

DROPSHIPPING FACILITIES:



4 *THINGS TO
CONSIDER*



In recent years, dropshipping has emerged as a popular business model in e-commerce. Notably, it has also brought new opportunities to large-scale retailers and their vendors. This model gained traction because it enables businesses to sell products without the burdens of inventory management, shipping logistics, and warehousing. For large retailers, it offers a chance to diversify their product range without carrying more inventory, while also facilitating collaborations with vendors who can now easily become dropshipping suppliers. This synergy between large retailers and vendors streamlines operations and promotes inclusivity in the e-commerce landscape, ultimately benefitting all parties involved.

However, despite its popularity, launching a dropshipping facility requires careful planning and consideration. There are several important factors to consider, such as the size of the facility, the technology used, the shipping process, and having a backup plan. Each of these factors can significantly impact the success of a dropshipping business, and it is important to address them before launching a facility.

In addition to these key factors, it is also important to weigh the pros and cons of owning versus contracting out a facility. Owning a facility provides greater control and flexibility, but it also comes with a higher initial investment and ongoing maintenance costs. On the other hand, contracting out a facility can be cost-effective in the short term, but it can limit control over the facility and result in higher long-term costs.

Furthermore, the location of the facility is also a critical factor that can impact the success of a dropshipping business. The location of the facility can impact the cost of shipping, access to skilled labor, and local regulations and taxes. Therefore, it is important to carefully consider the location of the facility when planning a dropshipping business.

In this eBook, we will cover all of these critical factors in detail. By providing guidance and insights into these key areas, we hope to help e-commerce entrepreneurs make informed decisions when launching their dropshipping facilities. Whether you are new to dropshipping or an experienced entrepreneur, this eBook will provide valuable insights and best practices to help you succeed in the competitive world of e-commerce.

CONSIDERATIONS BEFORE LAUNCHING

Launching a dropshipping facility can be a daunting task. There are many factors to consider in order to ensure that your business is set up for success. Here are 4 things to consider before launching your dropshipping facility in more detail:

Determine the size of the facility:

When starting a dropshipping business, one of the first things to consider is the size of the facility. The size of the facility you need will depend on several factors, including the number of products you plan to stock, the volume of orders you anticipate, and your growth projections.

You will also need to consider how the facility will accommodate your business needs in the long term. This includes factoring in any potential expansions or increases in inventory. A well-planned facility will ensure that you have enough space to store your products and handle your shipping needs efficiently.

Choose the right technology:

Technology plays a critical role in a successful dropshipping facility. It is important to choose technology that will help you manage inventory, track orders, and automate shipping processes. By automating certain processes, you can save time and increase efficiency, ultimately leading to cost savings.

When choosing technology, consider the user-friendliness of the system and the level of support offered. Choose technology that integrates with your website, as this will streamline the process and create a seamless experience for your customers.





Create a reliable shipping process:

Efficient shipping operations are a cornerstone of a successful dropshipping facility. A dependable shipping process ensures orders are fulfilled promptly, and customers receive their products on schedule.

When it comes to selecting shipping partners, consider crucial factors like delivery time, cost-effectiveness, and reliability. Additionally, implementing a tracking system enhances the customer experience by providing real-time updates on their orders.

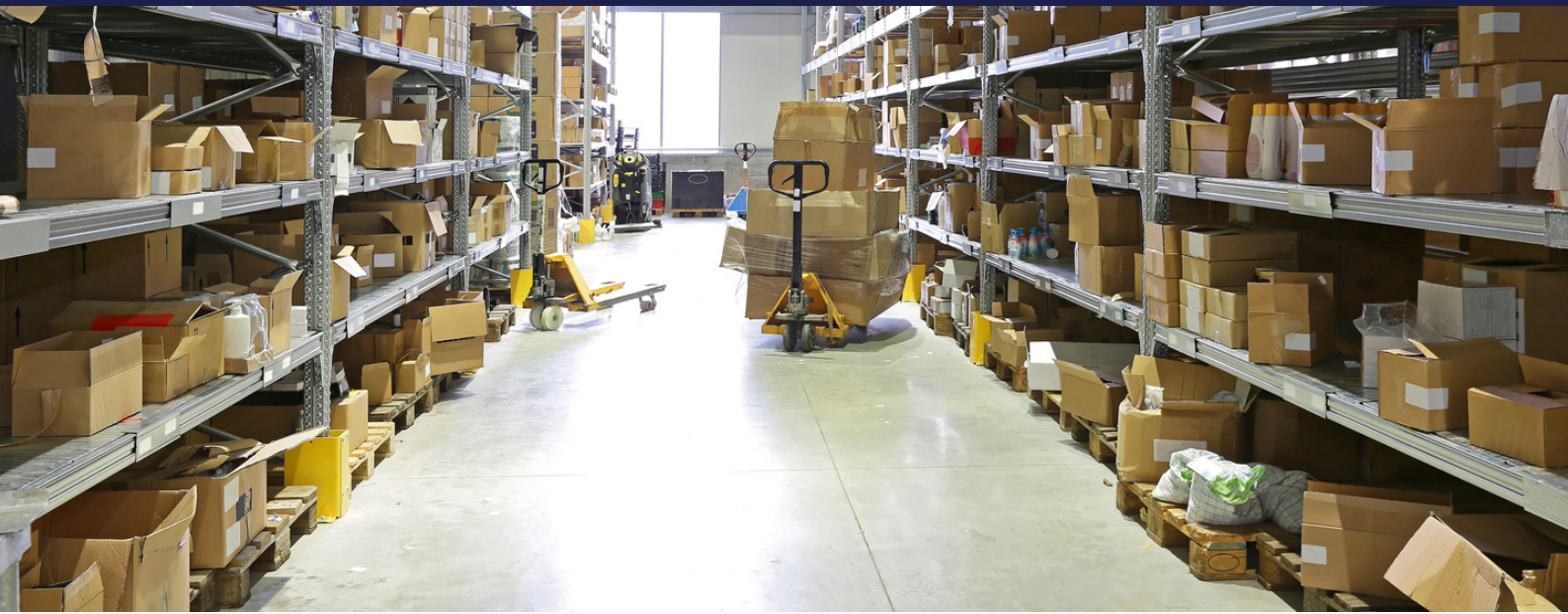
Equally vital is establishing a returns and exchanges procedure. A clear and concise policy simplifies the management of returns and exchanges, ensuring customer satisfaction through swift and efficient handling.

Have a backup plan:

Finally, it is important to have a backup plan in case something goes wrong. This includes having backup inventory in case of supply chain disruptions, backup shipping partners in case of delivery delays or cancellations, and a contingency plan in case of natural disasters or other unforeseen events.

Having a backup plan will help you minimize the impact of unexpected events on your business. By planning for the worst, you can ensure that your business is able to adapt and thrive in any situation.

By taking the time to carefully consider these four factors before launching your dropshipping facility, you can ensure that your business is set up for success. A well- designed facility with the right technology, reliable shipping processes, and contingency plans will help you deliver high-quality products to your customers and build a loyal customer base over time.



DROPSHIPPING – TO OWN A FACILITY OR TO CONTRACT OUT

When it comes to dropshipping, one important decision to make is whether to own a facility or to contract out. Both options have their pros and cons, and the decision will depend on your business needs and goals. Here is a closer look at the pros and cons of each option:

Owning a dropshipping facility:

One advantage of owning a dropshipping facility is that you have more control over the facility and the processes involved in your business. You can customize the facility to meet your specific needs, and you have more control over the technology used to manage inventory and process orders.

Owning a facility can also be cost-effective in the long run. Although there is a higher initial investment, you have the potential to leverage costs such as rent and utilities against increased value in the long run and as you scale up. By owning your facility, you can also potentially increase the value of your business, making it a more valuable asset in the long term.

However, owning a facility also comes with certain responsibilities. You are responsible for maintaining and upgrading technology, as well as managing the facility and ensuring that it is compliant with local regulations. This can be time-consuming and require a significant investment of resources.

Contracting out a dropshipping facility:

Contracting out a dropshipping facility can be an attractive option for businesses that want to avoid the initial investment required to own a facility. This option allows you to focus on your core business operations while leaving the logistics to a third party.

Another advantage of contracting out is that you are not responsible for maintaining and upgrading the facility or its technology. This can save you time and money, as you do not need to invest in costly equipment and software.

However, contracting out also comes with certain drawbacks. You have less control over the facility and the processes involved in your business. This can lead to potential communication issues and a lack of flexibility in managing your business operations.

Additionally, outsourcing can be more expensive in the long run, as you are paying for the services of a third party.

Ultimately, the decision to own a dropshipping facility or to contract out will depend on your business needs and goals. It is important to weigh the pros and cons of each option and determine which approach will best support the growth and success of your business.



LOCATION, LOCATION, LOCATION

Selecting the right location for your dropshipping facility is one of the most important aspects of setting up a successful e-commerce business. The location you choose can impact your customer experience, delivery time, shipping costs, and overall profitability. Here are five key factors to consider when choosing a location for your dropshipping facility:

Proximity to customers:

One of the most important factors to consider when choosing a location for your dropshipping facility is the proximity to your target customers. By selecting a location that is close to your customers, you can reduce shipping time and costs. This can help you build a strong customer base and provide an excellent customer experience.

You should also consider the location of your suppliers and distributors. If you are sourcing products from local manufacturers, it may make sense to have your facility located nearby. This can help you reduce transportation costs and ensure that you receive your products in a timely manner.



Transportation infrastructure:

The transportation infrastructure in a location is an important consideration for a dropshipping facility. Look for areas with good access to highways, ports, and airports, as this can help you reduce shipping time and costs.

It is also important to consider the availability of public transportation for your employees. A location that is well-connected to public transportation can make it easier for your employees to commute to work and can help you attract and retain skilled talent.

Availability of skilled labor:

The availability of skilled labor is another important factor to consider when selecting a location for your dropshipping facility. Look for areas with a strong talent pool in logistics and e-commerce operations. This will ensure that you can hire skilled workers capable of providing quality service to your customers.

Consider factors such as the local education system, job training programs, and the availability of specialized training in areas such as logistics, supply chain management, and e-commerce. This can help you find the right employees for your business and ensure that they are equipped with the skills and knowledge needed to succeed.





Cost of living:

The cost of living in a particular area is an important consideration when selecting a location for your dropshipping facility. Look for areas with a lower cost of living, as this can help you save on expenses and improve your bottom line.

Consider factors such as housing costs, taxes, utility rates, and the cost of goods and services. By selecting a location with a lower cost of living, you can reduce your overhead costs and allocate more resources to growing your business.

Regulations and taxes:

The regulations and taxes in a particular area can also impact your business operations. It is important to research the local tax rates and regulations that may impact your business. This can help you make informed decisions about where to set up your dropshipping facility.

Consider factors such as business registration fees, sales tax rates, property tax rates, and zoning regulations. By researching these factors, you can ensure that you are selecting a location that is business-friendly and supports the growth of your e-commerce business.

Choosing the right location for your dropshipping facility can be a complex process, but taking the time to research and evaluate the different options can help you make an informed decision. By considering factors such as proximity to customers, transportation infrastructure, availability of skilled labor, cost of living, and regulations and taxes, you can select a location that will help you achieve your business goals and build a successful e-commerce business.



CONCLUSION:

Setting Up a Successful Dropshipping Facility

In conclusion, setting up a successful dropshipping facility requires careful consideration of several key factors, including facility size, technology, shipping processes, and contingency plans. Additionally, choosing between owning or contracting out a facility and selecting the right location are critical decisions that can impact the success of your e-commerce business.

Since its inception, Peak Velocity has made a significant impact in the industry, and their influence continues to grow each day. The core purpose of Peak Velocity has always been to provide the essential knowledge and executional capability required to launch successful e-commerce and dropship operations on behalf of their clients. Their client base primarily consists of retail vendors who recognize the increasing importance of e-commerce and dropship functionality but lack the in-house expertise to handle the implementation themselves.

What truly sets Peak Velocity apart is the founder's unique understanding of e-commerce and dropship fulfillment, which he brings to every client engagement. The Peak Velocity team is deliberately kept small and highly focused, with each member possessing a wealth of expertise in specific areas of e-commerce and dropship fulfillment, including merchandising, marketing, operations, and technology. This specialization ensures that every team member is fully dedicated to the client's project until all assigned responsibilities are successfully completed.



While Peak Velocity's commitment to client satisfaction is unwavering, it poses a challenge to their growth. Todd Wilkinson, the founder of Peak Velocity, grapples with the delicate balance between maintaining exceptional client service and expanding the company. To overcome this challenge, Todd envisions a strategic expansion of the team over the next five years. The goal is to add team members who have proven themselves as leaders in their respective fields, share the same passion for customer service that Peak Velocity promises, and have built a level of trust that ensures they interact with clients in the same manner as Todd does every day. This growth strategy may not transform Peak Velocity into a multi-billion dollar corporation, but it will allow them to support a small core group of clients at a time with the same level of care and attention they provide to each individual client today.

If you need help setting up, improving or managing your existing 3PL Network, consider reaching out to Peak Velocity Consulting. Our experienced consultants can provide guidance and support to help you make informed decisions and set your business up for success.

Contact us today to learn more about our services and how we can help you achieve your business goals.

