Prepare for Peak Performance this Season

Top Fulfillment Tips and Benchmarks for 2023 Peak Season Success

Introduction

Merchants have much to contend with this holiday season.

More than $1.5 TRILLION will be spent on holiday retail sales before the end of the year, per Deloitte, and ecommerce alone will see up to $284 Billion in spend, growing more than 10% year over year.

As price-conscious consumers seek out the best deals across channels, both online and off, the merchants who remain flexible, able to nimbly meet consumer demands for widespread product availability and convenient delivery options, will be poised for growth this holiday season.

Is your brand ready for the rush? When it comes to fulfillment these top tips will help you prepare and succeed this peak season.

$1.5 Trillion

Holiday spend is expected to exceed $1.5 Trillion, with consumers shopping across channels.

Walmart+   amazon   TikTok Shop

shopify   Target   COSTCO WHOLESALE

Fulfillment Tips

1 Optimize Inventory for Seamless Multichannel Availability

Predicting sales during peak season is challenging, especially when you're selling across multiple channels. Gathering data from various sources can be overwhelming, making it difficult to accurately determine how much inventory you'll need for each channel.

Additionally, the emergence of social commerce platforms like TikTok Shop adds another layer of uncertainty. What would you do if your product suddenly went viral and you didn't have enough inventory to fulfill orders?

Don't take the risk of running out of stock this holiday season. While you can't predict virality, you can optimize your inventory management to ensure you never find yourself with insufficient stock for any individual channel.

With the right fulfillment software and systems, you can tap into your entire inventory, no matter where it is located, ensuring orders are always fulfilled to your customers' expectations.

2 Share Q4 Forecasts with Partners for Smooth Operations

The holiday season brings significant revenue spikes for many brands. Even if your products have a steady sales volume throughout the year, you might think sharing seasonal forecasts is unnecessary. Think again!

While your business may not be seasonal, your partners' businesses likely are. They work with multiple brands and products that require extra attention during the holidays, which can disrupt your operations unexpectedly.

Help your partners, including manufacturers, fulfillment providers, and delivery services, by sharing up-to-date inventory and order forecasts as early as possible. This will allow them to plan ahead and make informed capacity planning decisions, ensuring smooth operations during peak season.

3   Budget Wisely for Q4 Expenses

Inevitably, prices for storage, shipping, and labor increase during Q4. Rather than being caught off guard, it's wise to budget in advance for these added costs.

The higher volume of orders during peak season leads to increased costs across the industry. Every major carrier will implement potentially significant peak season surcharges, up to a few dollars per shipment. Even Amazon implements a holiday peak fulfillment fee, active from Oct. through Jan. that increases the cost of everything from fulfillment to labor to overtime.

To mitigate these price increases, work with your providers to negotiate better deals where possible. Fulfillment partners, in particular, may have the leverage to secure more favorable rates due to their aggregated shipment volume with carriers.

By properly planning your finances, there will be no surprises when you close out the budget for Q4.

4   Clearly Communicate Shipping Deadlines to Customers

Knowing carriers' ground shipping cutoff dates is crucial for both sales goals and customer satisfaction. Carriers typically have a cutoff date, usually around Dec. 16-18, after which orders cannot be guaranteed to arrive by Christmas. Identify your preferred carrier's established cutoff date and plan your merchandising and communication strategy accordingly.

By focusing on the cutoff date, you can run targeted promotions that create urgency for shoppers, leading to earlier transactions. This will give you ample time to ensure orders are delivered in time for the holidays. Keep in mind that the start of peak season pushes a bit earlier each year, so recognizing the majority of seasonal sales well before December 25 is essential.

Did you know?

Amazon implements a holiday peak fulfillment fee October thru January.

5   Seek Partners that Support Scale in Q4 and Beyond

Now is the time to find partners that can support your brand's growth not only during Q4 but also in the future.

Peak season can be stressful for businesses selling products online, as well as their supply chain partners. It's crucial to have sophisticated software and management systems in place to optimize operations. Excel spreadsheets alone are no longer a sufficient solution.

Evaluate the systems your partners have in place to support you during holiday sales spikes and beyond. Do they offer inventory visibility and order management control? What warehouse management system do they use? How do these systems interact, and what insights can you extract that will help you plan for your next sales cycle?

Aligning with the right partners and software systems is vital to avoid any operational nightmares when experiencing your peak sales period. It's never too late to start exploring your options.
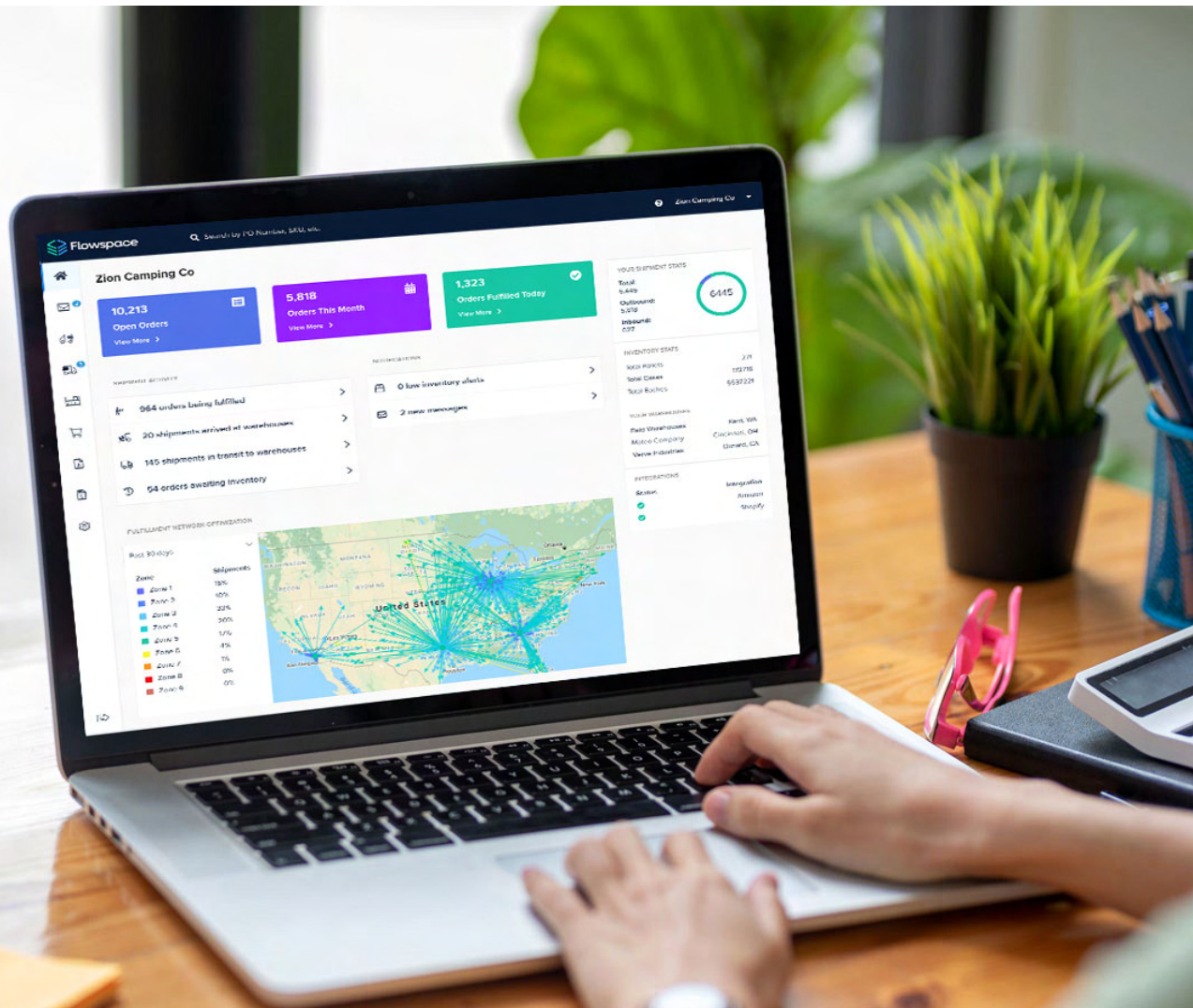
Four Essential Fulfillment Benchmarks

Anytime insights into what makes for a successful fulfillment operation
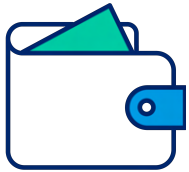
1 **Balance Fulfillment Cost vs. Average Order Value (AOV)**

Maximize profitability by keeping fulfillment costs in check. Ideally, **costs should not exceed 20% of your AOV**. Discover how to optimize operations, store inventory strategically, and reduce shipping expenses to achieve the perfect balance for your business.

2 **Minimize Time from Click to Deliver**

Gain a competitive edge by meeting customer expectations for speedy delivery. Efficiently offering 2-day delivery to all customers typically requires at least three fulfillment centers, while next-day shipping demands at least 10. Don't fall behind — track and optimize your time to delivery to ensure your reputation for reliability and customer satisfaction.

3 **Uncover Opportunity with SKU-Level Tracking and Reporting**

SKU-affinity is the key to unlocking sales potential, particularly as your catalog expands. Understand which products sell together to optimize allocation and reduce storage costs. Uncover valuable patterns and make informed inventory decisions through SKU affinity analysis.

4 **Learn from LTV to Cultivate Retention and Repurchase**

A loyal customer is far more valuable than one that's newly acquired — often at great expense. Understand customer habits and patterns to tailor product offerings and more accurately predict lifetime value. By focusing on retention and repurchase, you can maximize the value of your customer base and transform them into brand advocates.

Delivering on Expectations:
The Key to Retaining Customers

Provide a seamless fulfillment experience across all channels to keep customers satisfied. From checkout to delivery, ensure quality and commitment are consistently maintained. Utilize an omnichannel software platform like Flowspace to gain real-time visibility into customers' needs and shopping habits, allowing you to meet their expectations with efficiency and precision.

Whether you're optimizing your operations or looking to outsource fulfillment to a partner, Flowspace can help power your business.

Get in Touch Today

About Flowspace

Flowspace powers independent fulfillment. Its OmniFlow software provides brands with the real-time visibility and insights needed to orchestrate and optimize fulfillment across multiple locations.

Centralizing omnichannel visibility and reporting in a single dashboard, Flowspace empowers brands operating any configuration of locations with the data needed to manage fulfillment from anywhere. Its flexible, distributed network of +150 fulfillment locations enable merchants to expand or enhance existing networks, while ensuring best-in-class fulfillment execution.

Flowspace