

DIGITAL TAKEOVER



What retailers can learn from peak season
2020 about a "digital-first" future



P F S

The COVID-19 pandemic has undoubtedly reset the steadily increasing eCommerce trajectory, resulting in more shoppers migrating online than ever before. Many are seeking out retailers and brands who can not only provide the same in-store experience online, but that continue to do so while meeting their other expectations, such as cost, convenience and value alignment.

These trends culminated into an eCommerce peak season for the record books. **With 50% Year-over-Year holiday season online revenue growth to a total above \$1T globally**, brands and retailers were thrust into meeting demand like they've never seen before.

To understand the impact this unique peak has had on retailers and their future plans, PFS asked retailers in the US and UK about their levels of preparedness, what peak 2020 performance looked like for them and what their future plans might be, by way of investment, for example.

KEY DISCUSSION POINTS

- Retail is now digital-first. Online is the first place shoppers go to browse or buy.
- Brick-and-mortar retailers must implement omnichannel fulfillment to remain viable. Successful physical stores now combine the brand experience with fulfillment options.
- The supply chain now involves a multitude of delivery points.
- Customers, not retailers, will drive the fulfillment options.
- Execution is not strictly technology-dependent. Achieving competent customer-centric operations and management are critical to success.
- Outsourcing of digital operations is a viable and, in many cases, preferred option for brick-and-mortar and direct-to-consumer retailing.



METHODOLOGY



In what was an unprecedented year for the industry, PFS commissioned market research agency, Arlington Research, to survey 400 eCommerce retailers in the US and UK to learn what worked (and what did not) during the busiest shopping season of the year. The findings, revealed here, provide retailers and brands with a glimpse into eCommerce's future and how they should be looking to change up their operations in 2021 and beyond.

Nationally representative interviews were carried out with adults aged 18 and over, with quotas set on gender, age and country. Respondents came from the US (200 respondents) and the UK (200 respondents). Fieldwork took place the first week of January 2021.

Key terms referred to throughout this document are defined as follows:

Omnichannel: Fulfilling eCommerce orders using inventory from brick-and-mortar stores. Includes buy online, pick up in-store (BOPIS), ship-from-store, etc.

Digital-first: A strategic mindset that places the digital, or eCommerce, channel as the most important priority.

Multi-node fulfillment: Fulfilling eCommerce orders from more than one location (fulfillment or distribution center, brick-and-mortar store, etc.)

Peak season: Time period when demand for goods from traditional retailers are at their highest during the holidays. Typically, this spans all or a portion of October, November and December of any given year.

Shipping performance: Time duration of preparing an order to be picked, packed, and ready for shipment from a fulfillment center or other facility.

Delivery performance: The time it takes from when the order leaves the fulfillment center to when delivered to its final destination.

International: Specific to the survey techniques and data in this report, "international" means the consolidated US and UK study and findings. All survey data is international unless noted otherwise.



KEY FINDINGS



Omnichannel retail is the way forward

Retailers across industry verticals are unsurprisingly prioritizing their eCommerce channel operations — some more successfully than others. This channel's growth, catalyzed by the COVID-19 pandemic, is where retailers are facing some of the greatest challenges. Focusing on particular key areas can help structure their success:

- The view of the customer (across conversion points and engagement channels)
- The engagement experience itself (customer service and the synchronization between different platforms i.e. chatbot, phone or email, etc.)
- Fulfillment through capabilities such as BOPIS
- Products and pricing (ensuring pricing is consistent between brick-and-mortar and online stores).

The power of customer convenience during adversity

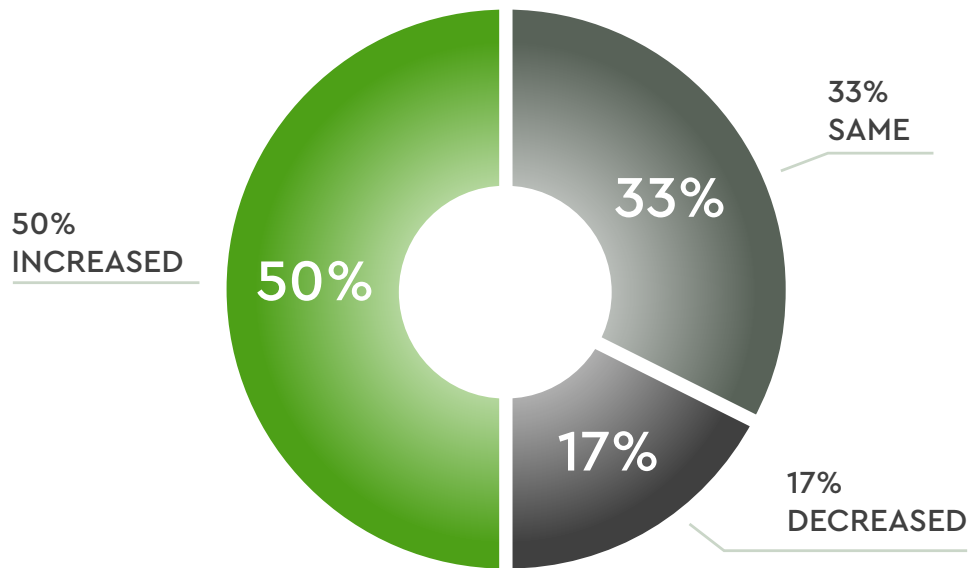
The best performers are those who have mastered fulfillment, that is, effectively getting the product(s) into the hands of customers. The pandemic undoubtedly increased demand for alternative, online fulfillment. But there is a heightened need for more convenient store fulfillment options to perform better. Considering pop-up distribution centers to spread inventory and avoid delays can supplement and reinforce the capabilities of the supply chain. Shortening the supply chain can overcome delays and reduce transit times for goods – and remove any uncertainty in “last-mile” delivery. Reallocating in-store staff to picking, packing and shipping, retailers and brands can certainly look to make the most of their offering.

Peak 2020 illuminated the path ahead

With so many fires to put out in 2020, omnichannel investment was spread thin. But — as the research findings make clear — extra fulfillment capacity is where retailers are going to focus their resources the coming year. That can come in a variety of forms (increased capacity in an existing facility, multi-node fulfillment, omnichannel, etc.), but the bottom line is retailers are planning to increase their output of orders in 2021. And if last year was any indicator, the retailers who are able to best adapt to the new and increasing customer behaviors while blending their operations, will be well rewarded.



How peak season sales volume compared to 2019



**53%
AGREED**

"We did not have enough budget/people resources to make the operational changes needed ahead of season 2020."

**56%
AGREED**

"Our technology stack was prepared for increased peak season 2020 volume."

Cracking the omnichannel code

Omnichannel operations leverage both online and offline retail channels to engage customers, drive purchases, conclude transactions, increase convenience and maintain customer loyalty. Anticipating the significantly increased shift to online and what it might mean for their operations prior to peak 2020, retailers identified potential shortfalls and effective solutions to address them. There was a general sense of unpreparedness, with a majority of respondents reporting concerns about the availability of resources. As the data unfolded, their concerns were well-founded – but it focused their attention on how to improve certain aspects:

While a majority of respondents felt their technology stack was ready, almost as many did not feel this way (or didn't know). This was not a strong vote of confidence.

With the pandemic accelerating online demand throughout 2020, retailers anticipated a challenging peak season. The increased attention to the role of infrastructure and resources in retail operations reflects a growing appreciation for the scope and complexity of omnichannel and the importance of technology in executing successful omnichannel operations. In July 2020, it was estimated that the US will need [an additional 1B square feet of warehouse space by 2025](#) as a direct result of increased online engagement with eCommerce retailers and brands – as predicted during the pandemic:

- The need for fulfillment centers is driving 50% of industrial transactions, compared with 35% before 2020.
- eCommerce sales in the US are predicted to reach \$1.5T annually by 2025.
- An additional 100M square feet of cold storage space will be needed in the next few years to support multi-verticals including health and beauty.



In preparation for the 2020 peak shopping season, retailers focused their investments on getting product(s) to customers. Fulfillment capabilities — both for brick-and-mortar and pureplay eCommerce retailers — represented the single greatest area of investment:

- Around a third (35%) of respondents enabled, or enhanced, curbside pick up capabilities, the biggest investment within their operations.
- Equally, 35% of respondents report investing in their ship-from-store capabilities as a primary investment ahead of peak 2020.
- Only 13% invested in inventory management and distributed order management (DOM) technology, suggesting the majority of retailers already had the tech capabilities to sell online using store inventory, or did not see this as a critical investment ahead of peak.

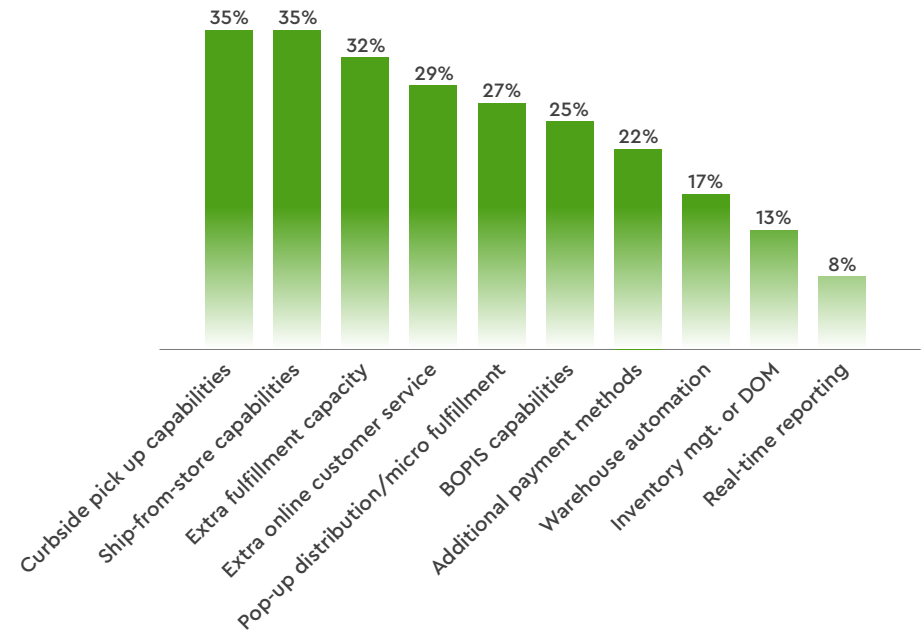
Social distancing, lockdowns and COVID-19 restrictions, along with the constraints they put upon store occupancy, was undoubtedly a factor in pushing this change to the forefront. Retailers and brands have been forced to consider alternative fulfillment models to accommodate their customers' needs. These models have enabled retailers to overcome 2020 market challenges, by leveraging their in-store inventory and technology capabilities to support growing demand. By essentially turning their brick-and-mortar stores into micro-fulfillment centers, they were able to keep inventory moving regardless of store closures and reduced foot traffic.

To underscore the fulfillment challenges that retailers experienced in 2020, 32% of respondents reported their next greatest investment was extra fulfillment capacity. Identifying warehouse space was a key issue that required immediate attention in order to keep pace with increased demand. Despite the changes throughout a tumultuous 2020 and additional investments made, nearly half (48%) of all retailers surveyed did not feel fully prepared for peak season.

Some retailers anticipated bigger operational changes ahead of peak trading, with nearly half (49%) the respondents opting to outsource at least some of their capabilities ahead of the busiest shopping season of the year.

Our research finds this reliance on outsourcing signals more than a stop-gap solution to an immediate problem. The demands of this "new normal" require retailers large and small to focus on their core business and turn to experts in eCommerce operations to address important aspects in relation to business continuity and growth.

What retailers invested in ahead of peak 2020



48%
AGREED

"We did not have enough time to make the operational changes needed ahead of peak season 2020."

53%
AGREED

"We had difficulty locating available inventory which limited my organization's success during peak season 2020."



SEIZING OPPORTUNITIES

49%
AGREED

"We relied on/turned to a business process outsourcing (BPO) provider for peak season 2020."



There is no doubt the pandemic increased demand for alternative fulfillment and omnichannel options, but what remains to be seen is the longevity of this new demand – something retailers have had to contend with as they adapted their current models to suit the evolving retail landscape. Even when COVID-19 becomes a distant memory, the appeal of these solutions and their ability to support online demand, as well as growing consumer expectations for them, will influence retailers' investment planning for years to come.

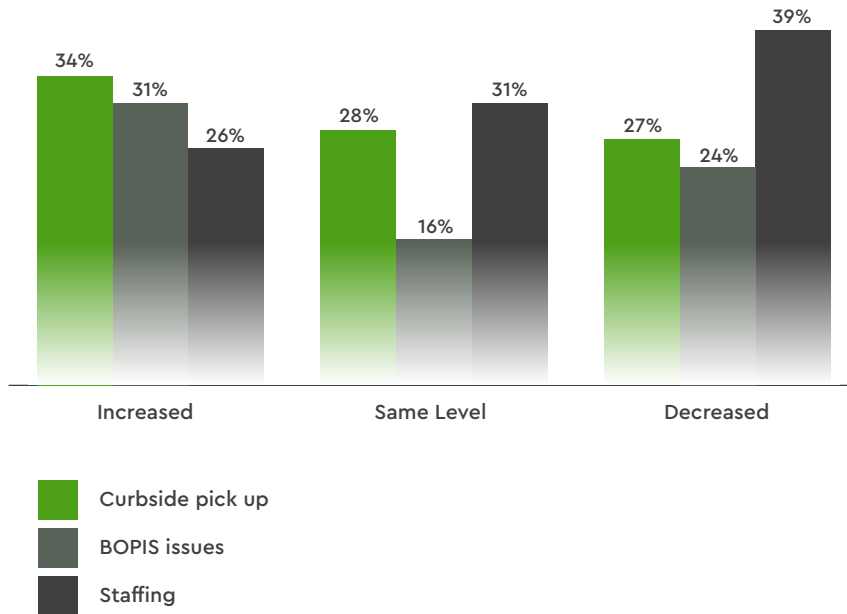
Notably, even if they felt unprepared, only 17% of all retailers surveyed believe they missed out on sales during the 2020 peak season due to a lack of preparedness or operational plans failing. However, this is still significant and is likely a result of retailers struggling to support the alternative fulfillment methods omnichannel operations require.

Despite increased investment in curbside pick up capabilities (taking online orders to customers waiting outside physical retail locations), 34% of the retailers who saw an increase in sales experienced their greatest difficulty in this area. Likewise, approximately 30% of the retailers experienced difficulties in executing BOPIS fulfillment despite their investments in this capability. More investment in this capability might have yielded even greater increases; [Adobe reports more than 80% of BOPIS customers are also likely to shop for additional items in the store.](#)

In combination with curbside pick up, the struggles with store fulfillment suggest that omnichannel fulfillment is where retailers experienced even greater demand than they expected.



The top 3 challenges retailers faced relative to their YoY peak sales volume



Although the majority of retailers across the cross-section of verticals saw an overall increase in sales, just under one fifth (18%) of respondents witnessed a decline in sales during this period. These retailers cited finding sufficient qualified staff as their greatest challenge, which may have also impacted their execution in many areas of the supply chain. This is a perennial issue in retail, perhaps exacerbated by 2020's macro-environmental factors.

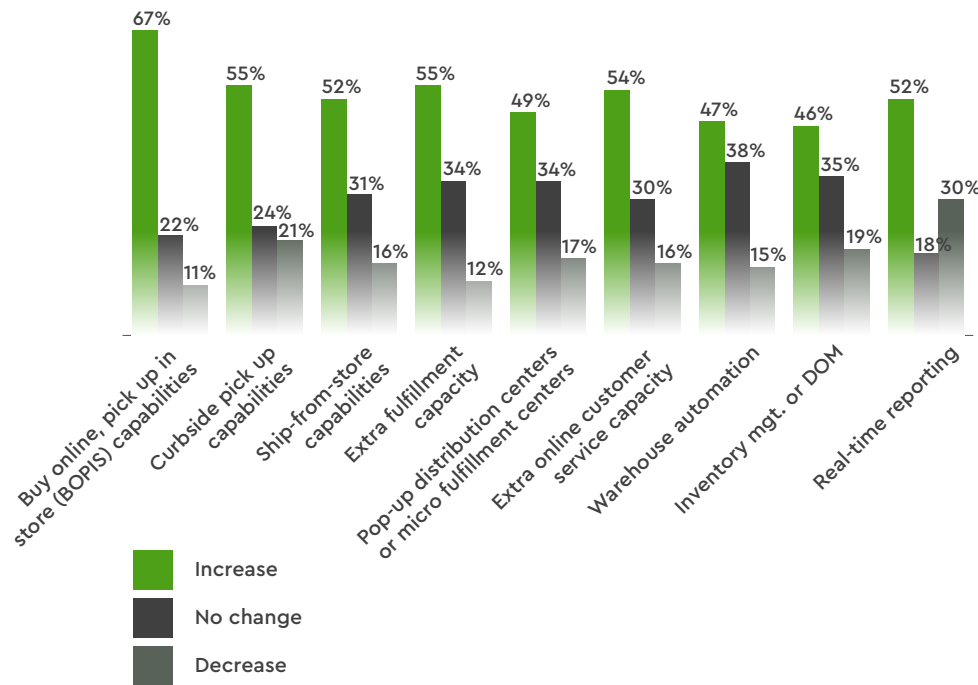
This also correlates to the more labor-intensive fulfillment involved with curbside pick up and BOPIS:

- The more crucial element in executing these fulfillment operations involves inventory and order management.
- Staff must have the necessary tools in place to manage store fulfillment activities — that is, the processes of actually pulling store inventory and packing orders.
- This also covers getting them to customers in the manner they choose when they arrive for pick up.





Respondents' 2020 peak performance by area of investment



Positive return on investment



Retailers who geared up their operations in preparation for peak 2020 were rewarded in increased sales volume. This presented a quick and significant return on their investments.

Of those who saw an increase in sales, 67% invested in BOPIS capabilities to strengthen their omnichannel offering to their customers. In addition, over half (55%) of those who invested in curbside pick up and the same amount who invested in extra fulfillment capacity (55%) also benefitted from increased sales.

Comparatively, those retailers who invested in BOPIS were least likely to experience a decline in sales (11%). Likewise, only 12% experienced sales declines after investing in extra fulfillment capacity.

Of all the pre-peak season investments retailers made, these three correlated to the greatest sales increases and degree of investment. It should be noted that they are all connected to fulfillment — the investment was worthwhile.

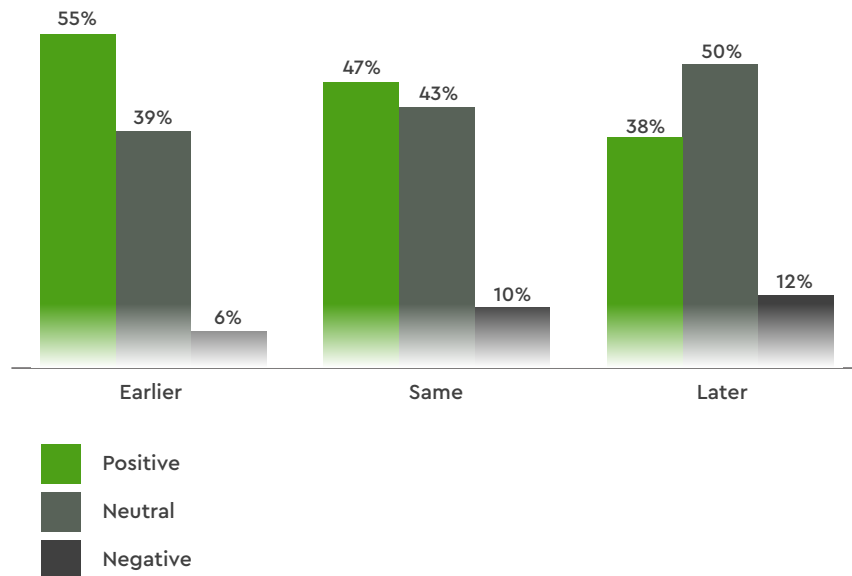
The relationship between sales performance and fulfillment capabilities may not be immediately obvious. But in a digital-first retail landscape, where consumers are making more purchases via the online channel, fulfillment and delivery options can influence buyer behavior. In the new retail paradigm, browsing, shopping, purchasing, and fulfilling all become elements of a unified experience. If one of those elements is missing — like the promise of store pick up — it can impact the entire flow, even resulting in a lost sale.

In this way, the investments in omnichannel fulfillment didn't just contribute to retailers' ability to execute those capabilities. There was clearly a correlation to their ability to attract and close increased sales. This further emphasizes the importance of omnichannel execution in bolstering the bottom line.

The fact that sales volume increased the most for retailers who invested in BOPIS and curbside pick up capabilities points to more customers wanting to commit to retailers who offered these options — a clear indication of customers desiring speed and convenience, and a trend it will be interesting to track throughout 2021.



Results of promotions from when they began



With their eyes on peak 2020 as a make-or-break season, our research shows half (50%) the retailers surveyed kicked things off early. With many retailers already [three to four times over forecasted eCommerce volume](#), the trend toward a more prolonged promotional period gained additional traction as retailers sought to not only lessen the burden on their operations but aimed to continue providing exemplary service to their customers, whilst also allowing for additional time to manage any supply chain and transportation challenges that may arise. This trend likely helped “flatten the retail curve” and gave their eCommerce operations a chance to keep up with demand. For example, [jewelry retailer Pandora made every Friday in November a Black Friday Sale event](#) with emails to their subscribers, in-store signage and significant discounts. [Other US retailers did the same, with the likes of Target, Best Buy, Kohl's and Walmart starting promotions as early as October.](#) In the UK, [The Entertainer, Amazon and AO.com kicked off the promotions season early alongside Pandora.](#)

Starting promotions earlier benefitted sales volume, with 55% of respondents reporting success. Considerably fewer saw an increase in sales commencing promotions at the same time, or later relative to the year prior.

Interestingly, of those who started their promotions earlier, only 6% saw a decline in sales. The percentage of those who started promotions at the same time or later than the year before and saw sales decline was considerably higher.

As retailers have clearly seen success from starting promotions earlier, reaping positive results both in terms of the bottom line and customer satisfaction, will be fascinating to track through 2021 as the industry remains unsettled.

In addition to offering discounts and other incentives to shop and buy, promotions are a chance to communicate the range of available purchase and fulfillment options, such as “ready for curbside pick up in one hour!” As shown earlier, offering more options that prioritize customer convenience can motivate increased sales.

In the same way that retailers now need to offer and fulfill orders on shoppers' terms, retailers also need to do it according to shoppers' schedules. If this was true before, it is even truer now.



How retailers' on-time order shipping performed relative to 2019

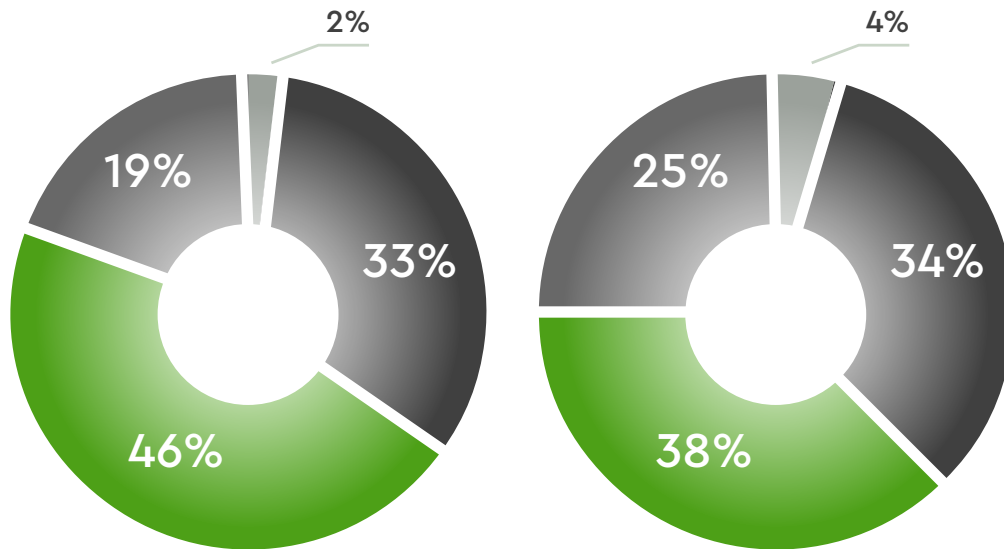


Figure 1: International data

Figure 2: US-only data

Increased
 Decreased
 No change
 Don't know

Picking up the pace



One of the great concerns for fulfillment going into peak season 2020 was the coordination between retailers and third-party carriers as fears of a "shipageddon" grew. As it turns out, those concerns appear to have inspired preparation that softened the blow.

Retailers generally improved their Year-over-Year shipping performance — defined as the time it took for orders to leave the fulfillment center. 46% of retailers report that on-time order shipping increased this season.

Fulfillment operations still have room for improvement though, with nearly a fifth (19%) of the total retailers experiencing a decrease in on-time shipping performance. A more diversified approach to fulfillment can avoid siloed operations and ensure timely shipments.

US performance fell well below the UK average. The 25% decline in on-time shipping performance in this market should be a source of concern. Several reasons could explain this, but it's likely that labor constraints in major logistics hubs contributed. Attractive government unemployment benefits for hourly wage workers clashed with the high demand for this labor force. These macro-economic factors occurred earlier in the peak season when retailers needed to ramp up earlier than normal.

Shipping performance depends on the retailer and is a leading indicator of the customer experience. The other important metric to the formula is delivery, when the customer actually receives their order.

Notably, 47% of retailers reported that the volume of orders delivered on-time increased.



How retailers' on-time order delivery performed relative to 2019

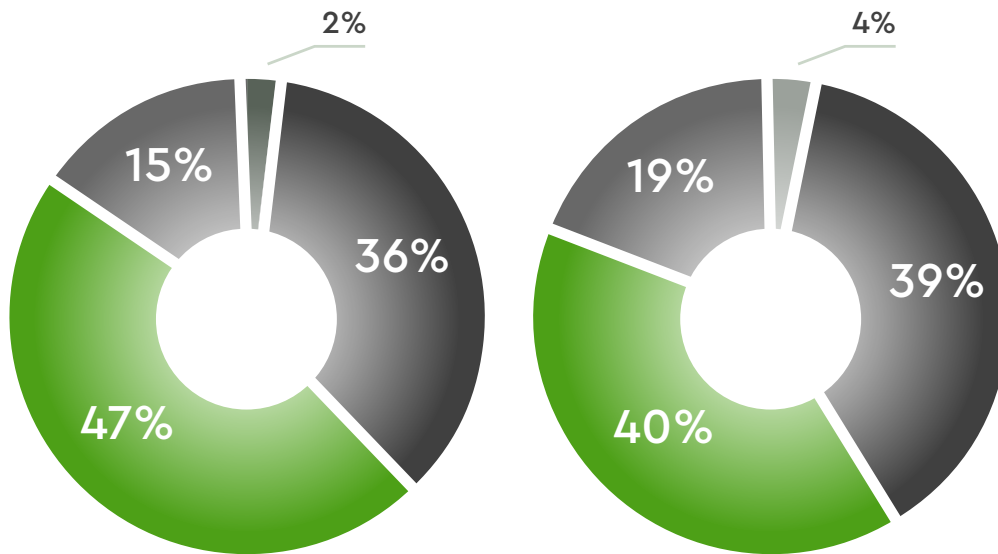


Figure 3: International data

Figure 4: US-only data

■ Increased ■ Decreased ■ No change ■ Don't know

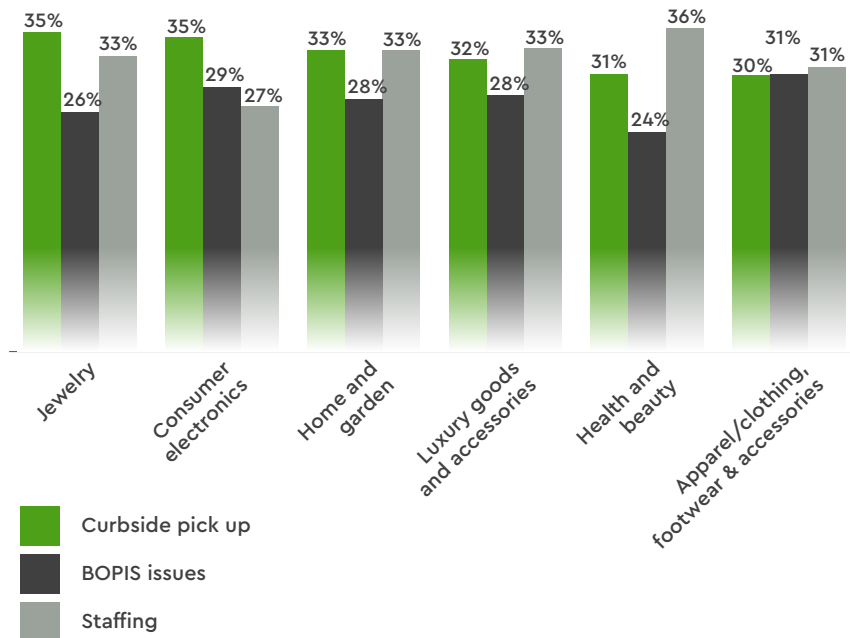
On-time deliveries (which are more dependent on carrier performance) corresponded to on-time shipping rates. Here, too, US performance was below the UK average and begs the question of whether this can be attributed to differing geographical consumer purchasing patterns, buyer behavior, or [carrier performance](#), retailers and industry leaders.

Third-party carriers can only execute as well as the retailers they support. The same concept of smoothing out the shipping component of fulfillment can also enable carriers to improve on-time deliveries. This is crucial to the shopper's experience of the retailer's brand.





The biggest operational challenges retailers faced during peak (by category)



Overcoming the greatest challenges



The same top three operational challenges — curbside pick up, BOPIS, and staffing — applied to all respondents across industry verticals. These include robust omnichannel players who still faced fulfillment obstacles during peak season. While third-party delivery performance generally improved, the in-store fulfillment story was slightly different.

- Jewelry retailers had their greatest challenges executing curbside pick up (35%)
- So did sellers of consumer electronics (35%).
- Apparel merchants had roughly the same level of issues across the three challenges, with higher levels of BOPIS issues (30%) than any other product category.

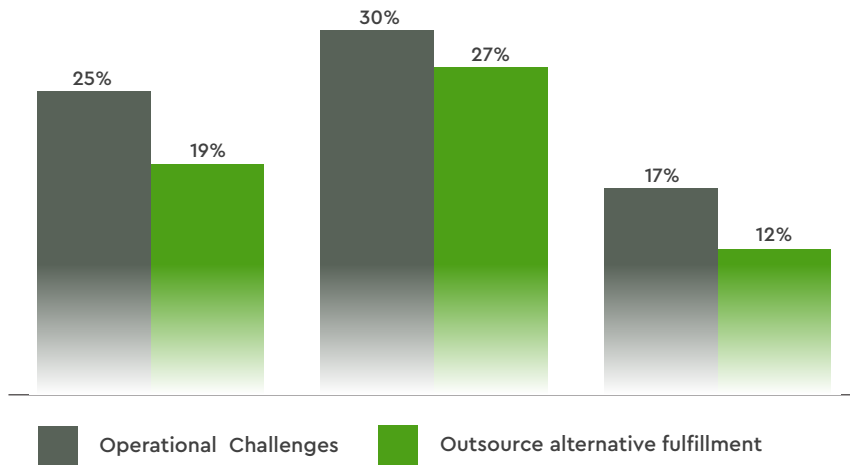
Staffing — a regular challenge for retailers during peak season — was no different in 2020. Curbside pick up and BOPIS are staff-dependent operations, so there may have been a compound effect during peak 2020. In addition, there was likely a lack of sufficient time to properly install or upgrade omnichannel systems.

These facts reveal execution as a challenge, regardless of the product mix. The size and type of product does not matter nearly as much as the soundness of the operations. Addressing this need falls on the organization and management of those operations, and on the systems that support them — leaving opportunity to get it done properly ahead of the 2021 peak season.

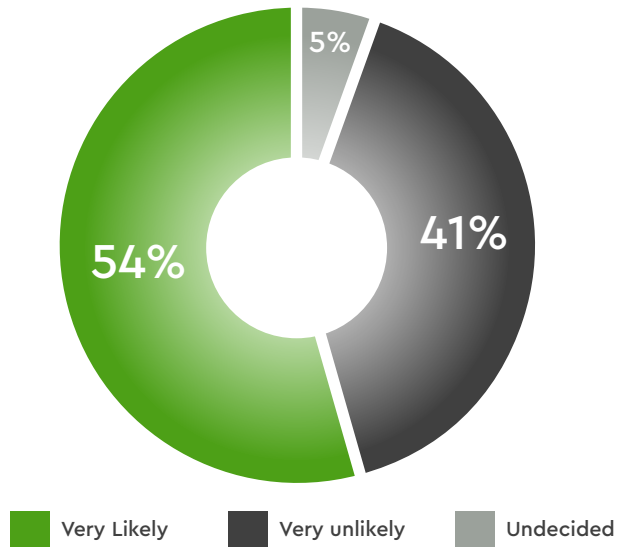
Even if retailers have adopted a digital-first retail mindset, the fulfillment leg of the purchase process can go under-resourced. This is especially true for store fulfillment operations. Ensuring sufficient staff (and technology) to get orders ready for curbside pick up or BOPIS can mean the difference of a happy, loyal customer or a former customer.



Fulfillment challenges for those who outsource alternative fulfillment compared with all respondents



Ratio of respondents who plan to outsource or rely on BPOs for Alternative Fulfillment



Considering outsourcing



The increasing number of omnichannel fulfillment options like BOPIS and curbside pick up place greater operational strain on retailers that are already being pulled in different directions to meet growing consumer expectations. On the whole, outsourcing to specialists in 2020 appears to have yielded better results.

Retailers who outsourced their alternative fulfillment operations experienced fewer fulfillment challenges during peak 2020, especially in executing BOPIS or curbside pick up initiatives. Outsourcing was also a way for retailers to address their lack of infrastructure.

Regardless of what motivated retailers to outsource certain functions, the strategic effect was to free their in-house resources to address other issues. This effect is not necessarily a seasonal phenomenon and is typically associated with unfounded fear of loss of control or visibility. For retailers whom 2020's peak season served as a "stress test" for employing an outsourcing strategy, it seems to have paid dividends.

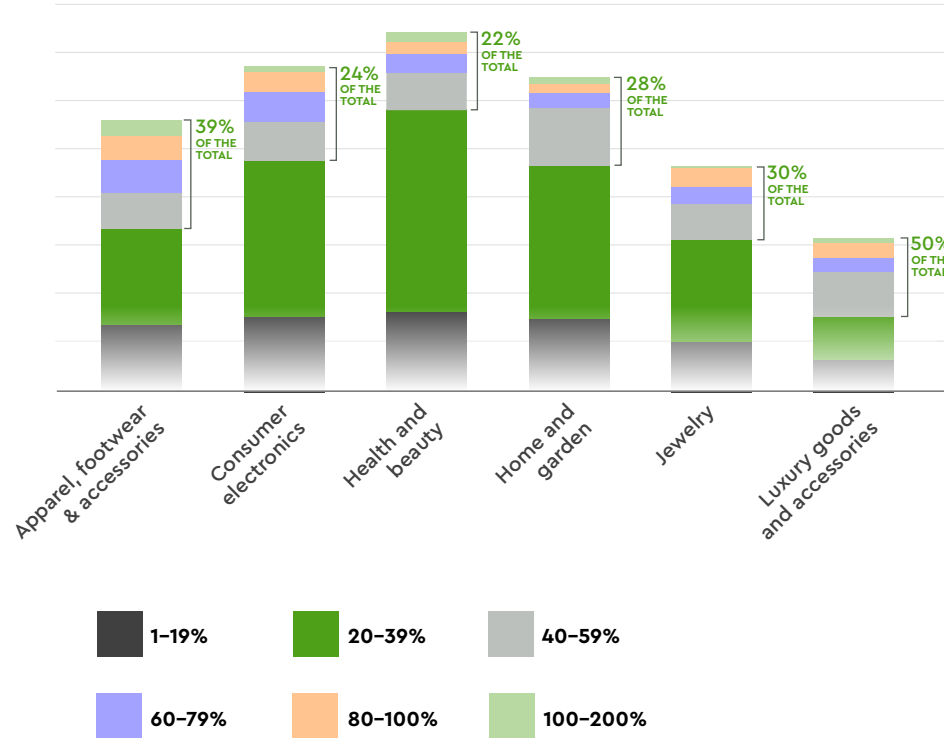
As a result of the lessons learned during peak 2020, 54% of retailers plan to outsource their alternative fulfillment capabilities going forward into 2021 and beyond.

While alternate fulfillment is just one option, it points to the larger issue of needing to get product(s) into the hands of shoppers in the way they prefer. This is one of the attractions of omnichannel shopping for consumers across industry verticals and product types.

Given the unique requirements of each fulfillment path, outsourcing some or all of these functions appears to be the preferred solution. This means each mode of fulfillment can be executed more successfully, enhancing the overall buying experience and accruing to the value of the retailer's brand.



OF RESPONDENTS



The fact that most of those surveyed saw gains highlights the foundational nature of eCommerce. While some of this growth may be attributed to the pandemic, it remains in line with what retailers have been experiencing for years prior to peak 2020 and has pushed the industry forward at least two years:

- 64% of respondents experienced greater eCommerce sales volume than 2019 peak. This was a very positive development in a year when retailers feared overall declines.
- The ratio of increased sales volume varied across key product categories, with most retailers experiencing a 20 - 39% increase.
- Luxury goods experienced the greatest growth in the higher ranges, with half those surveyed seeing growth in the top range and a select few reporting increases in sales volume above 200%.
- Apparel and footwear enjoyed the second greatest growth at the high end (39%)

This underscores the need for provisioning operations to perform in a digital-first context. Consequently, we considered where these industry verticals saw the greatest need for bolstering their infrastructure.

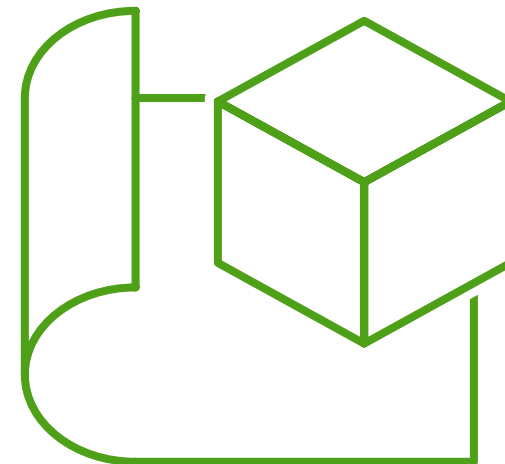


	Apparel, footwear & accessories	Consumer electronics	Health and beauty	Home and garden	Jewelry	Luxury goods and accessories
BOPIS capabilities	31%	28%	29%	22%	13%	27%
Curbside pick up capabilities	37%	34%	36%	33%	27%	32%
Ship for store capabilities	34%	33%	30%	26%	33%	29%
Extra fulfillment capacity	40%	38%	48%	38%	38%	39%
Pop-up distribution centers or micro fulfillment centers	21%	19%	22%	29%	25%	27%
Extra online customer service capacity	29%	39%	36%	28%	38%	42%
Additional payment methods	32%	31%	33%	36%	43%	32%
Inventory management or DOM technology	18%	14%	18%	17%	22%	17%
Real-time reporting	13%	10%	10%	15%	8%	5%

The need for increased omnichannel fulfillment was universal across key industry verticals. Extra fulfillment capacity falls near the top of the list when it comes to 2021 investment priorities, with curbside pick up following close behind.

- Extra online customer service ties in with the digital-first retail environment where consumers are increasingly seeking support for a range of requests, from product recommendations to WISMO (Where is my order?) requests.
- The focus on this need — in combination with the intent to bolster fulfillment operations — reflects increasing attention to the essentials of omnichannel retail.
- Tertiary priorities do not fall that far behind the top rated and are generally consistent regardless of the category. This suggests the challenges are purely operational and not affected by the type of product involved.

While more sales are always welcome, the greatest need in the year ahead is to be able to fulfill those purchases in the way customers want. **This applies to all product categories and regardless of the volume of sales.**



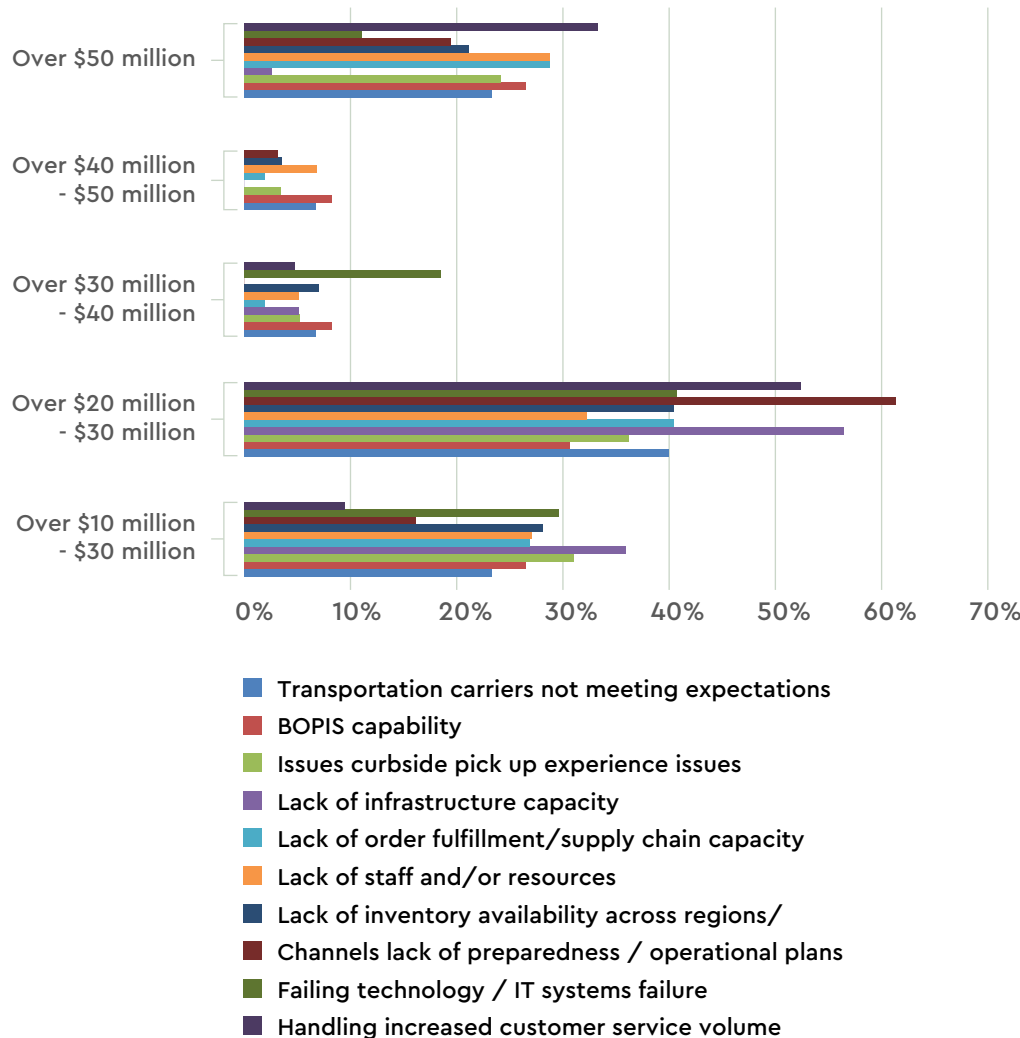


THE SWEET SPOT

Despite the commonalities across categories, the operational needs of retailers did vary dramatically by the size of their business. Bigger wasn't necessarily better, and there does appear to be a current sweet spot for self-funding of infrastructure investment.

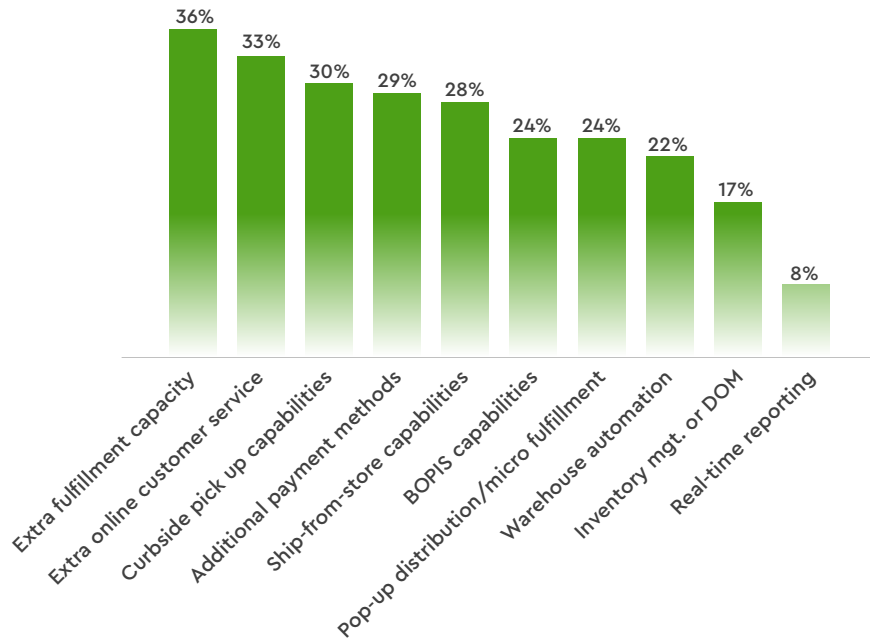
Retailers reporting annual revenues between \$20–30M suffered the greatest number of challenges to the greatest degree. This seems to be the scale at which resources are limited relative to annual sales volume. Smaller organizations appear to have a better correlation of business to resources while slightly larger companies appear to have adequate volume to cover the investments needed for omnichannel operations.

If you are a retailer with revenue of \$20–30M you should consider outsourcing a portion, if not all, of your operations to accommodate future growth, free up resource to focus on core competencies and innovation and set your brand up for success both operationally and in the eyes of your customers.





Anticipated investment priorities in 2021 (before Q4)



Prioritizing investment



The lessons from peak season 2020 are reflected in retailers' priorities for the year ahead. For all their investments in omnichannel operations in 2020, they look to do even more in 2021.

- 36% of retailers surveyed anticipate investing even more in extra fulfillment capacity.
- 33% anticipate investing in extra online customer service, highlighting that retailers agree a digital-first approach to retail is the way forward.
- Even when the pandemic is behind us, 30% of the retailers we spoke with are looking to increase their investment in curbside pick up, 28% plan on increasing their ship-from-store capabilities and 24% are looking at growing their BOPIS capabilities.

Retailers are looking to maximize the value of their physical locations as venues for customer engagement as well as extensions of their online operations. Whether deliberately or not, omnichannel retailing is expanding the idea of what the supply chain looks like.

This is one of the key differences between being digital-first and digital-only. Having a brick-and-mortar presence still allows for face-to-face customer engagements, yet the digital dimension provides added convenience and a "customer-first" shopping experience.

Even if peak 2020 forced the issue, the planned investments for 2021 reveal that retailers don't see last season as an anomaly. Retailers plan to invest heavily in omnichannel operations to meet consumer expectations and supplement the online experience by fully utilizing brick and mortar stores in the future.

In light of their experiences during peak 2020, an average of 52% of respondents intend to begin outsourcing all or portions of their eCommerce operations (or change BPO providers) in 2021 to meet changing consumer demand.

Whether driven by strategy or urgency, the turn to outsourcing some functions is a clear trend, as evidenced by [retailers like Kendra Scott](#) who were able to quickly stand up two direct-to-consumer fulfillment centers in different geographies via outsourcing.

Retaining specialists for the "back of the store" functions can actually enhance the overall customer experience and improve the value of the brand.

Outsourcing eliminates the knock-on challenges of provisioning and maintaining the necessary systems, developing processes, staffing, onboarding and training; in effect, establishing an entire division of the company to handle eCommerce operation(s).



Ratio of respondents who plan to outsource or rely on BPOs for some of their operations by market

Very/Likely	US	UK
Order fulfillment	52%	52%
Customer service	52%	54%
Payment/Merchant of Record	51%	48%
Alternative fulfillment	51%	58%
Order management	46%	58%
Fraud management	46%	51%

Peak lessons learned



The experience of the peak 2020 selling season affirmed retailers' concerns about their technical capabilities for executing digital-first omnichannel operations. Here are the lessons learned to take forward into 2021 (and beyond):

- Online customer service is critical to digital-first retail operations. Support a range of preferred channels and languages to ensure you do not restrict your potential reach. Self-help tools such as chatbots can go a long way in supporting customers with basic queries.
- On-time deliveries and on-time shipping go hand in hand. You need to be able to pick and pack quickly and flawlessly. The customer doesn't care whose fault it is.
- Your supply chain now runs all the way to the customer. The "last mile" of fulfillment extends all the way out the front door of the store or even the parking lot.
- Omnichannel retailers need to deliver items the way shoppers want to receive them. This increases satisfaction levels and can even increase sales and longer-term loyalty.
- Tell customers about all possible delivery options. Having a broad range and exploring the scope of options helps close sales.
- Investments in store fulfillment capabilities pay immediate dividends. Reducing processing times, decreasing pick errors and getting product closer to customers for faster delivery and pick up options are just a few of the immediate benefits.
- Outsourcing is an option, and the best one if you don't have the scale or capability to support temporary and long-term demand fluctuations.

These lessons are crucial to the long-term success of omnichannel retailers. As Forrester reports, [eCommerce will drive two-thirds of retail growth by 2023](#),¹ and [US retail eCommerce penetration will grow to nearly 30% of total sales by 2025](#).²

Peak season 2021 will be here before you know it.

¹ Forrester – Building The Integrated Retail Commerce Business Case, October 27, 2020

² Bain & Company – Retail Fulfillment: The Ultimate Supply Chain Balancing Act, January 25, 2021

Other resources

The digital-first retail environment touches on a range of topics which PFS monitors closely:

Sustainability

Consumers are shaping their purchase decisions with their value systems. See the implications for brands as well as the products they sell:

[Consumerism vs. Conscious Commerce: Striking the Balance](#)

Digital experience

The same thinking that shapes an in-store experience should shape how retailers craft online shopping. PFS's CEO explains:

[Embrace The Digital Flagship](#)

Payment options

Seamless digital transactions depend on a range of payment options. Learn how they're evolving:

[Four Trends Disrupting The Future Of Online Payments](#)

Delivery options

As you focus on fulfillment, consider this additional perspective:

[Three Solutions to This Holiday Season's Last-Mile Delivery Dilemma](#)

About this study

- Phone interviews were conducted with 400 respondents – 200 in the US and 200 in the UK.
- 37% of respondents were company owners; 31% were senior management; 18.8% were middle management; 13% were store managers.
- Retailers and brands interviewed operated with no less than \$10M in annual revenue, with 23% of respondents having annual turnover above \$50M.
- The product categories covered the full spectrum of eCommerce sales verticals.
- 57% of respondents operate brick-and-mortar stores in addition to managing eCommerce operations.

About PFS

PFS is a tested-and-proven Global Commerce Operations Partner with solutions spanning branded fulfillment services, high-touch customer care and proven order to cash (O2C) services and technologies.

PFS supports B2B and DTC clients with technology, personalization and fulfillment expertise gained through 20+ years as an industry leader. PFS' innovative solutions deliver intelligent commerce operations and shape brand experiences for the digital age.