Surviving peak season

How to thrive during Black Friday and Christmas

A guide for retailers selling online

mintsoft
an access company

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Peak season – the time starting with Black Friday and ending with Christmas is the busiest period of the year for the retail industry.

While the influx of orders offers many opportunities for retailers, warehouses and logistics providers, it also puts serious strain on order fulfilment processes and the systems used to manage them. As new online purchasing habits collide with peak season sales, online retailers can expect larger shipping volumes, carrier capacity issues, rising transport costs, and delivery delays. With record-breaking order volumes coming and shipping issues arising, it's more important than ever to be well prepared for peak season.

In a heavily digital-led era, consumer behaviours have changed rapidly. The "I want it now" environment, formed largely out of the so-called 'Amazon Effect', means many online retailers are changing their strategies to be able to meet their customers' 24/7 shopping needs. As retailers work to keep ahead of growing demand, they are looking to outsource their logistics and partner with a 3PL that can offer streamlined fulfillment and shipping solutions.

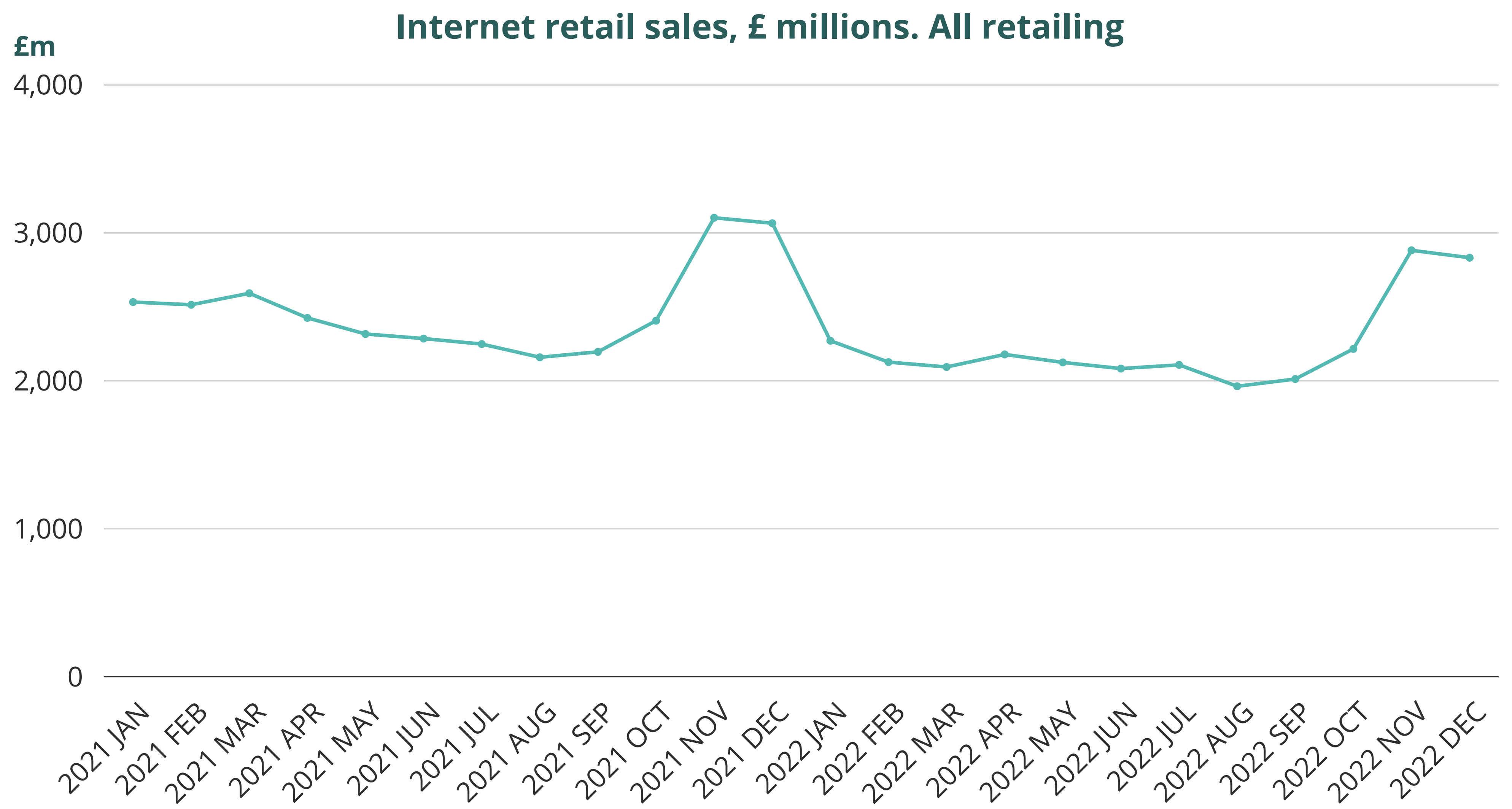
As competition is currently so high, customer loyalty is hard to retain. Something as small as a payment error, missed order or delivery issue can be enough to lose even a long-term customer, so processes need to run as smoothly as possible to maintain successful relationships across all stages of the e-commerce journey.

69% of shoppers wouldn't purchase from a brand again if they received an item late.

(Source: https://www.websitemagazine.com/ecommerce/the-impact-of-late-and-inaccurate-deliveries-on-customer-loyalty)

When is e-commerce peak season?

Peak season for ecommerce typically runs from November to January as demonstrated by the graph below from The Office of National Statistics UK internet retail sales data, and includes multiple seasonal events that influence ecommerce sales.



In November, Black Friday and Cyber Monday have a huge impact on online order volumes – a large amount of retailers no longer only offer sales on the Black Friday weekend, it can be a week or month-long event. December sees an influx of orders as shoppers are buying Christmas gifts, and January is a busy month due to January sales and returns or exchanges of unwanted Christmas presents.

Black Friday 2022: the impact of the pandemic and the cost-of-living crisis on the retail industry

In 2018, we thought Brexit would have the biggest economic impact on the UK economy in the short-to-mid-term. Little did we know a viral outbreak in China would cause a pandemic in 2020, with it creating global supply chain issues (amongst other things) which we then spent 2021 trying to start recovering from. Then Russia's invasion of Ukraine early in 2022 caused even further instability. All of which left us with a powerful cocktail of destabilising issues, resulting in slowed economic growth worldwide and many nations, including the UK, entering a recession.

For most, it's been particularly challenging. For industries that rely on people to have money in their pockets to spend on nice to haves, such as Wholesale & Retail, it's been a period of having to adapt quickly to ensure survival.

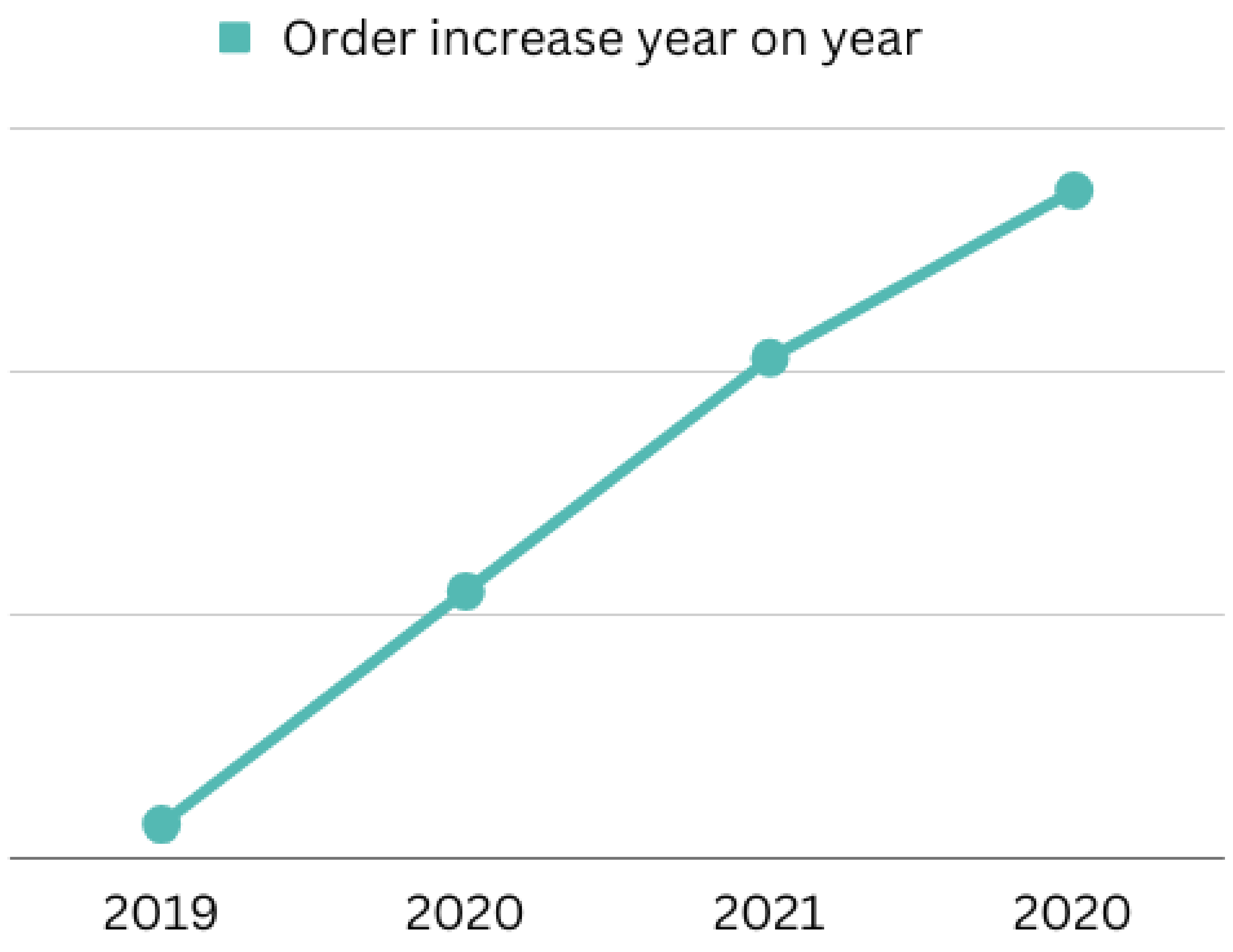
In 2020 we saw those that were able to operate online able to generate huge growth. With people essentially a captive audience stuck in their homes, buying things online became one of our favourite pastimes. Whether that was to buy essentials or supplies for our newfound passion for home improvement; it has since been reported that COVID-19 accelerated the shift to e-commerce by 5 years.

In 2021, articles were suggesting the balance of retail sales had been restored back to pre-pandemic levels with in-store sales rising and e-Commerce growth slowing.

Online order volumes for Black Friday 2022 vs previous years

A sample cohort of 2020 Mintsoft customers showed that orders received from online channels between 2020 and 2021 increased by 31%. This is compared to a 45% increase in 2021; and an all time low growth rate of 6.7% in 2019. Thus, confirming the reports of slowed growth in 2021, but not to the levels of pre-pandemic levels as suggested.

When we looked at the percentage increase in orders between an average of prior months and November; there is no significant difference with 2020 seeing an increase of 52% and 49% in 2021.



Anyway; 2020 and 2021 are now both distant memories, so what about last year and the future? 2022 was the year of economic shrinkage with commercial property being sold off, including even Amazon who have admitted they may have bought too much warehousing space. Was this the end of eCommerce growth? Well, not exactly. When we look at the same 2020 cohort of customers, we see that from 2021 to 2022 order volumes increase by 17%; not at the same 31% or 45% growth of the prior two years but still higher than the 6.7% growth reported in 2019.

In the lead up to the Black Friday period there were opposing theories being discussed; would shoppers tighten their purse strings and not buy in the same volumes during this period; or would they in fact buy more during this period, taking advantage of deals to be had and stocking up for the future. Well; now we've concluded that period we can see the results. A 43% increase in order volumes in November compared to the months that preceded it. So no people didn't stop buying but that is still a statistically significant decrease on the 52% increase in 2020 and 49% increase in 2021. Maybe people were trying extra hard not to get sucked into the great deals on offer, albeit not entirely successfully.

So what's the conclusion of all this analysis? Well, it's safe to say the retail sector is tightly linked to global events. But it also seems that it is more robust than other sectors; able to continue to see strong growth despite external factors trying to prevent it. If the 2022 results are anything to go by, the industry needs to be prepared for another huge boost in sales towards the end of the year.

Managing peak season: the dos and don'ts

In the famous words of Benjamin Franklin, “By failing to prepare, you are preparing to fail.” And that is ultimately what peak season success comes down to: preparation.

Peak season will inevitably bring a rise in ecommerce purchases, drawn in by a variety of Black Friday and Cyber Monday sales, as well as festive gift-buying in the run up to Christmas.

Being well prepared, and the resulting successful peak season, will lead to happy customers who are having their expectations met, happy staff with a managaeable workload, and a happy bottom line at the end of it all.

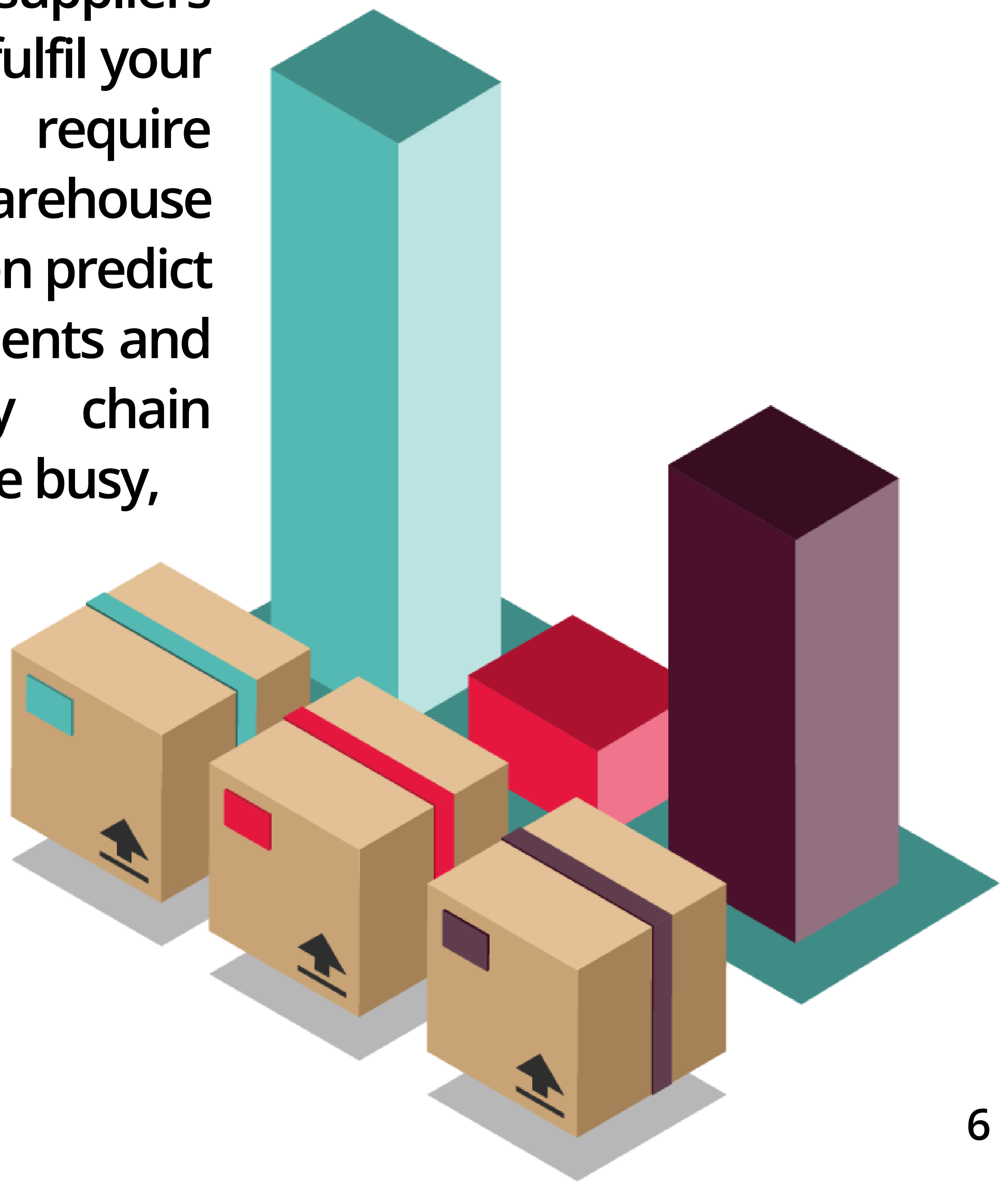
1 Start with analysis and forecasting

It can often feel like a balancing act to ensure you have enough stock to cover the Black Friday/Cyber Monday to Christmas season. You need enough stock to cover orders, but not excess stock that takes up valuable space for you or your warehouse partners and costs you money. But how do you know what’s enough and what isn’t?

Transparency and visibility are key when it comes to being prepared for peak season. As a minimum, you should:

- Have a clear view of your current stock levels
- Know where everything is being stored
- Have access to previous order data

A cross-analysis of last peak season’s order data and current stock availability highlights where there might be shortages and excesses of particular products. Accurate forecasting, as well as having a clear picture of your inventory management, means fewer sleepless nights as you’ll know what you need to order in from suppliers more frequently so you can continue to fulfil your customer orders. Real-time problems require real-time solutions, and smart warehouse technology allows you to analyse and even predict trends to anticipate the needs of your clients and prevent delays caused by supply chain disruptions. You know peak season will be busy, but predicting the products that will be popular and the order levels you can expect, helps you prepare for the inevitable rise in purchases.



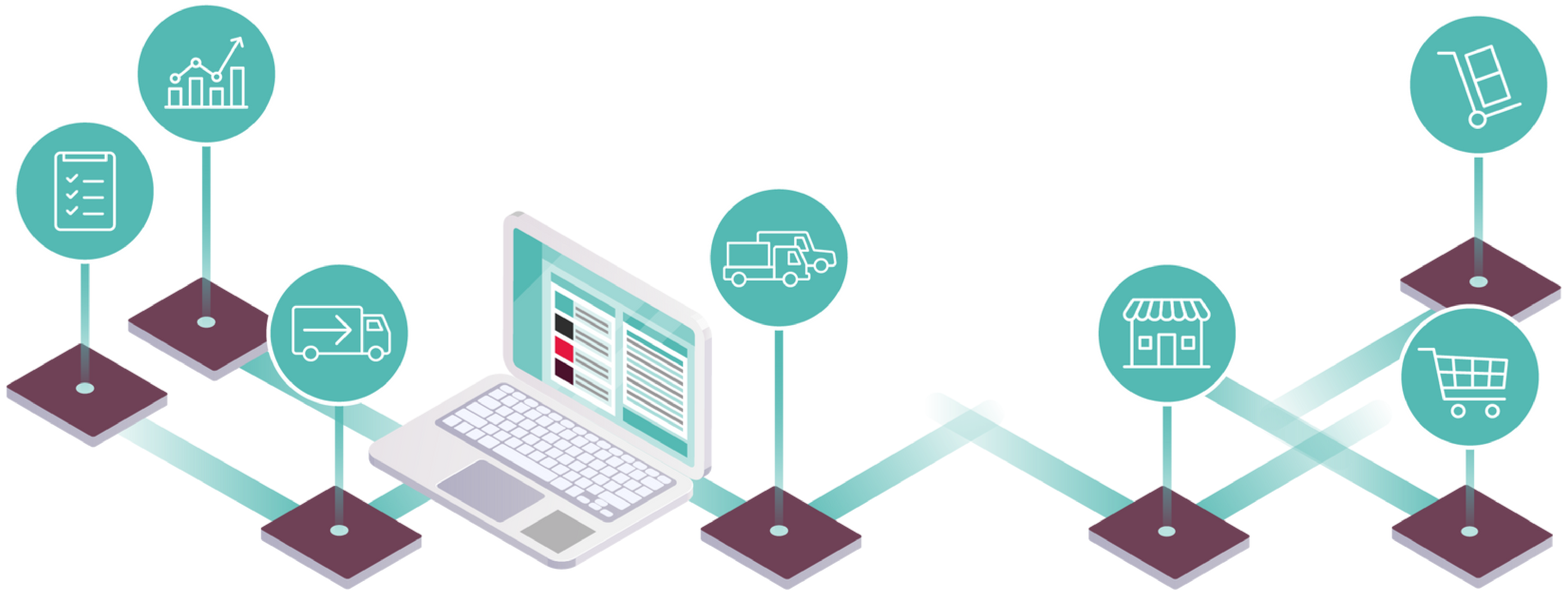
Q Add automation to your order processing

Customer expectations are at an all-time high – there will be no room for errors when it comes to picking and packing orders this season. Something as small as an incorrect order, or missing item is enough for online retailers to lose customer loyalty. Even if you are selling your products online, it's critical that you keep your customers happy.

With high volumes of orders it can be easy to make mistakes when handling the order process. Automating your processes will reduce errors and help deliver a more responsive and consistent service, which is especially important when employees are extra busy.

55%

of retailers are still using manual processes at some point in their logistics process



Data collection, processing and analysis is one area that is guaranteed to change for the warehousing sector in the future. In fact, many businesses have already switched to fully digital data management systems, providing greater efficiency, security and accessibility across all daily operations.

For many businesses the act of capturing, tracking, and fulfilling orders across two or more sales channels is tricky. 55% of retailers are still using manual processes at some point in their logistics process, leading to order inaccuracies and confusion. An order management system is one option you can use to add automation to your existing order processes, allowing you to take control of the full dispatch process from picking, packing, to shipping orders.

With the continued development of self-driving cars and delivery drones, customers' expectations may soon shift from 'same day' to 'same hour'. The result would be an urgent need to streamline warehouse technology and potentially transform how items are picked, how labels are printed, and how employees and machines work in unison.

③ Increase shopping and system integrations

When you manage different online stores or offer your products through marketplaces like Amazon, it can be difficult to keep track of all incoming orders and stock levels for each ecommerce store. Integrating as many of your marketplaces and other integrations into your order management system puts the majority of your order fulfilment management in one place.

To run your business efficiently throughout peak season, you will likely need to connect to additional integrations such as:

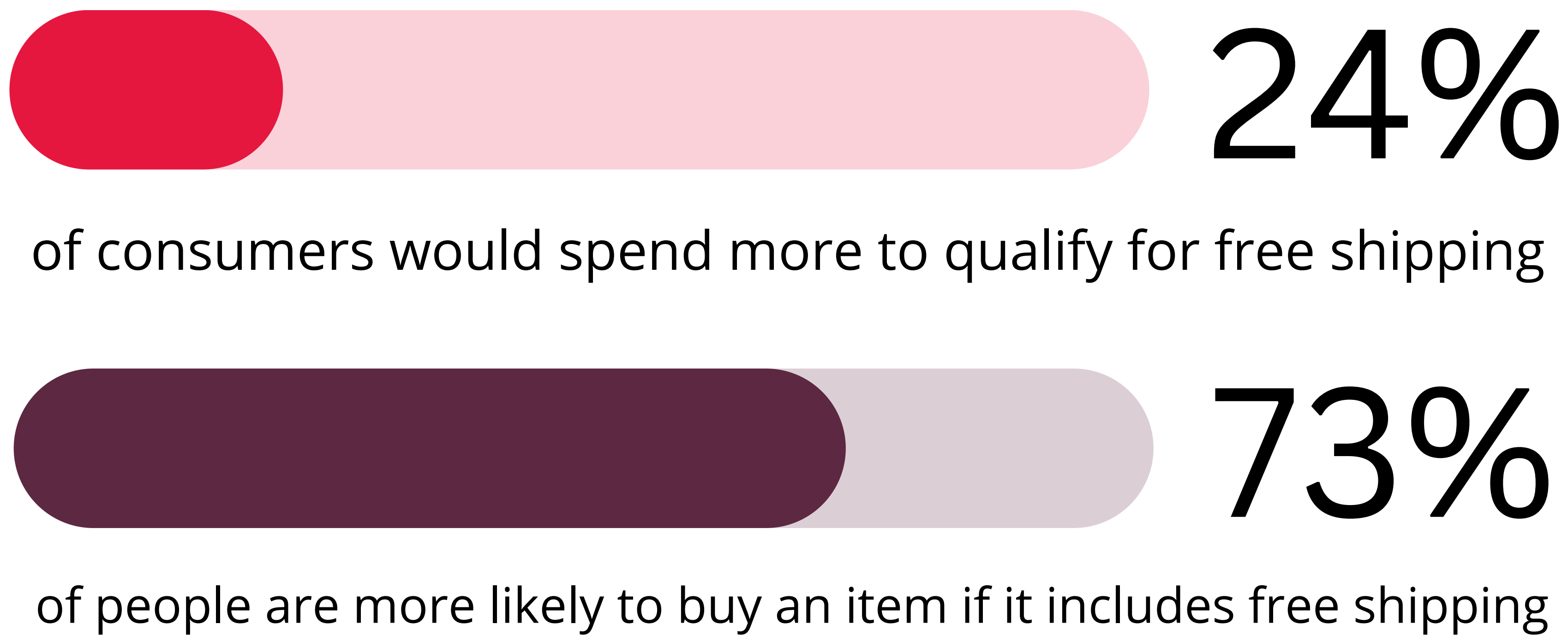
- Inventory management software
- Warehouse management software
- Couriers
- Multi-carriers
- Accounting systems

By connecting online stores and marketplaces into one account, you can capture new audiences and sell wherever you are. Managing all your systems in one place also means you can easily switch between different integrations to process orders. This means your warehouse, inventory, and shipping systems can communicate data in real-time.

If you're unable to centralise control of all of the systems you need, you may be finding yourself manually transferring data from one system to another to perform tasks such as raising invoices for your customers or updating inventory levels in your warehouse; which is far from the most efficient way to work.

④ Make sure your logistics and courier partners are top notch

One of the biggest challenges during the peak season is shipping. Customers are forever demanding shorter and cheaper delivery times. Strategies such as "Same-day delivery", "Express delivery" or "Next day delivery" are all prominent crowd pullers.



If you're doing everything in-house, make sure your fulfilment team is ready to prepare and ship high volumes of products as fast as they can. If it's becoming too much and you're an online seller, it might be time to consider outsourcing this responsibility to a third-party logistics company.

Warehouse and logistics management are crucial for the peak season. As a business owner, there is a lot to consider when you select your couriers - some of the important aspects could be:

- Warehouse/storage options
- Delivery region i.e. Nationwide or Worldwide
- Speed of despatch
- Delivery timeframe options
- Tracking data and customer communications
- Service Level Agreements (SLAs)

It's possible that a single courier cannot offer everything you require; therefore, you choose to partner with multiple. Having a cohort of delivery partners can give you greater flexibility, for example if one courier cannot accommodate your shipment, you have an alternative method of delivery to ensure customer satisfaction. For ecommerce sales, it can give the customer more autonomy to select a shipping option that suits their budget and timescales.

Due to high demand during peak season, many carriers have announced drastic cost increases and warned about slower delivery times, as well as raising fees beyond what we've seen before. Leveraging a multi-carrier strategy can be an effective way to get products to customers quickly and accurately, meeting their expectations.

⑤ Be prepared for returns

When selling products online, product returns are inevitable. Especially during peak season, when people are buying more products than any other time in the year. Whether it's clothes that don't fit, fragile goods that are damaged, or electronics that are faulty, consumers will return their items if they aren't as expected.

Efficient and effective product returns management is part of the customer journey that is as important as sale and order management. It is important to make sure your customers have a clear understanding of your returns policy and that it meets any requirements set out by consumer rights.

Having a dedicated resource for returns management is important as processes can be complex. It ensures efficiency in processing returns promptly, enhances customer satisfaction by prioritising return requests, provides valuable insights for quality control and process improvement, enables accurate tracking and reporting of return data, helps reduce costs associated with returns, ensures compliance with legal requirements, and allows businesses to continuously refine their returns management processes for optimal efficiency and customer service.

If handling returns internally isn't manageable, working with a third-party returns management company offers benefits such as specialised expertise, scalability, cost savings, efficient processes, enhanced customer experience, access to analytics, and international capabilities. It allows businesses to optimise returns management while focusing on core operations and growth.

Businesses do not need software to manage returns; however ultimately, the decision of how to manage returns will depend on your individual business requirements.

Adding returns management software to your tech stack can further streamline your returns process by utilising automation. Returns management software can help you automate customer communications during the returns process, process refunds when required and give you better visibility and tracking of the returned goods.

How can an Order Management System (OMS) help me have a successful peak season?

69% of shoppers wouldn't purchase from a brand again if they received an item late, but online sellers can easily get caught up in day-to-day operations and leave the last mile decisions until it's too late. Which is why exceeding customer expectations are important.

Commonly initialised to OMS, an order management software or system provides a centralised platform for orders from any channel and helps drive efficiencies from initial order creation right through to delivery of your product.

During peak season, investing in ecommerce management software will help determine which products are likely to be in high demand while automatically syncing real-time stock levels. The software allows you to keep a close eye on your daily stock levels meaning you can use further clearance sales during peak times to help clear extra inventory. Free up shelf space and convert your stock into cash.

One of the benefits of implementing an OMS is the ability to take control of inventory management by simplifying processes with automation. Mintsoft allows users to easily move stock from location to location with simple scanning steps for replenishment or putaway.

This process is done by using in-location stock movements by setting rules to automate what happens to orders during packing, based on triggers like delivery option selected, value and weight, which removes the need for manual processes and reduces time spent on such tasks.

E-commerce and multichannel inventory management software also gives users automated insights into product information, so you know the best place to store inventory, and how to handle certain items stock (fragile, flammable etc.). Inventory tracking software also allows you to make data driven insights by automatically monitoring stock levels and sales data for each item and helps to improve the efficiency of adding new items to inventory, tracking sales, and updating stock levels.

Mintsoft is a cloud-based order fufillment software that has been designed from the ground up in order to help you streamline your order processing for those in online retail and 3PL. It's a great solution to integrate all your orders from various online shopping platforms and multiple sales channels, allowing you to manage the full dispatch process from picking, packing and shipping.

BOOK A DEMO

Book a 1-1 demo and we will show you why we think our order management system is the best!

If you've got any questions, want to know more, or would like to see how Mintsoft works, there are a few ways you can get in touch:

www.mintsoft.com

0203 6089 802

BOOK A DEMO

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