3PL Central
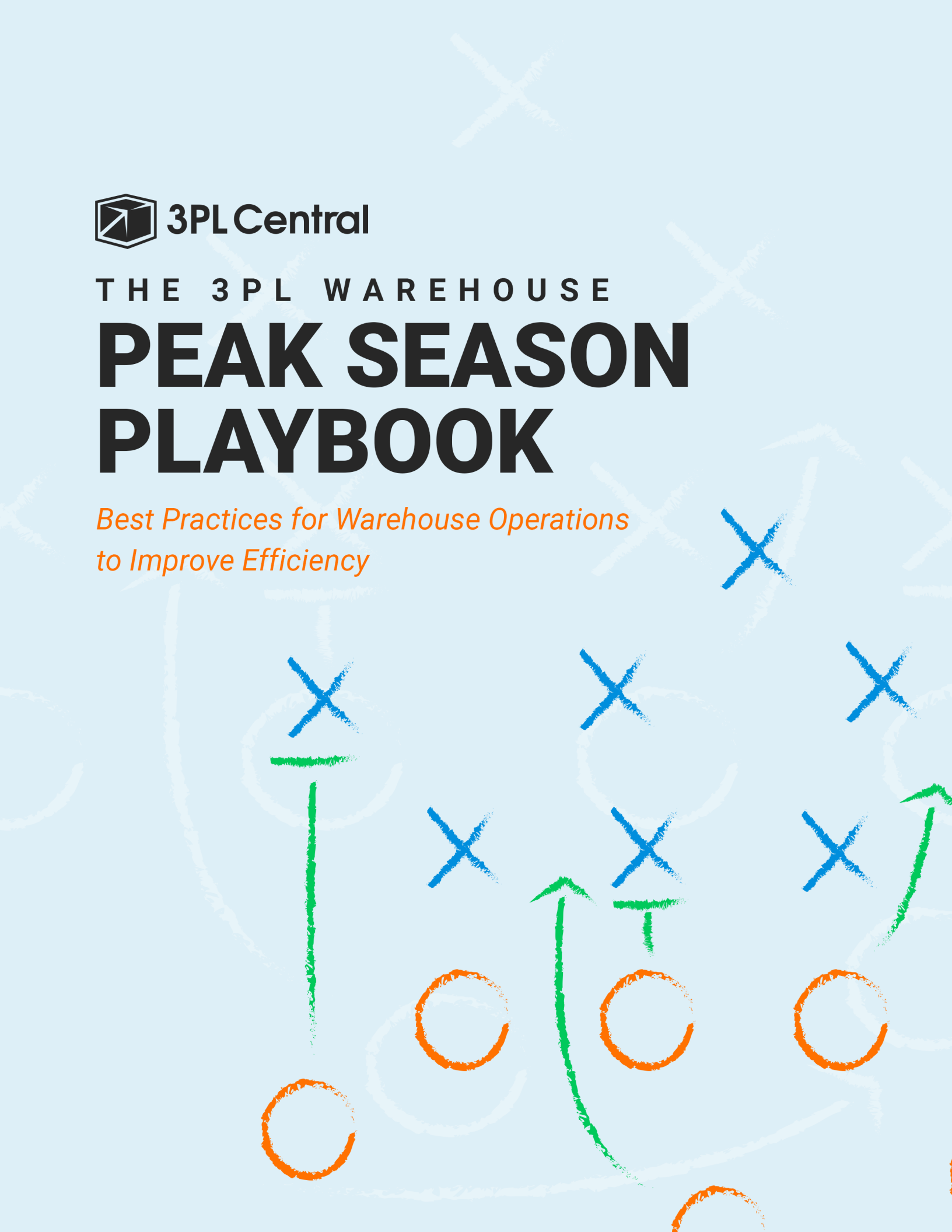
THE 3PL WAREHOUSE

PEAK SEASON PLAYBOOK

Best Practices for Warehouse Operations to Improve Efficiency

Table of contents

The 3PL Warehouse Peak Season Playbook

Best Practices for Warehouse Operations to Improve Efficiency

Preparing your 3PL warehouse operations for the holiday rush used to be something that was done once a year. Now, consumers are ready and able to shop any time of year, day, or even hour. From last minute holiday shopping, new shoes for school, or the perfect gift for Mother's Day, "peak season" can be anytime of year.

In fact, it has recently been identified that there are now **five clear "peak seasons"** where ecommerce shopping surges occur throughout the calendar year.

For many 3PL warehouses, the idea of tuning up your ecommerce engines and shopping cart connections, stepping up your fulfillment game, and locking down your operations can already seem like a full time job. But don't panic, we've got you covered.

To help you prepare for the busiest times of the year, 3PL Central has created our **3PL Warehouse Peak Season Playbook**. Designed to help your 3PL warehouse quickly prepare for any season, our guide details the five most critical best practices your warehouse will need to observe in order to deliver the most efficient results under pressure, better serve your customers, and grow into a unified warehouse.
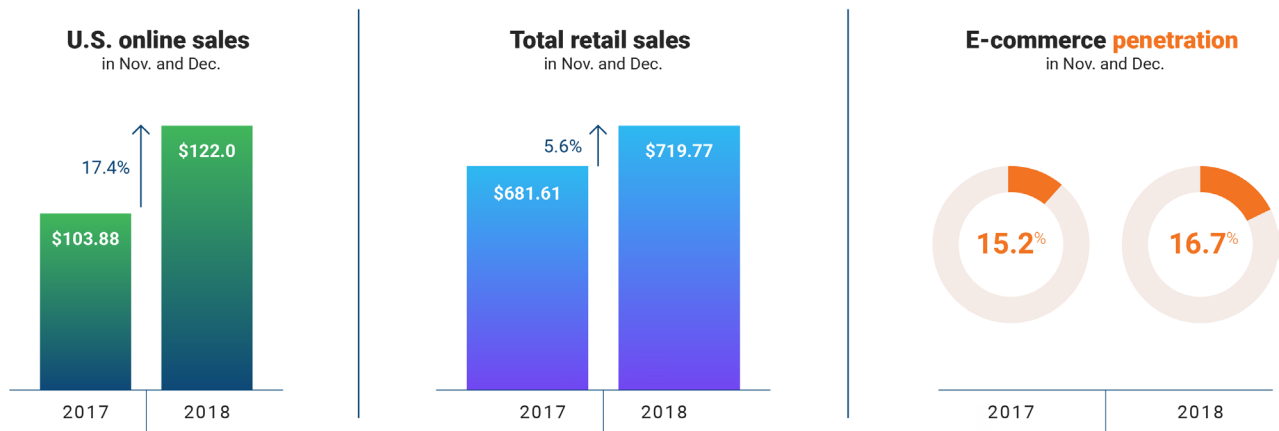
The New Peak Ecommerce Shopping Seasons

Today's 3PLs serve a wide variety of customers – many of whom have multiple peak seasons throughout the course of the year. For ecommerce customers, Black Friday and Cyber Monday are the biggest online shopping days of the year.

Its estimated that ecommerce sales during the five-day period from Thanksgiving through Cyber Monday grew **19% to $22.5 billion in 2018** compared to 2017's $18.9 billion. Still, this pales in comparison to sales during the holiday season, with shoppers spending an estimated $122 billion on online retailers - **a 17% increase from 2017.**[1]

2018 Holiday Season

Sales in $ billions

U.S. online sales
in Nov. and Dec.

17.4%

$122.0

$103.88

2017   2018

Total retail sales
in Nov. and Dec.

5.6%

$719.77

$681.61

2017   2018

E-commerce penetration
in Nov. and Dec.

15.2%   16.7%

2017   2018

Source: Internet Retailer, U.S. Commerce Department
*Internet Retailer estimates

But now other seasons are surging in popularity as well – and may be even more important to certain customers that your 3PL serves. In addition to the popular winter Holiday season, there are also new peak seasons to manage:

Valentine's Day	**Mother's Day**	**The Back to School Season**	**Halloween**
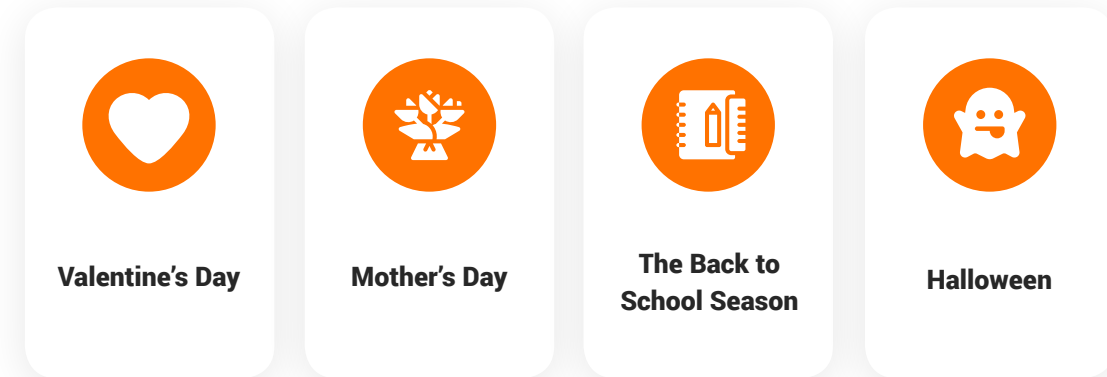
Together, these four peak periods accounted for an estimated **$806.31 billion** in total retail sales from Halloween 2017 through back-to-school season 2018 – of which 17% with **$136.7 billion in sales** - were ecommerce transactions. But that 17% is actually higher than ecommerce's usual share of approximately 13% of total retail sales.

Each of these peak seasons has its own pressures and nuances. For example, nearly 70% of online spend on Mother's Day occurs just one week before the holiday, while the back-to-school online shopping season lasts for more than two months.[3]

With more and more busy seasons coming up, including Amazon's Prime Day, sporting events, and other regional events, your customers will have a very busy peak season ahead – and they will look to your 3PL warehouse to flawlessly execute their orders and deliver to their buyers with no room for error.

In fact, Prime Day 2019 surpassed both Black Friday and Cyber Monday combined for Amazon. Amazon reported that they sold more than 175 million items and consider this year's two-day sale to be the "largest shopping event in Amazon history."[4] With these numbers, Prime Day could be an additional "peak season" that your warehouse has to manage and prepare for as well.

As a 3PL, you need to view these peak season events as opportunities to transform your warehouse into a service leader who can focus on customer satisfaction, operate more efficiently, and grow faster. By creating scalable and repeatable workflows, your warehouse will always be ready to easily manage inventory, automate routine tasks, and deliver complete visibility to your customers – any time of year.

The 3PL Warehouse Peak Season Playbook

The Five Best Practices You Need to Observe

To ensure that your 3PL is ready to handle every one of your peak seasons, we recommend that you observe the following five best practices:

Best Practice 1:

Maximize Your 3PL Operations

The demands of peak season can only be met by an organization ready to perform at peak efficiency.

Warehouses should identify, scrutinize, and then optimize every one of their processes to ensure they will continue to perform flawlessly under extreme pressure. While the typical 3PL operation is complex and labor-intensive with various types of customers served, it is filled with opportunities to increase efficiency. These opportunities can be found at every stage of your client on-boarding, inventory management, and order fulfillment processes. Some examples include:

- Air-tight EDI integrations with partners and suppliers
- Pre-wired **integrations with ecommerce** shopping carts
- Customized, client-specific workflows
- State-of-the-art **picking, packing,and put-away processes**
- Optimized warehouse layout and racking configurations
- Automation of every manual process possible

One of the best ways to increase operational efficiency is to deploy a comprehensive **Warehouse Management Platform** like 3PL Warehouse Manager. Using a warehouse management system (WMS) can transform 3PLs that struggle with high-volume orders into a unified warehouse that seamlessly connects to other systems to perform at peak efficiency.

WEBINAR

3PL Operations Best Practices Webinar: Pallet In / Pallet Out Workflow

VIEW THE RECORDING

CHECKLIST

The Perfect 3PL Warehouse Pick and Pack Checklist

REVIEW NOW

Best Practice 2:

Strive to be a
Paperless Warehouse

The relentless expansion of ecommerce peak seasons is forcing 3PLs to fulfill more products faster than ever, at more times throughout the year – with greater accuracy than ever before.

3PLs often struggle to handle these high volume orders with outdated technology, particularly with paper and Excel-based operations. Manual entry is not only slow, it can also cause costly errors. **On average, mis-picks cost a 3PL warehouse $389,000 per year** – a <u>cost that can easily be avoided with the proper technology</u> in place.

> **"With a 20% year over year increase (as current trends indicate) the total number of packages shipped in the US each year could reach 285 billion by 2021, leading many municipalities and companies to wonder whether existing infrastructure can support the demand."[5]**

More than the expectation to deliver high volume, the vast increase in the variety of items being offered online can also pose a challenge to 3PLs struggling to keep up. In the 2018 Warehouse / Distribution Center Survey, it was reported that warehouses are expecting 33% more SKUs, up from 20% in 2017. Combined with the rise of omnichannel operations up 21%, and nearly 40% of warehouses saying they now support ecommerce fulfillment, the number of SKUs handled by the average warehouse or order fulfillment operation is quickly requiring automation.[6]

Making sure your warehouse is strategic and has deployed the right technology and automation will help with issues surrounding inventory visibility and accuracy. When orders are picked and inventory is logged manually, warehouse efficiency will suffer which can lead to unsatisfied customers. 3PLs who want to maintain their customers, and their profits, must begin to eliminate as many paper-based and manual processes as possible.

01
02
03
04
05

In addition to keeping up with the new levels of productivity required, 3PLs who upgrade their pick/inventory systems from paper-and-pencil to a more integrated form of order processing, enjoy on average a **25% gain in overall productivity**, a **10-20% gain in space use**, and **15-30% more efficient use of stock.**[7]

25%
gain in overall productivity

10-20%
gain in space use

15-30%
more efficient use of stock
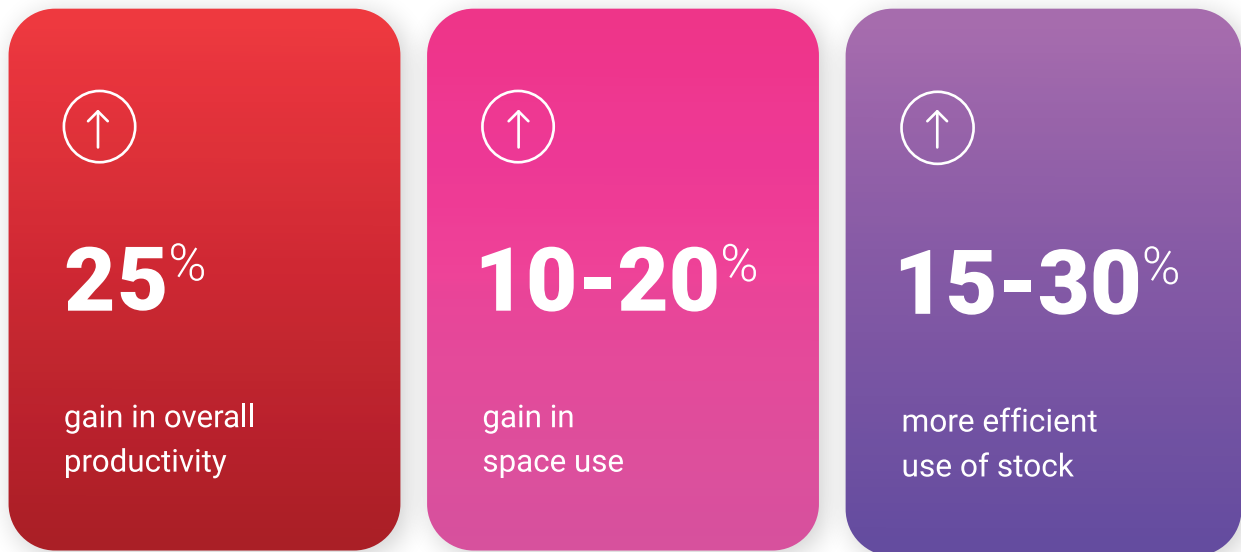
In short, paper and Excel-based systems will continue to slow down warehouse workers, cause costly errors — and hurt your 3PL's reputation. And with the ongoing increase in volume and customer expectations, lack of automation will make it nearly impossible to keep your clients and their customers happy at any time — let alone during one of their peak seasons.

01
02
03
04
05

Here are some manual tasks that you can eliminate with WMS automation:

- Manual order input
- Inventory receipt and put-away
- Manual input of order, package details, or return information
- Tracking of inventory location and levels
- Picking orders individually
- Packing and branding instructions
- Address and shipping input
- Manual invoicing and billing

BENEFITS

Paperless Warehouse Benefits

VIEW BENEFITS

WEBINAR

3PL Best Practices Webinar: Effective Small Parcel Shipping

VIEW RECORDING

BLOG

Five Must-Have Integrations for 3PLs Looking to Do Ecommerce Fulfillment

READ MORE

Best Practice 3:

Automate Your 3PL Billing Processes

01

02

03

04

05

There is never a great time for 3PL warehouses to worry about how to bill customers.

However, it is extremely important to eliminate the guesswork with billing automation so your warehouse will be able to always put your customers' needs first, know that you're going to invoice them properly, and be paid more quickly.

As a valued partner to your customers, you deserve to be properly compensated. Peak seasons are times of intense pressure and a "just get it shipped no matter what" mentality may sacrifice accuracy. Luckily, with WMS automation, you don't need to pick between speed and accuracy.

With best practices in place, you can receive, store, and deliver orders efficiently and accurately, and be compensated correctly for each service you offer. On average, a 3PL can miss out on as much as 3% of the revenue they're owed every single day due to uncounted, lost, or under-billed services without billing automation in place.

On average, a 3PL can **miss out on as much as 3% of the revenue they're owed every single day** due to uncounted, lost or under-billed services without billing automation in place.

Manual reconciliation processes can cost more in terms of time and lost opportunity after the peak season is over. Automated billing software, integrated directly into your warehouse management system, can reduce reconciliation from two full business days down to a few hours. This frees you up to capitalize on your peak season success and your customer's needs.

Embedded billing software should integrate seamlessly with your customers' accounting programs and internal systems. This allows for electronic invoices, easier customer reviews, and faster payments.

With 3PL-centric billing integration, you can:

- Create customer-specific billing terms and scripts
- Manage recurring billing easily
- Generate invoices from orders
- Track all accessorial charges
- Maintain billing scheduled for transactional and full or split month billing
- Notify customers of upcoming invoices
- Integrate with accounting software

The surest way to guarantee your 3PL will accurately track and be fully compensated for all the transactions you perform is to automate the entire billing capture process.

PRODUCT

Simplified Billing for 3PLs

REQUEST DEMO

BENEFITS

Billing Benefits

LEARN MORE

SPOTLIGHT

Customer Spotlight - Captech Logistics

LEARN ABOUT CAPTECH LOGISTICS

Best Practice 4:

# Offer 100% Visibility to Your Customers

With peak seasons beginning to overlap, it is important that your warehouse have access to the most relevant data to answer all of your customers' questions. Or better yet, have a solution that offers a scalable, self-serve option so they can easily answer their own inventory questions.

Today's 3PLs need to have visibility into every action performed in your warehouse. Reporting capabilities that let you track warehouse patterns over time so you can better understand what types of products sell during specific months and seasons, the number of staff you'll need to better support the next peak season, the profits you've made last month, and what you can do to increase profits going forward – among many other things.

Moreover, visibility across the warehouse extends to your ability to satisfy your customers and their shoppers. Of all the ways to provide customer satisfaction, reliability and transparency is critical.

How Consumers Define Transparency[8]

59%	**53**%	**49**%
Openness	Clarity	Honesty
26%	**23**%	**19**%
Authenticity	Integrity	Communication
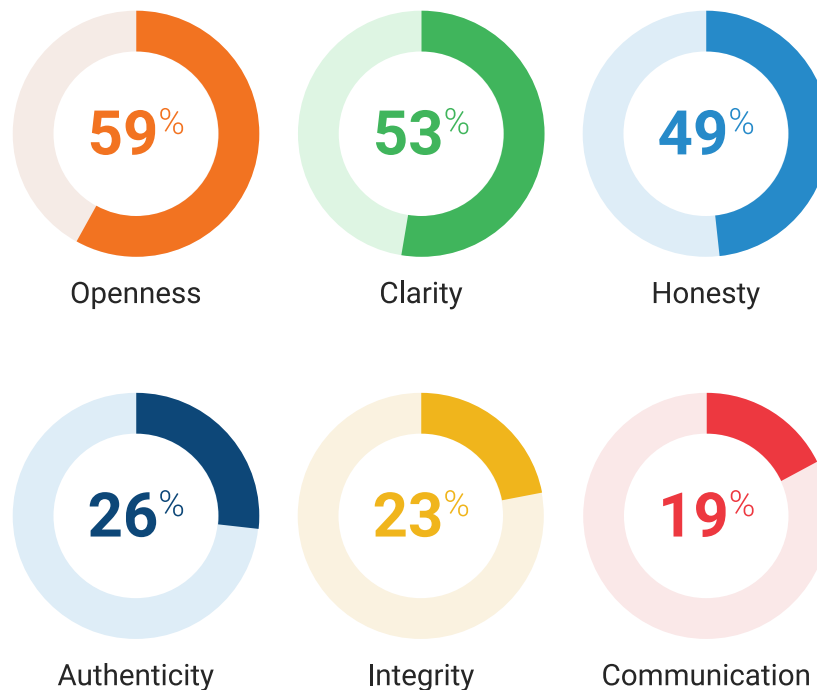
sproutsocial.com/brandsgetreal

01
02
03
04
05

Just as important as being visible, your inventory must be accurate. This can be a major issue – particularly when working with omnichannel retailers. By some estimates, retail inventory is accurate only 63% of the time. Utilizing technology and mobile scanning increases that accuracy level to 95%.[9]

By some estimates, retail inventory is **accurate only 63% of the time.** Utilizing technology and mobile scanning increases that **accuracy level to 95%.**

Your 3PL must also provide customers with the ability to monitor the status of their inventory during peak season on their own, and have a system in place to know if they're under desired inventory levels, all through their own customer portal.

Utilizing a WMS with two-way EDI and shopping cart integrations along with a permission-based portal can ensure that customers have visibility into every order purchased, processed, and shipped.This visibility must extend to your delivery partners – who must be able to give the location and disposition of every item 24/7 – along with the flexibility to accept changes in final delivery location on the fly.

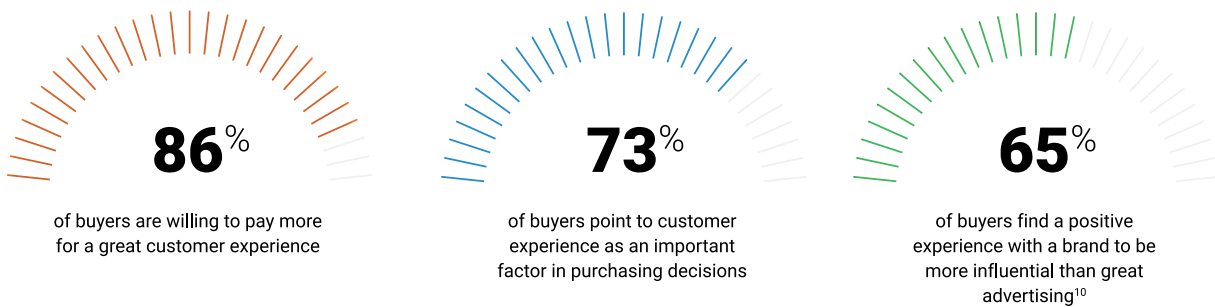| BLOG	WEBINAR	BLOG
Five Must-Have Integrations for 3PLs Looking to Do Ecommerce Fulfillment	3PL Webinar: Transform Your WMS Technology to Handle Ecommerce	The Top 5 Capabilities Your Warehouse Needs to Meet Gen Z Expectations
READ MORE	**VIEW RECORDING**	**READ MORE**

Best Practice 5:

Use Technology to Better Serve Customers During Peak Seasons

01
02
03
04
05

We are in the golden age of the superior customer experience. This means that your 3PL must be ready to deliver every order on time with 100% visibility and accuracy – while providing a superior customer experience at every touch point.

86%

of buyers are willing to pay more for a great customer experience

73%

of buyers point to customer experience as an important factor in purchasing decisions

65%

of buyers find a positive experience with a brand to be more influential than great advertising[10]

In fact, according to a survey conducted by Deloitte, 62% of companies view customer experience delivered by contact centers as a competitive differentiator.[11]

In short, while the pace of your peak seasons may strain your staff or your nerves – it can never strain your customer relationships.

A **comprehensive WMS** will give customers direct access to the information they need, any time, so they can monitor multiple activities without having to contact you. With automated alerts, email updates, and a permission-based customer portal, your warehouse staff can spend less time troubleshooting issues and answering questions – while keeping your customers informed and happy.

With ecommerce being the fastest growing fulfillment opportunity for the logistics industry, 3PL warehouses need to be prepared to meet the incredibly high expectations for order accuracy. By implementing best practices that optimize warehouse efficiency and better serve your customers, you will be able to accelerate growth and scale your business.

Successful implementation of warehouse technology that helps to easily manage inventory and automate routine tasks will be crucial for warehouses to successfully manage peak seasons - no matter what time of year your customers' order volume increases.

PRODUCTS

3PL Warehouse Management Made Easy

LEARN MORE

BLOG

The Top 5 WMS Features for Peak Season | 3PL Central

LEARN MORE

SPOTLIGHT

Customer Spotlight - Javelin Logistics

READ ABOUT JAVELIN LOGISTICS

GUIDE

The Practical Guide to Growing Your Warehouse

READ GUIDE

3PL Central

Interested in learning how
3PL Central can partner with your
warehouse to keep you prepared for
any peak season?

REQUEST A DEMO

1. https://www.digitalcommerce360.com/2019/01/14/holiday-season-ecommerce-analysis/
2. https://www.shopify.com/enterprise/holiday-shopping-online
3. https://www.digitalcommerce360.com/2018/10/09/peak-seasons-the-five-largest-online-sales-holidays/
4. https://www.cnbc.com/2019/07/17/amazon-announces-prime-day-2019-results.html
5. https://www.conveyco.com/ecommerce-order-fulfillment-statistics/
6. https://www.logisticsmgmt.com/article/2018_warehouse_distribution_center_survey_labor_crunch_driving_automation
7. https://www.conveyco.com/warehouse-automation-statistics/
8. https://sproutsocial.com/insights/data/social-media-transparency/
9. https://cybra.com/average-retailer-inventory-accuracy/
10. https://www.superoffice.com/blog/customer-experience-statistics/
11. https://www2.deloitte.com/us/en/pages/operations/articles/2013-global-contact-center-survey.html