

## Under pressure – can retailers successfully negotiate the new seasonal sales peaks?

**Tony Matthews, Head of E-commerce, SCM, arvato UK discusses how retailers can embrace Black Friday and Cyber Monday effectively by relieving pressure on their supply chains.**



16th April 2015

While 'Black Friday' and 'Cyber Monday' have been huge online shopping sales events in the US for many years, 2014 was the first year they really hit the UK, with many retailers offering special discounts only on those days. This resulted in thousands of consumers squeezing much of their Christmas shopping into a single weekend, putting participating retailers' supply chains under intense pressure.

As we look towards this year's seasonal peak, retailers are going to have to rethink how they manage their product storage, fulfilment and distribution to cope with the new spikes in demand if they want to embrace them successfully. The essence is companies need to focus on having a more flexible supply chain – and an outsourcing partnership can deliver just that.

### Delivering improved supply chain flexibility

One effective option an outsourcing partnership can provide is shared warehousing, where instead of operating their own warehouse(s), retailers can scale their storage space up and down effectively to manage the large changes in demand. This also allows them to avoid wasting money on space that may otherwise be empty for nine months of the year.

Huge rises in demand can also have a negative impact on customer service, and in today's market, customers expect an excellent service regardless of the pressure on a company's supply chain. Warehouse technology, such as pick-by-voice, can really improve order accuracy and help avoid human error during peaks. Outsourcing can also give retailers access to a wider range of delivery options which they can offer their customers for increased convenience.

The steep rise in demand over Black Friday and Cyber Monday means that the management of staffing levels, and the amount of resource this consumes, is equally important. Usually, businesses triple their workforce over the 8-10 week Christmas period, but the new peaks mean that even more people are needed over just one weekend. A change in strategy is needed to provide the flexibility for a big ramp up in labour, while ensuring that workers have the skills and knowledge required to work accurately under pressure – a problem that access to shared user facilities can help solve.

### Planning ahead with pinpoint forecasting

Accurate estimations of product sales are fundamental when planning for sales peaks, and forecasting through analytical modelling is a widely used approach. Companies should look to calculate their expected order numbers through analysis of peaks in website traffic, as well as conversion rates and units per order from previous years. Furthermore, they should factor in the expected impact of planned promotions and look at current market trends – you don't want to sell out of 'must have' products during peak periods!

While many businesses embrace these events in the scramble for market share, in 2015 they will need to look carefully at their approach. If it's worth accepting lower product margins and the additional pressure these events place on supply chains, then an outsourcing partnership, together with the appropriate forecasting, might just provide retailers with the necessary supply chain flexibility.