

HOW TO CHOOSE THE RIGHT 3PL FOR YOUR BUSINESS

proVision
Warehouse Management Systems
By Ahearn & Soper Inc.



What type of logistics does your business need?



Logistics is the movement of goods through the supply chain. Products are shipped to numerous places from the manufacturer to the end customer, and many places in between. This requires a warehouse management system (WMS) that retrieves and shares business intelligence in the warehouse.



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There are five types of logistics providers, they included:



1PL

First Party Logistics

Moves freight from one point to another, for example from the manufacturer to the retailer or customer.

2PL

Second Party Logistics

An asset-based carrier that is responsible for the method of transportation.

3PL

Third Party Logistics

Provides many operations and logistics services that help get products to the end customer. Core services include receiving, storing, picking, and shipping.

4PL

(Fourth Party Logistics

Integrates all aspects of the supply chain, including IT, procurement, sourcing, and finance. Often makes overall business decisions.

5PL

Fifth Party Logistics

A full-suite logistics integrator synthesizes many outsourced providers that include the whole supply chain from beginning to end.



FULFILLMENT SERVICES

Order fulfillment is one component of the broader supply chain process. There are four main types of order fulfillment: In-house, Outsourced, Dropshipping, and Hybrid.



IN-HOUSE ORDER FULFILLMENT

With the in-house fulfillment model, the business uses its employees to manage fulfillment processes. Employees handle all steps of the fulfillment process, including storing and shipping products on-site at a controlled warehouse. In-house fulfillment is ideal for established companies that want to have end-to-end control over the entire operation.



OUTSOURCED ORDER FULFILLMENT

Outsourced order fulfillment is when shipping, storing, and order/refund processing is handled by third-party logistics (3PL). Companies that don't have sufficient warehouses or personnel may choose this option. In this case, the 3PL employees handle the entire fulfillment process from end-to-end, from receiving inventory from manufacturers and retailers to delivering orders to end customers. Inventory is stored in a warehouse controlled by a 3PL, meaning companies that use outsourced fulfillment don't need to invest in their warehouse facilities.



DROPSHIPPING

Dropshipping is like outsourcing, except there's no inventory to manage. The retailer doesn't keep the items it sells in stock. Instead, when an item is sold, the retailer purchases it from a third-party supplier. The supplier may be a manufacturer or a business that procures products from the manufacturer. The supplier handles all orders and ships to the customer and bills for the products you sell.



HYBRID FULFILLMENT

Hybrid fulfillment is a company that has a mix of the above fulfillment options, for instance, a company may process some orders in-house, such as custom items or items that must be assembled before shipping, while using dropshipping services for non-custom items. This is ideal for companies that need flexibility or are undergoing fast expansion.

Why is Order Fulfilment Important?



Today's consumers are used to two-day or next-day shipping options. So, the demand is high for fast shipments and on time. When your order fulfillment process isn't consistent or timely, you may struggle with getting shipments delivered on time, which can hurt your business profitability.

43% of customers say they won't shop with a retailer again for at least a month after a negative delivery experience, and 38% of customers say they won't shop with a retailer again at all.

Order fulfillments have a direct impact on a customer's shopping habits. Customers want delivery options that best suit their needs. Companies that don't offer desirable options risk losing business. 45% of customers say they have abandoned a cart due to poor delivery options, and 58% of consumers say they've purchased from one company over another because they offer more delivery options.

To gain a competitive advantage, it is critical to deliver on customer expectations for quick delivery and prompt return services. By optimizing your order fulfillment with the right warehouse management system (WMS).

You can:

- Lower your costs for shipping.
- Reduce operational costs.
- Expand your customer base.
- Enhance customer service.

4 Best Practices to Optimize and improve your process

Creating a streamlined order fulfillment process is key to winning over customers and maintaining a competitive edge. There are several best practices to keep in mind when optimizing your order fulfillment processes.

Choose what works best for your business

It is best to use a fulfillment model that best suits your business. It should be flexible enough to handle your order volumes, customer locations, and sales channels. If you sell customized products, then your fulfillment process must be able to accommodate those complexities without adding unnecessary delays.



Use Data to Drive Decisions

Technology should support order fulfillment with real-time data, giving you inventory visibility and allowing for more accurate demand predictions. Making data-driven decisions can make it easier to keep up with demand and maintain optimized inventory levels.

Don't Be Intimidated By Automation

Leverage warehouse automation to improve fulfillment efficiency and accuracy to better meet customers' expectations. Flexible automation solutions that optimize order picking routes in real-time, reducing unnecessary walking and improving picking efficiency.

There's no single fulfillment process that works for every business. Whether you choose to outsource to a third-party logistics company or use a Hybrid warehouse fulfillment model, what matters is finding the right process that meets your company's needs and your customer's expectations. The goal is to streamline your fulfillment processes, so your customers stay happy, and your bottom line does not suffer.

Interested in more?

Let's discuss the solution
that is right for you.

Contact us at
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