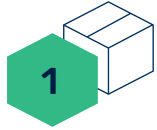


EasyPost E-Book

How to Survive (Your Next) Peak Season





Introduction

Peak season 2021 brought challenges that many retailers had never encountered before. Between shortages of goods and labor, many businesses found it difficult to meet the demand of their customers – and that was before peak season hit.

According to Adobe Analytics data, at the height of peak season shopping, U.S. consumers spent \$12 million per minute on Cyber Monday. Despite Cyber Week sales being down 1.4% from 2020, their numbers show that online holiday shopping is still performing at record levels. In November alone, shoppers

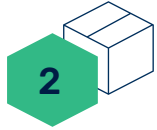
spent \$109.8 billion online. That's 11.9% over last year. In addition, it appears that peak shipping season in 2021 was spread out more than ever before.

As peak season 2021 moves into the rearview mirror, let's not forget to look back on the year's performance. We can prepare for next year's peak season by examining the trends, mistakes, and successes that we saw in 2021.

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Looking back at Peak Season 2021

Despite the COVID-19 pandemic, the holiday season is in full swing. But, compared to previous years, 2021 seems to be different. Black Friday and Cyber Monday continue to be prevalent shopping days, but they're not what they used to be. While in-store shopping increased in 2021, retailers suffered a 28% decline compared to pre-pandemic years. In-store shopping is not quite back to 2019 levels; however, more shoppers felt comfortable visiting stores in person this Black Friday than in 2020.

According to Adobe Analytics, online retailers made \$8.9 billion in sales on Black Friday, down from a record of roughly \$9 billion spent on the Friday after Thanksgiving a year ago. As more and more Americans do their holiday shopping as early as October, retailers have also stretched out their offers and deals. People have already spent more than \$3 billion online on 19 different dates throughout the 2021 holiday season, compared with five last year. In addition, a National Retail Federation survey confirms that consumers had a head start with their holiday shopping before Thanksgiving, stating that 46% of consumers started holiday shopping earlier this year than they typically do.

Hold-ups in supply chains have been a concern this year, and both retailers and shoppers are looking for solutions. Several of the nation's biggest retailers are shifting their goods to less congested ports, even chartering their

vessels. As a result of high demand, supply chain delays, material shortages, and difficulty finding employees, online and in-store items are becoming harder to find. Analysts predict that the last-minute approach will make physical stores more appealing to shoppers rather than waiting around for delivery. Customers who don't find the exact item they're looking for at a store tend to find alternatives more easily in person – and they can try the item on before buying.

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Planning & Execution: Defining the Four Seasons of Peak Season

Peak season doesn't end on January 2. Once the holidays are behind us, it's time to start planning for the next peak season and reflect how the previous season went. Then you'll want to start planning for what's to come and hit the ground running in peak shipping season. Understanding these four peak seasons will leave you in good shape for what's to come once the end-of-year influx starts to hit.

While forecasts aren't out yet, it can be presumed that 2022 will bring even more record shipping numbers around the holidays. According to Adobe Analytics, from November 1 to November 29, 2021, consumers had spent \$109.8B online – that's 11.9% over the previous year. The year before, in 2020, Black Friday online spending hit an all-time high of \$9B. So it's clear that holiday shopping isn't going anywhere, and in 2022 businesses will need to be more prepared than ever before.

The Four Seasons of Peak Season

January - March
Reflection Season

April - July
Planning Season

August - October
Peak Shipping Season

November - December
Holiday Shipping Season

 January - March

Reflection Season

Starting in January, take some time to step back and examine how your previous peak shipping and holiday seasons went and take note of what went well, what didn't, and how these processes can be improved. Shipping rates, delivery speed and accuracy, customer satisfaction, and insurance policies are all factors that typically have some room for improvement. Identify your weak points and the elements of the customer journey that matter most to your patrons.

For most e-commerce stores, you'll find that most customers prioritize free shipping. According to Statista, free shipping significantly

impacts ordering decisions for 73% of U.S. shoppers. By prioritizing your customers' wants, like free shipping, you can start planning for the next peak season and have them coming back for more. So let Q1 be a time to dig into the reasons for your biggest successes and hurdles during peak season and consider how those processes can improve.

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 April - July

 August - October

 November - December

Planning Season

Once April comes around, it's time to start making decisions. Choose which processes you're going to change and determine what steps you'll need to take to get there. Implementing new equipment and technologies can take time, so it's crucial to get the ball rolling now – that way, they will be the norm by peak season. Next, communicate to your team why these changes are being made and what is expected of them as they are implemented. Having everyone on board with similar goals will make the change easier for the whole team.

Peak Shipping Season

While we may traditionally associate the holidays as the true peak shipping period, the period immediately before the holidays is the stage when most companies begin to roll out the processes and strategies necessary to survive the holidays. In addition, this season typically coincides with the “back-to-school” chaos, which places additional stress on the industry. Finally, a lot more bulk freight is carried internationally from mid-August to mid-October because of the logistics.

Holiday Shipping Season

The Holiday shipping season lasts from the weeks preceding November through the end of December. Companies are under additional constraints from more workers requesting vacation time, shorter days, busier docs, and more freight needs than ever before. As a result, this season is when infrastructure placed in prior months comes in handy.



Peak Season and Its Impact on Shippers

Peak season doesn't just change consumers' shopping habits; it also significantly impacts shippers and carriers. Due to an influx in shipments – sometimes over 50% of typical shipping volumes – carrier capacity is lower, and their rates are higher. In addition, shippers have experienced increased stress during peak season due to the COVID-19 pandemic in recent years. In recent years, supply chain hurdles, warehouse limitations, and labor shortages have all been strained beyond their usual limits.

2021 saw the truck driver shortages reach a historic high of over 80,000 drivers, according to the American Trucking Associations. These factors greatly impact package arrival times, but they can be maneuvered by working with multiple carriers and customer transparency.

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How-To Guide For Peak Season 2022

Plan Early

This is the most crucial phase in developing a successful plan, and you can never be too early. This year is more complicated than previous years, and your systems must be altered accordingly. But, more significantly, you must create attainable goals for your team. One step you can take right now is becoming acquainted with the most recent carrier announcements regarding peak season surcharges.

Data Visibility

Amid peak season, everything feels chaotic. It can be difficult to keep up from fulfilling orders to meeting carrier cutoff times. But once peak season comes to an end, it's easier to slow down and find the root cause of the issues you encountered – and that's where data comes in. As a result, technology is becoming an increasingly integral part of data gathering and analysis. According to the GEODIS World Supply Chain Survey, supply chain professionals' top five technology priorities are related to data management. Data analysis took the top spot with 41% of professionals in agreement, followed by the internet of things, cloud computing, info security, and predictive analytics. The information these technologies provide can be used for simple parcel tracking up to a detailed analysis of a business's supply chain.

Be Flexible and Open to Change

Adaptability is a valuable asset. And your ability to strategically execute is what will set you apart from the competition.

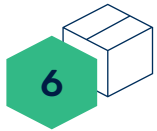
Open your doors to regional carriers today before they close theirs! Unfortunately, many regional carriers will not accept new customers in the fourth quarter.

Leverage Data

Once you have a handle on your shipping data, you can put it to use. Start by choosing a goal. Perhaps you want to reduce shipping costs. Or maybe you want to improve on-time delivery accuracy. You may even want to start offering faster shipping options. Once you know your goal, you can focus on certain aspects of your data, like shipping rate trends or package tracking and delivery times. From there, you can set a course of action – justified by data, of course. For example, a business may find they're spending more than they initially thought on shipping, that their shipping software isn't optimized, or realize that they have another hiccup in their process. A team can work together to ensure their logistical processes get back on track by getting to the core of the problem.

System Optimization

As e-commerce demand grows higher and higher, improved system optimization will always be needed. A Statista survey found that 40% of U.S. holiday shoppers said they were willing to wait for two days for orders delivered via fast shipping. That number got split in half when shoppers were asked if they'd be willing to wait three to four days for their package to arrive. There is an apparent demand for optimized shipping – especially during peak season. Meeting this demand or going above and beyond customer expectations will set a business apart from the competition and keep customers coming back for more.



Challenges in 2021 vs. Challenges in 2022

The COVID-19 pandemic has made peak season more complex than ever in recent years. Increased e-commerce demand combined with logistical and supply chain challenges like we've never seen before has added additional strains to an already stressful time of year.

In 2021, supply chain shortages inspired many companies to start their holiday sales in early November rather than waiting for Black Friday. This encouraged shoppers to buy earlier, giving retailers more time to overcome fulfillment challenges and deliver orders before the holidays. Across the industry, carriers

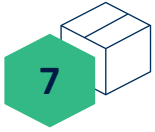
imposed strict shipping capacity limitations, making it difficult to ship out large quantities of packages consistently. Where retailers could find capacity, rates and fees made the process increasingly expensive.

Despite these challenges, peak 2021 was still incredibly successful for many businesses. Adobe Analytics reports that Cyber Monday was the most significant holiday shopping day of the year, with consumers spending \$10.7B. Although this is down 1.4% from Cyber Monday 2020, it is still a significant feat.

We cannot know exactly what is in store for peak season in 2022, but we can use what we know about the current supply chain crisis to make predictions and prepare. Heading into 2022, the supply chain is still not fully recovered from the previous year. Therefore, businesses should prioritize securing the materials they need to create and sell their products sooner rather than later. Of course, this goes against modern manufacturing trends on an as-needed basis, but it's best to plan in today's unpredictable market.

To combat capacity limits, we recommend working with multiple carriers. Not only will a business have more options when carriers limit capacity, but this also gives them more opportunities to save on shipping rates. In addition, by comparing carriers, retailers and their customers can access the shipping options that best fit their needs – whether they need something delivered within a day or a month.

We'd be remiss if we didn't talk about how labor shortages continue to impact the industry. From shipping to warehouses and trucking to retail, the pains of labor shortages continue to plague the industry. While there isn't a clear-cut answer to this problem, businesses can help ease the burden by appealing to their employees. Some people want a better working environment, others prioritize pay, and some need a better work-life balance. So listen to your employees and do what you can to provide a working environment that meets their needs.



Supply Chain Crisis, What To Expect for 2022

Hold-ups in supply chains have been a concern this year, and both retailers and shoppers are looking for solutions. As a result, several of the nation's biggest retailers are shifting their goods to less congested ports, even chartering their vessels.

As a result of high demand, supply chain delays, material shortages, and difficulty finding employees, online and in-store items are becoming harder to find. Analysts predict that the last-minute approach will make physical stores more appealing to shoppers rather than waiting around for delivery. Customers who don't

find the exact item they're looking for at a store tend to find alternatives more easily in person – and they can try the item on before buying.

Adobe Analytics reported that consumers saw more than 2 billion out-of-stock messages while shopping online in October. To ensure you cross every item off your shopping list and avoid the peak Christmas crowd, supply-chain experts recommend that customers complete their holiday shopping early this year. During the pandemic, consumers fueled the crisis by spending record amounts online shopping, generating supply chain-related shortages.

A rising concern, leading to a new round of lockdowns, might easily lead to people spending money on goods rather than vacations and evenings out. Supply chains with a strong understanding of actual demand and excellent communication across supply chain levels will have a significant advantage. To recap, several industries are anticipated to face both shortages and oversupply issues during 2022.

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Conclusion

While we are still uncertain, one thing is for sure: peak season will return, even if it may appear different from in the past. Therefore, it is possibly more vital than ever to have the appropriate tools and procedures in place to deal with uncertainty and disruption.

Technologies will continue to change, and your rivals will seek and exploit any weaknesses in your business. However, your company may take a proactive approach by learning how to plan for and execute effective peak season initiatives.

Start defining and planning your peak season today so that your business is prepared for any hiccups that may arise in 2022. If you'd like some help, reach out to EasyPost to find the right solutions to help your business delight your customers while saving money in the long run.



EasyPost's best-in-class shipping APIs provide end-to-end flexibility and more control over parcel shipping and logistics processes for e-commerce retailers, fulfillment centers, marketplaces, and enterprises. Founded in 2012, EasyPost has 200 employees and is based in Lehi, Utah.

For more information, visit [EasyPost.com](https://www.easypost.com) or email us at sales@easypost.com.