

WHITE PAPER

ATTAINING PEAK PERFORMANCE AT PEAK TIMES

How Drop Shipping can give you
control, visibility and flexibility in
your supply chain

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The peak-time challenge

Your busiest time of year is just around the corner, where orders flood in, products fly out and, hopefully, cash rolls back in. But peak times can throw up many challenges and there are many more opportunities for your business to suffer mishaps that at other, less-pressured, times could have been prevented or dealt with quickly and efficiently.

So how does your retail business make sure that it is primed and ready to deal with the onslaught?



More, more, more

With the ever-increasing popularity of omni-channel retail, drop shipping (also known as direct dispatch or virtual inventory) is being used more and more by retailers that want to get more products, to more customers, more quickly. Products being delivered from the manufacturer direct to the consumer can save not only time but also money.

The main benefits of drop shipping are now well-known. Orders are fulfilled more quickly. Fewer steps mean fewer opportunities for things to go wrong, ie packages lost or ending up at the wrong store, or orders being sent to the wrong warehouse. Less stock needs to be kept at the retailers' premises, so upfront investment in stock is reduced and the need for huge warehouses is diminished. Upfront investment in transportation and distribution is reduced. Response to demand for stock can be quicker and costs are reduced.

But peak times, such as Christmas, Easter, maybe a large sporting event or a change in season, can mean problems for drop-shipping models that have not been thought through or are not supported properly. This can lead to a decline in brand image and the loss of customers.

Potential pitfalls at peak times

- ▶ Late/missing/wrong orders due to a lack of visibility on the status of a delivery from the supplier or a delay in the supplier receiving order details
- ▶ Human error may cause the wrong information to be provided to the supplier
- ▶ Placing orders with a supplier who does not have the stock and therefore the retailers cannot meet their promise to the customer
- ▶ Damage to the retailer's brand if the supplier does not follow the retailer's requirements for packaging and documentation or delivery times
- ▶ Drop-shipping suppliers not following the retailer's processes
- ▶ Lack of control over the customer service level or despatch lead time
- ▶ Lack of visibility of the fulfilment process

Visibility is key

Your drop-shipping technology must offer clear visibility of the supply chain at every step, from the order placement, through the dispatch from the manufacturer to the tracking of the item until delivery. If not, you may have to deal with late or missing orders or wrong orders and your customer service team will struggle to manage these issues in a timely way. Ensuring that your drop-shipping partner offers you complete visibility means that problems in the supply chain can be easily found, monitored and even prevented.

These peak times are vital for keeping customers happy. Missed or late deliveries, for example at Christmas when products may need to be sent on elsewhere once wrapped and need to hit postage deadlines, can impact hugely on the customer's emotional response to your brand.

Don't be the company that ruins Christmas!



Keeping customers happy when demand surges

A good drop-shipping solution will also allow the retailer to be aware of stock levels at the manufacturers. Some drop-shipping software enables items to be ordered automatically from other manufacturers or warehouses if they go out of stock at the first manufacturer. Unexpected surge in demand for an item can, therefore, be accommodated. For example, a certain game may suddenly become the most popular present to buy at Christmas. The retailer will have awareness of stock levels at all its suppliers at all times, leading to fewer disgruntled customers that have not received the games they ordered.



Protecting your brand image

Another issue that can have a negative impact on the retailer's brand is that, with drop shipping, the manufacturer represents the retailer's brand. The products that are sent direct from the manufacturer need to be packaged and documented to reflect the retailer's brand. Badly packed, non-branded packages and packages without the appropriate retailer's documentation, will not only send out the wrong message, but will also affect customer perception of the retailer.

Similarly, if suppliers or manufacturers do not adhere to the despatch lead time promised, or give appropriate tracking information to the customer, the customer will see it as the fault of the retailer.

All the suppliers must follow the same process and a good drop-shipping solution will enforce a single process across all the suppliers and offer the essential full visibility of the fulfilment process.

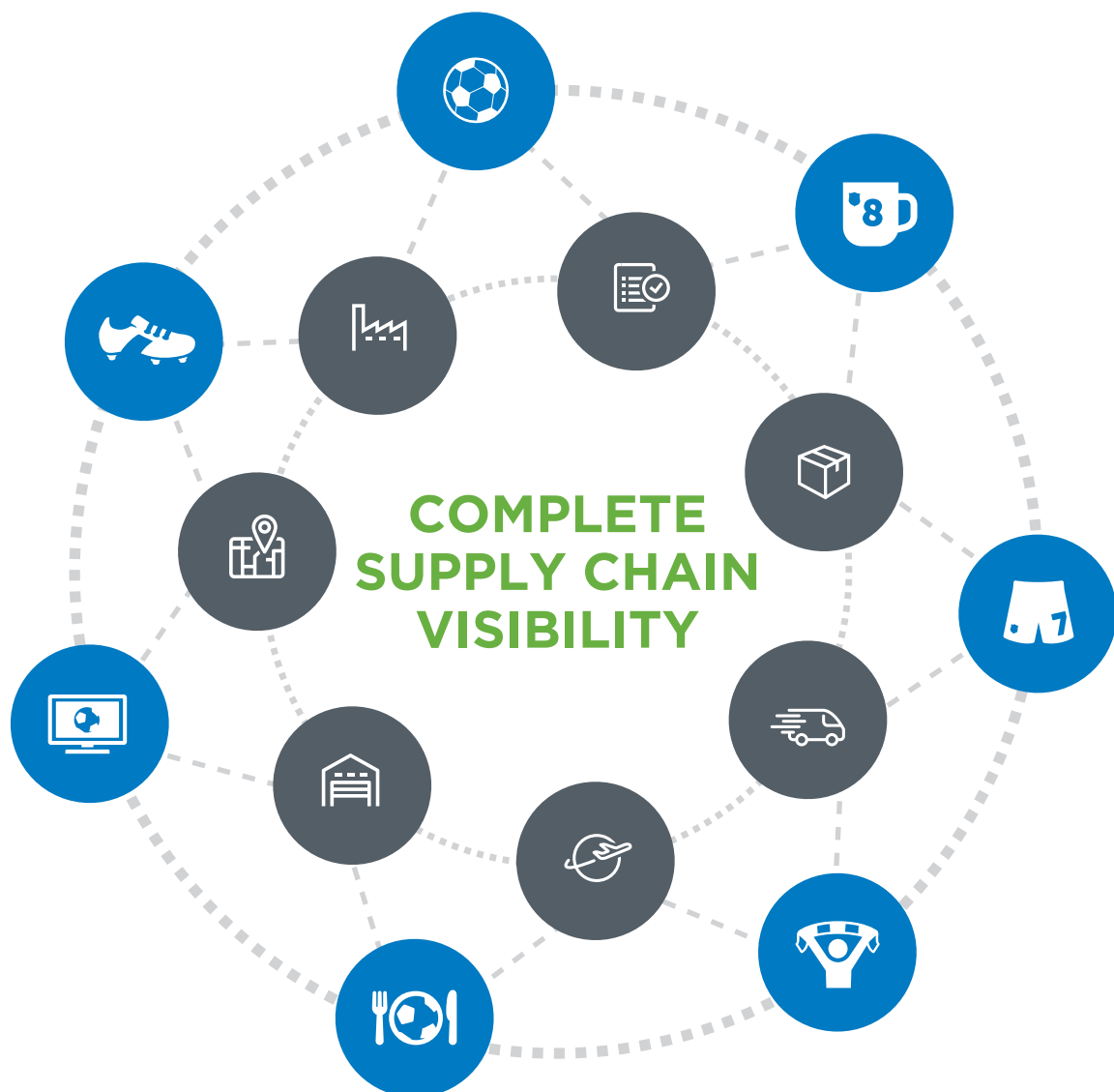


An example of peak-time process

So, you have the right processes in place, you have full visibility of the supply chain, you are on top of things. Perhaps you are a sports retailer and the football World Cup is just around the corner. You know that there is going to be an influx of orders for different nations' football shirts and supporters' clothing. Orders are coming in thick and fast, and you need to pass on these orders to the football shirt and merchandise manufacturers quickly. Some of these suppliers are big companies, others may be small, niche-item businesses.

Technology and process combine

How do you get those orders processed and out as quickly as possible? It is likely that the big football shirt manufacturers may have EDI (electronic data interchange) technology, allowing you to place orders, deal with invoices and secure delivery notes automatically from computer to computer. This saves time as the orders will not only be placed directly with the manufacturer, but it will be done instantly, with no need to worry about human inputting errors or delays.



There are drop-shipping technology firms who also offer EDI, and combining the two can help speed processes as well as offering the complete visibility of supply chain.

This is where a good drop-shipping and EDI firm can help. So long as the mug-making company has a computer and the internet, EDI can take place via Cloud-based technology.

There are EDI companies that offer an onboarding service. You, as the retailer, can pass over a list of all your trading partners and the EDI firm will then approach the suppliers to get them on board and train them in the Cloud-based technology.



**So, will you be at peak performance when your company hits its peak time?
If you get the right drop-shipping technology and processes in place, it
could be a time for celebration all round.**



About BluJay Solutions

BluJay Solutions is transforming supply chain logistics with the BluJay Global Trade Network. BluJay unlocks the power of more than 40,000 universally connected partners so companies can achieve greater trade velocity, transform their supply chain economics for disruptive advantage, and see beyond the horizon to optimize their future in the global economy.



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