



Delivering a seamless journey this Christmas

Planning for the peak period is well under way, and with more channels than ever the pressure on supply chains has never been greater. Kat Hall looks at how to make sure fulfilment is up to scratch

Unpredictability is becoming one of the few predictable features of the Christmas peak period, with more consumers responding to trends and last-minute promotions anywhere and anytime. Retailers are doing everything they can to get ahead of the game.

"The patterns are changing all the time, as more people use their smartphones," says Terry Murphy, director of national distribution centres at John Lewis. "There are so many different spikes and troughs in the way the orders come in, it's really about keeping close to that."

Even a few years ago isolated peaks such as Cyber Monday could be planned for, but this year Murphy anticipates as many as four peak days. The key is to "forecast for capacity and execute for demand," he says.

"I think it will be even spikier than last year in terms of the demand, with much higher, sharper peaks. And then managing the trough period in between that will be a challenge, especially if we have to bring in additional labour."

In order to help anticipate and manage demand, John Lewis is using social media analytics to provide constant updates on its initial forecasts. "That bit in between the forecast and the final order could be filled by social media to get contemporary, up-to-date customer information.

"It's about tapping into that general intelligence. What sorts of issues are being raised and what challenges are retailers facing?

"I'd like to do a bit more trawling of some of the key themes and start using those analytic tools to get a feeling of what the trends are. Any customer information is just so valuable to us."

This year the idea of working on

"IT WILL BE EVEN SPIKIER THAN LAST YEAR, WITH MUCH HIGHER, SHARPER PEAKS"

Terry Murphy, John Lewis

Christmas Day was also mooted in order to meet the growing consumer trend of making sales purchases using newly received iPads on Christmas Day, but the retailer settled on a 6am start on Boxing Day instead.

Greater demand

Louise Whitehouse, head of network support and service at delivery company City Link, says the increasing use of mobile ordering is putting pressure on fulfilment and resulting in later purchase cut-off times to ensure deliveries can still be made the following day.

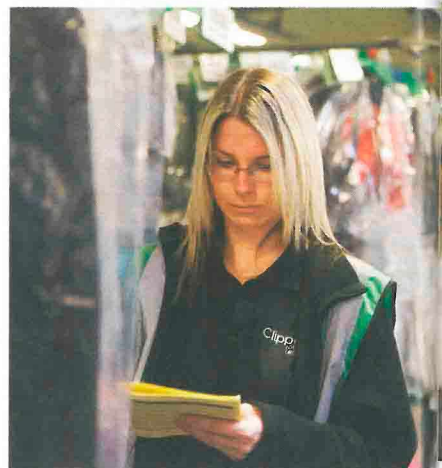
"There is also an increasing trend in the growth of online orders for larger items, as consumers are gaining greater confidence in ordering both large-ticket items and household goods over the internet rather than in-store," she says. "This growth is expected to further escalate this Christmas and will therefore need to be factored in to the peak planning process," she says.

Mark Catley, head of ecommerce development at logistics firm Norbert Dentressangle, agrees that mobile will increase, meaning "consumers are more inclined to shop anywhere and at any time".

He says click-and-collect purchases will also rise exponentially this year – but adds this can increase the complexity in retailers' supply chains in terms of how online and in-store deliveries are co-ordinated.

That is an area that John Lewis has been focusing on, having worked closely with sister retailer Waitrose to help refine its click-and-collect process.

Murphy says demand for click-and-collect grew so quickly at Waitrose that John Lewis had to assist the grocer with some of its back-of-house systems to help it cope.



In response, a mini warehouse management system was implemented in many Waitrose stores in order to cope with the click-and-collect demand over Christmas this year.

In order to ensure click-and-collect deliveries can be processed at a manageable rate throughout the day, John Lewis plans to despatch the orders alongside regular stock deliveries, rather than sending them out separately once enough orders have built up. "That way we are always very busy through the day, rather than having peaks and troughs," says Murphy.

Customers driving change

Mike Herbert, director of personalised online gifting site GoneDigging, agrees that allowing backlog to build up must be avoided at all cost during the peak period.

He claims demand for the company's



CHRISTMAS CHECKLIST

DECEMBER
25

- **Stress test ahead of the peak** In September John Lewis's distribution centre simulates the sort of demand it will experience at Christmas by stockpiling items as a way of testing its systems.
- **Don't experiment** A new supplier might offer more competitive prices, but in the run-up to the peak season retailers can't afford to take a chance on new relationships. It is safer to stick with tried and tested suppliers who know the business.
- **Plan to the finest detail** Hour-by-hour planning is essential because inefficiencies in deliveries can lead to huge losses when the scale of demand is so high at peak, says John Lewis's Murphy.
- **Prepare for the unexpected** As consumers are increasingly using mobile devices to order 24/7 and opt for click-and-collect, retailers must build in as much flexibility as possible to deal with unpredictable peak days.
- **Use social media** Intelligence gathering on customer behaviour by utilising platforms such as Twitter could provide some useful early indicators to customer buying patterns in the run up to the peak.

personalised children's books grew enormously last Christmas. But because the personalised printing process is more complicated than a straightforward pick-and-pack operation, even the smallest hold-up can create a bottleneck from which it is hard to recover.

"Last year we ran things very tight, so I was even working on the production line just to have all hands on deck," he says. This year the business plans to have more resources in place than it might actually use to be on the safe side, he says.

Guy Monson, founder of mobile accessories maker Proporta, has the added dimension of having to co-ordinate an overseas supply chain, because the firm uses manufacturers from China. Here, the golden rule is to stick with trusted suppliers in the run-up to the peak period rather than take a

"THERE IS AN INCREASING TREND IN THE GROWTH OF ONLINE ORDERS FOR LARGER ITEMS"

Louise Whitehouse, City Link

gamble on someone cheaper, he says.

Monson says: "This time of year never test a new manufacturer. Cost, quality and delivery are all equally important." In order to ensure everything goes smoothly at its suppliers' end the company also flies out its head of production to supervise the process.

For Sean Hallows, operations director at courier company Clipper, earlier planning and greater flexibility will be the key to a successful Christmas for all retailers this year.

"It's becoming more refined, with retailers having been talking about peak since January," he says.

"The customer is driving the behaviour so all retailers are trying to understand their customer more."

If retailers can plan for unpredictability, the chances are they will minimise the cost of delivering it.