

A Royal pain for retailers

With businesses still reeling from the recession, retailers selling from websites have had the added burden of Royal Mail postal strikes to contend with. Laura Kirkpatrick investigates its effects

The high street's geared up for the onslaught of fraught Christmas shoppers, but those trading online have had more to worry about than the stresses of the festive rush. Last month, the union representing Royal Mail workers – Communication Workers Union (CWU) – announced a series of 24-hour strikes when proposals regarding pay, modernisation and working conditions weren't met. With 70 per cent of the UK's 4.8 million small companies relying on Royal Mail according to estimates from the Federation of Small Businesses, this was obviously a huge concern.

The latest development, which occurred early this month, was the announcement further strikes had been called off until at least the New Year. Plans are to give Royal Mail and the CWU time for fresh talks and as a result, retailers have been saved additional disruption over the Christmas selling period.

However, concerns over poor delivery times denting customer confidence in online shopping were confirmed in a survey carried out by the global eetail industry body, Interactive Media In Retail Group (IMRG). Results revealed 85 per cent of its members believed a continued threat of postal strike action would discourage customers from shopping online during the festive season, with many retailers putting back up plans in place and switching to alternative delivery operators.

Previous postal strikes have resulted in backlogs taking weeks to clear, and consumers still worried about online orders in the run up to Christmas may feasibly look elsewhere for their purchases. Independent retailer Melissa Needham sells footwear, bags, gifts, jewellery and homewares from her two London-based Black Truffle stores, as well as online. She believes the

widespread disruption to delivery times caused by the strikes could have driven some customers back to the high street as a more reliable way of shopping. Like Needham, retailers who also sell from bricks and mortar outlets can recoup some sales in-store but, for those who trade online only, seeking alternative delivery methods could be a way to protect businesses from similar problems going forward.

"If an online retailer isn't using a delivery firm that offers almost round the clock delivery they'll lose out to competitors that do," says internet psychologist, Graham Jones. "Customer confidence is key and sites that show customers they're doing everything to cope with mail troubles are those that will do best."

The truth is, strike or no strike, customers' expectations for order fulfilment remained throughout the strikes and sometimes at extra cost to the retailer. IMRG reported the 79 per cent of the retailers it surveyed who offered alternative delivery arrangements absorbed any additional costs in a bid to minimise impact on customers.

"We rely so much on Royal Mail but there are other courier services out there," says Deborah Collier, MD and chief strategist at Echo E-Business Management. "If pricing works out more costly it's still worth a lower profit margin to retain and acquire new customers. If your competitors struggled due to the postal strike and you could still deliver, then you have the competitive edge and your customers will remember it."

Big names that rely on online trade – such as Amazon, John Lewis and Argos – were among

the first to put precautionary measures in place to minimise delivery disruptions and many others followed suit. Figleaves.com, which ships around 20,000 orders per week from its distribution centre in Haverhill, Suffolk, has used Royal Mail as its principal carrier for over ten years but, by operating a multi-carrier strategy, it wasn't dependent on the service alone. By implementing additional delivery methods and, where necessary, upgrading orders from standard services, it

reassured customers they could continue to shop with confidence and without any delays.

"Through internal dispatch systems we implemented a prioritisation process for all customer deliveries based upon the areas affected by the postal strikes and, in turn, experienced minimal customers facing delays," says Figleaves' supply chain director, Mark Patterson. "Furthermore, we fully applied our alternative carrier strategy to ensure all customers' orders continued to be dispatched and delivered in line with our delivery promise policy."

Drage Thompson, owner of independent footwear store Toad in Chesterfield, Derbyshire, complements his business by selling online and also put a delivery back-up plan in place. "I used DHL during the strikes. It was the most competitive price-wise and has the correct product for our needs. I think having two couriers at our disposal works in our favour as we're able to pick and choose, especially for international orders, which we've seen a considerable increase in due to the weak pound."

Advice from internet experts on recovering from the postal strikes or in dealing with any backlogs is clear – brand reputation and delivering excellent customer service remains essential and maintaining communication with customers is key.

"At the very least there should be a notice on the front page of the website showing what's being done by the business to deal with the postal situation," says Graham Jones. "Furthermore, articles or blogs describing in detail what the retailer is doing will also help. Retailers shouldn't neglect the power of offline communications either – press releases and other PR activities that spread the word will help. In other words, the more companies show how much they are caring for their customers by going out of their way to help, the better. Those who explain what they are doing to overcome any problems, and who promote that solution widely, will be the ones that gain the most this Christmas." ○

