



## PFS Research Finds UK Retailers Still Need to Prepare for Brexit

December 21, 2020

ALLEN, Texas, Dec. 21, 2020 (GLOBE NEWSWIRE) -- A [new survey](#) of UK online and omnichannel retailers conducted by PFS, the operations business unit of PFSweb, Inc. (NASDAQ: PFSW), reveals that the majority of retailers are yet to adequately prepare themselves for the end of the Brexit transition period on December 31, 2020.

With just over half (54%) of UK retailers reporting that they are either fully prepared for Brexit, or will be by the end of 2020, this still leaves a significant proportion of retailers who won't be ready in time. The research has also uncovered that most retailers believe Brexit will have some kind of impact on their business operations.

For many, the arrival of COVID-19 pushed Brexit further down the priority list. With talks ongoing to decide the future of the UK-EU relationship, impacts on areas of the supply chain are already being predicted. With pressures on customer services, fulfillment challenges and a lack of clarity surrounding customs changes dominating the data, what businesses choose to focus on first remains to be seen – deal or no deal.

As the clock ticks down to the end of 2020, many retailers are realizing that the time to act is now.

Key findings from the research include:

- Just over half (54%) of UK retailers believe they are either fully prepared for Brexit, or will be by the end of 2020
- Nearly a third (29%) concede that they are yet to make any preparations at all
- Four-fifths (79%) admit they will be impacted by any cross-border effects of Brexit
- Two-thirds (67%) of respondents believe Brexit could cause an order backlog in the first quarter of 2021
- More than half (56%) say these delays would be related to sending goods to customers in the EU from the UK
- Two-thirds (67%) believe they will feel an impact when importing products from EU suppliers

### Ensuring a smooth transition

So far, only a third of retailers have assessed or implemented new technology to increase supply chain efficiency (37%) and have already, or are in the process of, integrating inventory and order management software (36%).

With research showing that only a third of retailers have split, or will be splitting, their inventory to base fulfillment in existing UK or European sites, only two-fifths of the survey respondents have already organized EORI numbers, which is a vital part of Brexit preparations – and one that will be closely monitored by HMRC. Similarly, appointing a Merchant of Record (MoR), a third-party provider to ensure compliant VAT management and reporting, sees the same figures, with even fewer implementing any fraud prevention systems.

### Maintaining customer satisfaction

Two-thirds of respondents say they are preparing for a Brexit order backlog early in 2021 (67%) and expect delivery times will be longer than they are currently able to promise customers (65%).

More than half of those surveyed have confirmed that their contact centers are inadequately resourced to handle the anticipated increase in customer complaints associated with delivery delays in January 2021. Of particular note:

- 55% will not be able to handle an upsurge in returns that are not related to Christmas
- A third of respondents (34%) already anticipate an increase in customer complaints during the first quarter of 2021 as a direct result of Brexit. To manage these concerns, 40% plan to proactively notify customers about delivery delays and reduced stock availability

### A new approach required

UK retailers are also expecting to see a change in consumer behavior in 2021. 43% expect their UK customers to shop with more UK-based brands. As a result, 35% have said they will focus on building a UK customer base.

Joe Farrell, VP of International Operations at PFS, comments: "The retailers that are putting measures in place now, such as using [multiple distribution points across the UK and the EU](#) to get goods to customers on time, will survive and thrive post-Brexit. Retailers operating in the UK and Europe should also look to third-party fulfillment providers to help ready their supply chain and mitigate potential issues arising from a no-deal Brexit scenario. 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, maintaining vital customer satisfaction levels."

To find out more about the research, read 'The final countdown: are retailers cutting it fine with their Brexit plans?' micro-report [here](#). For a top-level view of our findings you can view our infographic [here](#).

### About the research

In November 2020, Arlington Research, on behalf of PFS, conducted a survey with 150 decision-makers with Omnichannel, Operations, eCommerce and Digital Commerce, Supply Chain, Logistics and Customer Services responsibilities in UK online and omnichannel retailers with more than 250

employees. Verticals include jewelry, cosmetics, apparel, fashion and consumer goods.

**About PFSweb, Inc.**

PFSweb (NASDAQ: PFSW) is a global commerce services company that manages the online customer shopping experience on behalf of major branded manufacturers and retailers. Across two business units – **LiveArea** for data-driven marketing and omnichannel experience design through technology selection, platform implementation and orchestrated services, and **PFS** for order fulfillment, contact center, payment processing/fraud management, and order management services – they provide solutions to a broad range of Fortune 500® companies and household brand names such as Procter & Gamble, L'Oréal USA, ASICS, Pandora, Ralph Lauren, Shiseido Americas, the United States Mint, and many more. PFSweb enables these brands to provide a more convenient and brand-centric online shopping experience through both traditional and online business channels. The company is headquartered in Allen, TX with additional locations around the globe. For more information, visit [www.pfsweb.com](http://www.pfsweb.com).

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