



Research & Shop

Subscriptions

Log in

Cart

Search

Menu

Share This Story:    

Free Webinar



NEWS



# How Overstock.com preps its fulfillment operations for the holidays

April Berthene | Jan 30, 2020



**During the 2019 holiday season, Overstock.com staged its promotional products closer to shoppers at its third-party logistic warehouses so it could ship products to customers faster.**

Shoppers want their online orders fast.

Most retailers know that, but mass merchant Overstock.com Inc. (No. 47 in the [2019 Digital Commerce 360 Top 500](#)) discovered that faster shipping actually improves its conversion rate. And not just a little. A delivery message of 2-day shipping has a 30% higher conversion rate than a 3-day or more delivery message, says [Vince Atkin, Overstock's vice president of supply chain](#).

---

## STRATEGIES



### **How retailers delivered on delivery for holiday 2019**

April Berthene | Jan 23, 2020

---

Overstock made this discovery toward the end of 2018 and adjusted its fulfillment network to offer faster shipping on more products. For example, more than 90% of Overstock orders are drop-shipped, meaning the product is housed at the supplier's warehouse, not at an Overstock warehouse. Typically, it houses products at a supplier warehouse near to where they are manufactured or imported. For example, if Overstock's furniture was manufactured in China, the supplier is likely storing the furniture at a warehouse on the West Coast.

For the Cyber 5 period, Overstock knew which products it would have on sales to promote on its Black Friday deals page. It then moved those products to one of its three 3PL warehouses located in Kansas, Pennsylvania and Utah. With the products staged nearby, Overstock could guarantee faster delivery for more products, as the products it knew would likely sell the most were already staged in a location nearer to the customer, Atkin says.

At the end of 2019, 40% of Overstock's sales shipped within 2 days, compared with only 20-25% of sales hitting this mark at the end of 2018, Atkin says. Plus, it only missed its delivery-by date 2.5% of the time during the holiday season, compared with 3% of the time last year.

ADVERTISEMENT

“From a supply chain standpoint, faster shipping means less damage. We ship a lot of bulky furniture and the less touches it has, the less chance it has to get damaged,” says Atkin about furniture being moved from warehouse to warehouse. “The conversion bump is also a big deal.”

Overstock also uses a machine-learning model to forecast fulfillment that factors in historic carrier performance. It builds rules into its reporting to flag issues. For example, if an order hasn’t moved in a couple days, there is likely a problem. Overstock will reach out to its carrier if an order hasn’t moved within 48 hours to proactively deal with any issues, instead of waiting for the carrier or a customer to flag an issue.

“It would be foolish to build a network that could handle Cyber 5 volume and let it sit there for the other 51 weeks of the year,” Atkin says about shipping carriers handling increased volume. “We know it takes a bit to clean up.”

Typically, its shipping carriers have delivered the overload of shipments by the second week of December, Atkin says.

Over the holiday season, Overstock was the fifth most-mentioned retailer for having shoppers’ best or favorite online shopping experience during the holiday shopping season, according to a Digital Commerce 360 and [Bizrate Insights](#) survey with 1,719 responses. (In front of Overstock, Amazon, eBay, Walmart and MidWay U.S.A were the top four.)

ADVERTISEMENT

---

MORE ON THIS

## In This Article

Please Select

**Digital Commerce  
360**

About Us  
Database Membership  
Login  
About Our  
Memberships  
Free Subscriptions  
Find a Vendor

**Our Brands**

Retail (formerly  
Internet Retailer)  
B2B (formerly  
B2BecNews)

**Legal**

Return Policy  
Agreement Terms &  
Conditions  
Privacy Policy  
Terms of Use

**Connect with Us**

Contact Us  
Advertise with Us  
Find us on social  
media

