

From the editors of **Digital Commerce 360 B2B**

THE 2020 B2B MARKETPLACE REPORT SERIES

The second of a three-part series: data and analysis on how business-to-business digital marketplaces are changing the way U.S. companies buy and sell goods and services both within the U.S. and worldwide



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DIGITAL B2B
COMMERCE 360

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CONTENTS

COVER STORY

COVID-19 shifts B2B marketplace development into overdrive. 3

SIDEBARS

Dealing with the ups and downs of managing a marketplace. 4

Volkswagen builds a marketplace to push digital manufacturing 8

A Chinese marketplace goes live on the U.S. stock market 12

FEATURES

Alibaba launches a series of 20 virtual industry trade shows 16

Trade show buyers flock to a digital market alternative. 18

A new digital trade show takes shape for the fashion industry. 21

Government agency tests \$6 billion market with three e-marketplaces. 24

CASE STUDIES

Thomasnet.com channels suppliers for COVID-19 materials 28

Rental marketplace Kwipped.com handles a surge of healthcare orders. 29

How Buddha Brands speeds up orders from Amazon. 32

INSIDE AMAZON

Amazon Business is on track to be the biggest industrial distributor. 37

Q&A: Chris Caruso of Amazon Business shares tips on selling. 38

CHARTS

What percentage of your B2B buying is currently done via marketplaces? 3

How has your marketplace purchasing changed as a result of COVID-19. 7

What percentage of your B2B buying volume (total \$) is currently done with Amazon Business? 11

How do you expect your Amazon Business volume (total \$) to change over the course of the coming year? 11

MRO sellers of all sizes flock to Amazon Business 37

The number of MRO products on Amazon Business keeps growing. 37

ABOUT

The author 44

Digital Commerce 360 45

SPONSORED ARTICLES

MSTS. 13

COVID-19 SHIFTS B2B MARKETPLACE DEVELOPMENT INTO OVERDRIVE

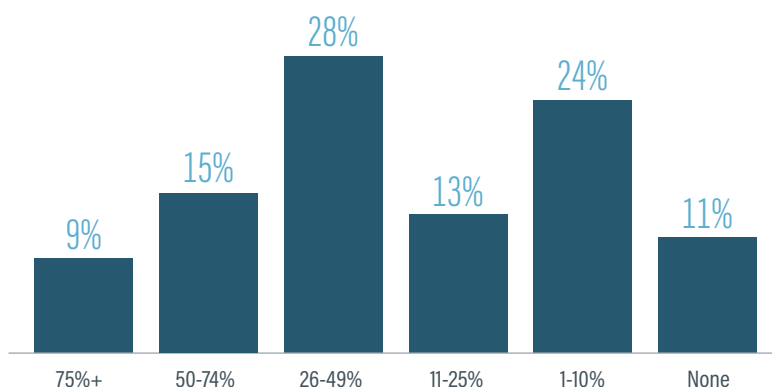
Just as the coronavirus seems to have profoundly impacted nearly every aspect of U.S. business, the same is true of business-to-business ecommerce and B2B marketplace development.

B2B marketplaces already were a big growth driver of B2B ecommerce. Combined, business-to-business and business-to-consumer marketplaces are positioned to grow web sales worldwide to an estimated \$7.1 trillion from an estimated \$2.01 trillion in 2019, says London-based payments research and consulting firm iBe TSD Ltd. iBe says peer-to-peer marketplaces, including eBay and AirBnB, will reach \$240 billion in combined sales by 2024. But the area with the fastest-growing global marketplaces will be in B2B, iBe says.

Worldwide B2B marketplace sales could reach an estimated \$3.6 trillion by 2024, up from an estimated \$680 billion in 2018, iBe says. In comparison, B2C marketplace sales across the globe will reach a projected \$3.5 trillion annually in five years from an estimated \$1.1 trillion in 2018. Peer-to-peer marketplaces such as eBay and others will generate \$240.8 billion in global sales by 2024, up from \$47.8 billion in 2018, iBe says.

WHAT PERCENTAGE OF YOUR B2B BUYING IS CURRENTLY DONE VIA MARKETPLACES?

Purchasing managers expedite their digital spending on a B2B marketplace



Source: Digital Commerce 360 B2B Buyer's Survey, July 2020

But as buyers of diverse business products scramble and search for new ways to purchase goods and services online as a result of disruption of supply chains by the global COVID-19 pandemic, they are turning increasingly to marketplaces. “In the pandemic, we saw B2B sites using marketplace models to host third-party listings, which they used to rapidly add personal protective equipment (PPE) to their assortment without sourcing the inventory, without buying the stuff wholesale, without managing the product details,” says Forrester senior analyst Joe Cicman. “All that was managed by the seller and those listings

blended in with the rest of the products listed on the website.”

Most traditional sales channels—including submitting and processing orders by phone, mail, email and sales agents—are now slowed down or closed down entirely as many businesses shuttered offices and other facilities and shifted to a remote work environment because of the coronavirus.

As a result, business buyers on all levels began purchasing more goods and services digitally including on marketplaces. A new survey of about 50 business buyers by Digital Commerce 360 B2B finds that 89% of purchasing managers are purchasing at least the same or significantly more on B2B marketplaces as a result of circumstances brought about by COVID-19. 57% are spending even more on marketplace ecommerce sites, including 22% significantly more. “Marketplaces get the incentives right—the incentives that drive better digital experiences,” Cicman says. “We found that vertical industry marketplaces address the assortment needed for an outcome (enabling one-stop-shopping) as well as processes that are tuned for the industry.”

Other changes in digital purchasing habits also are accelerating the shift to more online buying and selling on marketplaces.

COVER STORY • SIDEBAR

DEALING WITH THE UPS AND DOWNS OF MANAGING A MARKETPLACE

In a Q&A article, Lisa Butters, general manager of GoDirect Trade, an online marketplace of Honeywell Aerospace, discusses how GoDirect Trade is serving customers and growing during this year’s market disruption.

Editor’s note. Running a vertical marketplace is a challenge. There are the usual ecommerce ups and downs that come with running a B2B website. Industry-specific marketplaces face the additional challenges of gaining buy-in from both buyers and sellers, building inventory, and competing with other marketplaces such as Amazon Business. In this question-and-answer session with Digital Commerce 360 B2B, Lisa Butters, general manager of GoDirect Trade, an online marketplace launched by Honeywell Aerospace, provides an update on the highs and lows of running a marketplace during a time of great change in B2B ecommerce.

Q: How many buyers and sellers are on the marketplace now? At last count, you had 8,500 users and 86 active storefronts.

Butters: Our goal is 10,000 users and 100 storefronts by the end of the year.

Q: What are sales year to date and what are you forecasting for the year?

Butters: \$8 million in sales year-to-date and forecasting \$20 million in sales.

Q: What's new with features on GoDirect Trade?

Butters: We now offer “lease listings,” which was started by SIA Engineering Co. in Singapore realizing that airlines in Asia Pacific might be cash-strapped, so a leasing option might be a better alternative for them.

We also are now offering virtual and regular consignment services.

Companies like airlines, which historically were focused on keeping passengers flying, might want to sell and offload inventory for cash, but they're not used to trading, buying, and selling inventory. Companies like HAT can sell their inventory for them by using a consignment model. *Editor's note: Honeywell Aerospace Trading (HAT) is a virtual consignment service and sells inventory through GoDirect Trade.*

Q: What are the biggest challenges aerospace parts buyers face using any marketplace these days?



Lisa Butters,
general manager, GoDirect Trade

Butters: Demand is just down, everywhere. Everything is really tied to flight hours, which are just down in a big way.

Airlines and operators are still buying parts, but they're not buying parts and stocking their shelves with spares. They are buying parts to keep the bare minimum flying.

Q: How big an impact do you think vertical marketplaces such as yours are having on B2B ecommerce?

Butters: I think that there are a few things that marketplaces and ecommerce solutions will impact in this challenging environment:

When consumers want to buy parts, they're going to want the parts they can buy as efficiently as possible with straightforward “trace.” Yes, everyone is looking to save money and buy at “best price,” but as procurement departments are sizing down, you don't have enough bodies to get 3-5 quotes on every part you're searching for.

COVER STORY - SIDEBAR

Ecommerce makes buying parts a “click of the button” type thing versus 3-5 quotes of going back and forth to negotiate. GoDirect Trade also offers all quality documents online for free, like the 8130 tag, so again, that back-and-forth that normally happens, won’t happen because everything is so transparent on the marketplace.

Many, many jobs are going virtual right now. GoDirect Trade as a marketplace enables your “sales force” to sell from anywhere and your buyers to “buy from anywhere.”

This abrupt move to “everything virtual” could be the catalyst GDT needs to move this \$4 billion industry to doing more—or all—of its transactions online.

Q: What else is new with GoDirect Trade?

Butters: Our focus is to continue to get more and more sellers on the marketplace to gain a critical mass of supply. Over the past month, we’ve seen record levels of search activity, and we’ve seen our search success rate boost from 60% to 78%, which means buyers can find more of what they’re looking for.

Just like the Amazon model that seeks to provide one of everything, we need to continue to look at our analytics and search for sellers so they can supply parts and get our search success rate up to 100%.

Among the trends:

- ▶ 39% of business buyers indicate that just over a quarter and more of all B2B purchases they make will occur on Amazon Business.
- ▶ 52% of purchasing managers buy at least 26% of all products and services on commercial and vertical industry marketplaces, including 15% buying 50% or more.
- ▶ 55% of business buyers will spend at least the same amount or more on Amazon Business, including 13% by 26% and higher.

“Marketplaces will gain momentum across multiple technology and industrial categories, and we see upward of hundreds of B2B marketplaces launched in the next year,” says Forrester vice president and research director Allen Bonde in a recent blog post.

Much, but not all, of the accelerated use of B2B is being driven by the expansion of Amazon Business, the B2B marketplace unit of Amazon.com Inc.

For example, Amazon Business will achieve gross merchandise volume (GMV) of \$75 billion by 2023, Applico says. This sales growth would make Amazon Business the biggest industrial distributor in the U.S., according to a new study from marketplace services provider Applico Inc.

In total, Amazon Business now has more than 56 million listed products and about 415,000

sellers. The No. 1 vertical for Amazon Business is maintenance, repair and operations (MRO). In total, MRO categories have about 174,000 sellers and more than 18 million listed products, Applico says.

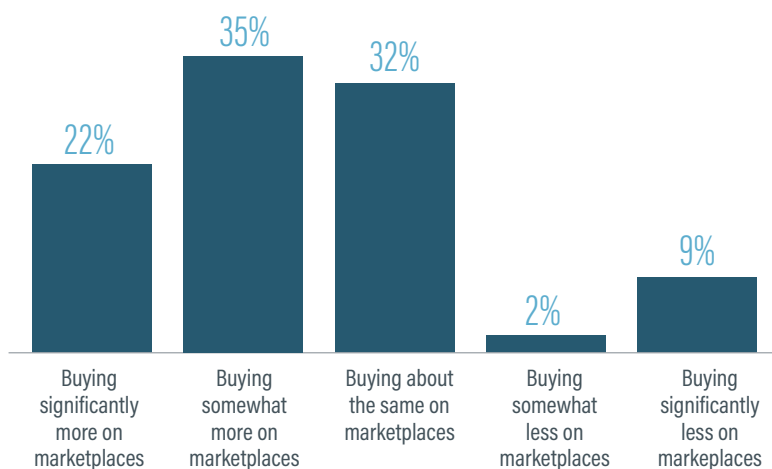
Amazon Business is fast approaching the day when the number of MRO sellers on it will total 200,000, says Applico. The number of MRO sellers now accounts for 41.9% of all sellers on Amazon Business. This sales growth would make Amazon Business the biggest industrial distributor in the U.S. by 2021. “Given the share of products on Amazon Business that are within industrial supplies categories, Amazon Business is already the largest industrial distributor in the U.S. by product catalog size,” Applico says.

Amazon Business is growing—and thus having a major impact on the overall growth of B2B ecommerce. But other commercial and vertical industry marketplaces also are growing. For example, transaction volume on Alibaba.com has grown by more than 85% during the recent months of the pandemic, the company says. In June, the global marketplace began building on that growth by launching a series of 20 online trade shows in the United States for specific industries. It also introduced new online payment and freight services.

“In the last two months, there’s been 20 years of acceleration of small businesses needing to get digital and to do business globally,” says John

HOW HAS YOUR MARKETPLACE PURCHASING CHANGED AS A RESULT OF COVID-19?

Changing buyer behavior drives the growth of B2B marketplaces



Source: Digital Commerce 360 B2B Buyer's Survey, July 2020

Caplan, president of North America and Europe for Alibaba.com. Now, he adds, businesses will be using digital commerce to “bridge through the pandemic and into the next decade.”

Alibaba is out to build on that growth with three new services:

- ▶ Alibaba.com Online Trade Shows USA, which in June kicked off the first of 20 shows designed around product categories and planned over the next 120 days. The U.S. shows are modeled after the existing Alibaba.com Global Online Trade Shows, which debuted last month to show support for companies impacted by the coronavirus and focused on the home and health products industry. That global online show “attracted more than 1 million business buyers and many hundreds of sellers over the course of two weeks,” Alibaba says.

Alibaba didn't comment on the expected number of attendees and exhibitors for the U.S. shows, but a spokesman said they would be invitation-only and "curated to ensure optimal matching between buyers and sellers." The first U.S. show, an invitation-only event for U.S. B2B sellers and wholesale buyers in the Supplements & Nutrition category, took place in early July. Alibaba hosted that event in a partnership with the USA CBD Expo, which caters to the cannabis industry, and the United Natural Products Alliance. Alibaba is taking online applications for exhibitors and online registrations for attendees.

- ▶ Alibaba Payment Terms, which Alibaba is promoting as the first trade financing system embedded directly into a cross-border B2B ecommerce marketplace. Offered through a credit-as-a-service platform from MSTs Inc., the Payment Terms system will let buyers on Alibaba.com pay on terms of up to 60 days after a seller ships their order.
- ▶ Alibaba.com Freight, a service offered through the digital freight marketplace Freightos, is designed to let buyers on Alibaba.com arrange for bulk shipments online while comparing multiple carrier options, then booking, managing and tracking ocean and air freight shipments with real-time status updates.

"Alibaba and Amazon have disrupted B2B commerce across industries, demonstrating the reach and impact of large-scale, online

COVER STORY ▪ SIDEBAR

VOLKSWAGEN BUILDS A MARKETPLACE TO PUSH DIGITAL MANUFACTURING

VW is working with Amazon Web Services to build a marketplace for software applications designed to help the automaker's factories run faster and more efficiently.

Digital marketplaces are now in vogue as a place to bring business buyers and sellers together to research and purchase physical goods.

But Volkswagen AG, Europe's biggest automotive manufacturer and the maker of VW, Audi and other vehicles, also sees a digital marketplace as an ideal way to bring together buyers and sellers of software applications and move the entire process of digital manufacturing even further into the mainstream.

Volkswagen, in conjunction with Amazon Web Services, the cloud computing arm of Amazon.com Inc., is building what it bills as the "ultimate app store" for industrial software applications. The store will make available from multiple automotive industry suppliers software apps designed to increase speed and efficiency in developing parts and manufacturing vehicles at the car maker's 61 production plants and factories around the world.

Volkswagen envision its "industrial cloud" app store concept as a better and more digital way

for its international army of parts suppliers to connect online with Volkswagen plants, contribute their own software applications, and expedite manufacturing. “We are creating a platform allowing partners to contribute their solutions and help the Volkswagen Group achieve global efficiencies at its plants,” says Volkswagen executive vice president of new business development Nihar Patel. “At the same time, we are creating the pathway for partners to scale their applications and optimize their own operations.”

Ultimately, Volkswagen also sees its new industrial cloud app store spawning a digital marketplace where parts suppliers will interact directly with one other and with Volkswagen. “Volkswagen and AWS see the development of the industrial cloud into an open partner network as a key step and intend to further intensify the app store approach,” Volkswagen says. “In the long term, the partners aim to create a marketplace for industrial applications.”

Volkswagen, which does business with more than 8,500 primary, or tier one, parts suppliers, has yet to provide much detail on full plans for a rollout of its digital marketplace, including rollout in the U.S., where the company has a major manufacturing facility in Chattanooga, Tenn. “Development of the technological basis for this marketplace is already in progress,” Volkswagen says. “All participants would then be able to exchange their applications with each other, to acquire applications, and to use them irrespective of any links to Volkswagen.”

Companies will be able to connect with Volkswagen plants and to contribute their own software applications for optimizing production processes.

Under the first phase of its industrial cloud app store development process, Volkswagen will work with Amazon Web Services to develop the project’s technology infrastructure. In the process, VW will use Amazon’s cloud computing development platform to build applications using the Internet of Things (IoT), machine learning, data analytics, and computing services “specifically to meet the requirements of Volkswagen and the automotive industry,” Volkswagen says.

Volkswagen also announced that it and Amazon Web Services will work with Seimans AG on data systems integration and that 11 big international companies—ABB Group, ASCon Systems GmbH, BearingPoint Europe Holdings BV, Celonis GmbH, Dürr AG, GROB-WERKE GmbH, NavVis, SYNAOS GmbH, Teradata Corp., WAGO Kontakttechnik GmbH, and MHP, a unit of Porsche MHP—will serve as initial app developers.

COVER STORY - SIDEBAR

“New partner companies will be able to connect with Volkswagen plants and to contribute their own software applications for optimizing production processes to the industrial cloud,” Volkswagen says. “This way, a rapidly growing range of industrial software applications for Volkswagen’s plants will be created—each location will be able to obtain applications for its machinery, tools and equipment direct from the industrial cloud to optimize production.”

Volkswagen, which built and delivered 10,956 vehicles in 2019 and generated total annual sales of 252.60 billion euros (U.S. \$297.48 billion), has yet to say what the development timeline is for when its industrial app store and marketplace will be fully up and running—or what it will cost to build it.

But the automaker is clear on the results it wants: better manufacturing activity. “Volkswagen plants will be able to use a growing range of software applications, and this will boost the development of the industrial cloud as a whole,” the company says. “The Volkswagen Group will be able to take account of the diverse structure of its plants at the same time as avoiding the need for inefficient in-house development of specialized applications.”

marketplaces,” Bonde says. “In an age where competition is fierce, the (re)emergence of B2B marketplaces offers new channel options that few sellers can ignore.”

Vertical marketplaces also are growing, particularly in industries such as chemicals and aerospace. Five years ago, there were far fewer B2B marketplaces in vertical industries such as apparel, automotive and healthcare. But today, there are more than 70 B2B marketplaces in more than 13 diverse industries, according to research compiled by Digital Commerce 360 B2B.

In the chemical industry there already are 9 vertical marketplaces in place: Knowd.com, CheMondis.com, AgilisChemicals.com, OneTwoChem.com, Pinpools.com, Kemgo.com, ChemDirect.com, Molbase.com and Echosystem.com.

Braskem S.A., a major international manufacturer of petrochemicals that it ships in trucks and rail cars to other manufacturers, is forging its own digital path forward in digital commerce.

Still operating in a pilot phase, the MyEdgePortal ecommerce site is designed to cater to how customers want to search for, order and purchase large loads of chemicals with complex sets of specifications—and to attract and nurture more customers purchasing more products. The portal, for now, is operating for the U.S. market, but it will eventually expand to serve Sao Paulo, Brazil-based Braskem’s online operations in Brazil, Mexico and Europe as well as the United States.

“It’s somewhat of a new concept for Braskem,” says Jason Vagnozzi, Braskem’s director of North American New Ventures & Digital. “Two years ago, we were not really in digital commerce at all.”

In aerospace, Howell Aerospace, a division of Honeywell International Inc., is three years into the business of launching and operating a marketplace with the lofty goal of bringing digital ecommerce to a \$4 billion industry still largely mired in paper and phone transactions.

“Ecommerce makes buying parts a ‘click of the button’ type thing versus three to five quotes of going back and forth to negotiate,” says general manager of GoDirect Trade Lisa Butters. “GoDirect Trade also offers all quality documents online for free, like the 8130 tag, so again, that back-and-forth that normally happens, won’t happen because everything is so transparent on the marketplace.”

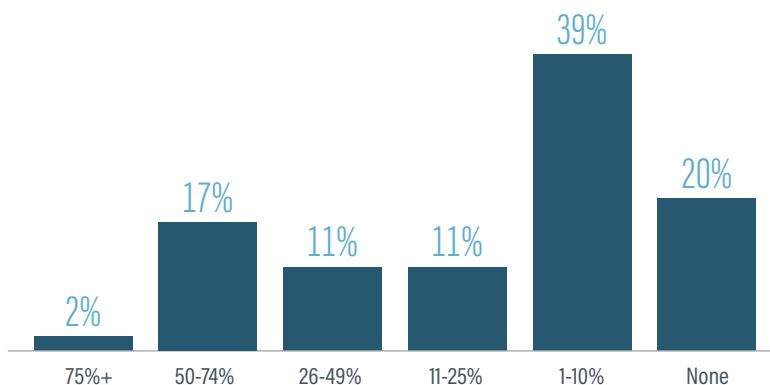
Operating a B2B ecommerce marketplace is not without challenges these days, in particular because of the impact COVID-19 is having on the airline and aerospace industries. “Demand is just down, everywhere,” Butters says. “Everything is really tied to flight hours, which are just down in a big way.”

But GoDirect Trade is still aiming to generate \$20 million in marketplace sales and finish the year with 10,000 users and 100 digital storefronts, Honeywell says.

Honeywell also says the utilization of B2B marketplaces across many industries will only accelerate, particularly in aerospace. “This abrupt move to ‘everything virtual’ could be the catalyst (GoDirect Trade) GDT needs to move this \$4 billion industry to doing more—or all—of its transactions online,” Butters says.

WHAT PERCENTAGE OF YOUR B2B BUYING VOLUME (TOTAL \$) IS CURRENTLY DONE WITH AMAZON BUSINESS?

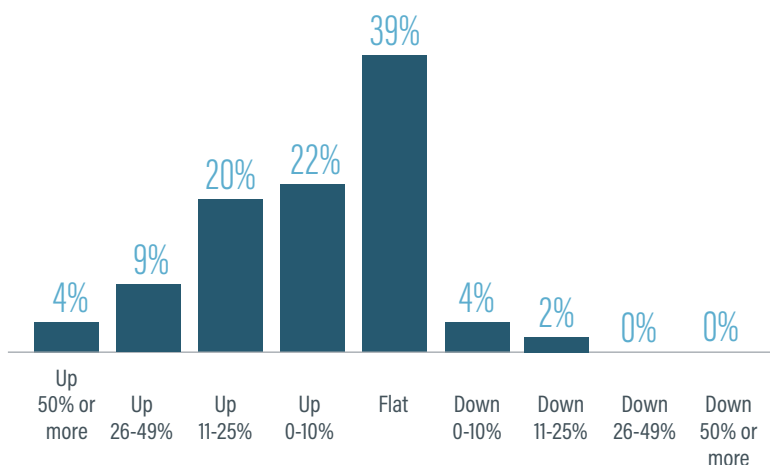
Amazon Business is big business with digital buyers



Source: Digital Commerce 360 B2B Buyer's Survey, July 2020

HOW DO YOU EXPECT YOUR AMAZON BUSINESS VOLUME (TOTAL \$) TO CHANGE OVER THE COURSE OF THE COMING YEAR?

Buyer momentum accelerates on Amazon Business



Source: Digital Commerce 360 B2B Buyer's Survey, July 2020

A CHINESE MARKETPLACE GOES LIVE ON THE U.S. STOCK MARKET

Car House Holding Co. expects to raise \$27 million to grow a marketplace that already has more than 3,000 sellers of automotive products and annual gross merchandise sales of more than \$80 million.

Tensions between China and the United States continue because of an ongoing trade war between the two countries, the supply chain disruptions experienced by many U.S. companies when the COVID-19 pandemic went global, and other issues.

Anne Rung,
Director of Public Sector, Amazon Business

But the geopolitical and business climate is not keeping one Chinese B2B marketplace operator from using the U.S. stock market to raise cash and go public.

Car House Holding Co.—a Guangdong, China-based operator of a B2B marketplace for automotive parts and a web retailer of related products such as auto perfume and air fresheners—has filed an initial public offering in U.S. on the NASDAQ market.

The company, which has been in business since 2004, looks to sell as many as 3.9 million shares at a price range of \$6.50 to \$7.50 and raise \$27 million in the process.

Car House will use the proceeds for enhancing data analysis and the operational capacity of its ecommerce platform; for marketing, upgrading its manufacturing facility and equipment; and for general administration and working capital.

The Car House IPO does not say if the company plans to use any of the money raised to expand internationally, including in the U.S. But Car House does have U.S. supplier and ecommerce ties.

The company works with thousands of domestic and international merchants. That merchant base includes U.S. companies with operations in China, such as Procter & Gamble.

Car House says its B2B marketplace is growing. Approximately 3,100 third-party domestic and international merchants are selling about 210,000 types of automotive products on the Car House marketplace platform, the company says. For the fiscal year ended June 30, gross merchandise volume grew year over year by 29.7% to \$83 million from \$64 million in fiscal 2019.

About 180,000 wholesale customers have registered to use the Car House ecommerce platform and mobile app, including auto product retailers, car dealers, commercial car care shops, professional detailing businesses and consumers. Current inventory is about 200,000 products, according to the Car House IPO filing with the U.S. Securities and Exchange Commission.

HOW B2B SELLERS CAN LEVERAGE THE POWER OF MARKETPLACES

Brandon Spear,
president of MSTs



Marketplaces not only provide an additional sales channel; they represent an opportunity for business-to-business (B2B) companies to increase sales. With more and more marketplaces emerging, including niche marketplaces, many organizations are reconsidering this channel. Digital Commerce 360 B2B spoke with Brandon Spear, president of MSTs to discuss how B2B sellers may leverage the potential of marketplaces and how technology improves the payment process for both buyers and sellers,

DC360B2B: What advice would you give to a B2B company just starting out with marketplace selling?

Spear: It's important for B2B companies evaluating marketplaces to review the tools, features and functionality the marketplaces provide buyers and sellers. For example, what does the marketplace provide sellers to keep buyers loyal to the platform? Marketplaces that offer payment experiences matching those of a typical B2B transaction is an important feature.

B2B buyers want a business-to-consumer (B2C)-like experience. They want to be able to transact with these companies easily—just as they do in other channels. Credit cards work well in B2C, but are often not the best payment instrument in B2B transactions. It's important for both marketplaces and sellers to offer a diverse set of payment options to keep those conversions happening on the marketplaces themselves.

DC360B2B: What attributes are important to making up strong marketplace strategies?

Spear: Removing friction in the purchasing process will increase conversion rates and cart size. Once the first sale is made, the focus becomes keeping them coming back

to the marketplace. Offering invoicing at checkout, net terms, consolidated invoicing, purchase controls and data insights, improves both the buyer and seller experience.

To achieve this, marketplaces may consider offering more flexible tools and features within their ecosystems, such as credit as a service (CaaS) options at checkout. CaaS, for example, makes the B2B purchasing experience as easy as B2C transactions. And it substantially reduces the time and effort accounts receivable teams spend onboarding, maintaining, and vetting new accounts.

DC360B2B: How can marketplaces help B2B companies best sell on their platforms?

Spear: A primary goal of a marketplace is keeping sellers happy and buyers coming back. Effective marketplaces provide buyers with experiences free of glitches, time-outs and checkout issues. And they play a more active part guiding the buyer through purchasing—including the payments process.

New marketplaces continue to enter the market, and competition for both buyers and sellers is on the rise. Marketplaces that provide a buyer- and seller-driven experiences will not only result in customer loyalty, but also increased conversions for B2B sellers.

We recently published a whitepaper, *Navigating the B2B Marketplaces Payment Ecosystem*, where we dive deeper into this topic.

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FEATURES

ALIBABA LAUNCHES A SERIES OF 20 VIRTUAL INDUSTRY TRADE SHOWS

Noting that transaction volume on Alibaba.com has grown by more than 85% during the first several months of the COVID-19 pandemic, the global marketplace said in June that it is building on that growth by launching a series of 20 online trade shows in the United States for specific industries. It also introduced new online payment and freight services.

Alibaba Group's Alibaba.com, its global B2B online marketplace, in June 2020 launched a multi-pronged program—highlighted by a series of 20 online trade shows starting next month—designed to build on the growing demand for online commerce by pandemic-hit businesses based in the United States.

“In the last two months, there’s been 20 years of acceleration of small businesses needing to get digital and to do business globally,” says John Caplan, president of North America and Europe for Alibaba.com. Now, he adds, businesses will be using digital commerce to “bridge through the pandemic and into the next decade.”

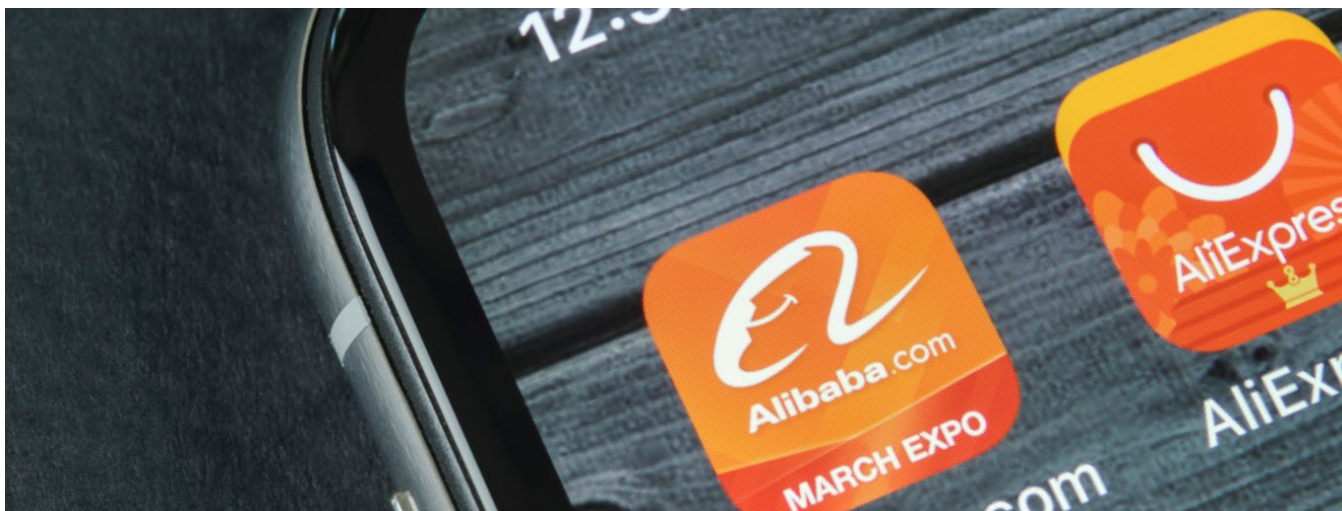
On Alibaba.com, the volume of commerce transactions has “grown more than 85%” since COVID-19 started to impact business in general. Alibaba’s fastest-growing market for new sellers and buyers is the United States, which has led that growth since Alibaba opened its global B2B marketplace to U.S. sellers in July 2019.

Now, Alibaba is out to build on that growth with three new services:



Businesses will be using digital commerce to ‘bridge through the pandemic and into the next decade.’

—John Caplan, president for North America and Europe, Alibaba.com



► Alibaba.com Online Trade Shows USA, which in July 2020 kicked off the first of 20 shows designed around product categories and planned over the next 120 days. The U.S. shows are modeled after the existing Alibaba.com Global Online Trade Shows, which debuted in June 2020 to show support for companies impacted by the coronavirus and focused on the home and health products industry. That global online show “attracted more than 1 million business buyers and many hundreds of sellers over the course of two weeks,” Alibaba says.

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TRADE SHOW BUYERS FLOCK TO A DIGITAL MARKET ALTERNATIVE

The ShopZio virtual B2B marketplace experienced a surge in sales and number of vendors onboarded in May, trade show operator International Market Centers says.

With traditional trade shows on hold because

of the coronavirus pandemic and the clock ticking on the buying season for the fourth quarter of 2020, sales on the ShopZio B2B digital marketplace operated by International Market Centers more than doubled during May, IMC says.

Month-over-month sales volume on ShopZio jumped 116% in May from the previous month, the trade show company says. The average order size rose to nearly \$1,100 per transaction, putting that metric on par with pre-COVID-19 spending levels, the company says. In addition, June sales on the platform are showing double-digit gains from May, says Eric Dean, president of IMC_di, which is IMC's digital innovation division.

"ShopZio has been a great interim solution for IMC's customers, enabling buyers and sellers to connect during a time of unprecedented business disruption," Dean says. "We are very encouraged with the growth patterns."

Home furnishings, which includes furniture and home décor, was the top category, accounting for 74% of sales volume, followed by giftware, which accounted for 20% of sales. The breakdown in sales by category mirrors the



'The digital element is becoming a more important complement to shows and is here to stay.'

—Eric Dean, president, IMC_di

focus of IMC's recently concluded High Point Virtual Market, as well as the historical strength of ShopZio, the company says.

IMC acquired the ShopZio platform, which facilitates product and resource discovery and transactional ecommerce, in January as part of its IMC_di initiative.

FURNITURE AND HOME DÉCOR LEAD THE WAY

“To date, mostly furniture and home décor vendors have been getting onboarded,” says Dean. “But we expect to see more giftware and apparel vendors to onboard in the next 30 days as our traditional marketplaces (for this category) begin to go online and we near the timing for our shows in Atlanta and Las Vegas.”

The Atlanta Market, which showcases gift and home products, was scheduled for August 13-18, a month later than normal. The Las Vegas Market, which features gift, home décor and furniture, is scheduled August 30-Sept 3, also a month later than usual. IMC’s August Apparel Market will take place August 3-7, as originally scheduled.

Based on the success of IMC’s recent June

apparel market, which had an appointment-focused format as opposed to a trade-show format, the August apparel market is expected to run as scheduled, IMC says.

Since April, when IMC announced it would offer free subscriptions, onboarding and transactions through year-end for its customers, ShopZio’s number of vendors has more than doubled to about 240, Dean says. In addition, active SKUs total 726,287, up 75% from April. IMC customers are either tradeshow exhibitors or showroom tenants.

Recently, 40 new vendors were onboarded to ShopZio, and the company expects to onboard about 50 new vendors a week going forward, says Dean. “We expect to have more than 1,000 vendors and millions of SKUs by the end of summer,” he adds.



INTEGRATING MULTIPLE TRADE-SHOW WEBSITES

IMC earns revenue by charging fees to brands and sales agencies, which pay a \$500 onboarding fee and a 3% transaction fee, IMC says. It charges no fees to other marketplace participants, including buyers of merchandise.

IMC is integrating ShopZio with IMC's market websites. The integration of ShopZio to IMC's show websites—AmericasMart.com, IMCHightPointMarket.com and LasVegasMarket.com—is expected to help vendors reach new buyers, capture leads and grow sales. Retailers and designers will also be able to source products and shop. Once linked to IMC's show websites, buyers on ShopZio will have access more than 1,000 brands and more than 2 Million SKU's, IMC says.

“We expect our actual shows (in the near-term) will be smaller in size, but we also expect ShopZio and other digital elements to become a resource for people not in attendance and that need to build inventory for the fourth quarter,” Dean says. “The digital element is becoming a more important complement to shows and is here to stay.”

A NEW DIGITAL TRADE SHOW TAKES SHAPE FOR THE FASHION INDUSTRY

With questions surrounding the feasibility of physical trade shows scheduled for the fall, events company Informa Markets is teaming up with ecommerce technology provider NuOrder to launch a digital show this fall for the fashion apparel industry.

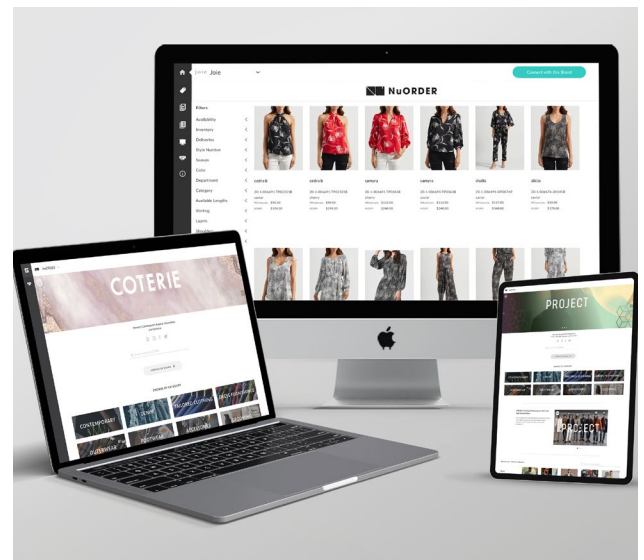
Trade show company Informa Markets and ecommerce technology provider NuOrder are teaming up for a digital trade show for the fashion apparel industry starting Sept. 1.

The digital trade show will run for eight weeks through Oct. 31. Informa Markets and NuOrder say they are launching the show as a way to attract new attendees and cement existing relationships with sellers and buyers at a time when industry-wide events are being canceled or postponed by the coronavirus pandemic.

2,000 BRANDS, 500,000 RETAILERS

NuOrder, a provider of a wholesale ecommerce platform, has a network of 2,000 premium brands and 500,000 retailers, many of whom are likely to attend the digital event.

Informa operates and creates content for more than 450 international B2B events and brands in markets including Fashion & Apparel, Healthcare & Pharmaceuticals, Infrastructure, Construction & Real Estate, Hospitality, Food & Beverage, and Health & Nutrition. Its branded shows include Magic, Coterie, Project and Project Women's. Informa and NuOrder announced their partnership in May.



The digital trade show will include custom digital catalogs for vendors, line sheets, in-platform ordering and a 360-degree Virtual Showroom experience to enable vendors to tell their brand story and virtually present new collections. Buyers will be able to access the show at no cost and vendors will pay a fee of a few thousand dollars, says Heath Wells, co-founder and co-CEO of NuOrder.

LOOKING TOWARD A SYNERGY OF DIGITAL AND TRADITIONAL

“We wanted a partner that could better enable brands and retailers to come together outside the traditional show environment,” says Walsh, president of Informa Markets, who joined Informa earlier this year from Reed Exhibitions North America, where she also served as president. “While this is not a replacement for an actual show—fashion, in particular, is a very tactile business and buyers want to feel fabrics in their own hands and see colors with their own eyes—we also believe that the future of fashion wholesale is a synergy of physical and digital” environments.

Vendors can upload their catalog to NuOrder’s platform, which attendees can then browse on preview pages. Retailers looking to take a deeper dive into a vendor’s catalog must register with the vendor. Registration is intended to vet retailers before entering a vendor’s virtual showroom to ensure retailers are viewing relevant products, Wells says.

The registration process includes answering a series of questions that identify the retailer and their business, and what categories of apparel they sell. Retailers accepted by the vendor can view the vendor’s entire catalog and order online. Vendors will be able to offer the same payment options and terms, such as negotiated pricing, volume discounts and credit terms, as they do for purchases made on their ecommerce site.



‘We believe that the future of fashion wholesale is a synergy of physical and digital shows.’

—Nancy Walsh, president,
Informa Markets Fashion

“Negotiated pricing, etc. will be baked into the platform,” says Wells. “Sellers will be able to offer the same payment options they normally do.”

TRACKING BUYERS' BROWSING PATTERNS

NuOrder will track buyer browsing patterns and page views on its platform to enhance the buyer experience during its virtual trade shows by suggesting relevant items based on a buyer's onsite behavior patterns, Wells says.

While plans for future digital trade shows are in the works, Walsh says Informa does not have a clear picture yet whether its physical shows scheduled for later in the year can be held as scheduled or will be moved to a later date. Informa has already pushed back the dates of its Magic trade show in Las Vegas from mid-August to the end of September. The semi-annual show is a flagship event for Informa.

“Right now, some of our physical shows for later in the year are up in the air,” says Walsh, who adds the company is in communication with officials from the Center for Disease control about how to proceed with staging actual shows.

Walsh notes that retailer sentiment for attending trade shows in person remains relatively strong, citing a survey of retailers in which 50% of respondents expressed interest in attending an actual show.



‘NuOrder will track buyer browsing patterns and page views on its platform.’

—Heath Wells, co-founder and co-CEO, NuOrder

Looking ahead, Wells and Walsh agree that while digital trade shows will become a permanent part of the B2B landscape and that there may even be year-round digital marketplaces, physical trade shows will remain long-term as buyers will still want to meet at industry events in person.

“We see (digital shows) as an important next step in the evolution of our business, and the fashion industry as a whole,” Walsh says. “Digital shows are part of an omnichannel strategy for vendors and retailers.”

GOVERNMENT AGENCY TESTS \$6 BILLION MARKET WITH THREE E-MARKETPLACES

The U.S. General Services Administration has awarded contracts to Amazon Business, Thermo Fisher Scientific and Overstock.com to test the use of commercial e-marketplaces as a secure and modern source of a general range of products purchased by government agencies.

In a move to provide a secure and modern buying and spend-management experience for government agencies, the federal government took an initial step in June 2020 to work with three established ecommerce organizations—Amazon.com Inc.’s Amazon Business, Thermo Fisher Scientific Inc. and Overstock.com Inc.—to test the use of commercial e-marketplaces for annual government procurement of up to \$6 billion worth of products ranging from furniture and office products to laboratory supplies.

The GSA said the pilot program, which covers purchases below the government’s “micro-purchasing threshold” of \$10,000, is expected to make the three e-marketplaces available to buyers at government agencies within 30 days and run for up to three years. It noted that the e-marketplace program is designed to modernize and gain insights on the “open-market online spend” outside of existing procurement contracts; it added that such open-market spending on government purchase cards represents “an addressable market of \$6 billion annually.”

“The ecommerce portals proof-of-concept is an important step in offering a solution for



Anne Rung,
director of public sector, Amazon Business

purchasing commercial products online that protects our federal supply chain against malicious and counterfeit goods, furthering our national security,” said GSA Administrator Emily Murphy.

PROCUREMENT AND CONCIERGE SERVICES

“We applaud the GSA for moving this program forward,” said Anne Rung, director of public sector, Amazon Business, in a statement following the contract awards. “As one of the industry participants awarded a contract, we look forward to providing an efficient, cost-effective option

for federal purchasing that brings savings to taxpayers while also supporting small and diverse sellers in our stores.”

Overstock.com, a large e-marketplace covering both retail as well as business-to-government and business-to-business markets, said it will offer “a wide assortment of products from established partners, and will allow government personnel to easily find, research, and order necessary COTS products, including many items from small businesses. Along with the commercial e-commerce platform, Overstock will provide concierge customer care service to aid with efficiency and ensure a top-of-the-line experience for government purchasers.”

Jonathan Johnson, Overstock’s CEO, added: “The commercial marketplace platforms are to provide the GSA with increased oversight on government spending. We are confident our technology and industry relationships will help make GSA’s goal a reality.”

Thermo Fisher Scientific did not return a request for comment. The GSA did not immediately return a request for information on why it chose the three e-marketplace providers.

ROOTS IN DEFENSE AUTHORIZATION ACT

The government’s commercial e-marketplace program stems from the 2018 National Defense Authorization Act, Section 846, which directed the federal government to “establish a program to procure commercial products through



Jonathon Johnson,
CEO, Overstock.com Inc.

commercial ecommerce portals,” the GSA says in the Commercial Platforms Initiative section of its website.

“The GSA has heard from customers and vendors alike that we need to improve how we source, manage and ultimately sell commercial products through our e-platforms,” the agency says. Existing ecommerce procurement services operated the GSA include GSAAAdvantage.gov and its eBuy platform, which among other things lets government procurement managers request quotes on “millions of products and services.”

Murphy said in an announcement that the GSA’s “approach continues to be shaped by the [Department of Homeland Security’s] Best Practices for E-Commerce Platforms and Third-Party Marketplaces, combining better security practices, better data, and better pricing.” The commercial e-marketplace program is one of four projects underpinning the GSA’s Federal Marketplace Strategy; the other three deal with contract life-cycle management, contract award

The GSA has heard from customers and vendors alike that we need to improve how we source, manage and ultimately sell commercial products through our e-platforms.

schedules and a catalog management system designed to improve how suppliers' product information is presented and shared among government agencies.

A RESOURCE DURING 'UNCERTAIN TIMES'

The GSA said the “no-cost” e-marketplace contracts will not require the government to pay fees to the e-marketplace companies for their participation in the pilot program. Amazon Business, for example, will not charge the government fees for any technologies or capabilities it provides in servicing government customers. The ecommerce company will provide government buyers the same online purchasing experience provided to general business customers, but agencies that participate in the pilot will receive complimentary Business Prime free-shipping services on eligible purchases for every user on their account, according to Amazon.

But the marketplace executives say the program provides them with an opportunity to build on their existing government business, even amid today's pandemic-driven market disruptions.



“In addition to the many government customers already using Amazon Business, we can provide considerable value in the procurement experience to federal agencies that participate in the pilot,” Amazon's Rung says. “And if there's anything we've learned this year, it's that Amazon Business can serve as a resource to the government during uncertain times.”

Among the ways it supports the government's procurement policies, Amazon works with buyers at agencies to connect them with suppliers among small businesses and minority-owned, women-owned and veteran-owned companies, according to Amazon.

CASE STUDIES

THOMASNET.COM CHANNELS SUPPLIERS FOR COVID-19 MATERIALS

The B2B marketplace service is listing more than a dozen suppliers of materials and equipment used in addressing the disease caused by the novel coronavirus.

Thomasnet.com, a B2B marketplace for various industries, in March launched an online coronavirus resource hub for manufacturers looking for trading partners, supplies and other resources related to the coronavirus pandemic.

One section of the hub lists more than a dozen suppliers of materials and equipment used in treating COVID-19, the disease caused by the new coronavirus that has inflicted thousands worldwide and disrupted supply chains.

Companies listed as suppliers include manufacturers Thermo Fisher Scientific, LabCorp, Hologic, Danaher and Roche Diagnostics. The listings provide some indication of what each company has available; the listings also provide links to each supplier's website, including some that take online orders. Thermo Fisher and other companies contacted today did not immediately return requests for comment.

Thomasnet.com, operated by The Thomas Publishing Co., is also providing extensive information related to the coronavirus in individual states.

Thomas also launched a new division, Thomas Industrial Data, which will provide information compiled from Thomasnet.com trading partner activity to show sourcing and supply chain



trends. Thomas formed the division with the intent of providing critical supply chain information during the coronavirus pandemic, the company says.

Thomas says the Thomasnet.com platform has more than 1.5 million buyers per month that source products and services from more than 500,000 North American suppliers. It notes that it maintains more than 7.8 million product listings across some 70,000 categories.

“We have received an overwhelming number of requests for analysis and trends based on our data and information during this global crisis,” says Thomas president and CEO Tony Uphoff. “Everyone from the U.S. Department of Commerce and the Small Business Administration to CNN and Yahoo! Finance has asked for deeper insights around how the manufacturing industry is reacting to and preparing for the impact of the coronavirus.”

RENTAL MARKETPLACE KWIPPED.COM HANDLES A SURGE OF HEALTHCARE ORDERS

Kwipped.com, a marketplace for rental equipment, is handling a surge of orders for products used by healthcare professionals to deal with the pandemic.

The coronavirus has companies of all types in all markets scrambling to find more inventory as supply chains continue to be disrupted.

But the race to procure more product suppliers with inventory is no more acute than in healthcare, where providers and many other types of organizations on the front lines of fighting the coronavirus are hard-pressed to find equipment in extremely short supply, such as personal protective equipment (PPE), ventilators and respirators.

One new source many companies are turning to online in earnest is B2B marketplaces. A case in point is Kwipped.com, a marketplace in business since 2010 and a digital platform offering B2B equipment rental, leasing and lease-to-own options through a large network of suppliers in different vertical markets.

SERVING SEVERAL MEDICAL MARKETS

Among the vertical markets where Kwipped.com does business is in healthcare and specifically in niches such as medical and laboratory equipment, among others. Lately business has been booming, says CEO Robert Preville.

In medical and laboratory equipment, Kwipped has a network of about 410 sellers and includes healthcare companies in the market to lease, lease-to-own and finance medical equipment ranging from ambulatory blood-pressure monitors to respirators and ventilators.

In the laboratory testing space, Kwipped.com has a base of 502 suppliers that provide lease, lease-to-own and financing for companies in need for such products as three-dimensional bioprinters to protein analyzers. "It's a pretty diverse range for both markets," Preville says.

In a normal month, Kwipped.com's transaction volume between suppliers and buyers for the leasing of medical and laboratory equipment is a steady but hardly needle-moving business, Preville says.

HEALTHCARE ORGANIZATIONS SCRAMBLE FOR SUPPLIES

But the coronavirus has changed all of that, and now healthcare organizations are scrambling to find any new source of supply for PPE equipment and respirators. In their search for new suppliers, many healthcare companies are turning to B2B marketplaces in general to find any available inventory, and they're using Kwipped.com

for certain types of extremely hard-to-find respirators and ventilators and the items that support and maintain them, Preville says.

For example, in January and February, Kwipped.com had 28 requests from companies looking to lease or lease-to-own ventilators, the machines that provide mechanical ventilation by moving breathable air into and out of a patient's lungs. For the period of March 1 to April 17, the number of requests for ventilators increased nearly 32,000% to 15,319, Kwipped says.

Other categories also showed big gains, including for beds, where the number of requests for hospital beds grew 1,705% from 122 to 2,167, and for medical pumps, which numbered 45 requests in January and February, then jumped 4,155% to 1,915 March 1 to April 17. "There has been such a shortage for everyone the last 30 days that everyone that's looking for supplies is casting a wider net," Preville says.

In normal times the supply chain for hospitals and health systems is more traditional, meaning that because of the types and quantities of products and services hospitals purchase, and because of the complex and regulatory nature of the industry, most healthcare providers tend to buy products from long-time suppliers to the industry, Preville says.

But as more healthcare organizations scour all avenues to find PPE products and ventilators, many of these organizations are turning to the web, ecommerce and B2B marketplaces for the first time to secure the equipment they need.



VENTILATORS SELL OUT IN A WEEK'S TIME

In about a week's time recently, all of the ventilators available on Kwipped were scooped up. "A B2B marketplace expands the footprint of the sources healthcare organizations can use to find badly needed supplies and in a way that is online, easier and allows them to do a lot of research," Preville says. "They can submit requests to a lot of suppliers, submit proposals, and make a better purchasing decision."

There also are benefits for B2B sellers as more healthcare organizations find them online. A case in point is ReNew Biomedical, a company that repairs, services, leases, and sells medical equipment.

ReNew was founded over a decade ago and has grown to fill a 50,000-square-foot facility in Jackson, Tennessee. The company expanded its reach to include ecommerce in 2015 and has worked with Kwipped.com for about two years, says Caleb Curlin, ReNew's national sales director. But lately, the uptick in renting, leasing-to-own, and outright buying of refurbished

ventilators through transactions on Kwipped has resulted in a sell-out of ventilator stock.

Prior to the COVID-19 crisis, ReNew Biomedical sold, rented, or leased-to-own approximately 10 to 12 new and refurbished ventilators per month. With help from companies like Kwipped, ReNew is now selling more substantial quantities of equipment in shorter amounts of time. “This avenue has allowed us to discover new relationships that are quickly growing in stature and increasing our bottom line,” Curlin says. “The marketplace cuts through the multiple layers of bureaucracy and makes healthcare acquisitions easier and more transparent.”

As the coronavirus settles in and healthcare providers, first responders and others continue to look for more items such as PPE, respirators and ventilators that remain in critically short supply, B2B marketplace will play a more elevated and better way to find, lease and finance products online, Preville says. “For a lot of healthcare organizations used to a very structured supply chain, B2B marketplaces, for them, are a whole new way of doing business,” he says.

HOW BUDDHA BRANDS SPEEDS UP ORDERS FROM AMAZON

The food brand manufacturer's new web-based order processing system expedites how it handles online orders from consumers on Amazon as well as EDI orders from other large retailers.

Buddha Brands, a brand manufacturer and marketer of out-of-the-ordinary nutritious snack foods—like Coconut Cocoa Keto protein bars and Sparkling Coconut Water with Pineapple—is taking a novel approach to processing orders from Amazon.com Inc. and other retailers.

“We’ve been able to tackle orders on Amazon.com without adding extra resources to manage the flow of orders,” Johanne Pilon, Buddha’s supply chain manager, says.

A new way of integrating its enterprise resource planning system with Amazon.com Inc. has streamlined how Buddha Brands processes orders received through the Amazon Marketplace that Buddha sells direct-to-consumer as a third-party seller on Amazon.com via Amazon Seller Central.

Buddha Brands, like many sellers on Amazon, had moved order and inventory data in the past manually between its Amazon account and its NetSuite enterprise resource planning system of business operations software. Now, Buddha automates the movement of order data between Amazon.com and its NetSuite ERP system. The new web-based integration system makes the Amazon channel more profitable overall, Pilon says.

The new web-based integration system makes the Amazon channel more profitable overall.

The Montreal-based brand manufacturer, which operates as part of Temple Lifestyle Brands, is also using the same web-based system to streamline and expedite how it receives and processes orders from other retailers in the United States and Canada through EDI, or electronic data interchange. The EDI orders are for products ordered for resale in stores or online by such large retail grocery chains as HEB and Whole Foods Market, which is owned by Amazon.com Inc.

SPEEDING UP BOTH ONLINE AND EDI ORDERS

The speed and accuracy of receiving both online direct-to-consumer and EDI orders enables Buddha Brands to increase its own levels of order fulfillment service, Pilon says. “Timing is key in supply chain, and if we can receive

information from our customers quicker and dispatch their orders faster, reducing our lead time and without any data entry error, we're effectively increasing our service levels," she says.

Like many brand manufacturers, Buddha Brands implemented its EDI platform to speed order processing through automation and ensure its business systems were speaking the same language as its customers' systems. The original plan was to initially onboard about 13 customers to its EDI platform, with more to follow later, and connect the platform with its ERP system so key business information such as purchase orders, invoices and advance shipping notices could flow between the two systems.

But two years into its ERP deployment, the manufacturer, which produces plant-based foods and beverages and sells to retailers in the United States and Canada, was still struggling to connect the two systems. Consequently, customer support staff was spending more time rekeying information into the ERP system than providing customer service.

In addition, manual data entry into its ERP system was an inefficient, error-prone process that delayed visibility of orders in its NetSuite ERP system, and prevented the company from linking to its third-party logistics providers (3PL) through its EDI network, which subsequently slowed order dispatch and fulfillment.



ORDERS VISIBLE IN NETSUITE ERP

"We were working between two disparate systems, which meant incoming orders weren't immediately visible in NetSuite for shipping and planning purposes," Pilon says. "We needed an EDI solution that would eliminate all the non-value-added tasks we were doing around order entry and invoicing for our ERP system. We also wanted to link up with our 3PL partners through EDI so we could dispatch orders and receive fulfillment faster."

Since not all EDI platforms have built-in ERP compatibility, suppliers turn either to their EDI vendor or a third-party software developer for it. Unable to receive the support it needed from its legacy EDI vendor to connect the two systems, Buddha Brands deployed TrueCommerce Inc.'s integrated EDI solution for NetSuite ERP.

"With little to no visibility between our EDI and ERP systems, we paid a premium in terms of how we managed orders between the two systems," Pilon says. "We weren't working very efficiently."

One challenge Buddha Brands faced with its legacy EDI platform was the inability to move complex order data to its ERP system, such as sales tax, which can vary by weight and size of the item being shipped, and in Canada by different tax rules in each province. Buddha also had to deal with deposit and recycling fees, and promotional and damage allowances. “Our former EDI provider was never able to map that data to our ERP system,” Pilon says. “We ended up manually entering it, and it was a mistake-prone process. Now we can automatically include taxes and fees on invoices,” Pilon says.

MORE ORDERS PER CUSTOMER AT MAJOR RETAILERS

As part of its criteria in selecting a new EDI Platform, Buddha Brands sought a vendor that could have the new platform operational within three months. In addition to Amazon and Whole Foods, Buddha Brands sells through thousands of retail locations and online stores at merchants including Costco, HEB, Meijer, Wegmans, Loblaws Sobeys and food wholesale distributor UNFI.

Since implementing TrueCommerce EDI in 2019, Buddha Brands has grown order volume among new customers, as well as the number of orders per customer, without having to hire additional staff to manage the clerical tasks associated with those increases, Pilon says, without being more specific. Overall, clerical work, such as data entry or emailing pick tickets for dispatching, has decreased. As a result, some employees



‘With our growing sales volume my team is able to be more efficient and focus on what really matters.’

—**Johanne Pilon**, supply chain manager,
Buddha Brands, with her dog Bimini

have been able to move on to other duties that they find more stimulating, which has boosted their morale.

“The ability to shift people from manual data entry and other non-value-added tasks to intellectual work is really what the ROI from TrueCommerce is all about,” says Pilon. “Even with our growing sales volume my team is able to be more efficient and focus on what really matters.”

Today, 70% of orders flow through Buddha Brands' EDI platform. In the past year, that volume has grown 30%, Pilon says. In addition, the company has connected three more customers, one warehouse, and one of its 3PL partners to its EDI network after completing its initial wave of onboarding. Plans are in the works to add more customers this year and at least one warehouse as growth warrants, Pilon says.

Adding TrueCommerce's scheduler module to the mix has helped Buddha automate the import/export of EDI transactions to its ERP system at prearranged times, which has further increased operating efficiency, Pilon says. For example, Buddha Brands can use the scheduler to locate all orders that have been filled but have not had an invoice generated, then set the time of day it wants those reports to be available.

With its EDI and ERP platforms connected, Pilon says Buddha Brands has become EDI efficient, instead of just EDI capable. "At the end of the day you forget about EDI," Pilon says. "We can manage our integration and our orders by exception within NetSuite. EDI stays in the background until we need to make a change."

INSIDE AMAZON

AMAZON BUSINESS IS ON TRACK TO BE THE BIGGEST INDUSTRIAL DISTRIBUTOR

Amazon Business will achieve gross merchandise volume (GMV) of \$75 billion by 2023, according to a marketplace study from Applico Inc., a B2B marketplace technology services and integration company. This sales growth would make Amazon Business the biggest industrial distributor in the U.S. by 2021, Applico says.

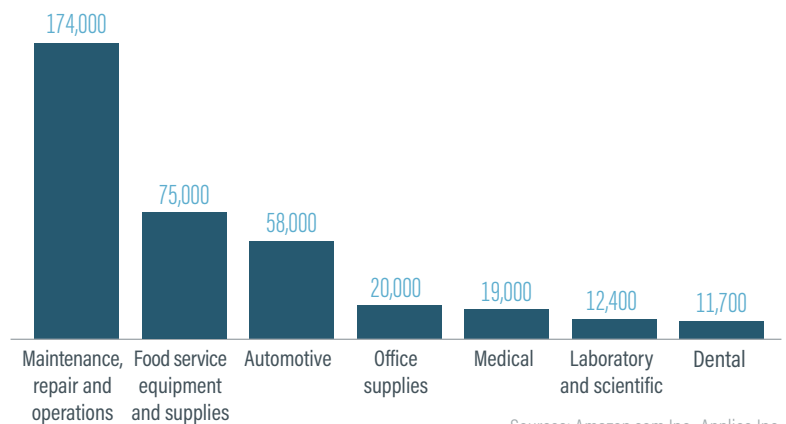
“Given the share of products on Amazon Business that are within industrial supplies categories, Amazon Business is already the largest industrial distributor in the U.S. by product catalog size,” Applico says.

Also, Amazon Business is getting bigger in the number of products and categories it now sells online, Applico says. In total, it has more than 56 million listed products and about 415,000 sellers.

The No. 1 vertical for Amazon Business is maintenance, repair and operations (MRO). In total, MRO categories have about 174,000 sellers and more than 18 million listed products, Applico says.

MRO SELLERS OF ALL SIZES FLOCK TO AMAZON BUSINESS

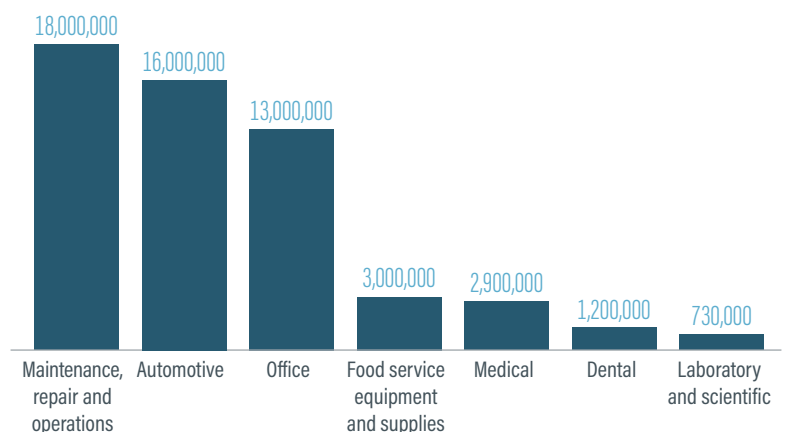
The B2B marketplace is fast approaching the day when the number of sellers on Amazon Business of maintenance, repair and operations (MRO) products will total 200,000, says Applico. The number of MRO sellers now accounts for 41.9% of all sellers on Amazon Business.



Sources: Amazon.com Inc., Applico Inc.

THE NUMBER OF MRO PRODUCTS ON AMAZON BUSINESS KEEPS GROWING

Maintenance, repair and operations (MRO) products now account for nearly one-third (32.1%) of all the available inventory on Amazon Business, according to the analysis from Applico.



Sources: Amazon.com Inc., Applico Inc.

Q&A: CHRIS CARUSO OF AMAZON BUSINESS SHARES TIPS ON SELLING

Chris Caruso, head of pricing, selection and supplier tools at Amazon Business, discusses with Digital Commerce 360 B2B the best practices for engaging customers and generating sales on a B2B online marketplace.

DC360B2B: Please describe the range of B2B sellers (by size and product category) on Amazon Business and the business/industrial/scientific section of Amazon.com.

Caruso: Amazon Business works with hundreds of thousands of selling partners to make it easier for customers of all sizes and industries to buy supplies for work. Our seller network includes a range—from small and diverse owned businesses, like Pacific Northwest Business Products—to Fortune 100 companies, like Intel. Amazon Business' selling partners can reach millions of customers, including in commercial, education, government, healthcare and nonprofit industries.

Small businesses gain instant access to Amazon Business customers without spending valuable resources, levelling the playing field. Small and/or diverse sellers, in particular, have an opportunity to stand out more on Amazon



Chris Caruso,
Head of pricing, selection and supplier tools at Amazon Business

Business. With Seller Certifications, selling partners are able to display one or more of 14 nationally recognized diversity, ownership and quality certifications, including but not limited to LGBT-, minority-, woman- and veteran-owned small business. This ensures purchasing organizations that need or want to buy from diverse and small businesses are better able to do so.

Take veteran-owned Pacific Northwest Business Products, for example. After more than four decades of success, this small, Washington

State-based office supply company was ready to expand beyond its longtime customer base and sell on Amazon Business starting in 2018. In its first year as a third-party seller, the company's revenue grew 43%. This growth continued into the following year, due in part to greater visibility among customers through the Amazon Business certification, they say.

DC360B2B: Please describe how B2B traffic and sales volumes, and the numbers of buyers and sellers have grown on Amazon Business and the business/industrial/scientific section of Amazon.com. What are the latest figures?

Caruso: Today, more than five years since the debut of Amazon Business, our customers include nearly 80% of the 100 largest enrollment education organizations, 55 of the Fortune 100 companies, more than half of the 100 biggest hospital systems and more than 40% of the 100 most populous local governments.

This growth isn't exclusive to our customer base. Our selling partner network has also expanded. Today across Amazon, small and medium-sized businesses selling accounts for 58% of total sales, which is up from 30% ten years ago. Last year was record-breaking for American SMBs selling on Amazon, with more than 15,000 businesses surpassing \$1 million in sales and nearly 25,000 surpassing \$500,000 in sales in 2019. Worldwide, nearly 225,000 SMBs surpassed \$100,000 in

sales in Amazon's stores in 2019, up from nearly 200,000 in 2018, and more than 140,000 in 2017.

DC360B2B: How is the COVID-19 pandemic affecting marketplace sales and operations, and what must sellers do to keep up with such changes as supply chain disruption and business buyers working from home offices?

Caruso: Industries like the public sector, education and healthcare have faced critical procurement disruptions as a result of COVID-19. To keep up with these disruptions—ranging from revenue shortfalls and budgetary constraints, to a lack of supplies for essential workers, to the rapidly evolving needs of remote working and learning—sellers need to be flexible and work quickly to respond to customers' needs. Many buyers are looking for long-term purchasing solutions, while still balancing short-term demands brought on by the pandemic.

One important step sellers can take is to ensure their supply chain is reliable. Throughout the pandemic, we've seen shortages ranging from personal protective equipment (PPE) to electronic devices. If sellers are currently sourcing materials or products from states or countries that aren't operating at full capacity, they may need to consider alternatives. As the new school year approaches, school districts will seek out supplies for employees and students. And when many companies

start to welcome employees back to corporate offices, they may choose to distribute personal office supplies, like dry erase markers, that were previously shared.

Additionally, sellers should try to remain flexible. The pandemic has made medium- and long-term planning incredibly challenging for many, and sellers have risen to the occasion and been among the most responsive businesses. For example, hand2mind, an Amazon Business selling partner, was one such seller who quickly pivoted from providing education supplies to providing PPE during the peak of the pandemic. The team at hand2mind muscled through the unknowns of the PPE shortages and adjusted its supply chain to help frontline workers and hospitals. Now, hand2mind is in a better position to more quickly switch to PPE should the need arise again.

DC360B2B: With all the growth in the number of B2B marketplaces worldwide, including many for vertical industries, what do you see as driving the demand for B2B e-marketplaces? What must marketplaces themselves do to thrive as marketplaces and provide an effective trading portal for sellers and buyers?

Caruso: The simplicity and convenience of the online B2B shopping experience is one of the driving forces behind the continued growth of B2B online stores, as it makes buying and selling easy for organizations of all sizes and industries.

To be most effective, online stores may need to offer unique features and benefits that can increase efficiency and save costs. For example, at Amazon Business, we offer buyers the option to create purchasing approval workflows to manage spend while viewing and acting on pending orders. Additionally, analytics into spend across PO (purchase order) numbers, invoices, suppliers, account groups, categories and more can help to provide greater transparency.

Our multi-seller store can also assist buyers in identifying new, diverse suppliers to meet their socio-economic purchasing goals. For selling partners, Amazon Business can help to establish multiple purchasing and payment plan options for various buyers to choose from based on the size of their business. Pay By Invoice, for example, provides buyers with 30-day payment terms and on-demand itemized digital invoices that can help to free up cash flow and simplify reconciliation. By tailoring discounts, payment terms, delivery and more for small, medium and large organizations, sellers can better meet their customers' individual needs.

DC360B2B: What are some of the best practices you see among new sellers regarding product management, pricing and fulfillment?

Caruso: To be most successful on Amazon Business, there are several best practices we recommend to our selling partners. One of the most important factors is providing accurate product data with detailed descriptions and condition notes that are helpful to buyers. Product data should reflect accurate inventory status to prevent customers from submitting orders for products that are out-of-stock. This ensures selling partners set realistic expectations with customers and then meet them.

Selling partners should also ship items as quickly as possible to keep buyers satisfied. Items that arrive late or damaged may lead to negative feedback or a request for refunds. We recommend checking for new orders daily by setting up notifications, as well as clearly communicating in shipping policies how often orders are processed, how frequently items are shipped, the carriers used, and who to contact with shipping-related questions.

Monitoring and adjusting prices to match similar products from different selling partners can also help increase visibility on an online store. The More Buying Choices feature on Amazon Business displays the lowest priced items first, so buyers looking for the best deals may be more inclined to purchase items that appear there.

New sellers may find early success by leaning into technology that supplements marketing efforts, like Amazon's analytics to track sales and customer behavior. When Today's Business Solutions, a Texas-based office supply provider, began selling on Amazon Business, the company saw an unexpected product—time clocks—become a top seller. While time clocks have long been part of Today's Business Solutions' inventory, their existing clientele either didn't need one, already had one or had opted for other time tracking methods. Today's Business Solutions has been able to turn this initial surge into a sustainable sales opportunity with the right analytics.

DC360B2B: How does Amazon assist sellers in handling the above practices?

Caruso: Our selling partners with Professional selling plans have access to Amazon Selling Coach, which offers personalized recommendations to help them increase their success. Amazon Selling Coach notifies selling partners about inventory, product, global selling, fulfillment and low-price opportunities in real time. This feature helps businesses better manage their listings and supply chain by helping them track when they're running low on products or determining comparable offers with lower prices. It also identifies areas for expanded growth to new markets where products are in high demand.



The Amazon Business blog regularly publishes resources for selling on Amazon like, “10 questions sellers like you are asking about Amazon Business.”

Selling partners with a Business Prime membership also gain access to instant customer feedback provided by Delighted. Selling partners can glean insights directly from their customers about their brand, helping them to improve customer retention and loyalty.

DC360B2B: What are some of the most effective online researching and purchasing features that sellers can provide buyers on a marketplace, such as personalized content, segmented search and navigation, extensive product specifications, rich media product demonstrations, customer ratings and reviews? How does Amazon assist sellers in these and other areas?

Caruso: Making products easily discoverable and providing buyers with detailed product listings are two examples of what can differentiate selling partners. Amazon Business provides resources and tools to help selling partners create a more compelling offer on their product detail pages, like how to evaluate effective product images that inspire customers to make a purchase or how to optimize keywords to make products more relevant. Amazon Business also enables selling partners to add search terms for their products, and provides a list of suggested criteria to generate them. For example, search terms for headphones should also include general synonyms such as “earphones” and “earbuds.”

When standing desk provider Varidesk joined Amazon Business in 2016, the company was able to reach new business customers by setting pricing available only to them, by providing business-only products and by highlighting enhanced product content, all through a user-friendly interface and familiar brand. In about a year’s time, the company saw a 50% growth in sales through Amazon Business.

DC360B2B: How do you see artificial intelligence, analytics, data from multiple API-connected sources (including product and customer activity data, plus external data on market supply and demand) playing an important role in marketplace operations—and how can sellers best tie into and use all this data?

Caruso: Machine learning can bring tangible benefits to procurement and can make life easier for buyers. A 2019 study of purchasing managers and chief procurement officers by Amazon Business and WBR Insights found 61% of respondents are currently learning about artificial intelligence and machine learning or that they will be introducing the technologies currently or in the next twelve months, suggesting applications of these technologies will only continue to increase. Technology is the driving force behind the personalized recommendations customers can receive while shopping on Amazon Business. Buyers can leverage aggregated data virtualizations to gain deeper insights into the purchasing behavior of their employees. Business Prime offers customers a Guided Buying function that leverages machine learning to allow buyers to put policies in place that guide purchasers to approved items.

DC360B2B: What are among the next wave of state-of-the-art, must-have marketplace capabilities that sellers should prepare for?

Caruso: As online B2B stores look to enhance their capabilities, selling partners should expect to see more opportunities offered to buyers through exclusive membership programs. Business Prime is a membership designed for businesses to help them modernize and simplify purchasing with additional tools and features. It includes free one-day shipping on eligible orders, more convenient shipping methods, enhanced spend visibility, guided buying capabilities and more. As buyers become more accustomed to these types of benefits, selling partners should ensure that they can deliver on these terms. For example, companies need to ensure their supply chain is set up to successfully ship products within one day of orders being placed to qualify as a Business Prime selling partner.

Take Granite School District as an example. Through Business Prime, they were able to consolidate individual procurement accounts and improve their operational efficiency. The district has increased account visibility, streamlined account management, and ensured educators receive their instructional materials when they need them.

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