TrueCommerce™ | Do business in every direction

Retailers: Make Drop Shipping Less Complex

How To Expand Assortments And Control Costs

INTRODUCTION

With unpredictable global logistics and demand issues, environmental and sustainability concerns, rising real estate costs, and reduced foot traffic that puts pressure on supply chains, both retailers and brands are looking for ways to meet consumer demand. Drop shipping programs offer many valuable advantages for both retailers and the brands they represent by enabling expanded product assortments and broader penetration into digital commerce channels, and those benefits continue to grow amidst today's evolving supply chain.

As retailers adjust to expanding demand and fulfilment channels, many are using drop ship solutions to maintain connections with their end users and drive customer satisfaction. By using a drop ship solution designed for unified commerce, retailers have an opportunity to enhance their operations further as they simplify and streamline all aspects of drop shipping — while making it easier for brand partners to participate as well.

This e-brief will explore the key elements of today's advanced drop ship management solutions, demonstrating how they can help retailers expand their assortments and improve customer satisfaction, without piling up inventory costs. Primary considerations include:

› Automation and integration of order processing with ERP, accounting, and logistics systems for both retailers and brands

› Simplifying compliance in areas including delivery SLAs, branded packaging and packing slips, use of mandated carriers and sharing up-to-date inventory across the supplier network

› Using Product Information Management (PIM) tools to improve catalog management accuracy, efficiency, and content sophistication

› Deep analysis and exception-based reporting that allows retailers to maintain accurate vendor scorecards and quickly identify trouble spots and bottlenecks

AUTOMATION AND INTEGRATION ARE SECRETS TO DROP SHIP SUCCESS

Given the vast number of moving parts involved, retailers need the capabilities of a powerful drop ship solution to manage an extended supplier network and make their program run like a well-oiled machine. Leading technology capabilities can successfully orchestrate wide-ranging activities and enable the connectivity, visibility, and collaboration needed to make drop ship initiatives successful.

In addition, gone are the days when order and fulfillment workflows took days or sometimes weeks to complete. A drop ship program can compress that timeline down to hours, eliminating the wiggle room for retailers to process corrections or implement last-minute fixes. The right technology tools deliver vital automation capabilities, eliminating time spent on manual data entry, reducing the potential for errors, and enabling better control and faster order and fulfillment processing.

42%

of retailers said that a lack of interoperability with legacy technologies and processes is the top reason digital initiatives fail.

Source: BDO, *2020 Retail Digital Transformation Survey*

Within a pool of suppliers, each may use different back-end systems, different communication methods, and different data formats. Advanced drop ship solutions allow retailers to connect this diverse network of suppliers through a shared portal — regardless of everyone's back-end technology capabilities or level of sophistication — so they can maintain the visibility necessary for an efficient and effective program.

Data is automatically pulled from each stakeholder, normalized and integrated into a single source of insight. Inventory levels, order status, tracking numbers — it's all brought together, giving retailers and their brand partners complete transparency as they work toward elevating their product assortment without losing control of the process or of the cost.

www.truecommerce.com

SIMPLIFY COMPLIANCE, BOOST PERFORMANCE

Compliance remains a significant hurdle for many retailers. Some worry that a drop ship program could introduce fulfillment lags or communication gaps that would lessen their control over the delivery promise made to the customer, resulting in a negative shopping journey or a decline in customer satisfaction. But a well-designed drop ship solution has the opposite effect. It enables retailers to deliver the kind of simplified shopping experience customers are looking for in today's highly competitive marketplace. Retailers will have the flexibility to offer the convenience of a one-stop-shop, providing their customers with a broader assortment of products through endless aisles, as well as more adaptive shipping options.

order information accuracy and shipment timeliness, no matter where the order originated or how products are fulfilled. Suppliers can also use the drop ship portal to print branded packing slips and labels to maintain brand identity across every order.

An integrated portal allows suppliers to continue leveraging their preferred fulfillment systems to share data about incoming orders and outgoing shipments, rather than requiring them to translate their existing data into a different format or re-enter information by hand. POs are delivered to suppliers through the portal in one direction, and feedback from the shipping details is provided back to the retailer in the other direction. Brands that don't have their own fulfillment systems, like smaller manufacturers and boutique artisans, can still utilize the portal to gain the same efficiencies.

44%

of shoppers said the availability of unique products would influence them to try a new retailer.

Source: Deloitte, *2020 Holiday Retail Survey*
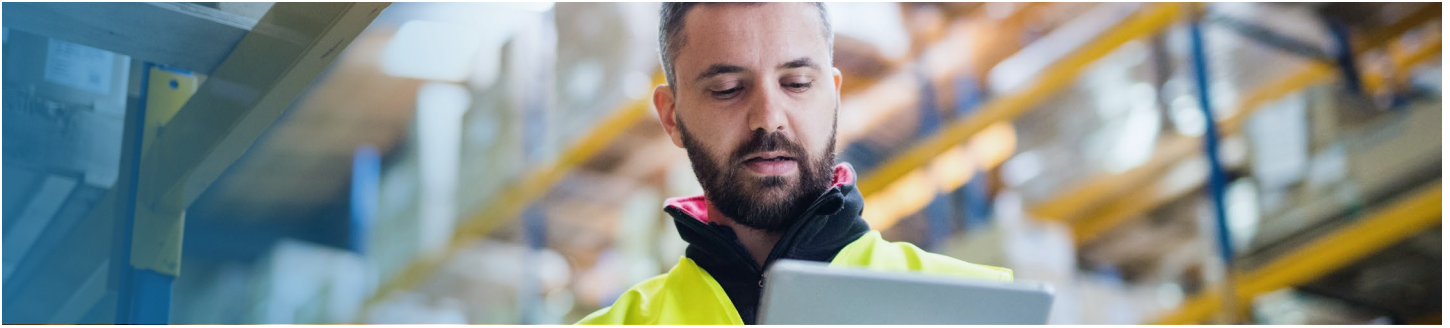
Consolidating data into one place gives retailers visibility into the entire process. Rather than managing a multitude of disparate suppliers and order flows individually, a drop ship program blends everything into the portal and delivers real-time status information on all of them. An alerting system within the platform then monitors compliance metrics and notifies retailers — as well as noncompliant suppliers — of any performance issues, enabling them to review outliers and address problem areas quickly and easily.

However, delegating the customer promise to suppliers while maintaining a company's standards of service requires a drop ship platform capable of managing compliance. Advanced solutions automate complex and time-sensitive actions, including inventory reconciliation and confirmation. The right system helps retailers ensure

MASTER CATALOG ACCURACY, EFFICIENCY, AND CONTENT SOPHISTICATION

Another common hurdle for retailers is maintaining an accurate catalog as the number of products on their ecommerce site grows. Product information management (PIM) tools let retailers improve catalog management accuracy and efficiency while also boosting content sophistication — no matter how frequently new products are added, or the number of suppliers involved in providing product data increases.

Expanding online product assortment begins with acquiring each product's content. An integrated drop ship solution allows retailers to quickly get product information, without relying on manual requests and data entry. Instead, item data is automatically extracted from each supplier's system and moved into the PIM solution. Once products are listed on the retailer's site, the PIM solution can also receive and publish updates directly to product pages. This streamlines the workflow for internal teams and ensures accurate, up-to-date content across a storefront.

Retailers can then turn their focus toward enhancing the content itself. A drop ship solution should offer the ability to enrich content with elements that will help retailers sell products more effectively, including:

- ❯ Rich Descriptions
- ❯ Variants
- ❯ Imagery
- ❯ Videos
- ❯ Attributes
- ❯ Keywords
- ❯ Tags

The use of rich content also makes product selection easier for customers to find, helping to boost discoverability and bring more traffic to the online store.

Voice commerce is forecasted to reach over

$80 billion

per annum by 2023.

Source: Juniper Research, *"Digital voice assistants: Platforms, revenues & opportunities 2019-2023"*

Depending on retailers' audience and selling footprint, they may also want to consider additional enhancements such as a multilingual catalog. The right drop ship platform will offer machine-level translation and other tools to produce advanced content quickly and efficiently, giving retailers greater access to more customer segments.

Finally, it's time to syndicate the content. An experienced drop ship technology provider will have its own network of established connections across a wide spectrum of trading partners, providing the reach to rapidly produce listings and automatically push enriched content to a retailer's eStore or eBay, for example.

www.truecommerce.com

ANALYTICS TO IDENTIFY PROBLEM AREAS AND IMPLEMENT CORRECTIONS

Retailers also need to continuously improve the efficiency and performance of their drop ship program. As reliance on suppliers increases, the need to ensure those partners meet their SLAs becomes a priority.

Implementing a drop ship solution with powerful analytics and exception-based reporting capabilities is critical to long-term success. The right system allows retailers to maintain accurate and up-to-date vendor scorecards, and rapidly identify trouble spots and bottlenecks.

An ideal program can produce performance and exception data for every supplier, brand and product, so retailers can measure how well each of their suppliers is meeting its SLAs. With integrated drop ship capabilities, retailers also have the insight to weigh performance against their business needs. For example, it's common for a brand to meet its SLA on one segment of product but miss it on another. Depending on the value of those below-standard segments, retailers may choose to find an alternate source for the troubled item(s). But with robust analytics in hand, they might not have to abandon the relationship, because they can use their data to work with the supplier and find the root cause of the missed SLAs.

> # 69%
> of organizations said they don't have full visibility of their supply chains.
>
> **Source: BCI & Zurich,** *Business Continuity Institute's Supply Chain Resilience Report, 2017*

A drop ship solution that includes analytics on additional KPIs, such as financial information, provides an additional level of clarity that enables retailers to drive optimal business outcomes over time. For example, retailers might wonder how important each brand is to the overall growth of their business. If a brand is underperforming but comprises only a small percentage of a retailer's business, it may decide to let the supplier go. However, if an underperforming brand represents a significant chunk of overall operations, the data might suggest that a retailer take corrective actions to ensure performance improves.

www.truecommerce.com

CONCLUSION

The addition of a drop ship program is a key step toward expanding product assortments in today's consumer environment, where shoppers show a strong preference for consolidating their purchases among a small handful of preferred retailers.

High-performing automation and integration capabilities empower retailers with crucial visibility into their program's performance. Order and fulfillment data are delivered automatically into a shared portal available to retailers and their vendors, eliminating time-consuming manual processes and boosting the efficiency of the supply chain. Retailers can also drive better performance by increasing collaboration with their network of brand partners. And powerful analytics and exception management help improve operational insight and protect customer relationships.

Learn More about how you can make drop shipping less complex with True Commerce.

TrueCommerce™ | Do business in every direction

TrueCommerce is the most complete way to connect your business across the supply chain, integrating everything from EDI, to inventory management, to fulfillment, to digital storefronts and marketplaces, to your business system, and to whatever comes next. For decades TrueCommerce has helped businesses be more connected, more supported, and more prepared for what´s next. That´s why thousands of companies — ranging from start-ups to the global Fortune 100, across various industries — rely on us. TrueCommerce. Do business in every direction.

P **1-888-EDI-TRUE**

www.truecommerce.com

---

retail TouchPoints®

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The *Retail TouchPoints* network is comprised of two weekly e-newsletters, special reports, web seminars, exclusive benchmark research, an insightful editorial blog, and a content-rich web site featuring daily news updates and multi-media interviews at www.retailtouchpoints.com. The *Retail TouchPoints* team also interacts with social media communities via Facebook, Twitter and LinkedIn.

P **201-257-8528**

info@retailtouchpoints.com