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Planning for Peak



'Tis the Season

Cyber Monday fell on November 30th last year, and the next day early reports were pegging the volume as 14% higher than 2008. For North America alone, an estimated 4 million shoppers a minute were visiting shopping web sites, choosing to hunt for bargains from their keyboards.

In the fulfillment business, what followed was the 5 week period called Peak, a time when many online merchants ship 20% or more of their annual volume. Experience over the last few years shows that, in the aggregate, unit volume conforms to that bell shaped curve we know from high school, with the last week tapering off slightly below the first week's volume. Volume may shift slightly from one week to another during peak based on consumer promotions that are running, offers for free shipping, and product availability for items that outsell initial forecasts. Another key driver is the day of the week that the 25th falls on, which determines the last day that orders can be shipped by standard shipping and still arrive in time to be under the tree Christmas morning.

Analyzing the Experience

Now that everyone has had some time to step back from the warp speed activity of Peak, generate a multitude of reports and spread sheets, and hopefully celebrate successes, it's time to start thinking about doing it all again. Just this week, bold-face type on one of the online coupon sites proclaimed, "Only 298 days until Cyber Monday 2010!"

And while February may be a little early to start inking your plans, June is not too soon. There are many factors that drive volume during peak, and each of them will have an impact on how you work with your fulfillment partner:

- Marketing campaigns promoting the product line
- Timing of promotional offers and special pricing
- Timing of free freight or free expedited shipping promotions
- New product launches during the holiday shopping season
- Product availability from the manufacturing source
- Plans for managing out of stocks due to unexpected demand
- Level of customer service and order turnaround time that supports your brand strategy
- Impact of the economy and competitive activity

It Starts with the Plan

Designing and delivering a fulfillment and logistics solution starts with a forecast roughly 6 months ahead of any peak season. The same planning is required whether your peak season is during Christmas, or in the spring for seasonal goods, or any other period tied to calendar-related events. And because forecasts are subject to continual refinement, it's important that your fulfillment partner has the experience, expertise and flexibility to adapt to changes so you can optimize sales opportunities.

The forecast becomes the backbone for your fulfillment partner's staffing solution. Productivity modeling will provide a picture of the manpower needed to support the order volume, and it will help define how many additional associates will be needed. The Human Resources team will engage with their sources to find qualified temporary workers. Training will take place in advance of start dates, and full time associates will graduate into team lead roles to provide the right ratio of supervisor to line associate. And staffing is only the tip of the iceberg.

Equipment and Infrastructure

The amount and type of equipment needed to support peak volume must also be planned for and acquired. Your fulfillment partner's ability to create strategic alliances with equipment vendors is important. This will allow them to lease additional equipment as needed without burdening them with capital expenditures that would only be working part time. Established relationships with suppliers are critical to developing the most cost effective solutions to the demand during peak.

Everything that keeps orders flowing out the door must be considered, planned for and provided.

- Additional RF scanners
- Additional dunnage and packing materials
- Additional cartons and tape
- Additional label and manifest paper stock
- Additional ink and printing supplies
- Additional gift wrap and boxes
- Additional pallets
- Additional pallet jacks, forklifts, trucks and pickers
- Additional racking and pallet floor locations
- Additional maintenance, cleaning and facilities supplies
- Scheduling additional carrier pickups

Working Together to Deliver Customer Satisfaction

Selecting a fulfillment partner who becomes a true strategic partner in helping you achieve your sales and marketing goals is perhaps the most important criteria of all. You have invested heavily in building your brand and customer loyalty, and your fulfillment partner should make positive contributions that optimize your customers' lifetime values. Orders should be accurate, packed carefully and ship promptly. And while there are plenty of metrics to evaluate those criteria, it's just as important that your fulfillment partner's culture encourages their team to treat your brands as if they were their own. And you'll know that when you see an associate neatly putting the dunnage in the box and applying the label straight.