

Would Your Business Benefit from a Direct Ship Vendor Fulfillment Strategy?

Managing product selection is an important decision for any retailer and one that is driven by a number of factors including available storage space and fulfillment capability. A growing number of businesses — especially online retailers — are turning to direct ship vendor (DSV) strategies as a way to increase product offerings and add efficiency to the distribution process.

A new white paper from Purolator International, *Direct Ship Vendor Solutions Mean Faster eCommerce Deliveries, Improved Efficiency*, explains how the solution works and identifies important benefits — and challenges. Please [click here](#) to download a complimentary copy.

What Is a Direct Ship Vendor Solution?

- ▶ An eCommerce retailer does not actually maintain inventory of products sold on its site but instead relies on manufacturers and suppliers to directly fulfill customer orders.
- ▶ When a customer places an order — from the retailer's website — the order is immediately transmitted to an appropriate vendor for processing and fulfillment.
- ▶ Packages may bear the retailer's name and logo, and deliveries must arrive within the time frame indicated on the retailer's website.

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How Does a Direct Ship Vendor Solution Work?

A "typical" DSV solution would normally follow a fairly straightforward process that includes the following steps:

- ▶ Retailer identifies products to list on its website.

- ▶ Logistics provider reviews that product listing and determines SKUs and vendors that would benefit from a DSV solution. This includes a careful analysis of each vendor's volume along with product characteristics to determine whether or not a DSV solution would be cost efficient.
- ▶ Logistics provider works with each vendor/supplier to integrate technology systems, create fulfillment infrastructure, and identify optimal shipping strategy.
- ▶ Consumer places order.
- ▶ Order is immediately transmitted to vendor for fulfillment.
- ▶ Logistics provider picks up consumer's shipment and ensures on-time delivery.

Shipments to Canada will include additional consideration such as:

- ▶ Logistics provider will ensure full compliance with all Canada Border Services Agency (CBSA) documentation requirements.
- ▶ Once in Canada, logistics provider will ensure seamless integration into a Canadian distribution network and final delivery to Canadian end destination.

What Are the Benefits?

- ▶ **Reduced inventory and warehouse costs.** Since the vendor maintains ownership of products, a retailer can significantly reduce inventory and associated warehousing costs.
- ▶ **Ability to increase SKU listings.** The DSV model allows retailers to expand website product offerings without

having to maintain inventory. The retailer can add items simply by listing them on its website and linking to the appropriate vendor.

- ▶ **Greater control over product listings.** A retailer will have the flexibility to quickly remove slow-moving items that fail to gain traction with consumers. Since the retailer presumably holds no inventory for these items, there is no financial loss or risk of being left with quantities of unsold merchandise.
- ▶ **Faster deliveries to consumers.** Products move directly from the vendor/supplier to their end destination, which usually eliminates a stopover at a retailer's distribution center. This accelerates the fulfillment process, which can be especially beneficial for eCommerce shipments headed to Canada.
- ▶ **Increased foot traffic to physical stores.** A DSV solution can offer customers the option of picking up their shipments at a retailer's physical store. Research by [JDA Software](#) found 50 percent of survey respondents had used a "buy online, pick up in store (BOPIS)" option in the last 12 months, and 40 percent of those individuals made additional purchases while they were in the store.
- ▶ **Facilitated handling for large, agile products.** Retailers that offer products that may be large and/or heavy can avoid having to involve themselves in the extra care required to store and ship such products.
- ▶ **Retailer is removed from the fulfillment process.** By allowing a vendor to ship products directly, a retailer can eliminate the added costs and responsibility for managing the fulfillment process. Instead, the process is shifted to the product's vendor, with careful management by a qualified logistics provider.
- ▶ **Broad geographic reach.** Since a DSV solution will have many moving parts, it's essential that a logistics provider is able to guarantee service to a retailer's entire customer base regardless of location. This means having a comprehensive distribution network throughout the United States and coverage for international shipments.
- ▶ **Technology-based.** Technology is critically important to a DSV solution, so a logistics provider must have a high degree of IT capabilities and competence.
- ▶ **Scalability.** Since many products are subject to demand peaks and valleys, it follows that retailers' logistics needs will fluctuate. Make sure your logistics provider recognizes the need for a scalable solution that ensures full coverage during peak demand but will not penalize you during less-busy periods.
- ▶ **Returns management.** A DSV solution must also recognize the inevitable return of a significant volume of sales and the importance of having a customer-friendly process in place to ensure a fast, hassle-free process.
- ▶ **Customer service.** For a direct-to-customer model to work, your logistics provider must take seriously your commitment to your customers. A good logistics provider will have staff dedicated to your business who understand your objectives and who can advise how best to meet those goals.

To learn more, please [click here](#) to download a copy of *Direct Ship Vendor Solutions Mean Faster eCommerce Deliveries, Improved Efficiency*.

A Comprehensive Logistics Strategy Is Essential to DSV Success

Key competencies to look for in a DSV logistics provider include:

- ▶ **Comprehensive management/coordination capabilities.** A qualified logistics provider must be able to seamlessly manage shipments from multiple vendors located in multiple geographic locations. This includes the ability to work with each vendor to oversee a seamless onboarding, determine ideal shipping solutions, oversee fulfillment, provide meticulous record keeping and ensure on-time customer deliveries.
- ▶ **Flexibility.** A provider must have ready access to the distribution network required for a complex DSV strategy.