

Business

From Milton Keynes warehouses to Macy's halls . . . the rush begins

Cyberspace 2.3m orders – and that's in a single day

Alex Ralph

The yellow and gold lights may have been put on the tree outside Amazon's Milton Keynes warehouse this week, but for the world's largest online retailer, Christmas began 11 months ago. "Every year it feels like [it starts on] January 1," says Arthur Valdez, the vice-president of Amazon's British operations, from the floor of his vast depot.

It is here, in a "fulfilment centre" about the size of eight football pitches, a stone's throw from junction 13 of the M1, that the American has the job of ensuring that Britain's Christmas presents arrive on time.

Apart from its size, Amazon's oldest warehouse is unremarkable. Littered with piles of brown cardboard boxes

152m

active customer accounts at Amazon
Source: Amazon

and the sounds of Magic FM playing from a distant corner, it is not exactly Santa's grotto. Yet over the coming weeks, 2,000 "Amazonians", plus 600 temps, will work around the clock picking and packaging millions of presents to be shipped across the world.

Last year, Amazon received 2.3 million orders on December 5, its busiest day of the year — dubbed "Cyber Monday". This year, the company is forecasting 2.6 million orders to fall on the same day, boosted by the Kindle, the complete Harry Potter Blue-ray box set and the continuing growth of online shopping in Britain.

It expects 9pm to be the peak time, when shoppers — having typically been paid for the month and spent the weekend browsing the high street — return from work to begin their Christmas shopping in earnest. "Cyber

Monday" is driven by "Black Friday", the day after Thanksgiving in America, which fell yesterday. Amazon reduced prices on 500 items, which means that stock that has built up from September is now flying out the doors.

"A full truck every three minutes and 24 seconds was dispatched," Mr Valdez recalls of Amazon's busiest trading day last year — before being corrected by the head of communications. "Ahhh, I missed it by one second."

Although just banter, Mr Valdez knows that the continuing success of Amazon is built on the service operating to the second. At its peak, it ships 1.6 million units in 24 hours.

"We are all-year-long focused on understanding the lessons learnt from the previous Christmas," he says.

Mr Valdez won't say how many items his staff must pick and pack a shift or how many miles they cover, although an undercover reporter from *The Sunday Times* said that workers walk up to 14 miles a day to collect items and must pack 140 Xbox games consoles an hour.

The warehouse stocks anything from a bird table to a Borat mankini and the products are stocked randomly on shelves but, because the position of every item is noted using a portable satellite navigation system, Amazon says that it saves workers time when fetching one. "The computer shows the shortest pick-path," says Mr Valdez holding the device and picking up, perhaps unfortunately, a frilly purple bra.

Once the item is scanned and picked, it is sent along the conveyor belt to be packed or gift wrapped. The item is then labelled, at which point that an e-mail is sent to the customer alerting them that their product is being sent.

London customers are guaranteed a same-day delivery if they order before lunchtime and Amazon employs a host of carriers in addition to Royal Mail, including City Link and HDNL.

The 500,000 sq ft warehouse is one of seven in Britain. The newest, Dunfermline, which is braced to receive 27



Amazon's warehouse in Milton Keynes, where workers can walk up to 14 miles a day collecting items to be packaged up

orders a second, is double the size. An eighth warehouse is due to open in Hemel Hempstead next year.

It is dramatic growth for a worldwide company that was founded by Jeff Bezos in his Seattle garage in 1995 and launched in Britain in 1998 as an online

bookseller. But its investment drive affected its third-quarter results in October. Despite a 44 per cent surge in global sales to \$10.9 billion (£7 billion), group earnings fell by 73 per cent to \$63 million in the three months to September. Amazon says that it is expanding

to meet the demand for online shopping, which the industry body forecasts to rise again this Christmas, accounting for 14 per cent of annual online sales.

It is the reason why Mr Valdez doesn't really mind that Christmas never seems to go away.

Too many unhappy returns

Analysis Alex Ralph

First there was "Black Friday", then came "Cyber Monday". Now "Boomerang Thursday" is looming. With online sales forecast to rise to £7.75 billion in the five shopping weeks of December, customers are expected to return more of their unwanted items — and earlier.

Mark Lewis expects 2 million items to be returned this week, peaking on Thursday, which he is dubbing "Boomerang Thursday". He is the chief executive of CollectPlus, which allows customers to return items to a local convenience store and was set up as a joint venture with PayPal.

Mr Lewis, the former head of eBay in the UK, said there could be a repeat of last year's early rush to return goods. "At 9.34am [on Christmas morning] we saw the first drop-off," he said.

Thursday's Thanksgiving was the trigger for a shopping frenzy yesterday here and in America, with prices momentarily slashed on goods.

It marks the start of the Christmas shopping period with some retailers forecasting Monday

to be their "Cyber Monday", the busiest trading day of the year. But as the online retail sector continues to grow, so too has consumer demand and confidence to return items, often before Christmas. This suits retailers. "They want to get it back as soon as possible, so they can sell it on," Mr Lewis said.

CollectPlus, whose clients include Arcadia, House of Fraser and Monsoon, launched its service in January. Mr Lewis said that half of his customers return items at off-peak times. "It peaks at 7pm. It reflects how we live our lives these days."

But the advance of technology in the form of mobile phone transactions and broadband has also meant the significance of online trading on one day, namely "Cyber Monday", will diminish. According to IMRG, the e-retail association, transactions are becoming more staggered across the month.

Last December, half of the £6.8 billion online Christmas sales took place over the end of November and the first two weeks of December. That same pattern is expected to be repeated this year.

America Just time to give thanks, then off to the sale as shops pull out the stops

Tim Teeman New York

The two women had come to a near-halt in Macy's, as shoppers laden with bags thronged around them and sales assistants hovered to spray scent on their wrists.

"Why are we in here?" one said. "I've had enough," her companion groaned.

This week, Macy's, one of New York's most famous department stores, opened for the first time at midnight on Thanksgiving. By 9am the next morning, on Black Friday, the start of the Christmas shopping season, the store was packed with shoppers. "I wanted to get here early, because it's going to get crazy," said New Yorker Denise Baker.

While more shoppers were expected in US stores yesterday — an estimated 152 million, up from 132 million last year, according to the National Retail Federation — sales were only expected to increase by 2.8 per cent, marking a relative decline from the 2010 holiday season when sales rose by 5.2 per cent compared with 2009.

About 10,000 people had queued for Macy's flagship store at midnight, spokesman Jim Sluzewski told *The Times*, drawn particularly to a Justin Bieber gift set for \$65 that included the singer's Christmas CD, fragrance and a code for a downloadable track only available if you bought the set. A small group of Occupy Wall Street demonstrators chanting anti-corporate messages, and a preacher condemning consumerism, made their presence felt.

Macy's wasn't alone in targeting the nocturnal shopper. Electrical chain Best Buy had also opened its New York stores at midnight, with 300 queuing to enter its Union Square branch, while the Times Square Toys 'R Us opened at 9pm on Thanksgiving evening. The clothing store Old Navy didn't even bother with a polite nod to tradition: it was open all Thanksgiving. One customer told a TV reporter: "I'm giving thanks, but there's a good sale today."

Stores attracted customers with "doorbusters" — particular items on sale for a set period at a dramatically reduced price — in the hope they would stay and buy more. Stacey Widlitz, a retail analyst, said she had seen shoppers with "carts piled high" in Best Buy with laptops and computers,



As Thanksgiving turned into Black Friday, bargain-hunters were out in force

Tom Julian, another analyst, noted the transition of Thanksgiving into Black Friday. "An earlier start is very significant. Retailers are looking at more ways to encourage extra sales, particularly among new shoppers ... By starting earlier, though, these retailers will have to keep engaging and offering sales daily to keep shoppers interested."

Ms Widlitz said other stores would now follow the example of Macy's and Toys 'R Us. "The issue is whether stores are slashing prices to maintain their market share, but at a cost to profitability. One of their hopes is to create lasting loyalty from their Black Friday customers."

Transatlantic visitors were out in force at Macy's. Pauline Gavigan, a teacher from Donegal, said: "I'm wandering around like a zombie. They offer great discounts to visitors. I am willing to buy anything at this stage just to say

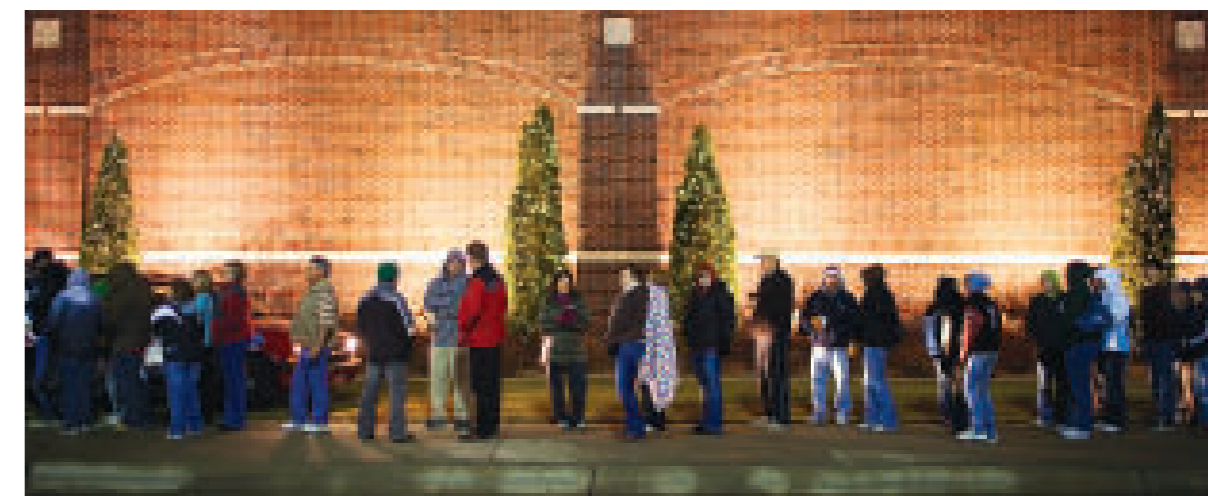
I bought something at Macy's on Thanksgiving."

Shane Rutherford, from Cambridge, was carrying a bundle of jumpers and jeans. "I've left my fiancée in another part of the store, so goodness knows how that will end up. This is like Oxford Street, but double."

The determination to beat others to bargains led to violence. In Los Angeles, at the San Fernando Valley branch of a Wal-Mart, a woman shopper pepper-sprayed fellow shoppers in a row reportedly triggered by others pushing in a queue to acquire the new Xbox. Fifteen people were hurt, ten treated for the inhalation of the spray.

Meanwhile, a shopper was shot and critically injured during an attempted robbery outside another Californian Wal-Mart in San Leandro. A woman was shot in the foot in another robbery attempt outside a Wal-Mart in South Carolina, while an explosive device was reported to have been found in a Wal-Mart in Arizona. There were reports of gunfire at the Cross Creek shopping mall in North Carolina.

For those daunted by Black Friday, this coming "Cyber Monday" sees the start of the online sale shopping season. A reported 80 per cent of internet sales take place between Black Friday and the weekend before Christmas. Last year, Cyber Monday generated a reported \$1 billion in sales, compared with Black Friday's \$650 million.



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