

## Trying to Find Toilet Paper in the Age of Coronavirus: The Role of Consumer Goods and Global Supply Chain Solutions During the Pandemic

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<https://www.forbes.com/sites/brucelee/2020/03/06/how-covid-19-coronavirus-is-leading-to-toilet-paper-shortages/#25040c4f7a8d>

Pasta, rice, and peanut butter may be among the pantry staples many would think to stock up on in preparation for being house-bound in a pandemic, yet goods such as toilet paper and sanitation products have also become a hard-to-find commodity in this time of panic hoarding. As the United States approached the start of its now month-long quarantine (enforced uniquely at the private, local, and state levels), grocery stores and their paper-goods suppliers were hit with a wave of un-forecasted demand. While some find it odd that Americans are panicked with the idea of running out of bath tissue, psychologists say that it is a logical source of comfort.<sup>1</sup> And increasingly since coronavirus has spread beyond China's borders, places like Canada, Australia, and the United Kingdom are also seeing a run on bathroom essentials. It has necessitated strict limits on customer purchases of toilet paper around the world to curtail price gouging,<sup>2</sup> and in some cases, even security guard patrols to ensure safe customer behavior when shopping.<sup>3</sup> Whether this hoarding behavior is driven by a desire to overprepare in a time of great uncertainty or another psychological instinct, it has led to strained supply chains desperately striving to keep up with consumer demand.

Consumer goods companies in the age of coronavirus face new challenges to the way in which they forecast demand and shift production planning to meet consumer need during an evolving crisis. Experts have pointed to the importance of separating panic demand from normal demand.

<sup>1</sup> Kluger, Jeffrey. "In the Wake of the Coronavirus, Here's Why Americans Are Hoarding Toilet Paper". *Time*, 14 March 2020. <https://time.com/5803273/hoarding-toilet-paper/>

<sup>2</sup> Lufkin, Bryan. "Amid the coronavirus outbreak, people are flocking to supermarkets worldwide – but are they simply preparing, or irrationally panicking?" *BBC*, 4 March 2020. <https://www.bbc.com/worklife/article/20200304-coronavirus-covid-19-update-why-people-are-stockpiling>

<sup>3</sup> Andrew, Scottie. "The psychology behind why toilet paper, of all things, is the latest coronavirus panic buy." *CNN*, 9 March 2020. <https://www.cnn.com/2020/03/09/health/toilet-paper-shortages-novel-coronavirus-trnd/index.html>

According to IESE Business School professor Jaume Ribera, the bullwhip effect resulting from panic buying can create increasing instability the further up the supply chain one looks.<sup>4</sup> Therefore, it is crucial that for long-term planning, companies be wary of overcorrecting to meet panic demand rather than taking measured steps to account for the lull that will one day return the industry to normal demand patterns. With many stores shuttered in the name of social distancing, e-commerce has come to the rescue. For those retailers still open, though, poor production planning by their consumer goods suppliers could pose a challenge to their ability to keep in-person shopping available. According to Occupational Safety and Health Administration regulations, public stores must supply goods such as toilet paper and hand cleaners for health and sanitation purposes within their facilities in order to even remain open for business.<sup>5</sup> Thus consumer goods companies must strategically realign their production capacity to ensure that retailers have adequate business-grade sanitation products to meet these regulatory standards or risk failing retailers providing citizens crucial access to supplies in the midst of this pandemic.

The second challenge consumer goods companies face in the wake of coronavirus is maintaining the continuity of operations to service customers in need of basic household essentials. In the end, there is only so much inventory that these businesses can provide at one time, forcing companies to allocate a limited supply amongst countless desperate grocery and retail stores.



<https://www.latimes.com/business/story/2020-02-17/coronavirus-impact-economy-business>

Yet quick action has helped companies to lean on their globalized supply chains and flexible working arrangements to keep operations going during this pandemic. Most organizations across industries turned to remote work when possible and have intensified their facilities' sanitation, particularly where employees need to perform their job functions on site; however, some companies face strict criticism for the ramp-up in employee hours at distribution centers and warehouses as well as alleged insufficient protections for workforce safety due to inadequate supplies of personal protective equipment (PPE).<sup>6</sup> While worker safety is of the utmost importance during this pandemic, critical jobs in transportation, warehouse management, pharmaceutical production,

<sup>4</sup> Ribera, Jaume. "Lessons From Covid-19: How To Protect Your Supply Chains During The Crisis." *Forbes*, 3 Apr. 2020. <https://www.forbes.com/sites/iese/2020/04/03/lessons-from-covid-19-how-to-protect-your-supply-chains-during-the-crisis/#43dd10a1ba3b>

<sup>5</sup> "Restrooms and Sanitation Requirements." *OSHA*. [https://www.osha.gov/SLTC/restrooms\\_sanitation/index.html](https://www.osha.gov/SLTC/restrooms_sanitation/index.html)

<sup>6</sup> Davies, Pascale. "French Court Orders Amazon To Only Deliver Essential Items Over Coronavirus Safety Fears." *Forbes*, 14 Apr. 2020. <https://www.forbes.com/sites/pascaledavies/2020/04/14/french-court-orders-amazon-to-only-deliver-essential-items-over-coronavirus-safety-fears/#4a07bbef133a>

and consumer goods to name a few must be maintained in order to ensure key medical, food, and sanitation supplies get to those in need. The fundamental way in which supply chains will be able to survive this pivotal stress test is by leaning into their global networks to spread (and thereby minimize) risk across production sites and increase response capacity to volatile consumer demand.<sup>7</sup>

Ribera comments on preconceptions about coronavirus signaling “the end of just-in-time, lean manufacturing, and whether it marks an inevitable swing toward de-globalization.”<sup>8</sup> He notes that it is impractical to unravel decades of global expansion of production chains. In addition to the unviable notion of moving offshored supply chain operations back to the country of their parent company’s legal domicile, crises like the coronavirus pandemic show the world why globalized supply chains are so important. The more diversified a supply chain’s production centers, the better a company is able to weather storms of all sorts. Prior crises have shown supply chain experts why single-source dependencies are a bad idea. When suppliers holding large market shares for a particular product are taken out of commission, companies can be left scrambling to find new sources for their product materials.<sup>9</sup> This key vulnerability of consolidated sourcing speaks directly to the need for continuity of globalized supply chains, particularly in the midst of this pandemic.

Perhaps unexpectedly—yet quite logically—the consumer goods industry, and particularly those companies in the business of household essentials such as toilet paper, have been thrust into a key role during the coronavirus pandemic. Without these supply chains operating to meet the basic needs not just of consumers, but of fellow businesses that supply food and other basic commodities, we could see a far more pressing issue in keeping essential commercial services running amidst this widespread market shutdown. Despite varying criticisms of how these supply chains have maintained operations while governments call for social distancing and extra health precautions given shortages on PPE, consumer products companies need to operate as optimally now as ever before. In order to meet the needs of a global populace during a worldwide pandemic, these businesses must utilize their multinational supply chains to their benefit. Risks such as facility shutdowns and slower throughput times due to smaller workforces may be best managed by relying on production chain partners around the world. As this pandemic runs its course, businesses must learn to adapt to changing import and export regulations, domestic commerce shutdowns, and shifting coronavirus epicenters, from which globalization will prove an asset rather than an obstacle.

<sup>7</sup> Rice, Jr., James B. “Prepare Your Supply Chain for Coronavirus.” *Harvard Business Review*, 27 Feb. 2020. <https://hbr.org/2020/02/prepare-your-supply-chain-for-coronavirus>

<sup>8</sup> Ribera, Jaume. “Lessons From Covid-19: How To Protect Your Supply Chains During The Crisis.” *Forbes*, 3 Apr. 2020. <https://www.forbes.com/sites/jese/2020/04/03/lessons-from-covid-19-how-to-protect-your-supply-chains-during-the-crisis/#43dd10a1ba3b>

<sup>9</sup> Rice, Jr., James B. “Prepare Your Supply Chain for Coronavirus.” *Harvard Business Review*, 27 Feb. 2020. <https://hbr.org/2020/02/prepare-your-supply-chain-for-coronavirus>