Q&A: How Amazon Could Change 'B2B'

Joel Hans, Managing Editor, Manufacturing.net

Amazon recently announced a new branch called Amazon Supply that aims to take on the role that industrial distributors have been doing for decades — supplying much-needed parts or MRO products to manufacturers in a timely, regular fashion. For manufacturers, it's an intriguing new possibility, with the site being built with many of the same consumer-facing features, such as detailed product information and ease of use, and online ordering. At the same time, many manufacturers have long-standing relationships with their distributors, and don't want to damage that collaboration.

But distributors and manufacturers both will need to think ahead and prepare for how these changes might affect their operations, and how it might change the way that businesses buy and sell from each other. To get more insight on this issue, our sister publication Manufacturing.net got a hold of Linda Taddonio, co-founder and eCommerce strategy officer at Insite.

***Manufacturing.net*: What is Amazon, via Amazon Supply, aiming to do, exactly?**

Linda Taddonio: Amazon Supply's stated goal is "to provide earth's largest, easiest-to-research, discover, and access selection of professional products required to support the maintenance, repair, operations, and project needs of business and professional customers." The site offers competitive prices, fast shipping and a large selection of more than 1,250,000 products, including everything from office

equipment to lab and scientific items for businesses.

It has major advantages of being an established brand with low overhead and a growing national network of warehouses to offer fast and low-cost shipping.

***Manufacturing.net*: This seems like more of a threat against distributors, but could it affect manufacturers as well?**

Taddonio: Clearly Amazon Supply is more of an immediate direct threat to wholesalers and distributors than manufacturers. However, Amazon Supply is also creating disruption in the larger business-to-business buying ecosystem. The sheer breadth of product under the Amazon umbrella requires that manufacturers pay attention from a competitive perspective and to make sure that the content representing their products is at a desired level.

***Manufacturing.net*: What have you all heard about something like Amazon Supply? Are companies interested in buying from Amazon? Are others worried about losing business?**

Taddonio: Yes, certainly there are a lot of companies that are worried about losing business to Amazon Supply, and rightfully so. In a recent study by Acquity Group on millennials, statistics showed that 90 percent of buyers age 18-35 purchase online, 63 percent have ordered from Amazon Supply at least once and 40 percent purchase frequently from Amazon Supply. These statistics are significant and are present in other age demographics as well, with lower statistics as the age increases. So, this is both a wake-up call and a rallying cry for businesses to establish their own e-commerce presence. While the concern about losing business is legitimate, traditional distribution business models still hold an important advantage over Amazon Supply in that they have established customer relationships and provide many other value added services such as extensive product knowledge and expertise.

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