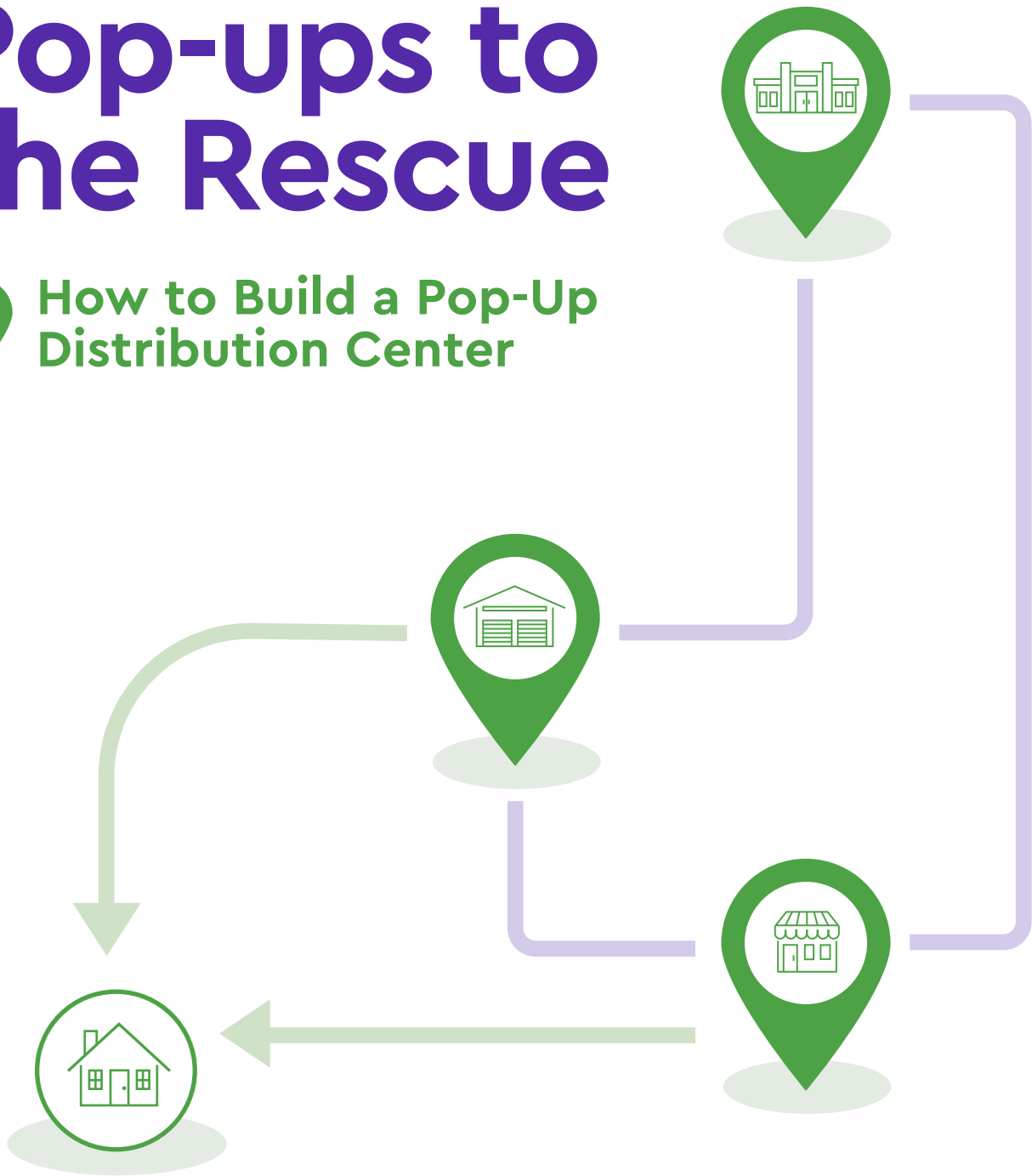# Pop-ups to the Rescue

How to Build a Pop-Up Distribution Center

Decentralizing eCommerce order fulfillment operations

Brands and retailers are realizing the value of decentralizing eCommerce order fulfillment operations. By spreading inventory out through a multi-node fulfillment approach, you can reduce delivery times, expand your carrier network, ensure consistent service levels across regions, increase sustainability, and more.

However, maintaining multiple permanent distribution centers using a traditional fulfillment model can be costly, especially if you don't have steady demand throughout the year to justify the investment in square footage. What's more, traditional fulfillment operations that are big on technology, robotics and heavy infrastructure lack the flexibility to quickly scale in response to sudden demand fluctuations. It is a time consuming and expensive undertaking to expand these operations.

Pop-up distribution centers offer many of the benefits gained with a traditional fulfillment model, but without the cost barrier.

What is a pop-up distribution center?

You've heard of pop-up shops, pop-up events, etc. – but a pop-up distribution center? The concept is the same in that it is intended to be set up and broken down quickly and easily. With pop-up distribution centers (DCs), though, the space functions as a full-fledged fulfillment operation.

Leveraging powerful systems, pop-up DCs utilize temporary fulfillment space and lightweight infrastructure that is quickly deployed. By getting inventory closer to consumers, the operation enables 1–2 day delivery plus options for same-day courier services for regional customers, all while lowering shipping costs and reducing environmental impact through lower carbon emissions.
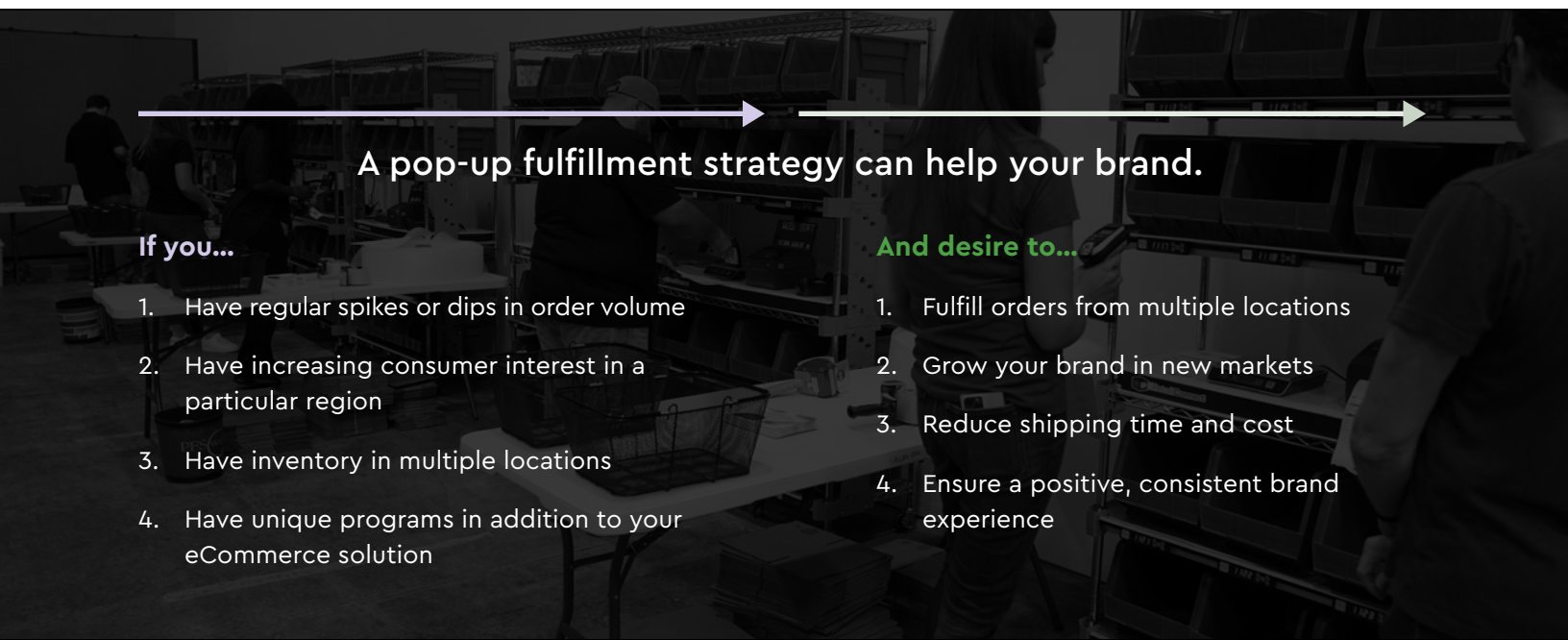
While the Pop-up DC concept has gained momentum in the aftermath of the 2020 pandemic as a means to overcoming last mile delivery obstacles, many retailers and eCommerce providers have been exploring the concept for 5+ years. More and more, pop-up DCs are becoming a core part of the overall fulfillment strategy for brands and retailers seeking to keep up with increasingly challenging consumer expectations.

Still not sure how a pop-up DC solution can help you? Let's take a closer look at why your brand might consider a pop-up operation.

Why pop-up distribution centers?

Getting right to it, flexibility and cost savings are the primary reasons brands embrace pop-up DCs. As your business grows, the customer experience must remain a top priority. Pop-ups offer you the flexibility to effectively scale operations in support of demand while keeping up with consumer expectations. The cost savings come in the form of minimal or no capital expenditures, no long-term commitments, and the ability to use any retail or warehouse space available.

A pop-up fulfillment strategy can help your brand.

If you...

1. Have regular spikes or dips in order volume

2. Have increasing consumer interest in a particular region

3. Have inventory in multiple locations

4. Have unique programs in addition to your eCommerce solution

And desire to...

1. Fulfill orders from multiple locations

2. Grow your brand in new markets

3. Reduce shipping time and cost

4. Ensure a positive, consistent brand experience

Use cases

- **Peak alleviation:** During seasonal or promotional spikes, divert peak volumes from concentrated geographies to a regional location to alleviate strain on the primary DC.

- **Event support:** Enable same- and next-day delivery for promotional events in a particular region.

- **Temporary Regional Node:** Support concentrated spikes in demand or test new markets by operating regional DCs for as long or short as you want, saving on shipping time and costs.

- **Loyalty Programs:** Non-traditional product that needs to be picked, packed and shipped without disrupting eCommerce operations.

- **Clearance Events:** Pick/pack/ship outdated inventory in a more cost-effective manner through a large clearance sale separate from the main fulfillment operation.

- **Dark Store Fulfillment:** Unused real estate with inventory can be turned into a quick and effective fulfillment center.

Getting started

So, what do you need to build and operate a pop-up fulfillment center?

Two key considerations:

1. **Effective order routing to the appropriate location**
2. **Accurate order fulfillment that supports the brand image**

You need both to succeed. If you can route orders correctly, but you don't have the fulfillment operations in place to process the order quickly and accurately, the customer experience suffers. Likewise, if your pop-up DC is ready to package orders that make a positive brand statement upon delivery, but the order is routed to your distribution hub instead of the pop-up DC, the customer experience suffers.

To ensure the success of your pop-up fulfillment operation, you need a comprehensive solution that combines both of these elements seamlessly.

Install a powerful distributed order management system

Fulfillment optimization is key to profitability—and these rules also apply to a pop-up fulfillment center. But not all order management systems (OMS) are created equal. A pop-up fulfillment center relies on flexibility, which not every OMS can support. To achieve a dynamic fulfillment network—one that can handle sophisticated sourcing and optimize cost and efficiency together—you need a solution that can handle that and more.

For example, do you want all orders to ship from the same pop-up location, or do you want to allow split shipments? If you allow splits, can you efficiently manage them? For example, set a maximum number of splits based on a certain attribute, such as order value or customer loyalty status. This matters: did you know that if you ship from just 100 locations, for every split shipment there are potentially nearly 5,000 ways to fulfill an order? You need to make sure you are getting every order out efficiently yet profitably.

While split shipments can help get items to a customer faster and eliminate the need for consolidation, they are still not great for margins. You're paying to deliver twice. It's important to balance speed and profitability by using rules to:

- **Minimize split shipments and/or**
- **Set a minimum order value for split shipments**

More control = more profitability

Your ability to extract maximum value from each order is more important than ever. But how do you extract more value? How do you tweak your sourcing strategy so it provides the incremental improvements you need to maximize profits? Flexibility in your sourcing strategy is key.

And can you allocate against inbound inventory? You want to capture the sale – so make sure you have the ability to promise against future stock availability. With a powerful distributed order management system, you can see if your future stock will arrive in time to meet the customer's desired delivery date.

Safety stock still matters

Chances are, you are selling your products online to then be shipped from a pop-up fulfillment center. Which means you still need to prevent out of stocks from happening. How? Set a safety stock level. This is a quantity below which an item will show as 'out of stock' online, even though you may still have a few units left.

But in addition to safety stock, there are other steps you can take to reduce out of stocks. You can set your business logic to look at inventory levels at each location, and source from the location:

- **With the most inventory and/or**
- **Closest to the customer**

Maximize flexibility

Sourcing rules are great, but it also matters how you structure your information in your systems. Your data, such as inventory availability across locations and the way your rules are organized, needs to be set up in a way that's modular and easy to change.

So rather than looking at individual sourcing rules, flexibility requires you to ask key questions, such as how quickly you can:

- **Change a sourcing rule**
- **Change the prioritization of rules**
- **Add and remove locations—such as pop-up fulfillment centers—from sourcing consideration**
- **Create new networks of locations that your sourcing rules can access**
- **Add custom attributes to products or locations that can be used in your sourcing rules**
- **Adjust safety stock**
- **Exclude products or categories**
- **Start selling in a new market or channel**

As market conditions change, your ability to adapt quickly will be an essential competitive differentiator. You need sourcing flexibility. A poor sourcing strategy that is inflexible puts your profits at risk. The solution? A flexible distributed order management system that can handle these needs.

Deploy a lightweight, automated fulfillment operation

Your pop-up DC must be able to support consumer expectations in a manner that is consistent with your overarching customer experience. Speedy delivery, order accuracy, brand-forward messaging... your operation should enable all of these components and more despite its temporary status.

Location, location, location

Determining where to locate your pop-up DC may not always be a straightforward decision. When leveraging a pop-up in support of a regional event, you obviously want to locate the operation in a nearby space to support same-day delivery. However, in most instances, inventory planning, demand forecasts, real estate availability and consumer trends are all factors that should be considered when determining where to locate your pop-up DC(s).

Do you need a temporary west-coast fulfillment solution to support a growing customer base in California during peak season? Are you a UK-based retailer looking to explore growth opportunities in France? Do you have excess retail space you can leverage in support of an upcoming sales event? All of these scenarios can benefit from a pop-up solution, but a detailed analysis of requirements and demand is required to determine the optimal location.

The lineup for a successful pop-up

While pop-up fulfillment operations come in all shapes and sizes, a quick and easy setup with minimal integration requirements is typically the mark of an effective pop-up. Here's what you'll need to make that happen:

- **Temporary space:** Short-term square footage can be located in a 3PL facility, vacant mall, excess retail space, your store stock room etc.

- **Power and Wi-Fi:** Basic wireless internet connectivity is all that's needed to connect to the distributed order management system and your warehouse management system (WMS)

- **Lightweight infrastructure:** Shelving, pallets, hand trucks and floor space can get the job done
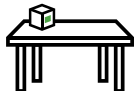
- **Picking supplies:** Pick cart(s) are equipped with RF scanners, loaded with totes for multiple orders and wheeled through the pick area

- **Printer(s):** Standard printers and label printers for printing pick tickets, pack slips and shipping labels

- **Packing supplies:** Shipping boxes, dunnage, tape guns, pack slips, shipping scale, box knives, etc.

- **Packing stations:** Folding tables, desks, etc. stocked with packing materials for pack out

- **Dock access:** An area sized appropriately for carriers or couriers to pick up orders for delivery to the customer

Influencer-worthy unboxing experiences

Operationally, you should manage your pop-up DC in a manner that ensures service levels consistent with those provided by your fulfillment hub or traditional distribution centers. At the end of the day, the most tangible experience consumers will have with your brand throughout an eCommerce order is the package they receive upon delivery. The tactile experience of opening a package is a critical moment. Your pop-up operation can and should deliver a brand experience that leaves a positive impression.

What does this look like?

- Automated picking technology such as handheld scanners, lighted pick carts and system directed pick paths that route picking activity in the fastest, most efficient manner – essentially a fully functional distribution center scaled to size

- Quality assurance (QA) processes that check for order accuracy and product quality throughout the fulfillment operation to create positive, brand building experiences upon delivery

- A strong carrier selection that engages both national and regional carriers so you can support the fastest delivery times at the lowest possible cost

- Brand-forward messaging (whether tissue paper and ribbons that reflect a boutique store experience or right-sized minimal packaging for environmentally conscious retailers)

- Value added services such as gift wrap, product personalization (engraving, monogramming, labeling, etc.), and kitting services that create a differentiated customer experience

- Easy, hassle-free returns options in the form of pre-paid return labels, pick-up services, easy drop points and more

Enabling conscious commerce

Consumers are increasingly aware of the environmental impact their purchasing choices have. As a result, the pressure is on for brands and retailers to demonstrate their own sustainability initiatives. By locating product closer to the consumer and shortening last-mile delivery, pop-up fulfillment operations enable brands to reduce their carbon footprint in support of more sustainable operations.

Better Together:
Why Fluent Commerce and PFS

Wondering where to turn now that you've realized the benefits pop-up DCs offer your brand?

You require a powerful order management system and proven fulfillment operation that deliver on consumer expectations and cost effectiveness. PFS and Fluent Commerce ensure you are covered on both fronts, in a seamlessly integrated partnership that is ready to support your brand.

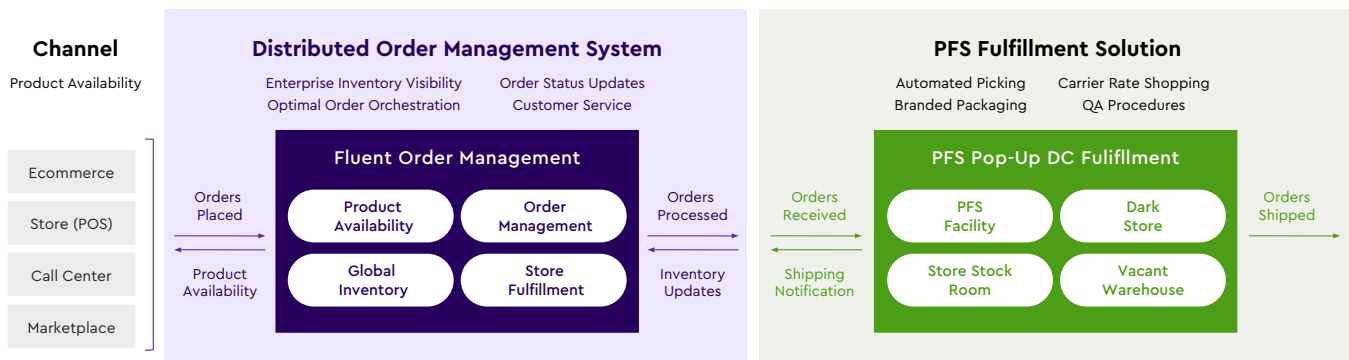**fluent**commerce   **PFS**

Fluent Order Management is a cloud-native distributed order management system that seamlessly connects with your tech stack. The platform provides a near real-time, always accurate view of your inventory, which allows for a reduction in overselling, underselling and cancelled orders.

In addition, the flexible platform helps you optimize fulfillment at scale, giving you more control over every step of your fulfillment logic. Build and adjust fulfillment rules based on custom product, location or network attributes—perfect for pop-up DCs. This means your business can be agile and react quickly as consumer demand and preferences change, while ensuring you provide a premium customer experience. And most importantly, maximize the margin on every order.

PFS' pop-up DC services support every aspect of designing, locating, implementing and operating your temporary fulfillment operation. Its solutions prioritize positive brand representation and loyalty-inspiring customer experiences with each package.

Automated picking technology such as lighted pick carts, system-directed pick paths, and handheld RF scanners enable rapid, highly accurate order processing. Support for product personalization and other value added services as well as customized pack-out procedures keep your brand front-and-center in the eyes of your customers.

When your pop-up operation is over, PFS' solution flexibility means they can support a number of options, from extending the operation, to repeating the pop-up elsewhere, and even scaling the solution to establish a more permanent fulfillment node – whatever your business requires.

Channel

Product Availability

- Ecommerce
- Store (POS)
- Call Center
- Marketplace

Distributed Order Management System

Enterprise Inventory Visibility   Order Status Updates
Optimal Order Orchestration   Customer Service

Fluent Order Management

| Product Availability | Order Management |
| Global Inventory | Store Fulfillment |

Orders Placed →
← Product Availability
Orders Processed →
← Inventory Updates

PFS Fulfillment Solution

Automated Picking   Carrier Rate Shopping
Branded Packaging   QA Procedures

PFS Pop-Up DC Fulifllment

| PFS Facility | Dark Store |
| Store Stock Room | Vacant Warehouse |

← Orders Received
← Shipping Notification
Orders Shipped →

Case study: JD Sports

Dark store pop-up

Sports retail giant JD Sports is one of the largest omnichannel sports-retailers in the world, with over 2,600 stores across 19 countries. Committed to investing in innovation and customer experience, they chose Fluent Order Management to handle the complex needs of their international, multi-brand business. When the pandemic hit in 2020 and they only had days' notice to close stores across Europe, JD sports had to quickly pivot their fulfillment strategy. The partnership between JD Sports and Fluent Commerce enabled them to respond rapidly and turn their physical stores into dark stores.

With Ship from Store, JD Sports was able to fulfill orders using stores as delivery depots. This let them move store stock despite closures by turning physical stores into dark stores that could ship goods directly to customers. Critically, Fluent Order Management gave JD Sports total visibility of their entire inventory.

It also provided the flexibility to add or remove stores from their distribution network as needed. As a result, stock was released from stores instead of sitting on shelves and growing stale. This led to more sales and more revenue for JD Sports.

Using a template driven approach, they can now rollout new brands or regions on Fluent Order Management in just 5 weeks, and rollout Ship from Store in 2 weeks.

2 Weeks
SHIP FROM STORE IMPLEMENTATION TIME

5 Weeks
ADD NEW BRANDS OR REGIONS

Case study: Skinceuticals

Loyalty program pop-up

Since 2019, PFS has provided SkinCeuticals with order management and payment processing services for their direct-to-consumer (DTC) eCommerce channel. Although not a current PFS order fulfillment client, they had a loyalty merchandise program that required a one-time fulfillment operation. SkinCeuticals needed a quick and cost-effective pick-pack-ship solution without a complex 3PL integration to fulfill a customer loyalty program redemption event. With minimal set-up time and utilizing PFS corporate staff, a pop-up fulfillment center was deployed using PFS' RetailConnect™ product to fulfill the loyalty program orders.

The pop-up took just two days to implement, required no expensive technology integrations or long-term commitments, and was completed after processing 300+ multi-line orders in a matter of hours. As part of the setup, PFS created UPC labels for some of the products (which ranged from skincare bottles to hats), packed items using custom branded packaging, and processed shipping labels using ShipEngine rate shopping software.

365	1,266	10	2.5
ORDERS FULFILLED	UNITS FULFILLED	RETAILCONNECT UNITS	HOURS START TO FINISH

> "We appreciate PFS implementing such a creative solution for our loyalty program. They were able to fulfill all the orders quickly and accurately, saving us the hassle of finding a different provider while delighting our customers at the same time. PFS has proven they are an innovative partner focused on helping us solve unique business challenges.

Tania Flagg

Senior Manager of Digital Education at SkinCeutical

Case study: Pandora

Peak demand pop-up

Pandora is one of the world's largest jewelry brands. During peak season 2018, PFS operated pop-up DCs for Pandora's DTC eCommerce operations in Toronto and Memphis to divert peak volumes and alleviate the strain on the primary DC.

In just four weeks, PFS built two pop-up picking and packing operations within our existing distribution centers. Inventory was allocated in a 70/10/20 split across the three locations, with inventory sent FTL to Canada from the primary DC location. PFS leveraged proprietary distributed order management technology and set up routing guidelines according to Pandora's business rules. At each location, the high-end branded pack-out experience was fully supported to maintain a consistent customer experience across locations.

The fulfillment operation has since expanded to a permanent multi-node operation in the United States, but the Canada-based pop-up continues to be a key component to successfully supporting demand and customer expectations each peak season.

Results over 7 weeks:

43K+	50%	50%	25%
LINES SHIPPED OVER SEVEN WEEEKS	REDUCTION IN SHIPPING COST	REDUCTION IN SHIPPING TIME	REDUCTION IN CONTACT CENTER CALLS PER ORDER

About

PFS

PFS is the premier eCommerce order fulfillment provider. We facilitate each operational step of an eCommerce order in support of DTC and B2B retail brands. Our scalable solutions support customized pick/pack/ship services that prioritize positive brand experiences with every package. A proven order management platform, as well as high-touch customer care reinforce our fulfillment operations.

We help brands create seamless omnichannel experiences through our Fulfillment-as-a-Service product suite which includes advanced technologies such as RetailConnect store fulfillment and CloudPick pick carts.

With 25+ years as an industry leader, PFS is the BPO of choice for brand-centric omnichannel operations.

Learn more about PFS

fluentcommerce

Fluent Commerce is a global software company focused on distributed order management for commerce. Both B2C and B2B organizations rely on their cloud native, highly flexible and fully scalable distributed order management platform to transform fulfillment complexity into a competitive advantage. Fluent Order Management provides accurate and near real-time inventory availability across multiple locations, order orchestration, fulfillment optimization, fulfillment location management, in-store pick and pack, customer service, and reporting. This enables retailers, brands, and B2B organizations to fulfill orders profitably while delivering the best customer experience possible.

Fluent Commerce works with organizations such as JD Sports, L'Oréal, Prada Group, Ted Baker, Aldo, LVMH and Dulux.

Learn more about Fluent Commerce