

# 5 Questions to Ask when Evaluating a Drop Ship Vendor

Expand your product range—and your fulfillment capacity—with Drop Ship Vendors



**Consumers are expecting more. More variety, more flexibility and faster turnaround time when they place orders.**

As brands and retailers look to not only retain current customers but expand their shopper base, drop ship vendors (DSVs) play an important role.

DSVs are a great approach for retailers and brands alike who want to extend their range or assortment without the need to own—or store—more stock. And even better, it allows you to test new products without paying for stock up front.

**What is Drop Shipping?**

Drop shipping, at its simplest, is a fulfillment method in which the brand or retailer has the product shipped directly from a third-party seller or manufacturer/wholesaler. This means that the products are not stored at the company's



warehouse or stores and the seller does not actually handle the products. The biggest distinction between utilizing a Drop Ship Vendor and the traditional retail model is that the seller does not stock the inventory. As Drop Ship Vendors become more popular and you look to add them to your business model, make sure you are asking these important questions to evaluate the best DSVs for your needs.

## 01. How will the Drop Ship Vendor send you product information?

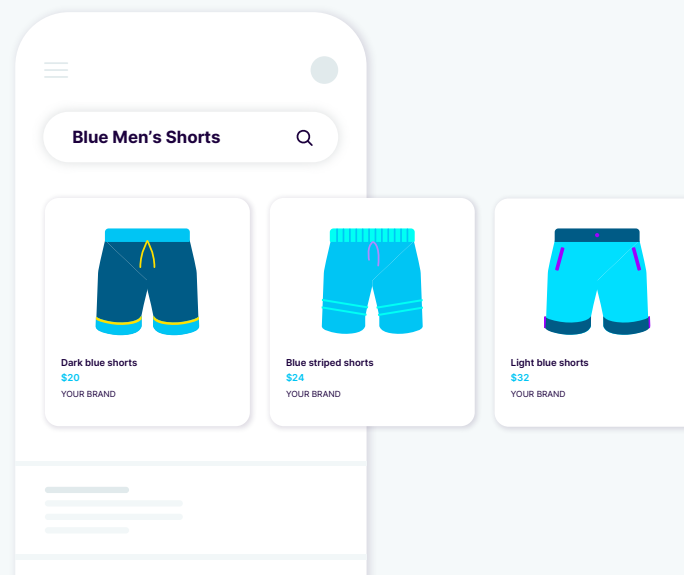
**Communication is key – and that rings true when it comes to your drop ship vendor (DSV) as well.** How will they send you product information? How often will you get updates and in what format will they send it in? How will you consume those updates? Do you need middleware? Can you create a vendor portal so DSVs can update their own information using your existing standards?

Ironing out the answers to these key questions will not only save you from future headaches but can also help you avoid issues that may affect your customers down the line.

## 02. What product information will your Drop Ship Vendor provide?

**When someone is searching for a specific product to buy, they usually begin their search on Google.** That eventually leads them to the retailer or brand that has the best product information available. To ensure that leads to you, you need to have that information readily available and accurate—all which comes from your Drop Ship Vendor.

What exactly will they provide you with? Will you need to create custom fields or attributes to store that data in your ecommerce platform? Will you receive all product images, descriptions, and



other specifications? Accurate data is imperative to getting someone to hit the buy button.

### 03. How—and when—will they send inventory updates?

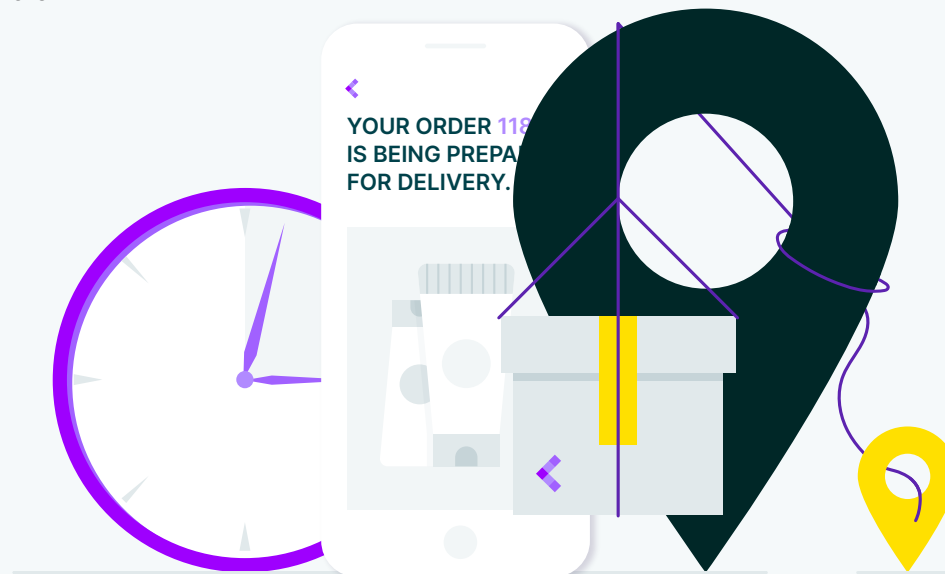
**Retailers and brands know that inventory accuracy is critical to success.** When it comes to your Drop Ship Vendors, you need to make sure that you are aware—and comfortable with—the frequency and way you will receive inventory updates. Does the DSV only publish inventory updates overnight? If so, how many other retailers

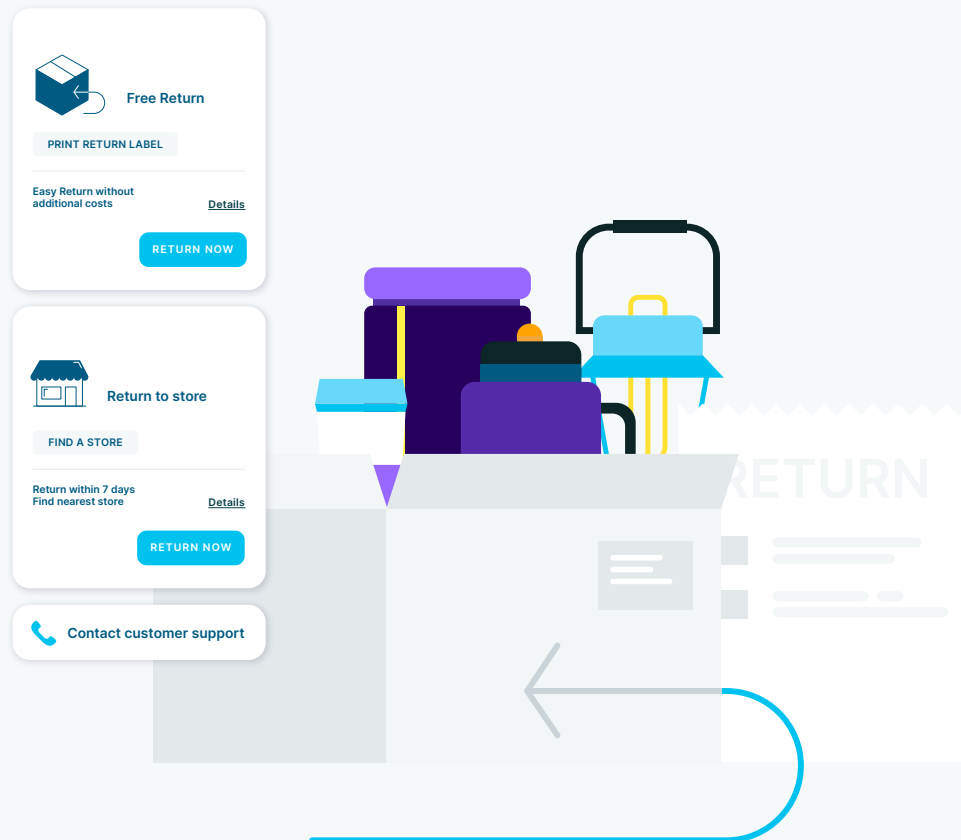
or brands do they have as customers? How likely are they to be out of stock and need to cancel orders?

Some vendors do a better job at updating inventory, but with different vendor sizes come different challenges. You need to make sure you understand what their systems are capable of. If you require vendors to use EDI to exchange inventory data, what do you do about the smaller vendors who are not EDI-enabled? Do you offer a vendor portal to help avoid this issue?

### 04. What Service Level Agreements (SLAs) can the DSV support?

**As a retailer or brand, you have your core assortment, and you want to maintain a certain level of service for your customers.** This includes what you offer with Drop Ship Vendors—and you want the SLA to match your other offerings. But what can the DSV support? How quickly can they process the order before it ships? Can they match your delivery speeds and options? What is their local carrier availability? Can they ship





internationally? Who pays for the shipping costs? And what about custom branded packaging—can they support that too? You want to ensure that the customer experience is the same whether the order is fulfilled by you or your vendors.

## 05. How will returns be managed?

**When it comes to a customer returning an item that came from a drop shipper, there are many factors that need to be considered.** How will the customer initiate a return? Do they need to ship it back to the drop shipper or can they return it to the store? If they are shipping it back, is there a packing slip already provided in the package, or does the customer need to print a return shipping label? Can you, as the seller, initiate a return on behalf of the customer instead?

And once the return has been started, what are the shipping options to actually return the item? How quickly will it be processed? Is there a phone number that can support customer inquiries? And most importantly, how and when will the customer be updated as to their return status?

## Summary

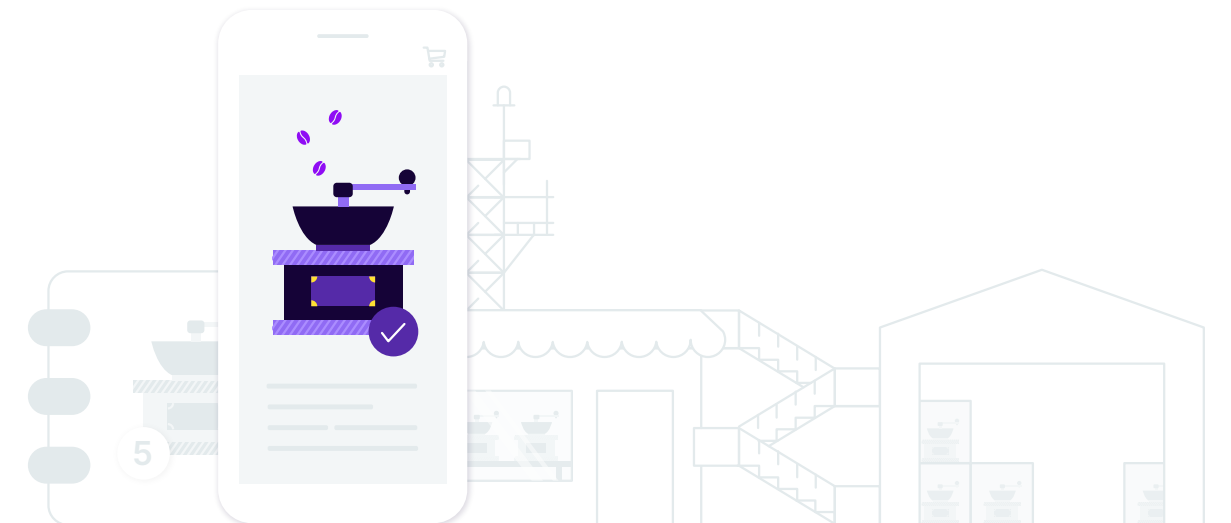
Utilizing Drop Ship Vendors (DSVs) are a great way to expand your product range and fulfillment capacity, while also allowing you to test new products without sacrificing storage space. But before you decide to work with DSVs, make sure you ask the important questions.

Devanshu Sood, Director of Commerce and Order Management from Perficient states, **“The first step towards considering drop shipping is to ensure your current systems are adequate enough to handle the growth that comes along with it, starting with an order management system which ties all the solutions and data together.”**

As you add DSVs to your arsenal, there is the risk of out-of-sync inventory which ultimately leads to unhappy customers. Having an order management system (OMS) can help you rapidly onboard DSVs and allows you to keep track of

vendor performance. Plus, a flexible OMS can easily sync inventory in near-real time from your DSVs—and not to mention your DCs and store inventory—which will be imperative to both your success and ongoing customer loyalty.

**This is the first of a multi-part series exploring how to work with Drop Ship Vendors.**



# Create a seamless experience, expand your product range and easily manage all your Drop Ship Vendors

## About Fluent Commerce

Fluent Commerce is the leading provider of fully customizable cloud order management to merchants and brands who want to provide a premium omnichannel fulfillment experience, profitably. We enable retailers and brands to roll out quickly and scale as needed, anywhere around the globe.

Learn more: [fluentcommerce.com](https://www.fluentcommerce.com)

## About Perficient

Perficient is a global digital consultancy focused on transforming how the world's leading enterprises and biggest brands connect with customers and grow their business. Our Commerce practice approach focuses on people, process, and technology. Our practice includes award-winning commerce experts, with over 30 awards for excellence from IBM and several for Magento, and we are recognized by Gartner and Forrester for commerce excellence. Our experts cover a wide range of solutions, from product information management (PIM) systems, order management (OMS) systems, managed services, and more.

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