



SURVIVING BLACK FRIDAY MAYHEM: HOW BPOs ARE RESHAPING RETAIL AND WAREHOUSING DURING E-COMMERCE PEAKS

Black Friday was the busiest shopping day of the year for South Africa in 2022, with online spending growing significantly, especially in the electronics, clothing, and home appliances product categories. This event shows that retailers and e-commerce players need to be prepared for peak shopping periods throughout the year. From Valentine's Day to Back to School, encompassing Christmas, Eid, and all events in the middle, there are evident shifts in seasonal requirements that significantly challenge retailers in their capacity to procure, satisfy, and deliver the assorted marked-down products they present to attract shoppers. With high customer expectations around efficient, prompt delivery, and no accurate way of predicting exact sales volumes, retailers run the risk of being over or under-prepared when it comes to handling seasonal capacity. So how can retail and e-commerce businesses ensure they are adequately prepared to handle each sales peak throughout the year? A compliant Business Process Outsourcing (BPO) partner can be instrumental in maximising profits from every special shopping occasion, both from a staffing and a process efficiency perspective.

Unpredictable demands, increased pressure

Customer expectations when it comes to shopping online for Black Friday are high. They want to be able to find the best deals, have a smooth and easy shopping experience, and feel confident that their purchases will arrive on time. On the other side of the shopping cart, retailers and warehousing companies face significant challenges during these periods. The rapid and unpredictable increase in demand often catches businesses off guard, hindering effective planning. The need to quickly source, hire and train temporary staff adds to the complexity, as staffing up involves several verification and training processes, demanding resources and expertise that cannot always be handled in-house, leading to risks such as placing unverified or poorly trained employees which can harm productivity. This strain extends to HR and admin departments, who must navigate the demands of changing legislation, while creating accurate contracts, and managing temporary employees – which is a different skillset entirely from handling permanent staff. This lack of specialised knowledge poses further risks to the business.

For example, in overlooking a criminal background check on one seasonal employee, a major retailer unwittingly allowed a criminal entry into their operations and fell victim to a coordinated overnight theft operation to the tune of almost R1 million in stolen smartphones.



Risk and reputational damage in a demand-driven environment

Businesses in this sector have very little room for risk tolerance. If customers are unsatisfied with shipping times or order accuracy, this leads to cancelled or returned orders and diverts spending to competitors. There is also a high risk to business reputation, particularly when dissatisfied customers take to social media to share their experiences and warn off other potential customers, which places strain on customer service teams left to deal with the post-sale aftermath. There is a growing sentiment from consumers that businesses knew that a seasonal spike like Black Friday was coming, and they should have been better prepared to manage it, making consumers less forgiving of mistakes and delayed orders.

How BPOs empower businesses to adapt with precision

To counter fluctuations in demand, businesses need the ability to scale up and down on staff at short notice. This is where BPOs come into play. A compliant BPO possesses the expertise, financial means, and resources to effectively manage these seasonal spikes by optimising capacity planning and enhancing productivity while leveraging an extensive labour pool that is already skilled, vetted and verified. BPOs can ensure rapid integration and training of additional headcount as needed, allowing supplemented teams to hit the ground running at optimum output of between 70-80% initially, which is still a vast improvement to the 20-30% output that can be expected when businesses attempt to handle scaling up headcount in-house. BPOs are focused on productivity, and resources are remunerated based on output. Not only does a BPO provider deliver additional headcount as needed, but they also handle every aspect of managing those resources, from an HR/IR perspective, payroll, onboarding, training, quality assurance and productivity while ensuring compliance with industry-specific regulations. All of which alleviates the strain on internal HR and admin teams, immediately.

Proactive process optimisation and efficiency enhancement

In addition to the reactive capacity that BPOs provide in being able to scale headcount as needed, in a timely, compliant fashion, BPOs also bring a proactive capacity to businesses in the retail and e-commerce space. This is the process optimisation aspect of BPO. For example, in an e-commerce company that has two warehouse facilities with more than a million SKUs and corresponding locations, a BPO provider managing incoming and outgoing has their work cut out for them. However, because increased productivity, effectiveness, and optimisation are the goal and an ongoing process, a BPO provider can assist the company in achieving a greater output over time. This is accomplished while simultaneously reducing headcount. This results in operational cost reductions, eliminating wastage while increasing output quantity, quality, and accuracy.

From incremental growth to exponential efficiency

In 2016, an e-commerce company utilising a TES supplier during Black Friday was producing 4900 units over a 24-hour shift using 350 heads. In 2017, using a BPO provider during the same shopping period, the output increased to 11,000 units in a 24-hour shift. In 2022, utilising 168 heads in a 24-hour shift, output was increased to a staggering 212,923 units per shift, which is 17,743 units in an hour handled at 99% within the Service Level Agreement (SLA). This evidences the value proposition that a BPO provider focused on driving efficiency will reduce a client's headcount and operational hours by increasing productivity.

Forging future success through BPO

In the unpredictable landscape of e-commerce and retail, partnering with a reputable BPO provider is a strategic decision. With a proven ability to expertly manage peak periods, these providers bring in-house expertise, financial stability, and an experienced labour force. Seamlessly integrating skilled and verified employees into various processes, BPOs significantly reduce the learning curve and enhance initial productivity. By relieving businesses of the complex intricacies of workforce management during demanding times, BPOs allow companies to focus on core operations, ensure quality outputs, and ultimately maximise profits. In an environment where adaptability is key, collaborating with a BPO provider becomes a competitive advantage for sustained growth and success throughout the shopping year.



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