

Delivering Christmas cheer with an effective fulfilment system

Christmas is big business for online retailers. Research by Capgemini and IMRG predicts that online spending will push over £10bn during December; the biggest one-month amount ever.¹ However, as the demand for online goods increases, added pressure is inevitably placed on maintaining high mailing and delivery standards. Many online retailers will be hoping that they can improve on last year's efforts; during December 2012, it was estimated that at least 225,000 parcels each day failed to arrive when promised.² So what can online retailers do to run an efficient fulfilment system making it a Christmas to remember for all the right reasons?

For online retailers, accurate and reliable mailing and delivery services should not be undervalued. Nearly two thirds of consumers cite poor delivery standards as the worst thing that can go wrong with online shopping and our research shows almost a quarter (23.5%) of respondents said that they had already used social media to complain about these services. By using social media to comment about poor service, consumers are immediately broadcasting this message to followers/friends. This could isolate online retailers from a raft of potential customers they haven't yet engaged with. To avoid these unwanted outcomes it is critical that a secure and efficient infrastructure is in place to ensure goods get to consumers in time for Christmas.

Retailers need to consider a number of factors in order to ensure that their fulfilment and delivery systems are ready for the Christmas rush. Among these, a seamless fulfilment system needs to be trackable. The timing of each stage in the delivery process is recorded enabling the item to be traced at any point from despatch to door. In this way, any processing delays can be easily identified and dealt with. Retailers such as Kiddicare provide SMS services to keep customers informed of despatch and delivery by text.

Convenience geared towards the consumer is also key. For example, House of Fraser conveniently list their full range of delivery options and related costs and this means that this information is easily accessible and customers are less likely to abandon shopping carts when delivery charges are applied. A recent study by eDigital Research and IMRG, found that 77% of online shoppers have abandoned their basket in the past year with 53% citing unacceptably high delivery costs as the main reason for bailing out.³

The average individual budget for Christmas presents and related festive season items is £375 this year,⁴ and online retailers must be prepared for the prospect of multiple purchases per consumer on their sites. Many retailers now leave a window after the order is placed and before the fulfilment process starts, so that if the customer goes back to purchase another item, these can be incorporated into one package. This is not only convenient for the customer but it also reduces

¹ City AM, 'Online retail takes up growing share of sales before Christmas', 5 November 2013

² The Independent, 'IoS investigation: The great online delivery scandal', 6 January 2013

³ eConsultancy, Why is checkout abandonment still linked to nasty delivery surprises, 4 November 2013

⁴ Real Business, More than half of the £18bn spent by UK consumers during the Christmas period will be spend online, 25 November 2013

shipping costs and is particularly important for the festive period when customers are more likely to make multiple purchases.

When delivering goods cross-border, online retailers must be aware that import taxes and duties vary from country to country. The European Union allows for the free movement of goods so most shipments can be dispatched to other member states of the EU without special customs documentation. However, there are exceptions such as exports to special EU territories (the Channel Islands, for example), and retailers need to be aware not only of the exceptions, but of any future changes to the regulations to ensure they are not caught out.⁵

When it comes exporting to goods outside the EU – to third countries, as they are known – businesses need to ensure that they have the appropriate licenses and that they make export declarations through the National Export System (NES). VAT, import taxes and duties in the destination country need to be paid and of course these vary from country to country⁶.

In addition to working out how items will be delivered, it's also vital to consider how you might get them back, should the need arise. A good returns system is something that many companies can forget to implement. If customers find it difficult to return goods, it's likely that they may look to a competitor next time.

When it comes to mailing and delivery services, seasonal peaks place huge demands on online retailers. Customers don't like delayed or unsuccessful deliveries, and in the competitive ecommerce market customers can easily defect if they are unimpressed with the service they receive. Only by covering all elements of an effective fulfilment system can online retailers truly capitalise on the financial rewards on offer at Christmas.

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⁵ www.gov.uk/dispatching-your-goods-within-the-eu

⁶ <https://www.gov.uk/exporting-goods-from-the-eu-to-a-third-country-outside-the-eu>