup and delivery, and Walmart.com had its highest quarterly growth rate of the year,” but did not provide dollar amounts.

“As more people stay at home to work, with kids to take care of, having groceries delivered becomes a lifesaver,” said Juozas Kazukenas, founder of ecommerce researcher Marketplace Pulse. “Walmart is uniquely positioned to enable that.”

With restaurants across the nation now closing their doors, more meals will be eaten at home, further increasing Walmart’s “share of stomach,” according to UBS analyst Michael Lasser.

Other analysts agree: Credit Suisse AG’s Seth Sigman said Wednesday that Walmart enters this uncertain period in a position of strength, thanks to investments in its online pickup service, along with technology and infrastructure improvements. Morgan Stanley’s Simeon Gutman, meanwhile, says Walmart is “a clear winner” while other retailers close stores and furlough employees. He now forecasts Walmart’s same-store sales to increase 3% this year, up from a previous estimate of 0.5%.

Bloomberg News and Don Davis contributed to this report.



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