



# Mastering Omnichannel at Peak

Peak season is a retailer's most demanding time of year. Omnichannel is a retailer's most challenging operational strategy. Combine the two, and you quickly separate market leaders from laggards.

Here's how to master omnichannel at peak – so you can outcompete rivals, satisfy customers and drive revenue growth.

It's called peak season for a reason. For most retailers, it's the time of year that tests their ability to succeed. And the peak keeps rising. Holiday sales are projected to increase 4.5% to 5% in 2019, compared with 3.1% in 2018. Ecommerce sales will surge 14% to 18%, topping 11.2% growth last year.<sup>1</sup>

Meanwhile, peak sales are increasingly omnichannel. For example, 75% of holiday shoppers used both in-store and online channels in 2018.<sup>2</sup>

But despite this omnichannel imperative, many retailers still struggle to integrate consistent, satisfying experiences across customer touchpoints during peak. That's why smart retailers take steps to:

- Prepare for their next peak as early as possible
- Continually fine-tune omnichannel performance as they navigate peak season
- Apply lessons learned this year to crush peak omnichannel next time around

Here's how.

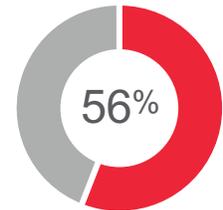
## Preparing for Peak Across Channels

As a retailer, you're only as good as your peak success – or failure. Operational issues that occur sporadically throughout the year tend to explode during peak. The repercussions can be felt for a long time.

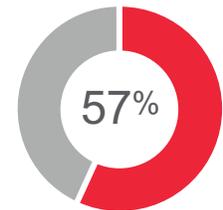
That's why peak preparation – across all your channels – is so important. If you lose a customer during peak, you may lose her for life. So you need to take practical steps to prepare for peak omnichannel:

**Start early.** It's never too soon to start preparing for peak. If your peak is during the year-end holidays, start planning in January. Leverage data from your previous peak to see how customers responded to promotions. Analyze fulfillment performance. Take the measure of customer care. See where there were demand spikes and lulls.

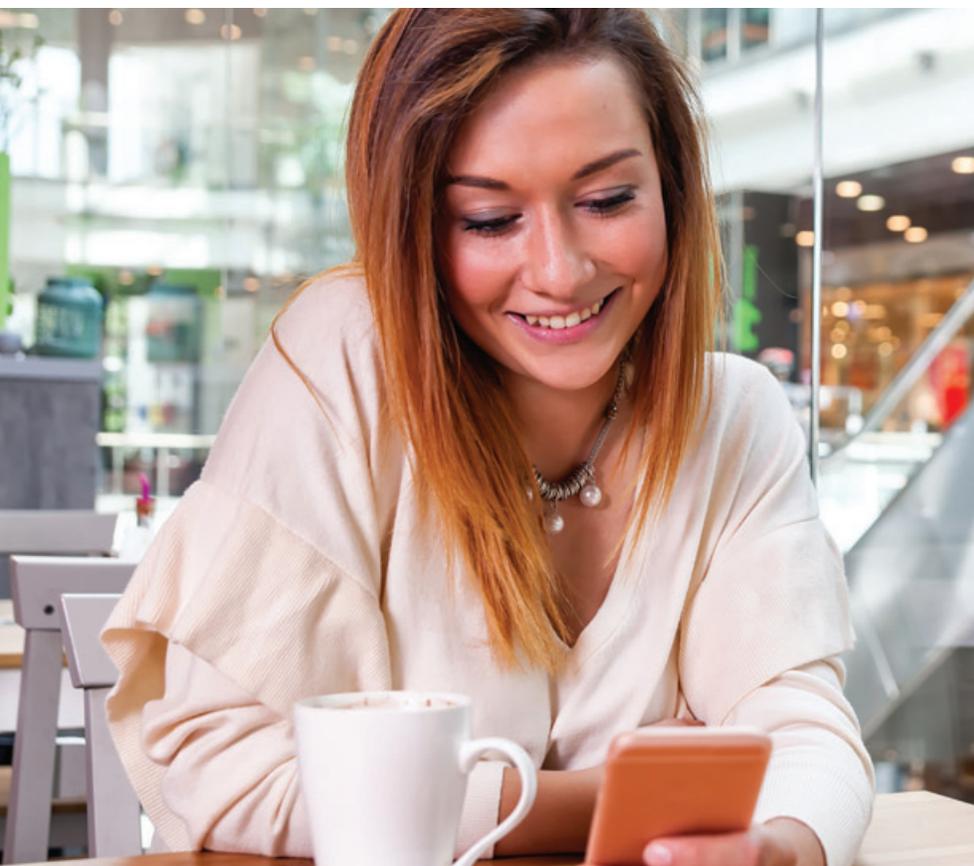
Every function should get a peak report card. Evaluate each, and then look across them to see how they worked together. You now have the knowledge you need to course-correct for next year.



Of shoppers say retailers provide a disconnected experience.<sup>3</sup>



Of shoppers say a disconnected experience would make them consider switching retailers.<sup>4</sup>



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**Create a calendar.** You need a detailed peak calendar that covers people, process and technology. Inform all customer-facing associates of marketing campaigns – channel-specific and multichannel promotions.

Coordinate promotions with inventory receipts and retail distribution. Promotions like “spend more than X and receive Y for free” are a great way to increase basket size – but nothing kills margin quicker than placing the free item in a separate fulfillment location. Communication and coordination are key.

In addition, it’s a best practice to “plan for planning.” Before you develop your peak calendar, create a monthly view of your upcoming planning activities. For example, in January, review Q3 and Q4 receiving. In February, review Q4 fulfillment and shipping, as well as Q4 and Q1 returns. In March, review Q4 and Q1 customer care results.

**Forecast!** Your analytics tools provide insight to what happened last year and predict the future. You need to understand demand for each product or category, which geographic regions demand came from, and how (and how effectively) you fulfilled orders.

Based on this data, you should be able to predict peak demand. You should be able to anticipate which promotions will drive sales spikes. You should be able to predict whether a product or category will sell slowly at the beginning of peak but pick up later.

Real-time insights coupled with machine learning can keep you nimble through the season. Creating a forecast for each day of peak and determining the placement of inventory across the fulfillment network will provide the best strategy for controlling split shipments and ensuring packages arrive on time.

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**Reporting and alerts.** No matter how well you forecast demand, sales and inventory will be moving targets. Creating a set of reports or dashboards to quickly assess success and opportunity will arm you with the tools you need to react quickly.

Also provide alerts to specific individuals and distribution lists to ensure SLAs are measured and met. No customer's order should be left behind.

**Apply across channels.** Finally, make sure peak preparations drive a seamless customer experience, regardless of order channel or fulfillment type.

Schedule a controlled test with a specific subset of promotions and SKUs. Assign staff to perform secret shopping. Try to uncover problems before peak begins. As you enter peak, keep an eye on analytics. Promotions might be achieving 110% of forecast, but on-time shipping might be falling short of your goal.

Look for areas where failure will be most apparent to customers – like whether products are in stock or BOPIS is fulfilled promptly and accurately.

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## 6 Best Practices to Nail Peak Across Every Channel

Peak season can make or break your yearly sales goals – and your long-term customer relationships. So it pays to follow best practices for peak omnichannel:

### 1. Coordinate promotions across channels.

If store and online promotions differ, communicate that fact across channels – and include customer care.

### 2. Manage stocking levels.

Analyze last year's peak data on where customers were located and how orders were fulfilled. Then place the right proportion of inventory across your fulfillment locations.

### 3. Throttle back when necessary.

Dynamically “throttle back” low inventory in stores so it's not available online for BOPIS or ship from store. That will retain inventory for walk-in customers.

### 4. Optimize store staffing.

Know how long it takes an associate to pick, pack and ship, and forecast any peak sales increase. Now you can predict how much staff you'll need and when you'll need them.

### 5. Ensure a consistent customer experience.

Customers expect a consistent fulfillment experience, even during peak. Provide the same packaging presentation across distribution centers and stores.

### 6. Leverage analytics.

Capture core data around inventory, order volume, pick, pack and ship times, on-time fulfillment, customer-care service levels and carrier service levels. Then identify missed SLAs to course-correct.

## Optimizing Omnichannel in the Midst of Peak

Of course, customers are using more channels throughout their buying journey, especially during peak. If you're like most retailers, you've responded by growing your peak omnichannel footprint.

In the process, you've started collecting more omnichannel data. The challenge is to capture data as you navigate peak season and apply it to course-correct in near real time.

It's doable if you have the right business intelligence tools – and an effective analytics strategy. These steps should help you make the most of your omnichannel data before peak season is in the history books:

**Invest in an effective way to capture data.** Make sure you have a centralized location where you can capture, analyze and report on data. You probably have a collection of systems for store operations, point-of-sale (POS) transactions, ecommerce sales and omnichannel services like BOPIS. Trouble is, not all those systems gather and report on data in the same way.

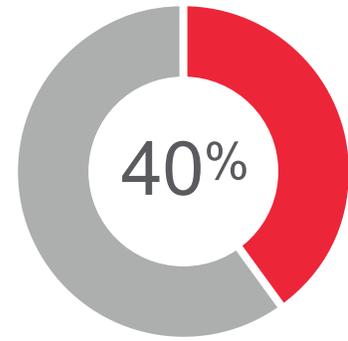
Collaborate with your IT vendors and your IT department to make sure you can collect the information you need. Make sure you have enough server memory and data-storage space, and that your software can function under load. Then build out analytics and reporting mechanisms.

**Identify the data that's most useful during peak.** Start with channel-specific data like store sales and ecommerce activity. Include function-specific data like service levels for on-time fulfillment and customer care.

Next, look across your supply chain. Drill down on omnichannel services such as BOPIS, ship to store and ship from store.

Now get even more granular. How is customer demand changing as you move through peak? Is demand rising in stores or on your ecommerce website? Are overnight orders increasing as you get closer to the holidays? Are customers opting for BOPIS during the last days of peak?

Likewise, how's your transaction performance? Is on-time fulfillment meeting goals? Are orders accurate? Do you know why orders are being canceled?



Year-over-year increase in multichannel retail sales during the 2018 Thanksgiving holiday weekend.<sup>5</sup>

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**Analyze data to apply now.** There are two aspects of data analysis. First, you need a mechanism to capture data at appropriate time periods. You might pull data weekly during slower periods but daily at busy times like Black Friday and Cyber Monday. The closer your data is to real time, the more quickly you can course-correct. If a warehouse is over capacity, say, maybe you can shift demand to store fulfillment.

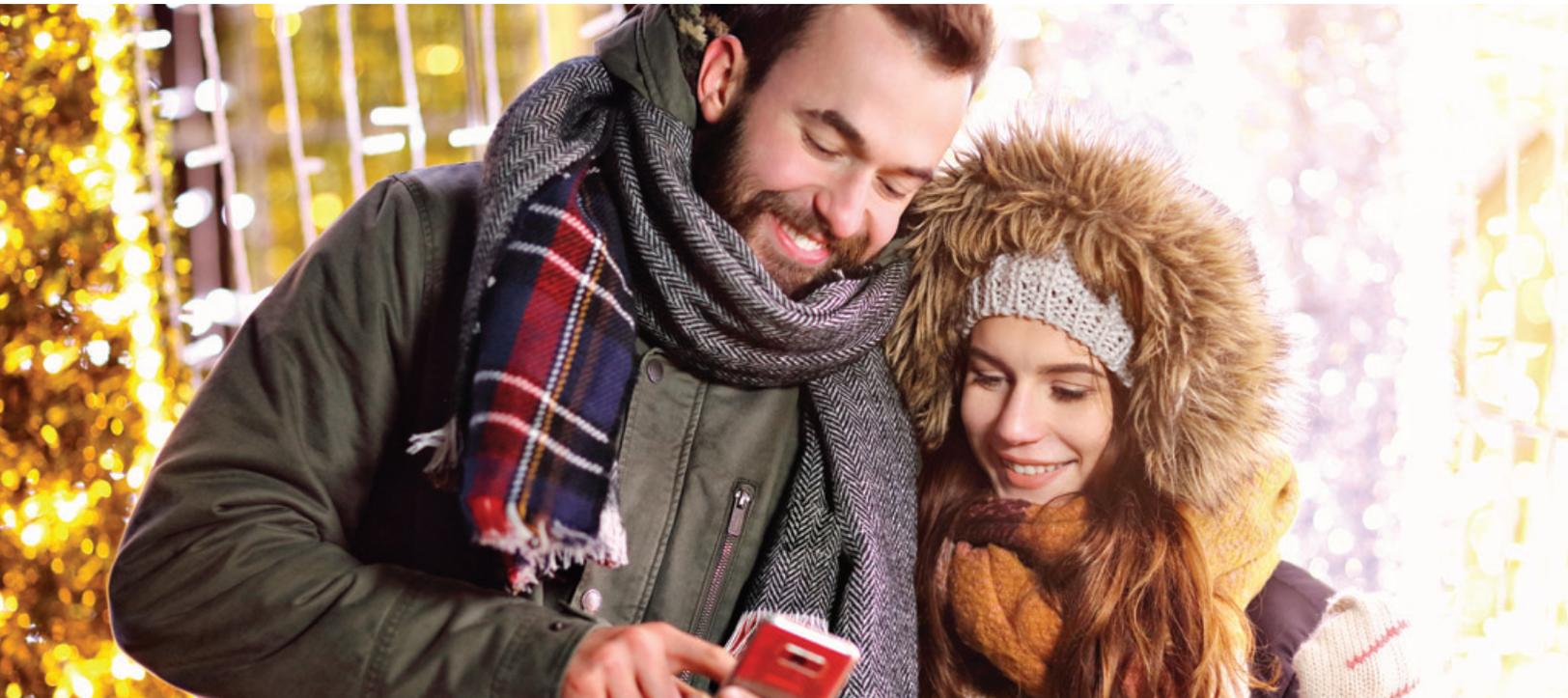
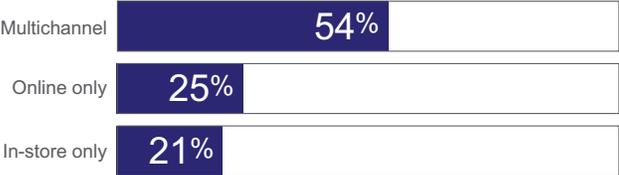
Second, you need the tools and processes to transform data into insights. Isolated data points don't reveal much. Business intelligence capabilities let you combine and visualize data so that stakeholders can understand and act on it. For example, you should be able to see not only whether you're missing or exceeding sales targets, but also why that's happening.

**Target store and online promotions.** Once you have an up-to-date picture of performance, you can use promotions to respond as you move through peak. Are you below forecasted demand in a particular channel? Then leverage promotions to influence customer actions. Are your fulfillment centers overwhelmed? Offer a BOPIS discount to drive traffic to store inventory. Are your stores at capacity with in-store pickup? Promote expedited shipping.

**Respond to trends and performance on the fly.** Measure promotion performance so you can manage channel operations accordingly. You should be able to see demand growth by channel, department, category, and store or fulfillment center location. Do you have too much inventory in a given channel? Do you have too few store associates to handle walk-in customers? Do you have enough packing and shipping supplies for spikes in ship-from-store demand?

**Optimize carrier performance.** Your data doesn't just apply to your own operations. You should also be able to evaluate the performance of your shipping partners – and work with them to adapt to changes during peak. Make sure your shippers are never a bottleneck for your sales and service levels.

### Customer Channel Preferences<sup>6</sup>



# Crushing Next Year's Peak In Every Channel

Analyzing data throughout peak is helpful in the short term. But once peak is over, your people are back from vacation and you've processed merchandise returns, you can evaluate your recent peak omnichannel performance – and apply lessons learned to optimizing your next peak season.

Start with end-of-day or end-of-shipment-cycle data. Then analyze it over a week. Then extend your analysis to the entire peak period. You want to capture the end state – plus all the actions that contributed to that outcome.

Look at performance metrics in areas like overall sales, order fill rates, split shipments, how long it took from online order placement to delivery, how many ship-from-store orders bounced from store to store before they were fulfilled, and so on.

Examine total orders as well as orders by store location. If a store missed or exceeded targets, drill down to figure out why. Did an underperforming store experience unexpected demand? Did it lack staff or supplies? Could an overperforming store handle even more orders? Can you roll out its strategies to the rest of your stores?

You can apply your lessons learned to key areas of your peak omnichannel operations. Here are a few:

**Responsively shipping inventory to stores** – Especially at peak, you need to have the right inventory in the right place at the right time. This is especially true for stores that handle BOPIS and ship from store.

Use your data insights to determine where last year's demand came from. Which stores had the most sales? To which locations were the most items shipped? That will tell you where to place inventory – so you can offer merchandise where customers want it, staff your stores appropriately, and reduce shipping time and costs.

**Store-to-store and channel-to-channel fill rates** – You want to be sure all your channels

are performing optimally during peak. That requires appropriate metrics. For example, your target overall fill rate might be 98%, but your target per-store fill rate might be 80%.

Use your historical data to both establish and meet these targets. Last year's peak performance should help district and store managers uncover any gaps. Did stores have enough staff? Did staff have enough shipping supplies? Did carriers pick up shipments at the right times?

**Managing peak-season associates** – You should know the volume of orders that flow through your store-fulfillment channel. You should also measure how volume fluctuates during each day and even each hour of peak. That knowledge will help you manage store staffing – as well as inventory.

At some times of day you may have more walk-in customers. At other times you may handle more ship-from-store orders. Your data should tell you how much time it takes an associate to serve a customer and how much time it takes to pick, pack and ship an order. Layering that knowledge over store activities should enable you to staff accurately.

**Leveraging stores close to the customer** – Identifying where customer demand is coming from will help you leverage the right stores for walk-in traffic and the right fulfillment-enabled stores to decrease shipping time and costs.

## Brand Adoption of Omnichannel Features<sup>7</sup>



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A heatmap will let you easily visualize store locations and demand sources. Look at where the majority of orders are shipped to and see whether store (and distribution center) locations match demand. Break out where there's the most in-store, BOPIS and ship-from-store sales. That knowledge will enable you to accurately plan inventory placement, staffing and fulfillment capabilities for next year's peak.

Finally, to drive your omnichannel future, don't just try to keep up with the competition. Instead, know the problem you're trying to solve. Do some of your stores have low traffic? Do you need to relieve older inventory? Do you want to invest in customer-facing approaches like BOPIS? The answers will dictate the investments in people, process and technology you need.

But regardless of your business goals, you can take practical steps to optimize peak omnichannel performance. Preparing for peak, fine-tuning performance throughout peak and applying lessons learned to future peak seasons will put you a step ahead of your rivals. It will also help you deliver consistent, satisfying customer experiences – and drive revenue growth.

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1 "Deloitte: Holiday Retail Sales Expected to Jump Between 4.5–5%," Deloitte, September 2019

2 "2018 Holiday Outlook," PwC, 2018

3,4 "Consumer Connectivity Insights 2018," MuleSoft, June 2018

5,6 "Thanksgiving Weekend Multichannel Shopping Up Almost 40% Over Last Year," NRF, November 2018

7 "Gartner L2 Intelligence Report: Omnichannel," Gartner L2, February 2019

# About Radial

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Radial Inc., a bpost group company, is the leader in omnichannel commerce technology and operations. Premier brands around the world confidently partner with Radial to deliver their brand promises, anticipate and respond to industry disruption, and compete in a rapidly evolving market. Radial's innovative solutions connect retailers and customers through advanced omnichannel technologies, intelligent payments and fraud protection, efficient fulfillment, supply chain services, and insightful customer care services – especially where high-value customer experiences are critical. We are flexible, scalable, and focused on our clients' business objectives. Learn how we deliver today's retail for you at [radial.com](http://radial.com) and follow us on Twitter [@radialcorp](https://twitter.com/radialcorp).

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