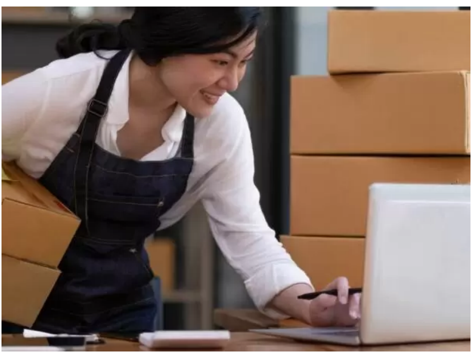
News & Insights

Back to Basics to Boost Online Retail Sales This Holiday Season

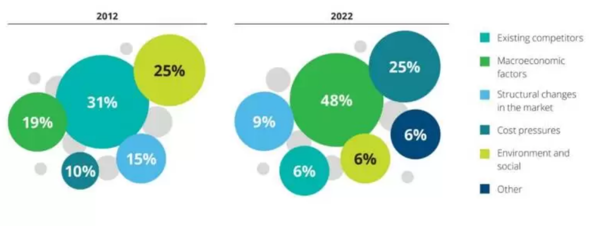
November 19, 2022



Australian retailers (both online and offline) faced significant challenges in 2022. Ongoing supply chain issues have forced some to switch up their strategies, while labour shortages and rising shipping costs have stacked on additional pressure.

While supply chain issues are easing, interest rate rises, cost-of-living concerns, and continued inflation fears are now weighing on consumers. As a result, Moody's Analytics shows a drop of more than 20 points in its consumer confidence index for October 2022, compared with the same time last year.

The greatest risk to businesses, as perceived by retailers



Source: 2022 Deloitte Retailers' Holiday Survey
The coming of age of Australian retail

A whopping 48% of respondents in a recent Deloitte survey reported that the greatest business risk, as perceived by retailers, is macroeconomic factors. Compared to the 19% recorded just a decade ago, it's clear that 2022 is rounding off with more than a little last-minute uncertainty.

Despite these setbacks, there is good news ahead. The Australian Retail Association (ARA) recently reported that Australians are forecast to spend $63.9 billion in pre-Christmas sales (November 14 – December 24), up 3% from last year. Between Click Frenzy, Black Friday/Cyber Monday (BFCM), Christmas and Post-Christmas sales events, the peak season brings one certainty; that it's set to be a flurry of activity (and opportunity) for retailers and ecommerce stores.

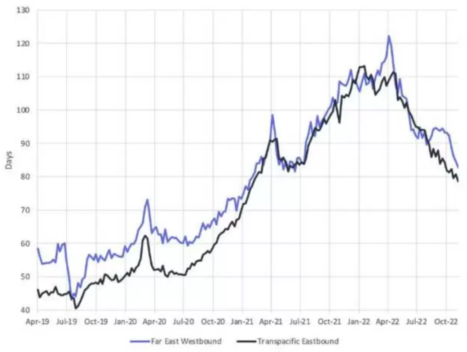
Amid a complex year, online retailers now have a chance to go back to basics and boost their online retail sales even further this holiday season.

Here are the top tips for delivering outstanding shopping experiences and boosting your online retail sales leading into (and after) the holiday season.

Before the Peak Period Hits, Build Rapport with Suppliers

Fig. 1 Ocean Delivery Times Continue to Fall

Cargo Ready Date to Destination Port Departure, to 11/13/22



Sources: Flexport Research

Source: Flexport Ocean Timeliness Indicator

Supply chain bottlenecks, including shipping times and port congestion, show strong signs of easing. Flexport research shows that ocean delivery times are now their fastest since May 2021 – excellent news for retailers heading into a somewhat less predictable holiday sales season.

Nevertheless, maintaining solid relationships with wholesalers, manufacturers, and vendors is even more crucial this year. The Australian Supply Chains: State of Play report by AI Group showed that 28% of survey respondents said that in 2022, they would rely on increasing inventories to ensure inputs were available and in stock when needed. A further 14% focused on finding new suppliers within Australia to expedite supply times. Between significant stock changes and new supplier relationships enacted in 2022, retailers need open communication with suppliers.

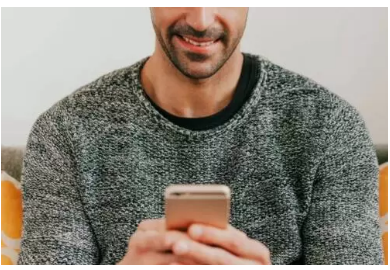
Talk to your suppliers about their predicted stock trends, changes in lead times, and your inventory needs heading into this holiday season. These important relationships enable you to build a strong foundation of rapport and help you navigate any unexpected challenges ahead.

Communicate with Logistics & 3PL Providers

The extended Cyber Monday / Black Friday sale in 2021 saw the postal service deliver more than 21 million parcels across Australia, beating the previous November record by more than 13 per cent, as Inside Retail reported. This year, logistics and 3PL providers are preparing for peak season as anxiously as retailers.

Book time with your logistics resources (ahead of the rush) to get on the same page. Make sure they're aware of the peak trade volumes you expect to see. Outline and understand the expectations on both sides to ensure your seasonal volumes are aligned with your logistics or 3PL provider's capacity and capability. Have a clear idea of deadlines, rate changes, and any anticipated challenges to stay out of muddy waters once the deluge of deliveries begins.

Set the Right Expectations to Step Up Your Customer Experience



An excellent online customer experience relies on setting expectations and upholding (or quickly resetting) them. For example, when moving into high-demand periods, it might take more time than usual to clear order backlogs and for shipping providers to complete deliveries. Set the right expectations by proactively keeping customers informed. Build confidence quickly with your customers through order confirmation pages, emails, and SMS messages that detail expected processing and shipping times. You can also schedule dedicated email campaigns for your existing customers that communicate changes to standard lead times (and perhaps even include targeted pre-sales offers they might like).

The Devil Is in the Detail

To avoid additional shipping delays or misdeliveries over the holiday season, review the quality of details being captured and confirmed back to your customers. For example, are you using address validation to ensure parcels make it to the right customer every time? Do customers have the option of including additional delivery notes and instructions? When sending order confirmations, confirm all critical data back to them, including full names, emails, phone numbers, product information, pricing, and shipping details. Additionally, review details that will make it easy for customers to follow up on orders, including order reference numbers, your company's contact details, and helpful links to returns policies and order tracking processes.

Keep a Close Eye on Your Inventory

There's nothing worse for shoppers than placing an order and, only after following up, finding out the products are out of stock. Leading into the busy period, ensure your stock on hand is correct and matches your available quantity. Then, when the peak periods arrive, monitor stock levels and adjust your promotions as needed to remove out-of-stock items. Sales periods are also the perfect time to move excess slow-moving stock. Review items that have been sitting in your warehouse and run them out with promotions while shoppers are hyper-aware of seasonal deals. You can also take the heavy lifting out of inventory counts and monitoring by partnering with an innovative 3PL provider. At NPFulfilment, for example, we manage stock takes for our customers with the latest technology to efficiently scan, count, and validate your inventory. Additionally, our KIOSK system provides complete, real-time visibility of all inventory and orders with an efficient suite of tools and reporting.

Optimise Your Fulfilment

With demand condensed into key sales periods during the holiday season, you need every opportunity to reduce turnaround times and dispatch more orders to customers faster. Many retailers localised their supply and manufacturing this year to minimise supply chain delays. However, with decreased international travellers coming into Australia this year and lingering staff shortage issues (particularly in seasonal roles), ensuring fast fulfilment throughout the busy period will be challenging for some. To address these concerns, online retailers are leveraging 3PL and emerging technologies that optimise the shipping and fulfilment process. NPFulfilment exists to provide first-class, fast fulfilment. Our proprietary put-to-light technology gives us the accuracy and speed to process thousands of orders every hour. Our secure, sophisticated facilities across Australia & New Zealand also ensure same-day or next-day dispatch of orders, helping ecommerce stores significantly cut down order turnaround times.

The Key Takeaways to Boost Online Retail Sales

This year may bring more uncertainty than usual around consumers' holiday season spending habits, but there is equal opportunity to outperform previous years. Click Frenzy, Black Friday/Cyber Monday (BFCM), Christmas and Post-Christmas sales events will bring a hive of activity from shoppers looking for the best deals. Before things get crazy, go back to these basics:

- Understand predicted stock trends or changes in lead times from your suppliers, and let them know your inventory needs up-front.
- Connect with your logistics resources to ensure they're aware of the peak trade volumes you're expecting.
- Keep your customers informed through every step of their buying journey, with processing and shipping times communicated clearly.
- Ensure you're providing customers with the right amount of detail on order confirmations. Make it easy for them to follow up on orders, see your policies, or contact your company directly.
- Get confident with your stock levels and accuracy before the peak periods, and monitor inventory during promotions to remove out-of-stock items.
- Consider how you can leverage 3PL and emerging technologies to get more products to your customers faster with optimised shipping and fulfilment.

Learn more about partnering with NPFulfilment to deliver post-purchase experiences that turn your customers into lifelong advocates – this holiday season and for many more to come.

Luke James
COO, NPFulfilment

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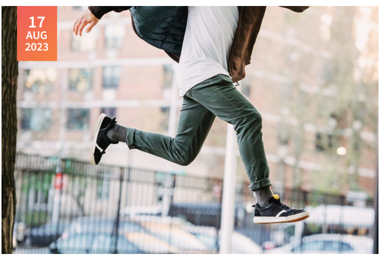

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