



Gearing up for Christmas

Last winter's bad weather hampered deliveries in the trade, so now is the time to have a contingency plan in case it happens again, argues **Daniel Ennor**, director of commercial development at Global Freight Solutions...

FOR MOST PEOPLE, summer is still not over. However, for those involved with Britain's retail industry, prep work for the pre-Christmas push has been underway for many months.

This year, the sector has its eyes fixed on what is traditionally one of the busiest parts of its calendar with a mix of anticipation and apprehension. Continuing economic pressures during 2011 have in some cases had a negative impact on sales of new bikes, a trade which analysts reckoned had generated turnover of more than £2 billion last year.

The situation is reckoned to be due not only to cash-conscious consumers but the impact on prices, availability and supply caused by the taxman paying even greater heed to what he believes are attempts by Far Eastern manufacturers to circumvent EU import duties.

Bicycle makers in places like Taiwan and China are desperate to secure a bigger share of the UK trade because it represents one of the biggest single chunks of sales in Europe.

Even so, while there may have been a slowdown in the volumes of new models being shifted, we understand that sales of parts and accessories remain buoyant and may even increase further ahead of next Summer's Olympic Games in London.

Such subtle changes in the nature of the domestic cycling industry are, of course, keenly felt by retailers as they prepare for Christmas. More than merely trying to predict what items will sell, this year they're anxious to ensure that customers won't experience the sort of difficulties which occurred in 2010.

December last year will not only be remembered by the retail sector for one of the most severe bursts of bad weather in living memory but for how the snow and ice provided



The heavy snow last year caused chaos – and supply problems – for many retailers, including cycle stores.

a chilling illustration of the need for contingencies in their supply chain.

After the British climate had returned to something approaching normality, GFS conducted in-depth research to establish the exact reasons why the UK parcel delivery industry was at one stage facing a backlog of more than four million undelivered items in the final days before December 25th.

What we discovered was that the snow wasn't totally to blame. Whilst no-one could predict the scale or persistence of the bad weather, the ways some carriers and retailers reacted to it were instrumental in the problems which transpired.

Soon after retailers cleared the first peak in parcel traffic in early November, the first wave of bad weather struck, coinciding with the biggest single period for online shopping.

As parcels carriers struggled to deliver those items, consumers, unable to get to the High Street because of inclement conditions, bought even more on the 'net, contributing to £6.8bn worth of online sales during December – an increase of 25 per cent on the previous year.

In some cases, communications between retailers, carriers and consumers was poor. Shoppers simply weren't given clear enough advice about the chances of goods arriving in time for Christmas.

In other instances, stores and parcel delivery firms didn't have the flexibility and

continuity of resources to cope. In short, for cycling businesses and other retailers, the wheels effectively came off.

Some cycling firms discovered another critical element too. They began to realise the costly effects of surcharges being added by certain parcel carriers who they'd nominated to take bulky frames, wheels and accessories.

They were faced with the choice of paying large bills or finding new logistics partners, something which proved almost impossible during December when four million new items

were finding their way into the UK's parcel-system every single day.

GFS works with a dozen or so firms in cycling retail making sure that they have reliable carrier support through the year.

Because of that experience, we have been able to advise other retailers about trying to

'front load' sales, persuading consumers to shop during October and November to make sure that they get goods in time for Christmas and also giving them as broad a range of delivery options as possible if they still want to shop should the weather once again take a turn for the worse.

They have seen how small changes can potentially avoid the lost business and damaged reputations which followed last December's difficulties. At a time when every sale is important, even minor amendments to supply can keep retailers – and their customers – on the road.

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December last year will not only be remembered for one of the most severe bursts of bad weather, but for the problems in the retail supply chain.