



PFS

BREXIT

NAVIGATING THE UNKNOWN

A guide to all things eCommerce
post-Brexit

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Introduction

The PFS Brexit eBook considers the key issues facing the global eCommerce landscape following the UK's exit from the European Single Market and Customs Union, effective as of the 1st January 2021.

Our Brexit Q&A examines several questions that have arisen from discussions with PFS clients, eCommerce retailers across a range of industries, and covers the need-to-know answers amid ongoing uncertainty of leaving the EU.

Notable findings:

PFS has gathered information on key Brexit topics, including:

- UK retailers' preparedness level
- Cross-border effects
- Forecasting
- Order backlogs
- Customer service impact
- VAT obstacles
- Merchant of Record (MoR) services
- Customs tariffs
- EORI numbers
- Carrier charges



Digital shopping is estimated to have made up a third of all Christmas spending in 2020. Pushing through Brexit with the same levels of engagement can be achieved by putting your Brexit affairs in order as soon as possible.



Businesses need to be having the right conversations with their appointed carriers now and factoring any updates to fees into their forecasting to provide accurate pricing to customers.



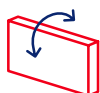
Retailers need to be registered for EORI numbers otherwise shipments may be held up. Storage fees may also be applied when trying to move goods between the UK and EU.



Appointing a Merchant of Record (MoR) may be the answer when it comes to streamlining your response to Brexit.



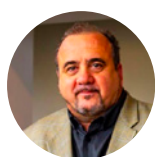
Ensuring you are correctly VAT-registered in the right place will bridge the gap for retailers post-EU membership.



Establishing cross-border supply chain continuity. Where your inventory is placed will have a significant impact on your ability to keep orders moving. Meeting the shift in consumer behaviours and demand is imperative.

The final countdown

ARE RETAILERS CUTTING IT FINE WITH THEIR BREXIT PREPAREDNESS?



Joe Farrell

Vice President of International Operations at PFS

A recent retailer survey on Brexit preparedness reveals only half of UK retailers believe they are prepared for Brexit. Brands and retailers must prioritise operational changes to ensure they can maintain positive customer experiences post-Brexit.

In a year disrupted by the COVID-19 pandemic, UK businesses had to consider the ramifications of a once-in-a-generation decision in 2020 – Brexit. The UK's transition period for leaving the European Union officially ended on 1st January 2021 and retailers must brace for the potential impact this will surely have on operations.

Our research – conducted in November 2020 and surveying 150 retail, omnichannel, logistics operations and customer service decision-makers in large organisations across the jewellery, cosmetics, fashion and consumer goods industries – found that retailers are yet to finalise how their processes will work now that the transition period is over.

While more than half (54%) of respondents believed they were either fully prepared, or would be by the end of 2020, the unknown terms of the last minute deal struck between the UK and the EU will likely still create new components to mitigate. Nearly a third (29%) of UK online or omnichannel retailers admitted that they had yet to prepare, proving there is still a long way to go before the retail sector is ready for such seismic change.

29%

**OF UK ONLINE OR
OMNICHANNEL
RETAILERS HAD YET TO
PREPARE FOR BREXIT**

Key findings on Brexit preparedness include:

- Four-fifths (79%) of retailers will be impacted by any cross-border effects of Brexit
- 67% say their forecasting for Q1 2021 is less robust than they would like due to Brexit uncertainty
- Two-thirds (67%) are preparing for an order backlog in Q1 2021
- A third (34%) anticipate an increase in customer complaints during Q1 2021 as a direct result of Brexit
- More than a third (35%) will focus on building a UK customer base and 43% expect their UK customers to shop with more UK-based brands

The majority of retailers face an array of challenges as a direct result of Brexit; to name a few, supplying goods to EU customers, importing products, providing robust financial forecasting and fielding customer service queries. Brands will also face increased tariffs and VAT obstacles with carriers. Retailers are anticipating more hurdles to overcome and are concerned about how Brexit will impact their customers. Many are looking to change how they operate in Europe over the coming years to ensure they meet customer demands.

Following this, we explore to what extent retailers are prioritising Brexit, if preparations are going to plan and what they can do to ensure they are as ready as possible for post-Brexit operations.



Juggling priorities

At the start of 2020, one of the biggest economic concerns in UK retail was how the industry would adapt to Brexit. Given the events of 2020, retailers understandably, had to reassess their priorities. The COVID-19 pandemic has changed shopping trends and instigated a sharp decline in visits to physical stores.



Our research found that the impact of the pandemic took over as the highest priority for retailers:

- Three-quarters (75%) of respondents named the pandemic in their 'top three' priorities for the end of 2020
- By comparison, 66% put preparing for Brexit ramifications in their 'top three' priorities
- Half (50%) said putting their Brexit plan into action ahead of 1 January 2021 was a 'top three' priority, although 17% listed it as their lowest priority
- Nearly a quarter (23%) of retailers recognise there will be implications but have not yet started preparing
- Strikingly, a third (34%) of retailers anticipate an increase in customer complaints during Q1 2021 due to Brexit. To manage this concern, 40% intend to proactively notify customers about delivery delays and reduced stock availability.

Act now to avoid disruption

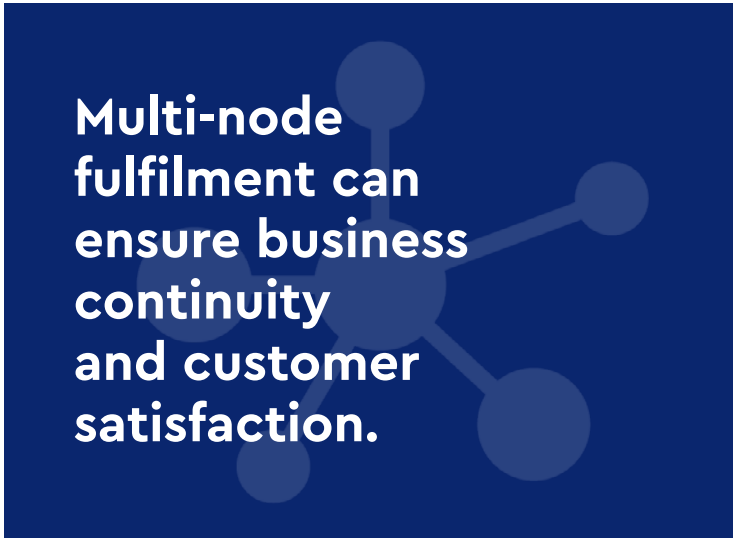
Considering the downfall in profits and footfall that many retailers have seen this year, it is understandable that Brexit preparations have slipped down their priority lists. However, organisations must take the necessary steps to keep up positive customer experiences for international orders.

Being aware of carrier charges and how to factor them into forecasting is essential, especially given the financial pressures resulting from 2020. More practically, using [multiple distribution points](#) across the UK and the EU will help to ensure customers receive goods on time; this is one of the key tactics used by the likes of Amazon to hit their delivery targets.

UK customers still looking for goods from Europe will be able to rely on retailers that want to ensure their business is effective across the continent. For example, a third (35%) of retailers say they will seek a fulfilment partner in Western Europe. A third (32%) also plan to expand their customer base either to, or in, Europe. By reviewing where their customers are located and determining how inventory should be dispersed across the two regions, retailers improve their chances of getting products where they are most needed.

Ensure Brexit preparedness

To provide positive customer experiences internationally, retailers must act now and adapt to this new, post-Brexit era. The [PFS Brexit Solution](#) ensures fast, affordable eCommerce fulfilment across the UK and Europe.



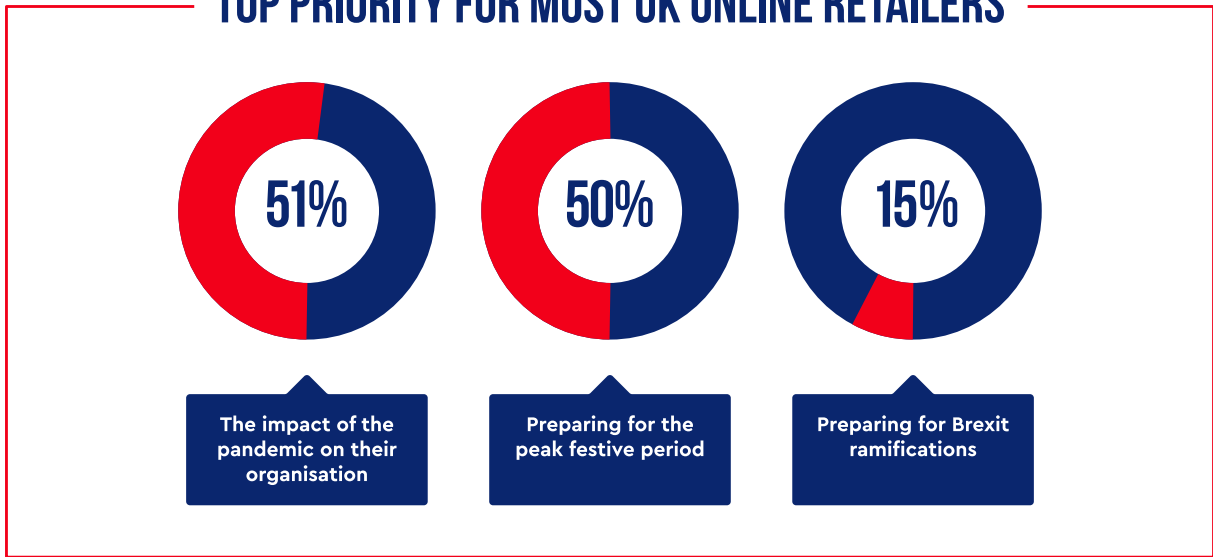
Multi-node fulfilment can ensure business continuity and customer satisfaction.

Retailer insights

For the retailers who say they are somewhat prepared, one would imagine that Brexit would have featured strongly in the priority list. But all is not as expected, as we found only one in ten of this group (9%) consider Brexit their number one priority. Moreover, nearly a third (31%) do not factor Brexit into their top three priorities at all.

The following graphics detail the top priorities for UK online retailers post-Brexit, their Brexit-readiness, the top operational and financial preparations they are implementing, and the major impacts they expect to see as a result of the transition.

TOP PRIORITY FOR MOST UK ONLINE RETAILERS



* Percentage in agreement

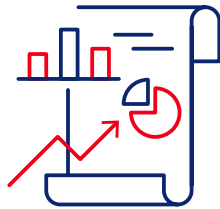
{ The certainties of the peak festive period and the challenges presented as a result of the pandemic led retailers to focus on peak preparations while Brexit – and its uncertainty – was put on the back burner. }

HOW WILL BREXIT ALTER CONSUMER BEHAVIOUR?



* Percentage in agreement

{ Disgruntled customers who are denied the opportunity to voice complaints will take to social media forums instead. Retailers must ensure their social listening operations are in order and act quickly to minimise potential long-term repercussions to their brand's image. }



TOP FINANCIAL REPORTING PREPARATIONS MADE BY MOST ONLINE RETAILERS

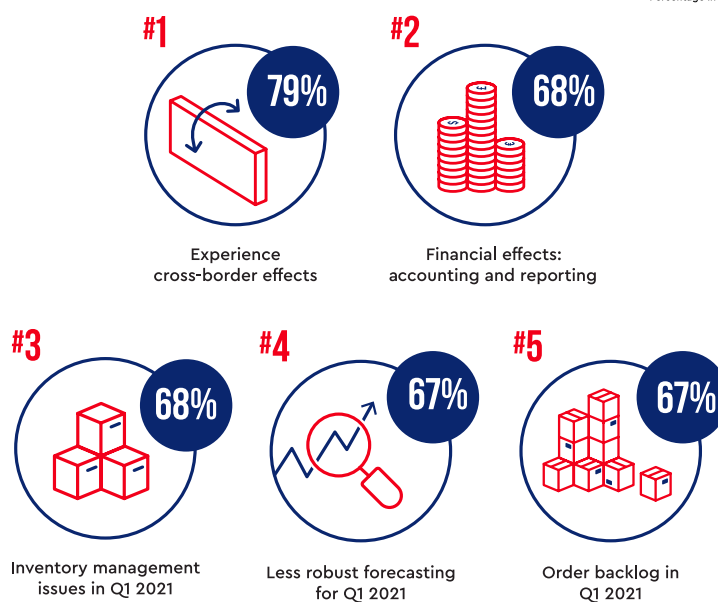


* Percentage in agreement

{ Enlisting a third party and appointing them as the Merchant of Record (MoR) allows retailers to concentrate on other areas of Brexit preparations, leaving VAT and account finances and reporting to the experts. }

TOP 5 PREDICTED IMPACTS OF BREXIT ON UK ONLINE RETAILERS

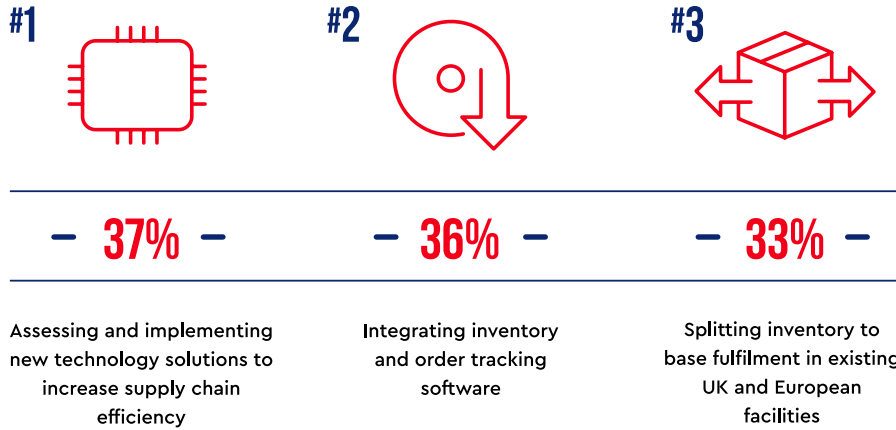
* Percentage in agreement



{ Around 8 in 10 UK online retailers anticipate they will experience cross-border effects, including sending goods to customers in the EU from the UK, and importing products into the UK from suppliers in the EU. }

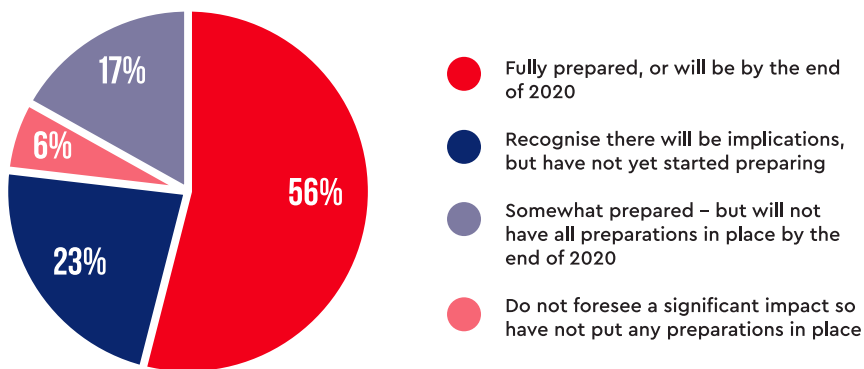
TOP 3 FULFILMENT PREPARATIONS MOST ONLINE RETAILERS ARE MAKING

* Percentage in agreement



{ Despite positive intent, the pandemic shifted priorities and stalled Brexit preparations. Retailers will focus on different areas to improve their operations going forward. }

BREXIT-READINESS OF UK ONLINE RETAILERS



{ Having had to pivot fulfilment tactics as a result of COVID-19, only half of UK brands are set to be fully prepared for what comes from leaving the European Single Market and Customs Union. }

Research methodology:

In November 2020, Arlington Research, on behalf of PFS, conducted a survey with 150 decision-makers who have operations, eCommerce and digital commerce, supply chain, logistics and customer service responsibilities in UK online and omnichannel retailers with more than 250 employees. Verticals comprise the fields of jewellery, cosmetics, apparel, fashion and consumer goods.

Turning the spotlight on Brexit: Q&A

PFS answers the questions that are front of mind for both UK and EU online retailers amidst the Brexit transition.

2020, the supposed year of Brexit preparation, was anything but. With the arrival of a global pandemic, many retailers were forced to turn their attention to the more immediate challenges presented by extended lockdowns and new health and safety precautions. Despite all of this disruption, the UK has followed through on their departure from the EU and many retailers are just now beginning to consider what this means for their business.

We have compiled a list of frequently asked questions PFS has received from eCommerce retailers and brands around how they can ensure compliance and smooth operations in the post-Brexit landscape.

What is the Brexit surcharge?

Many carriers are placing an additional charge upon shipments after 31st December 2020 as a result of the end of the Brexit transition period. This fee is in expectation of the increased processing that will be required in support of customs activities post-transition. From 1st January 2021, the average standard fee for goods being shipped from the EU to the UK is five euros, around £4.50 from the UK to the EU.



How can I avoid the Brexit surcharge?

Unfortunately, this is part and parcel of moving and shipping goods between the UK and EU post-Brexit.

Retailers operating in the UK and Mainland Europe should look to third-party fulfilment providers to make inventory provisions, such as splitting inventory across regions if the volume of orders is large enough in both locations. For example, as part of our multi-node fulfilment solution, PFS manages distribution centres in the UK and Belgium. We are able to provide in-region fulfilment in both locales, bypassing customs requirements at the border.

Review existing data to determine where your customers are located and determine how inventory should be dispersed across the two regions. If your international volumes don't currently warrant multiple distribution points, work with a reliable 3PL to potentially negotiate better rates and ensure the most efficient customs processes are in place.

What happens if our business missed the Brexit transition deadline?

Ultimately, the main impact is delay. Issues moving products between the UK and EU or shipments getting "stuck" in transit could have a knock-on effect to the supply chain, impacting the customer experience and potentially reducing loyalty going forward.

By acting quickly and sorting out operations to ensure Brexit compliance, you enable yourself to provide positive customer experiences that will keep up momentum.

If my fulfilment centre is in mainland Europe, how quickly can I deliver to customers in the UK (and vice versa)?

Depending upon the availability of the stock or item ordered, estimated delivery times are expected to increase by 1-2 days across all carriers. This is provided all the relevant customs documentation is in place, including having correct shipment and consignee information, [EORI numbers](#), VAT registration and proper fulfilment.

As an alternative to setting up multiple distribution centres across regions, brands could opt to utilise [pop-up distribution centres](#) or micro-fulfilment centres during higher volume periods such as the peak shopping season or major promotions. These temporary operations are often much cheaper to set up and operate, while providing relief to your primary distribution centre during busy periods. An effective distributed order management (DOM) system will ensure orders are directed to the appropriate fulfilment point.

What is an EORI number and why do we need one?

Your EORI number is an Economic Operators Registration and Identification number. An EORI number is assigned to an individual legal identity, i.e. a sole trader, partnership, company or individual by the local member state – this would be by HMRC for UK retailers. The EORI number is used to identify your business set-up and any shipments you make across EU countries. Your EORI number is given to importers and exporters for consistent identification for customs throughout the supply chain.

Items may be held up and increased storage or transit costs could apply if your EORI number is missing. An EORI number is also required if you are making declarations or getting a customs decision in the EU.

The EU EORI number consists of two parts: (1) the country code of the issuing member state and (2) a code or number that is unique in the member state. The UK EORI number is similar to the EU EORI number. It is the letters GB followed by a 12-digit number, which is based on your company's VAT number. If you have a UK VAT number then HMRC should have automatically issued you an EORI number already. Note that if not, it can take up to one week to get one. Talk to the EU customs authority in the country you are trading in as well as the carriers you will be using to understand their individual requirements.

Does our business need a fulfilment centre in the UK, or in mainland Europe to trade there?

You are not required to have an established presence in the UK or Europe to trade there. Your order volumes will help you determine if a presence in one or both regions would be preferred to ensure a positive customer experience.

If you have lower volumes, maybe you are a start-up or your customers are primarily based in the UK only, you could likely cope without multiple fulfilment centres in the UK and mainland Europe. For established brands with larger volumes, or as your brand grows and volumes increase, customs costs become prohibitive and you will likely need to look at establishing distribution points in both regions.

Extensive [VAT reporting requirements](#) involved with processing international orders can give many retailers pause when considering expanding operations internationally. However, Merchant of Record (MoR) services can assist brands selling across multiple countries, simplifying the operation so you can focus on growth and customer experiences as opposed to filing paperwork for taxes.

The level of service you want to provide customers is also a key consideration when deciding whether to set up distribution points in both regions. Shipping from UK to mainland Europe or vice versa requires additional lead time post-Brexit that impacts the customer experience. It's important that you are mindful of this change – especially when it comes to eCommerce operations, as online spending continues to see rapid growth as a result of the COVID-19 pandemic.



What is a MoR and how is it relevant to Brexit?

When a customer makes a purchase on your eCommerce website, the third-party Merchant of Record (MoR) buys the purchased product from you (the brand) and then sells the product to the customer in a “flash” sale. Products are still sold under the brand name, but the MoR is enlisted to take on the VAT accounting and reporting requirements.

For example, PFS supports a cosmetics brand who is a VAT-registered entity in the UK. As of 1st January 2021, this registration is no longer sufficient when selling to customers located in the EU. Using our Belgium-based VAT registration, PFS is now acting as MoR for the brand for European customer orders, taking ownership of the product at the time of the sale so that VAT requirements fall on us. Our client is happy they are able to continue supporting their international customer base.

What is Distributed Order Management (DOM) and how can it help fulfilment post-Brexit?

If you operate multiple distribution points, DOM technology can route customer orders to the appropriate fulfilment location depending upon various parameters put in place by the brand. Parameters can include customer location, product type, shipping method, etc.

DOM also helps ensure business continuity when unexpected events occur. For example, if one of your facilities is required to close due to extreme weather or you experience a sudden increase in demand for one region, a simple update to the DOM technology can see orders routed to an alternate location for fulfilment. This capability is essential post-Brexit to keep the ball rolling and maintain customer loyalty through positive service.

What top priorities should I focus on today to prepare for Brexit?

If in the UK, your top priority should be sorting out your EORI numbers to avoid extended transit time and daily storage fees – HMRC will pull packages at the border if this is not in place. Work collaboratively with your carriers to ensure you have the necessary documentation sorted so you have no lull in shipments. Talk with your chosen carriers about Brexit surcharges to evaluate the rates. From there you can consolidate your plans and see if you would benefit from establishing a multi-node fulfilment operation with distribution points in the UK and the EU. A [third-party fulfilment](#) provider can help you evaluate your options and determine the best path forward for your business and your customers.



Navigating the new customs landscape post-Brexit



Christophe Pecoraro
Managing Director at PFS Europe

For eCommerce retailers, Brexit preparations in 2020 may have been put on the back burner following the arrival of a global pandemic. But with the end of the transition period, ensuring you are complying with customs and compliance changes is critical to smoothing the way for your business and customers. Here's what you need to do.

As UK eCommerce continues to boom amid global trade uncertainty, it's vital for retailers who trade across the UK and EU to keep up with the resulting changes of withdrawing from the EU. Postal authorities, eCommerce merchants, carriers and online marketplaces will all face [significant impacts](#) if they are unable to comply with new measures from January 2021.

With 67% of retailers expecting and preparing for a Brexit [order backlog](#) in Q1 2021, providing robust financial forecasting as well as monitoring increased tariffs and changes to VAT with carriers may prove challenging. The more Brexit-organised eCommerce retailers are

the more cross-border orders will be able to be fulfilled from January onwards. Alarmingly, around [31% of retailers believed in Q4 2020 that they would be able to adjust operations as needed](#) once 'deal' or 'no deal' was clear – however, now that a deal has been agreed, much is still unclear.

For eCommerce retailers, understanding any changes to costs is crucial to providing accurate pricing to customers from Day One (January). No business wants to have a lull in trading by risking shipping goods across borders, only to find that they don't end up at their intended destinations due to customs delays.



Clearing the border

As a retailer or brand, it is understandable that the [primary focus](#) of many (75%) in 2020 has been trying to keep up with demand as a result of COVID-19. As retailers move on from a unique peak season, Brexit needs can [still be met](#), and disruption minimised.

Maintaining data integrity

In most locations, customs clearance is automated. Make sure there is no missing or incomplete data on packages, such as full shipper and consignee information, to avoid an automatic failure. Product or item descriptions should be detailed and accurate to avoid ambiguity, which could lead to a delay in customs processing.

Retailers need an Economic Operators Registration and Identification (EORI) number. With the UK no longer being a member state, you may have increased costs and delays

following Brexit, such as incurring storage fees, if an EORI is missing or is incorrect. It can take up to one week to get an EORI number, so it's advisable to [apply for one](#) to avoid delays. An EORI number will also be needed if you will be making declarations or getting a customs decision in the EU. Talk to the EU customs authority in the country being traded with. If your business uses a postal or parcel service, speak to them directly so you know what their stipulations are.

The situation with Northern Ireland is slightly different. Here, moving goods, making a declaration or obtaining a customs decision requires an additional EORI number that starts with XI (in addition to a GB one). If HMRC deems that you need one that starts with XI, this should be with you already.

For carriers to process, identify and apportion the correct level of customs duties to shipments, exported and imported goods must also have the correct Harmonised System (HS)

code. If incorrect or missing, goods will be held up at customs, or tax calculations may be inflated or deflated – costing you later down the line. Rumours of a “Brexit surcharge” have already been confirmed by [certain carriers](#) separate to EORI and HS, with shipments out of the UK levying an additional £4.50 (5€) for express shipments subject to customs duties. Consider hiring a [third-party eCommerce provider](#); many have already negotiated better rates with these carriers. You can also [look up rates manually](#) to make sure your inventory is up-to-date and fees minimised.

Adding value to your operations

As of 1st January 2021, the value of goods listed need to represent the actual transactional or realistic market value – an error here can cost significantly in import delays and fines. Should you not be the only party moving goods between the UK and EU, agree who will be the importer of record; that is the party responsible for clearance requirements such as customs import declarations, import duties, tariffs and import VAT.

Retailers selling goods at or below £135 into the UK will be responsible for collecting and paying UK VAT for these shipments. The VAT amount should be collected at the point of sale and paid to HMRC through the UK VAT registration. For goods above £135 sold into the UK, the importer will remain solely responsible [for paying UK VAT](#) via postponed VAT accounting or through the customs declaration. If your UK business is importing on its own name into the EU, you need to be [VAT registered in the EU](#) – it is recommended that you do this in the country of clearance.

Custom-made shipments

Of course, there is always the option to appoint a third party to oversee this: a Merchant of Record (MoR). An MoR can be enlisted to essentially buy the products from you when a “purchase” button is clicked. Products are then sold in their name on your behalf, but transparently to consumers.

All tax responsibilities fall on the MoR, eliminating the need for eCommerce retailers to be VAT-registered or sort VAT reporting.

MoRs also monitor:

- VAT compliance across geographies
- New market analysis
- Issues with fulfilling in different locations.

By [enlisting an MoR](#), you will be free to concentrate on other Brexit requirements.

Stand and deliver

2020 was supposed to be the “year of Brexit preparation”. But with all that has been thrown at the eCommerce industry, it's not surprising that Brexit for many businesses has not been the top priority. While we now know we have a deal in place, time will still be needed for review, language translation and for obtaining approvals from member states and European parliament. By working with [eCommerce solutions providers](#) who have negotiated lower carrier rates, your Brexit impact can be minimised, ensuring your business continues to meet customer demand.

Peak season preparations helped retailers ready for Brexit



Joe Farrell

Vice President of International Operations at PFS

For many retailers, Brexit plans were derailed at the onset of COVID-19. Retailers and brands were painfully aware that time was running out. eCommerce retailers who prepared for a massive increase in online demand this year may have been ahead of the curve.

The UK's departure from the EU has happened. As lockdowns continue into 2021 and eCommerce continues to see accelerated volumes, retailers must also balance this increase in activity with the critical task of preparing their business for Brexit without knowing exactly what the ramifications will eventually be.

The UK Government has [spent millions](#) of pounds on communications regarding what businesses need to do in preparation for Brexit, yet in November 2020, a PFS survey of 150 UK-based retailers revealed that many remained unprepared. Alarming, [nearly a quarter \(23%\)](#) recognised there would be implications to their business as a result of Brexit, but had not yet started preparing.

HMRC pleaded with businesses to act and get the necessary contracts, processes and agreements in place to ensure businesses were ready for the changes that went into effect 1 January 2021. And yet, much of the delay around Brexit directly relates to ongoing confusion and uncertainty around the terms of departure. Case in point, as of late November, the [government had yet to test](#) the vital IT systems being put in place, ready transit areas for lorries or resolve a substantial shortage of customs agents.

If your business was and is continuing to struggle when it comes to navigating all the uncertainty surrounding Brexit (among other things), you're not alone. However, for

eCommerce retailers and brands, the timing may have some unexpected benefits to kickstarting your Brexit response.

Growing eCommerce volumes jumpstarted Brexit preparedness

2020 shattered records in the eCommerce space. Digital shopping is predicted to have comprised at least a third of all Christmas spending this year, with [shoppers spending 25% more on eCommerce in 2020](#) compared to 2019. The systems and processes put in place to manage these anticipated spikes may just be what saves you in 2021.

Multi-node fulfilment

If your customers are spread out across the UK and Europe, your ability to ensure [cross-border supply chain continuity](#) will be one of the major factors to keeping operations running smoothly post-Brexit. Likewise, when it comes to managing peak season volumes, it's not just about capacity, the key is business continuity, especially during COVID. Where your inventory is placed will have a significant impact on your ability to keep orders moving and meet consumer demands.

By dispersing inventory across the UK and mainland Europe and establishing multiple distribution points, you are able to bypass customs delays and carrier surcharges: two primary concerns surrounding Brexit. An advanced Distributed Order Management (DOM) system will ensure your order management system (OMS) can divert orders to the appropriate inventory pool, depending on a number of factors, from delivery address to product type.

Alternative fulfilment

Brands selling primarily to customers in the UK are likely to see an uptick in UK-based retailer sales. Our recent survey found that 43% of retailers expect their UK customers to [shop with more UK-based brands](#), encouraging brands and retailers to focus on building their UK customer base.

Untimely store closures during the peak 2020 shopping season have forced retailers to get creative about ways they can continue to meet consumer expectations, despite the challenges. Spreading out your inventory across multiple locations and channels within the UK helps shorten delivery times or skip shipping altogether with alternative delivery methods.

With a mix of pop-up distribution centres, micro-fulfilment centres, and even brick-and-mortar stores turned '[dark stores](#)', brands and retailers can effectively spread out inventory and get product closer to consumers for faster, cheaper and more [sustainable delivery](#) options.

The happy customer

With so much chaos and confusion around the transition, retailers should be expecting and prepared for the inevitable disruption and delays to their fulfilment process. That means prepping your customer service operations for increased volumes.

One third of retailers anticipated an increase in customer complaints in Q1 of 2021 due to Brexit. [Ramping customer service operations](#) is likely already a priority left over from your 2020 peak preparations. The work you do now in preparing your support team will allow you to more smoothly enter Q1 and efficiently manage the expected volume increase.



As with the COVID response, we advise retailers to train agents to be appeasement-centric throughout the transition period. Provide additional empathy training to ensure frustrated customers feel that their complaints are heard. Disgruntled customers who are denied the opportunity to voice their complaints will often take to social media forums instead; make sure social monitoring is in place and act quickly to appease these customers and minimise potential long-term repercussions to your brand image. Handled effectively, this challenge can be turned into an opportunity to build customer loyalty long-term.

Keep calm and carry on

To say 2020 was a challenge for retailers is something of an understatement at this point. Last year presented hurdle after hurdle. Brands had to quickly adapt and be flexible to keep business going. It is not over yet – one of the biggest challenges is yet to come with what remains to be seen with the Brexit effect. The work you've done up to this point has not been in vain. Many of the changes you have already implemented or are planning on implementing soon will no doubt help you navigate this new landscape.



Scaling customer service operations efficiently



Dawn Brewster

VP of Global Contact Centre Operations at PFS

eCommerce volumes remain at an all time high following the COVID-19 pandemic in 2020. The aftermath of Brexit is causing further disruption. Retailers must not forget to consider their customer service operations and the increased volumes that will result from order delays, inventory issues, increased shipping charges and more.

The shift to online shopping is accelerating, even more so due to COVID-19, and retailers are facing mounting pressure to keep up with demands. With [UK eCommerce expected to have grown](#) by as much as £5.3bn in 2020, never has there been a greater need for brands to take a strategic approach to online customer care to ensure they are effectively scaling customer service operations. The UK's official exit from the EU at the start of 2021 only adds further disruption to an already shaken environment.

The result of all of this disruption, among many other issues, is a dramatic increase in customer service volumes. Customers are turning to alternative methods to reach out to brands. For

example, global WhatsApp use has increased by 148% – highlighting the need for brands to adapt their customer service offering to keep up with the ever-evolving expectations of today's consumer.

£5.3bn*

**EXPECTED GROWTH OF UK
ECOMMERCE IN 2020**

***According to Statista, the revenue for eCommerce is projected to reach £80.6m in 2021.**

What can online retailers be doing to ensure their customers are supported?

1. Making customer service a strategic priority

Online brands must treat [customer service](#) as a strategic priority. A positive, personalised customer experience can make the difference between an abandoned cart and a lifelong customer. Those who are underprepared risk customer dissatisfaction – damaging their reputation and their bottom line.

Brands need to replicate the personalised and tangible experience that would be present in stores. For example, when entering a store, customers can expect to receive assistance and recommendations from staff when choosing products, something that can be sorely missed in the digital experience.

To support these demands, brands must ensure effective customer support processes are in place, either using an in-house or outsourced operation. By doing so, brands can drive repeat sales and customer loyalty by nurturing the customer relationship.

Avoiding damage to your brand's reputation via social channels is equally as important. With the rise of social media as a complaint tool, prioritising social listening and responding effectively to address customer dissatisfaction will ensure continued loyalty and preserve reputation.

2. Variety is key

Consumers are getting used to being able to purchase goods from a variety of different channels and will expect to be able to reach out to brands via a range of platforms as a result. [Facebook launched its very own](#)

[shopping feature](#) in May 2020, whilst [Amazon has started using TikTok to drive beauty product sales](#).

Brands using eCommerce and mCommerce (mobile commerce) platforms must ensure the ultimate customer experience through a streamlined approach – offering phone, email, live chat, social listening as well as chatbot support. It's likely, thanks to the wide reach of online shopping, that your customers order from beyond just one geographical location. Providing multilingual agents will be crucial to ensuring seamless and personalised support.

3. Utilising customer intelligence

Although both language and platform preferences are important, ultimately, the experience a brand can provide to its customers is only as good as its customer insight and order intelligence.

By integrating both your website and order management system, agents can leverage real-time order information to make faster, more informed decisions. This enables brands to respond quickly to customer queries and give them instant updates on exactly where their product is within the delivery chain.

Having access to customer insights also puts brands in the position to provide a much more efficient and personalised experience for their customers. For example, by equipping agents with access to notes and contact history they can remove tiresome repetition for the customer.

Tools like Voice of the Customer (VOC) tracking and reporting can also be used to gather positive or negative customer feedback, helping quality and product teams to better understand the customer's wants and needs – brand loyalty.

4. Self-service saves time

Whilst a variety of contact methods is paramount in keeping up with today's customer, it's also important to ensure that customers have access to as many of the answers that they might need as possible, without having to leave your website.

This involves providing online support to customers through a range of tools including chatbots, online discussion forums and FAQ documents or webpages. Customers want answers to their questions as quickly as possible, often without having to interact with a representative from the brand. According to [a report from Gartner](#), as much as 40% of live customer queries could be resolved in self-service channels, saving time and money.

5. Scale up or lose out

For many brands, rising contact centre volumes during peak periods can prove challenging. For some, this could be due to a lack of personnel, while for others it's a lack of scalable technology or contact centre infrastructure. Having a flexible partner in place that can scale-up or scale-back depending on activity, equips you to be agile and ready to respond when needed, harnessing the scalability needed to meet volume fluctuations during peak and throughout the year.

Following 2020, brands and retailers are adjusting operations to a new retail landscape where digital is the key focus. With this, undoubtedly, comes a permanent increase in the need for scalable customer service operations. This will be a challenge for those who are not prepared for changes in demand and are unable to scale within their existing models. Now is the time to act and prepare for unforeseen demand fluctuations.



Case study

MAJOR ALCOHOL BRAND

The brand required a provider who could support their B2B and B2C business across the EU and UK. With 97% of their business in the UK and Brexit uncertainty looming, it was important that the provider was able to facilitate in-country fulfilment for the UK in addition to a Europe-based distribution centre (DC).

PFS met and exceeded these requirements, providing quick deployment of fulfilment and customer care operations from our existing DC in Liège, Belgium beginning in Q4 2016, with a clear plan for deployment of operations within the UK by Q4 2018.

PFS worked closely with the brand's team to source the best location for a UK-based DC. PFS managed every part of the complex implementation project, from working with various authorities to gather all required authorisations for alcohol distribution in the UK, to organising the transfer of product to the new DC in a tight timeframe, to designing optimal storage space for operational efficiency and more. The successful implementation was ready for launch just in time for Black Friday and the Christmas peak season. PFS leaned heavily on knowledge gained in supporting the brand's operations in Belgium as well as prior experience gained from opening eight DCs across the US and Europe.

2 weeks

THE UK POP-UP DC WAS FULLY OPERATIONAL IN JUST TWO WEEKS, IN TIME FOR BLACK FRIDAY AND THE CHRISTMAS PEAK SEASON.



The success of this rapid deployment was largely a result of PFS' dedicated, hard-working team who worked around the clock to make it happen.

PFS managed all taxes and duties as Merchant of Record (MoR) for the major alcohol brand as part of the solution, leveraging proven processes that mitigate excise taxes as they apply to alcoholic beverage distributors. Our bonded warehouse in Liège allowed the brand to transition inventory without paying duties. We managed storage, paperwork and product handling requirements for both the UK and Liège operations, all with a goal of minimising the brand's international tax liability across the supply chain. PFS handled distribution of their inventory to 20+ countries across Europe, including shipments to Austria, Belgium, Germany, Portugal, Switzerland and the UK.

20+

DISTRIBUTED ACROSS 20+ EUROPEAN COUNTRIES, INCLUDING AUSTRIA, BELGIUM, GERMANY, PORTUGAL, SWITZERLAND AND THE UK

Operations completed in just two weeks, including product transfer and PFS receiving all necessary legal approvals. Services provided included:

B2B

- Order fulfilment

B2C

- Order fulfilment
- Customer care
- LiveArea agency services:
 - Analytics services
 - Email marketing

Additional services

- MoR services
- Pan-European inbound transportation and excise management from breweries and other logistics service providers (LSPs)
- Kitting
- Product palletisation from inbound deliveries direct from manufacturer
- Refrigerated storage

Closing remarks

Despite 2020 being coined as the "year of Brexit preparations", it's understandable that other priorities came to the surface.

Many companies who have been able to continue operations and avoid the financial burden brought on by COVID-19 are busy forging the way to smooth Brexit plans. Look to the above to prioritise tasks and make the necessary preparations to ensure your business can remain competitive post-Brexit.

How PFS can help

PFS' [Brexit Solution](#) ensures fast, affordable eCommerce fulfilment across the UK and Europe and can help streamline your services and fulfilment offering post-Brexit. We specialise in being able to handle large volumes for [multi-vertical](#) B2B and B2C businesses during peak seasons, offering a full end-to-end eCommerce package.

- [eCommerce Peak Scalability and Staff Augmentation](#) | PFS Europe (pfscommerce.com)
- [3PL – Order Fulfilment Operations and Distribution Centres](#) | PFS Europe (pfscommerce.com)
- [Payment Processing & Fraud Management Services](#) | PFS Europe (pfscommerce.com)
- [End-to-End eCommerce Solution – Integrated eCommerce Services](#) | PFS Europe (pfscommerce.com)

About PFS

PFS is a tested-and-proven Global Commerce Operations Partner with solutions spanning branded fulfilment services, high-touch customer care and proven order to cash (O2C) services and technologies.

PFS supports B2B and B2C clients with technology, personalisation and fulfilment expertise gained through 20+ years as an industry leader. PFS' innovative solutions deliver intelligent commerce operations and shape brand experiences for the digital age.

[Send us a message](#)
to complete your
preparations and
processes today.