

PEAK SEASON READY: DP WORLD'S Q4 FULFILLMENT CHECKLIST FOR BRANDS



DP WORLD

A practical playbook to help brands navigate slowing sales, rising returns, and supply chain volatility — while protecting margins and capturing holiday demand.

EXECUTIVE SUMMARY

As brands prepare for the critical Q4 holiday season, the stakes have never been higher. Holiday shopping volumes remain high, but spending growth is slowing, competition is intensifying, and supply chain volatility – from tariffs to carrier surcharges – threatens margins. At the same time, consumer expectations around speed, transparency, and returns remain unforgiving.

This white paper provides a practical fulfillment readiness checklist that brands can use to prepare for peak holiday season. It distills the lessons of 2024 and highlights the operational levers that matter most in 2025: flexible space, distributed inventory, resilient carrier strategies, and efficient returns management.

Key Takeaways

- Holiday sales growth is slowing — projected at just 1.2% in 2025, the weakest on record^[1], putting pressure on brands to do more with less.
- Returns remain a profitability challenge — \$890 billion in 2024^[2], underscoring the need to recover value quickly.
- Carrier networks are strained — with on-time performance (OTP) varying from 90–97% in December 2024^[3], flexibility is critical.
- Tariff shifts add uncertainty — Section 301 adjustments^[4] are reshaping landed costs and inventory decisions.

HOW DP WORLD HELPS



Multi-customer warehousing that scales up or down, giving brands flexible space and pricing.



Strategically located facilities coast-to-coast with locations in Pennsylvania, Mississippi, and California to shorten transit times and mitigate carrier risk.



Integrated ports-to-warehouse-to-last-mile services that reduce lead time and variability.



Robust returns-management capabilities to help brands reclaim margin from a record-high volume of returns - including dedicated processing cells, grading, refurbishment, and rapid resale workflows.

By combining actionable steps with industry insight, this white paper equips brands to approach Q4 with agility and confidence. Peak season will always test supply chains, and consumer expectations add another layer of complexity. Many U.S. shoppers assume the price they see online is final, yet cross-border purchases often involve tariffs, duties, and import taxes. The de minimis threshold (currently \$800) allows many goods to enter duty-free, but the lack of transparency frequently causes confusion, surprise costs, and abandoned carts. The right preparation — paired with the right logistics partner — can turn these challenges into opportunities, improving both customer experience and profitability.

INTRODUCTION

Peak Season Pressure is Rising

The final quarter of the year remains the make-or-break moment for most consumer brands. Holiday demand consistently pushes sales to record levels, but the landscape is more complex than ever — shaped by shifting consumer behavior, supply chain constraints, and evolving trade policy.

McKinsey's [2025 State of the Consumer Report](#) reinforces these dynamics: nearly 80% of consumers globally are “trading down” in at least one category, cutting back on essentials while selectively splurging elsewhere. At the same time, convenience-first behaviors dominate, with food delivery's share of spend doubling from 9% in 2019 to 21% in 2024, and consumer tolerance for friction continuing to decline. These shifts underscore why fulfillment networks must be both cost-efficient and seamless to capture selective spending.^{[\[5\]](#)}

Slower Growth, Higher Competition

Looking ahead, forecasts suggest 2025 will be a year of growth tempered by caution. The National Retail Federation (NRF) projects total U.S. retail sales in 2025 will reach \$5.42–\$5.48 trillion, up 2.7%–3.7% from 2024.^[6] But eMarketer predicts this year's holiday season (defined as November through December) will see sales grow just 1.2% - the slowest increase on record.^[1] This signals that even as shoppers continue to spend, brands should brace for heightened competition and margin pressure.

Lessons from 2024

In 2024, U.S. shoppers spent nearly \$1 trillion during November and December, part of a retail year that reached \$5.28 trillion in total sales.^[7] Online channels set new benchmarks, with Cyber Week topping \$41.1 billion and Cyber Monday hitting \$13.3 billion.^[8]

The Risks Ahead

These numbers highlight the scale of opportunity – but also the stakes. Returns, for example, surged to \$890 billion last year, or 16.9% of sales,^[2] putting enormous pressure on margins. And even with strong national delivery reliability – in December, on-time performance (OTP) reached 96.5% for UPS, 91.8% for FedEx, and 90.4% for USPS^[3] – brands still faced regional bottlenecks and surcharges. Adding to the uncertainty, U.S. trade policy introduced new tariffs across critical categories from EVs to semiconductors,^[4] underscoring the need for flexibility.

THE BOTTOM LINE

Peak season rewards the prepared but penalizes the rigid. Brands that build agility into their supply chains – flexing space, diversifying nodes, and planning for carrier and tariff risk – will be best positioned to capture demand and protect profitability.





INSIGHT

Slowing Holiday Spend Means Higher Stakes for Promotions

While total retail spend continues to rise, the 2025 holiday season is projected to grow just 1.2% — the slowest increase on record.^[1] This means brands can no longer rely on rising consumer demand to lift results. Instead, retailers will be forced into more aggressive promotions to capture share, which could squeeze already thin margins. According to McKinsey, nearly four in five consumers are trading down in some categories while selectively splurging in others — a bifurcated pattern that makes fulfillment cost control as critical as promotional strategy.^[5] The implication: fulfillment operations must be even more cost-efficient. Every unnecessary mile or accessorial charge will eat into margin. Flexible warehousing and regionalized inventory placement become not just operational choices, but financial levers to protect profitability.

THE Q4 REALITY CHECK: WHAT'S CHANGED SINCE LAST YEAR?

Demand will surge, but it's spiky.

Consumers spent more overall in Holiday 2024, yet promotional calendars and device mix (mobile rising) create sharp daily peaks that strain operations.^[7]

Networks are tight.

Even with good national OTP, carrier performance diverges by service, lane, and day. Brands relying on one carrier may face surcharges, caps, or missed injections if demand spikes.^[3]

Returns are a profit lever.

With nearly 17% of sales coming back, return speed and disposition (restock, refurbish, resale) directly affect gross margin.^[2]

Trade/tariffs = planning risk.

Category-specific tariff changes can swing landed cost and replenishment timing; brands need buffer capacity and contingency planning.^[4]

BUYER PAIN POINTS WE HEAR MOST

Over- or under-committing to warehouse space

Many brands still operate with fixed, single-tenant leases, which leave them exposed if demand softens. Conversely, when demand surges, the inability to flex capacity can cause backlogs and missed sales.

Slow inventory positioning

Keeping all stock on one coast often adds three to five days to delivery times. NRF reports that 41% of holiday shoppers in 2024 abandoned carts when shipping times were too long.^[7]

Carrier rollover risk

During December 2024, FedEx on-time performance dipped to 91.8% compared to 96.5% at UPS.^[3] These gaps can translate to thousands of late deliveries if a brand lacks multi-carrier routing.

Return bottlenecks

With \$890 billion in returns in 2024 (16.9% of total retail sales)^[2], brands without streamlined Return Merchandise Authorization (RMA) and grading flows face delayed resale and markdown erosion. Returns without modern processing solutions can lose up to 66% of product value through



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Returns are a Margin Battleground

With returns reaching \$890 billion in 2024, reverse logistics is no longer a back-office issue — it is a core profitability battleground. Categories like apparel and electronics see the highest return rates, often driven by poor fit, unclear product information, or damaged goods. The brands that win are those that treat returns as both a customer experience touchpoint and a source of recoverable value. Without efficient processes, retailers can lose up to 66% of product value on returns — an average of \$65.50 per item. But with faster triage, grading, and resale flows — and by leveraging automation that can reduce processing costs by up to 80% - that margin erosion can be dramatically reduced.^[9] McKinsey also finds that easy, transparent returns have become table stakes — no longer a differentiator but a requirement for consumer loyalty.^[5] For DP World, the ability to stand up seasonal returns cells within multi-customer facilities offers brands a flexible way to claw back revenue without building fixed infrastructure.

transportation, markdowns, and handling inefficiencies, averaging a \$65.50 loss per item.^[9] However, retailers that adopt automation and advanced returns-management technologies can reduce processing costs by as much as 80%, improving recovery and protecting margins.^[9]

Tariff and cost uncertainty

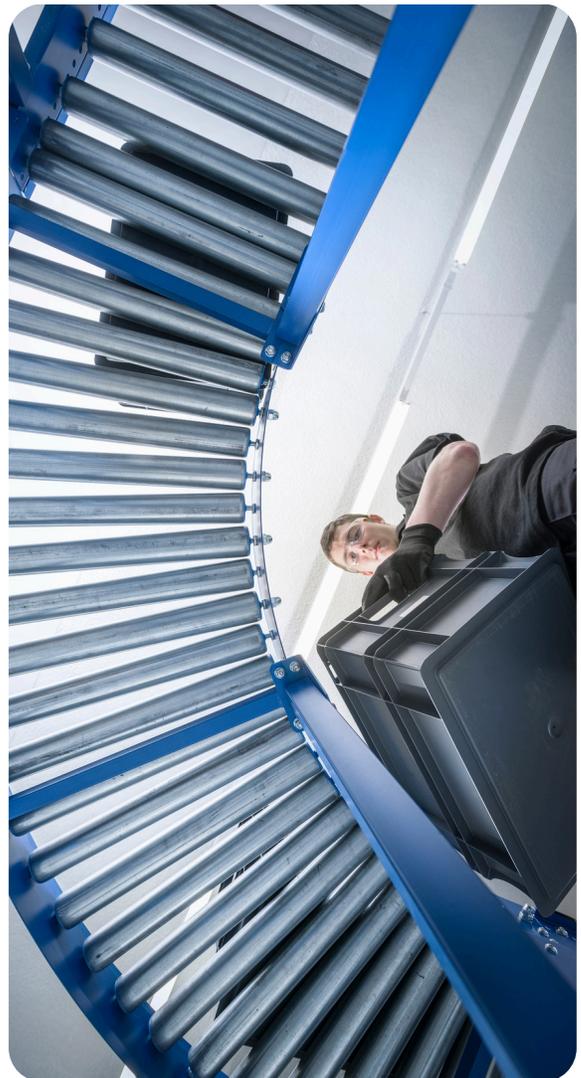
With Section 301 tariff adjustments in 2024–25,^[4] landed costs on select imports are climbing sharply. Brands that fail to model alternate sourcing or hedge inventory may see gross margin compression at the worst time of year.



INSIGHT

Carrier Congestion and Accessorials Will Define Peak Costs

During December 2024, OTP diverged sharply across carriers — UPS at 96.5% vs. FedEx at 91.8%.^[3] At the same time, accessorial charges (extra carrier fees such as fuel surcharges, residential delivery surcharges, and delivery area fees) accounted for a growing share of parcel spend. For brands, this means depending on a single carrier is a liability. Multi-carrier strategies, backed by distributed inventory, allow shippers to pivot when OTP falls or surcharges spike. McKinsey research confirms that consumer expectations for speed and reliability continue to rise, leaving brands little margin for error when carrier performance falters.^[5] DP World's network design helps brands mitigate this risk by positioning inventory where it can flow through the most cost-effective lanes.



PRACTICAL Q4 READINESS CHECKLIST



1. Demand & Inventory

- Lock “must-win” Stock Keeping Unit (SKU) forecasts and safety stock targets using last year’s daily sales and promotional overlays.
- Place buffer inventory across regions to cut time-in-transit and protect against parcel congestion.
- Track available-to-promise (ATP) with near-real-time visibility tools so stock can be rebalanced across nodes mid-promo.
- Run tariff sensitivity analyses: calculate landed cost per SKU under current Section 301 schedules and alternative sourcing routes.



2. Space & Labor

- Reserve flexible space in multi-customer facilities to scale up or down without long-term commitments.
- Pre-book temporary labor and cross-train staff on top order profiles (bundles, kitting, gift wrap).
- Line-balance pick/pack stations to match holiday SKU mix.



3. Fulfillment Design

- Build regional waves to support same-/next-day delivery in dense zones.
- Pre-stage packaging and dunnage for high-volume SKUs.
- Develop an exception playbook for common disruptions (late inbound, split orders, address corrections).



4. Parcel & Transportation

- Model peak with multi-carrier strategies that include service tiers, accessorials, and caps.
- Verify tendering and trailer availability at each node; rehearse Cyber Week load-ins.
- Monitor daily OTP; divert shipments dynamically when thresholds are breached.



5. Customer Experience & Returns

- Publish realistic holiday cut-offs by region.
- Make shipment tracking proactive, not reactive, by pushing alerts.
- Tighten returns to enable fast triage and rapid restock.
- Instrument return reasons and feed insights back to merchandising to curb preventable returns.

WHERE DP WORLD FITS: FLEXIBILITY FIRST

Precision Meets Productivity

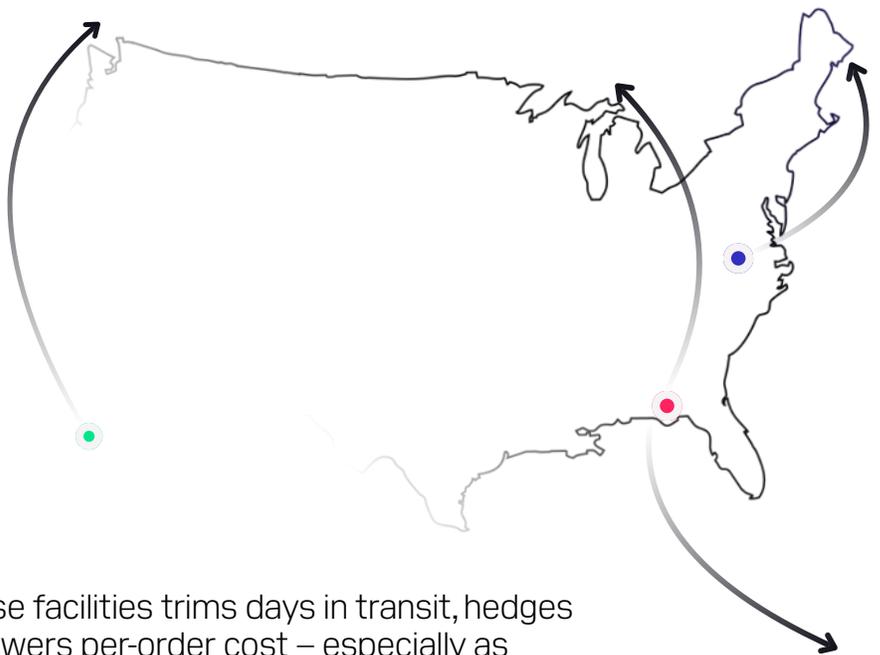
DP World's multi-customer warehouse network is purpose-built for uncertain demand patterns. Brands can flex capacity by pallet, bay, or zone, paying only for the space and services used rather than locking into long-term fixed contracts. This flexibility ensures cost control while staying prepared for surges.

STRATEGIC U.S. NODES:

**MIDDLETOWN,
PENNSYLVANIA
(NORTHEAST REACH)**

**OLIVE BRANCH, MISSISSIPPI
(CENTRAL/SOUTHEAST
REACH)**

**PERRIS, CALIFORNIA
(WEST COAST REACH)**



Positioning inventory across these facilities trims days in transit, hedges against carrier congestion, and lowers per-order cost – especially as parcel surcharges rise in Q4.

As an integrated ports-to-warehouse-to-last-mile partner, DP World also reduces lead time and variability. Our sites can stand up seasonal returns' cells for grading, refurbishment, and resale – helping brands reclaim margin in a \$890 billion returns environment.^[2]

INSIGHT

Tariffs Create Planning Whiplash



Section 301 tariff adjustments in 2024–25 introduced new duties on categories ranging from electric vehicles to semiconductors.^[4] For consumer brands, this creates cost volatility that can hit margins without warning. Long-term leases or single-node fulfillment strategies only compound the risk, as shifting sourcing or redirecting inventory becomes harder. Flexible, multi-customer warehousing gives brands the breathing room to adjust sourcing and inventory flows as trade policy changes — turning uncertainty into an opportunity to outmaneuver less agile competitors.



HOW TO ENGAGE DP WORLD BEFORE PEAK

30-day network and tariff stress test

Model top SKUs across Middletown, Pennsylvania; Olive Branch, Mississippi; and Perris, California under multiple demand and tariff scenarios.

Rapid stand-up

Reserve scalable pallet positions, allocate kitting/returns cells, and configure Order Management System (OMS)/ Warehouse Management System (WMS) integrations.

Carrier and injection playbook

Lock service tiers and backup lanes by node; set thresholds for diversions.

Returns margin plan

Set targets for restock cycle time and resale yield; instrument reason codes.

INSIGHT

The Long View — Agility as a Competitive Advantage



Beyond Q4, retailers face new structural pressures: consumer expectations for faster, greener delivery; AI-driven demand forecasting; and rising sustainability regulations. These forces will reshape supply chains in the years ahead. The common denominator is agility. Brands that bake flexibility into their networks now – through shared warehousing, diversified carrier strategies, and smarter inventory placement – will not only survive holiday volatility but thrive in a future where supply chain adaptability is the ultimate competitive advantage. Looking further ahead, McKinsey projects Gen Z will add \$8.9 trillion to the global economy by 2035, becoming the wealthiest generation in history.^[5] Their preference for speed, delivery, and convenience – the so-called “bring-it-to-me economy” – will shape fulfillment expectations in the next decade.

CONCLUSION

Peak readiness isn't about predicting the future, it's about engineering flexibility into every link of the supply chain. As consumer expectations for speed, transparency, and convenience accelerate, and as pressures from tariffs, carrier surcharges, and returns intensify, brands need partners that can help them adapt in real time.

DP World's multi-customer capacity, strategically located nodes, and integrated ports-to-warehouse-to-last-mile network provide that agility. By combining operational efficiency with resilience, DP World enables brands to convert volatility into velocity – protecting margins, building customer loyalty, and seizing opportunity when it matters most.



**CONTACT US TO
LEARN MORE**

REFERENCES

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- [2][National Retail Federation \(NRF\), 2024 Retail Returns Report.](#)
- [3][ShipMatrix via Wall Street Journal, December 2024 Carrier On-Time Performance.](#)
- [4][Office of the U.S. Trade Representative \(USTR\), Section 301 Tariffs 2024-25 Updates.](#)
- [5][McKinsey & Company 2025 State of the Consumer Report](#)
- [6][National Retail Federation \(NRF\), 2025 Retail Sales Forecast](#)
- [7][National Retail Federation \(NRF\), 2025 Holiday Sales Data.](#)
- [8][Adobe Analytics, Cyber Week & Cyber Monday 2024 Report.](#)
- [9] [TotalRetail \(2022\): Recouping Product Value: How Retailers Can Regain the 66% Product Value Lost During the Returns Process](#)

