



P F S

Is It Ever Too Early to Prepare for Peak?

A strategic approach to executing a successful peak season, time and time again



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Before you dive into the deep end, check out a snippet of what we will be covering in more detail throughout this eBook.

- When is peak: Establishing a timeline
- Forecasting: The importance of understanding your brand's cashflow, analyzing historical data and allocating resources, plus a closer look at T.R.U.E. forecasting
- Multi-node and decentralized fulfillment: How Distributed Order Management (DOM) technology can expand your brand's delivery and fulfillment options
- Contingency planning: 'Hope for the best, be prepared for the worst'
- Case Studies: Learn from peers already acing peak
- Achieving the best possible outcome: A helpful checklist for putting it all into action

Introduction

Focusing on the peaks and troughs of the eCommerce landscape, this eBook draws on 25+ years of first-hand experience working with premier brands across a variety of industry verticals, while delivering on exceptional peak promises and following through to meet expectation. Referencing key challenges, opportunities and actionable takeaways, our aim is to equip your brand with the tools needed to identify and implement continuous improvements throughout the year that set you up for peak success, time and time again.

The surest way to see success is to start preparations for the upcoming peak season(s) immediately after the last. Even while peak is in process, brands should be taking note and documenting any pinch points that come up, along with notable successes to review in a post-peak evaluation. This type of analysis ensures you capture tasks that should be added to your continuous improvement plan, enables you to make quick adjustments to existing operations, and allows you to define more strategic projects that should be prioritized in the lead up to the next peak.

We highlight key strategies and technologies that help you secure an efficient and successful peak season. Continue reading for more on defining what success looks like for your brand, forecasting strategies, identifying risks and a plan to counteract them during peak and beyond.



When is peak?

Generally, when we discuss 'peak', we are referring to the increase in orders across Black Friday and Cyber Monday, which then follows through into the holiday season, including the major sales and discounts post-Christmas. However, for some brands, peak season falls at a different time of year, but they need to be equally prepared as their operations require a comparable amount of planning.

Peak timing can depend on the industry vertical in question. Luxury, jewelry, and beauty products are a popular gifted item so it stands to reason that with the addition of promotions, they will hit a peak during the Thanksgiving to Christmas period. Other verticals such as sportswear, fashion and apparel are more likely to see peaks correlating with the Autumn/Winter to Spring/Summer releases or coinciding with a major sporting event. Some brands choose not to participate in the traditional peak season and focus instead on running their own sales at a time that makes the most sense for their products, while others, such as luxury brands, run no promotions at all, but may still see demand fluctuate around the holidays or other key calendar dates.

It is important to establish the most popular time for your brand, particularly if you are a growing brand likely to experience some pinch points when demand fluctuates. Whether we are talking about the typical peak season, a new product release, or seasonal launches/promotions, peak preparation is critical to ensuring positive customer experiences and long-term growth.



Questions to ask ahead of peak preparations:

When is your peak?

Establish the busiest times for your brand, ensuring you have the logistics in place to cope with increased demand at this time – both in terms of stock levels, and staff hiring. Will you need to hire temps or can the current workforce cope with the heavier load? Create a timeline pulling reference from marketing, promotions, merchandising and more to ensure cross-functional confidence in your brand's estimated demand peaks.

What are the pressure points in your operation outside of peak and how can you mitigate those today?

Pressure points outside of peak season can include fluctuating order volume, increasingly challenging consumer expectations, and the requirement to keep costs low and maintain competitive pricing. To mitigate these, brands can focus on customer experience, work on building a pipeline and automating processes, and invest in technological solutions. It is also often worth the longer-term investment of upskilling and developing your teams to ensure they're prepared for demand increases.

What does success look like?

Every brand needs to define what success means to them and work towards that goal. The first step is to clearly identify goals and objectives, followed by defining and understanding your current and potential future target audience along with their expectations and needs. By also having proper metrics in place, from fulfillment to customer care and marketing, the progress of initiatives can be easily tracked, and what is working versus what is not can be weighed up to pivot appropriately.

What do your competitors do better than you?

It is important to approach the question from an objective, solutions-oriented perspective. Start by listing both positive and negative aspects of your competitors' offerings, you can then pick and choose what could work for your brand and establish what you may already have the edge on.

Have you considered your strategic direction?

Strategic direction is set based on the current position of a company in the growth cycle. Determine what category your brand is in – start-up, growth, maturity, decline. Brands between growth and maturity are likely to be setting larger goals for growth and may experience pinch points. For these brands, outsourcing part or all operational aspects of their business could be the best option to help them meet customer expectations and achieve revenue targets effectively.

What is your ideal future state?

Consider your ultimate goals. Things to consider could be setting a revenue target, increasing bottom line growth, reducing overheads, reducing returns rate, increasing lines per order, increasing order frequency, offering subscriptions, international expansion or decreasing transportation costs.

Taking the time to consider your ideal future state is the first step in establishing a solid roadmap. Much like a vision board – having your goals for the future clearly established will propel the process of meeting them.

Analyzing the Competition

A simple framework to follow when starting out is a SWOT analysis. However, if you're looking to transform those threats into opportunities and weaknesses into strengths or get a grasp on wider macro-level influences, you'll want to start getting familiar with other frameworks, such as TOWS, PESTLE, BCG Matrix or Porter's Five Forces, which will truly enable you to analyze your competitive environment.





Incentivizing your workforce – 5 strategies for staff retention

1

Offer Competitive Pay:

Ensure that the pay rate is competitive and in line with market standards - potentially with a raise during the busiest period, or extra paid time off in lieu of long shifts.

2

Recognize Performance:

Offer tangible rewards such as gift cards and bonuses, to show appreciation for employees who exceed expectations.

3

Create a Positive Environment:

Provide comfortable break rooms, snacks, and other amenities to show employees that you value their comfort and wellbeing.

4

Promotional Items:

Make peak fun by providing seasonal items for staff. This could be a water bottle, tote bags, even t-shirts or caps that can be worn during peak.

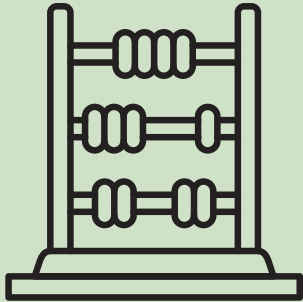
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Provide Training and Development:

Invest in programs ahead of peak to help employees hone their skills and gain a sense of fulfillment from their work.

eCommerce forecasting – How brands win during peak

Acute eCommerce **forecasting** is critical to the success of any in-house or outsourced fulfillment operation, ensuring proper preparation to meet customer demand and expectations, and delivering on KPIs. Without these important predictions ahead of time, brands are likely to find themselves unable to support a positive customer experience during their busiest time of year.



So, what are the key areas to consider when forecasting in advance of peak?

- Calculation of cash flow – timely estimation of your brand's financial needs
- Identifying and estimating recurring costs
- Analyzing the potential for new product(s) or service(s)
- Using historical sales data to predict future sales growth
- Allocating resources efficiently and budgeting for contingencies

What is the best way to forecast for peak?

Review past performance:

Analyze sales trends, customer behavior, and other relevant data points to get an accurate picture of how your eCommerce business has been performing so you can predict future performance.

Set realistic goals and objectives:

Armed with past performance and other referenceable data points, set realistic goals and objectives for the future. Include both short-term (within a few months) and long-term (up to five years) goals.

Identify potential risks:

Look at any external factors that could affect your business in the future, i.e., the economy, political changes or competitor activity.

Analyze your current forecast model:

Look for any discrepancies or areas of improvement and adjust as needed. The forecast model should be built around your goals and objectives, as well as any identified risks. Consider seasonality, customer demographics, key calendar events, etc.

Monitor progress:

In the lead up to peak, monitor progress and adjust your forecast as needed. Stay up to date on any changes in consumer behavior, competition, or other relevant factors, and adjust accordingly.

Promotions

Promotions throughout the year can work as great practice for peak. Especially if predicted sales figures have not been reached, a short BOGO or free delivery promotion can give a boost to bring activity up to forecast, enabling you to glean the insights needed to ensure the best and most efficient peak season.

Outsourcing: Communication is key

Unlike many in-house set ups, a 3PL can scale at short notice, making outsourcing the perfect option for brands that experience demand spikes. An agile and flexible 3PL has a significant advantage, with the space, ready-made facilities, and the option to bring in extra staff through existing agency relationships.

When working with a 3PL, the ultimate forecasting relationship between brand and provider entails sharing strategic plans and ensuring awareness across organizations, not just of the immediate to mid-term, but into the long-term. Any disparity of forecasts can be resolved with open communication and a collaborative, consultative forecasting approach.

Peak scenarios: In-house and outsourced

What happens when forecasting is not communicated clearly? Following are two scenarios that could easily occur if the importance of forecasting is overlooked.

Scenario 1 – In-house fulfillment

Scenario:

Brand X's marketing team has planned a promotion for a new product launch from late October through to Cyber Week. The new SKUs arrive at their in-house fulfillment center. The fulfillment center isn't certain how the orders should be packed and shipped. Unfortunately, the forecast has not been updated and shared cross-functionally. The promotion promise is not met, KPIs are missed, and returns increase based on damaged product.

Solution:

Brand X need to communicate all upcoming promotions in detail across operations. Accurate forecasts mean nothing if the information is not passed along to the people organizing and ordering the inventory and picking and packing the items. Brand X should inform their customer service team of the issue immediately so that appeasements can be swiftly put in place, ensuring disappointed customers have a positive brand experience, despite the error.

Scenario 2 – Outsourced fulfillment

Scenario:

Brand Y are outsourcing their fulfillment to a 3PL and, based on previous forecasts, are expecting a significant increase in orders during peak season. To prepare, they ordered a larger volume of stock to be delivered to the distribution center. Unfortunately, Brand Y failed to communicate this forecast with the 3PL. Peak is now upon them, and the distribution center is overrun with excess stock that they have no space for.

Solution:

To prevent problems in the future, brands should create a plan with their 3PL provider, maintain regular communication, and provide accurate forecasting. This will enable both parties to discuss potential changes ahead of time and allow the 3PL to scale up staff, systems and space, to accommodate the increased order volume. A consultative 3PL partner will strive to ensure forecasts are comprehensive and accurate, avoiding any unforeseen issues.

T.R.U.E. – Four things your forecasting needs to be ahead of peak

T.
R.
U.
E.

Timely

Ensure you leave enough time for necessary changes, but not so far ahead that you risk inaccuracy. Utilize information from your most recent peak, along with updated forecasts gathered in the lead up to the next.

Resolute

The forecast must produce the same results every time. By doing so, users will be confident that the system in place is reliable.

Uncomplicated

The forecast should cover all bases, while still being easy enough for all users to gain understanding swiftly.

Exact

Conduct thorough research. Compare to historic and recent data to aid predictions. Ensure there is a foolproof plan in place in case of error.



A multi-node approach – decentralizing fulfillment

Consumers have come to expect a variety of channels when making purchases, and they will continue to return to brands that offer them the greatest experience, flexibility, and reliability, not forgetting best price. A **multi-node** operation is critical to ensuring this type of omnichannel customer experience. DOM technology, which allows brands to track inventory across locations – whether at a storefront, distribution center (DC), pop-up DC, or anywhere in between – is a key component to a successful multi-node approach.

Distributed Order Management (DOM) is a powerful technology used by retailers and brands to direct orders between multiple **fulfillment points**. It helps optimize inventory across channels, decreases last-mile delivery distance, and enables faster delivery times. With a DOM, online orders can be routed to the closest fulfillment center or store location to the customer, taking into consideration product availability and fluctuating inventory levels, both significant considerations when it comes to the fast-paced nature of Cyber Week.

If a DOM is not yet a part of your fulfillment operation, making sure you plan for and implement these changes ahead of your next peak could make all the difference in your ability to remain competitive in a fierce eCommerce landscape.

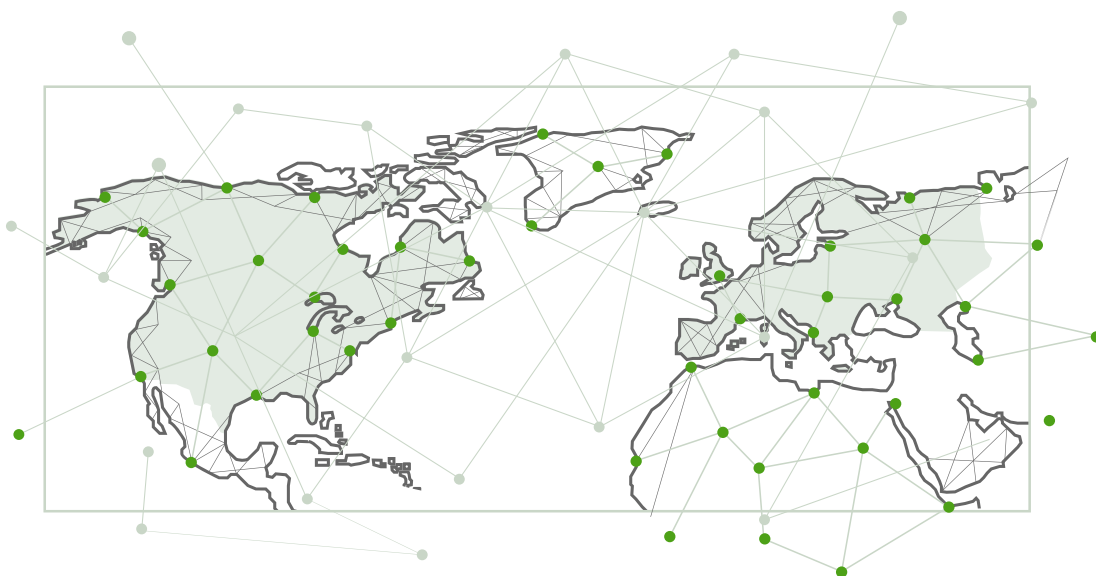
What does a multi-node fulfillment operation mean for peak?

Speedier Delivery Times: By decentralizing fulfillment operations and leveraging alternative solutions, you can shorten your supply chain, reduce transportation distances, and lower shipping costs. With sight of inventory across locations, brands can empower customers to choose the option that gets product to them how and when they need it.

Optimize Inventory: During peak times, when stock can suddenly sell out, having the ability to swiftly locate inventory elsewhere and re-route orders is essential. This optimization enhances efficiency as well. For example, orders can be routed to locations with excess stock, freeing up valuable storage space where that stock was previously sitting.

Ultimate Preparation: Postal strikes, COVID scares, and weather events can result in temporary closures or delays for distribution centers. By diversifying your fulfillment points through a multi-node model, you can keep those orders moving despite unanticipated events.

Sustainable Fulfillment Practices: Today's consumers are looking to brands and retailers to help them make a difference through more sustainable shopping methods. By getting product closer to the consumer, multi-node fulfillment allows brands to reduce carbon footprint by shortening last-mile delivery.



'What if' scenarios – Be ready for anything

In considering worst-case scenarios, your brand can prepare to overcome even the most difficult situations. Below we have outlined three 'what if' scenarios PFS has used to help existing clients prepare for the unexpected.

“ While volumes peak from Black Friday through to Christmas, our latest consumer research shows that customers are more lenient when it comes to fulfillment over the festive period. 77% of those surveyed are willing to wait up to 5 days for delivery. Most would prefer their items to arrive in time, undamaged and contain the correct items. ”

- JOE FARRELL
 Vice President
 PFS International Operations

'What if' Scenario	Brand	PFS
Carrier issues: <ul style="list-style-type: none"> • Postal strike • Capacity constraints • Unforeseen staffing/ vehicle issues 	<ul style="list-style-type: none"> • Extend consumer promise • Proactive communication to consumers who already placed their order • If not switching carriers, prepare to update consumers and hope for their understanding with delays 	<ul style="list-style-type: none"> • As soon as the information is received – prepare a back-up solution • Scale up volume with back-up (regional) carriers • Communicate carrier updates as early as possible • Ensure the back-up carriers are available and pricing is agreed ahead of time
Over-forecast: <ul style="list-style-type: none"> • Actual order volumes much higher than forecasted during: <ul style="list-style-type: none"> • Black Friday • Product launch • Seasonal promotion • Influencer feature 	<ul style="list-style-type: none"> • Assess impact on backlog • Assess stock situation on point-of-sale material (POSM) and product • If backlog becomes critical where last order dates (LOD) would be in jeopardy, consider switching off promotion(s) 	<ul style="list-style-type: none"> • Assess impact on backlog: if backlog surpasses 7 days, for example, then we will scale up to maximum capacity if not already in place
Warehouse shutdown : <ul style="list-style-type: none"> • Emergency situation <ul style="list-style-type: none"> • Fire • Flood • mandatory closures – COVID-19 pandemic 	<ul style="list-style-type: none"> • Depending on timing, expected downtime and backlog situation should be evaluated to consider whether to extend customer promises 	<ul style="list-style-type: none"> • Initiate business continuity procedures communicating actions, risks and realistic timeframes • Assess and communicate the perceived order impact and effect on customer promise • Assess staff levels – operate with skeleton staff if need be • Re-ready the DC in order to resume full operations, contingent on availability



PANDORA

Pandora is an example of a brand that continues to deliver on customer promise whilst maintaining a successful peak streak spanning years. So how do they do it?

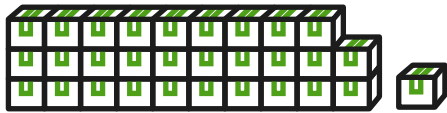
1. Contingencies are in place for almost any 'what if scenarios'. In the case of postal strikes, Pandora agreed ahead of time with their provider, that should the strikes go ahead – the 3PL could utilize relationships with alternate carriers and switch at short notice.
2. Due to this arrangement, they avoided any delay in delivery, despite the strikes. Due to prior planning and successfully forecasting demand – Pandora was able to keep their express delivery service available throughout peak, at a time when many other brands would need to switch this service off.
3. Thanks to sturdy ahead-of-time collaborative preparation, Pandora's key provider was able to operate usual work hours (negating the need to organize and staff pricier night shifts), and ensure that all orders were picked, packed, and shipped on time.

How to achieve the best possible outcome for a successful peak

- Establish what peak season means for your brand
- Review past performance and ensure that an effective forecasting strategy is in place
- Is your forecasting process T.R.U.E. – Timely, Resolute, Uncomplicated and Exact?
- Consider multi-node and decentralized fulfillment if you are not already
- Ensure there is an efficient inventory management system in place well ahead of peak
- Consider potential 'what if' scenarios to ensure you are fully prepared for any situation
- Review past successes and establish what was in place at the time, continue or recreate
- Review your workforce, work on incentives, staff retention schemes, and up-to-date training
- Work on the sense of community within your entire organization – success is a team effort!

PFS performance on behalf of clients during Peak 2022

As fulfillment and shipping experts, PFS is the 3PL provider best placed to ensure your brand is ready for a successful 2023 peak.



Fulfilled **over 30 million orders** on behalf of our brands



Shipped over **\$3.2 billion** in gross merchandise value

↑16% ↑12%
THANKSGIVING CYBER WEEK

During the weeks of **Thanksgiving and Cyber Week**, PFS broke previous order volume records from 2020

132 Million

Shipped nearly **132 million units** – an increase of 21% compared to FY 2021



Set a **new company quarterly record** for orders fulfilled in Q4, surpassing Q4 2020



Eclipsed previous single day record of orders fulfilled four times during Cyber Week



Processed **record order fulfillment volume** for a third straight year

31

Record **31 new sales bookings** worth \$44.9M in annual contract value



18 brands now ship from **multiple PFS fulfillment centers**



Multiple clients achieved record revenue days during Cyber Week



Ultimately...

Peak season success is achievable with the right strategies, technologies, and preparations. By thoroughly analyzing peak performance, forecasting for future peaks, and readying your brand for the upcoming season, you can ensure efficient operations, maximized sales, and a successful peak season. So, in answer to our initial question 'is it ever too early to prepare for peak?' the answer is no! It is never too early to prepare for peak.

Interested in learning more about how PFS can help your brand prepare for a successful 2023 peak season? Send us a note at hello@pfsweb.com to discuss what this looks like for your brand.

About



PFS is the premier eCommerce order fulfillment provider. We facilitate each operational step of an eCommerce order in support of DTC and B2B retail brands. Our scalable solutions support customized pick/pack/ship services that deliver positive brand experiences with each package. A proven order management platform, as well as high-touch customer service solutions reinforce our operation.

With 25+ years as an industry leader, PFS is the BPO of choice for brand-centric omnichannel operations. Grow your brand with eCommerce fulfillment services designed to keep your spirit and values front and center.



www.pfscommerce.com