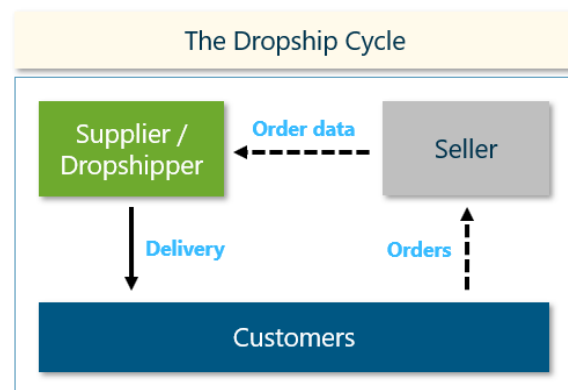# DROPSHIPPING

How to make it work for you

FORT SYSTEMS

Dropshipping is a term that is widely used, and there is more than one definition for it. For the purposes of this white paper, it refers to the shipment of product by a third party (often the product owner) on behalf of the seller of that product.

As direct-to-consumer shipments continue to grow, and as more and more sellers offer similar or even identical products, dropshipping has soared in popularity. With dropshipping, a marketing or sales company can focus on things like communications, or sales and media strategy, and need not worry at all about a warehouse, fulfillment staff, returns, inventory management, or any of the other challenges associated with actual storage and shipment.

Dropshippers are in many ways an ideal solution for the ever-evolving and fast-paced world of the seller, which often finds itself far removed from the realm of physical fulfillment.

Dropshipping continues to grow in popularity, and has shown consistent gains for several years, as can be seen in the growth chart below. [1]
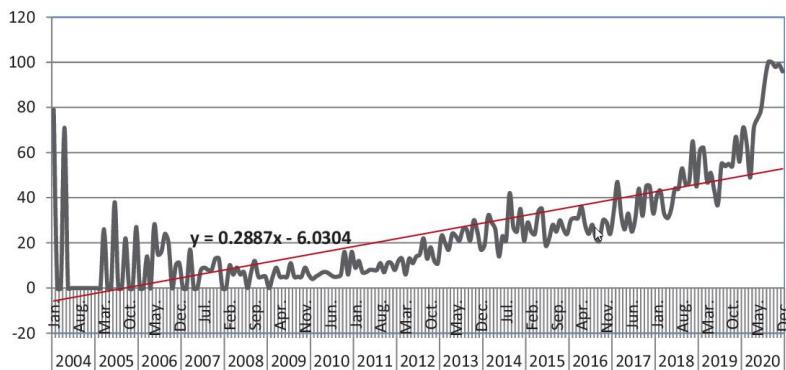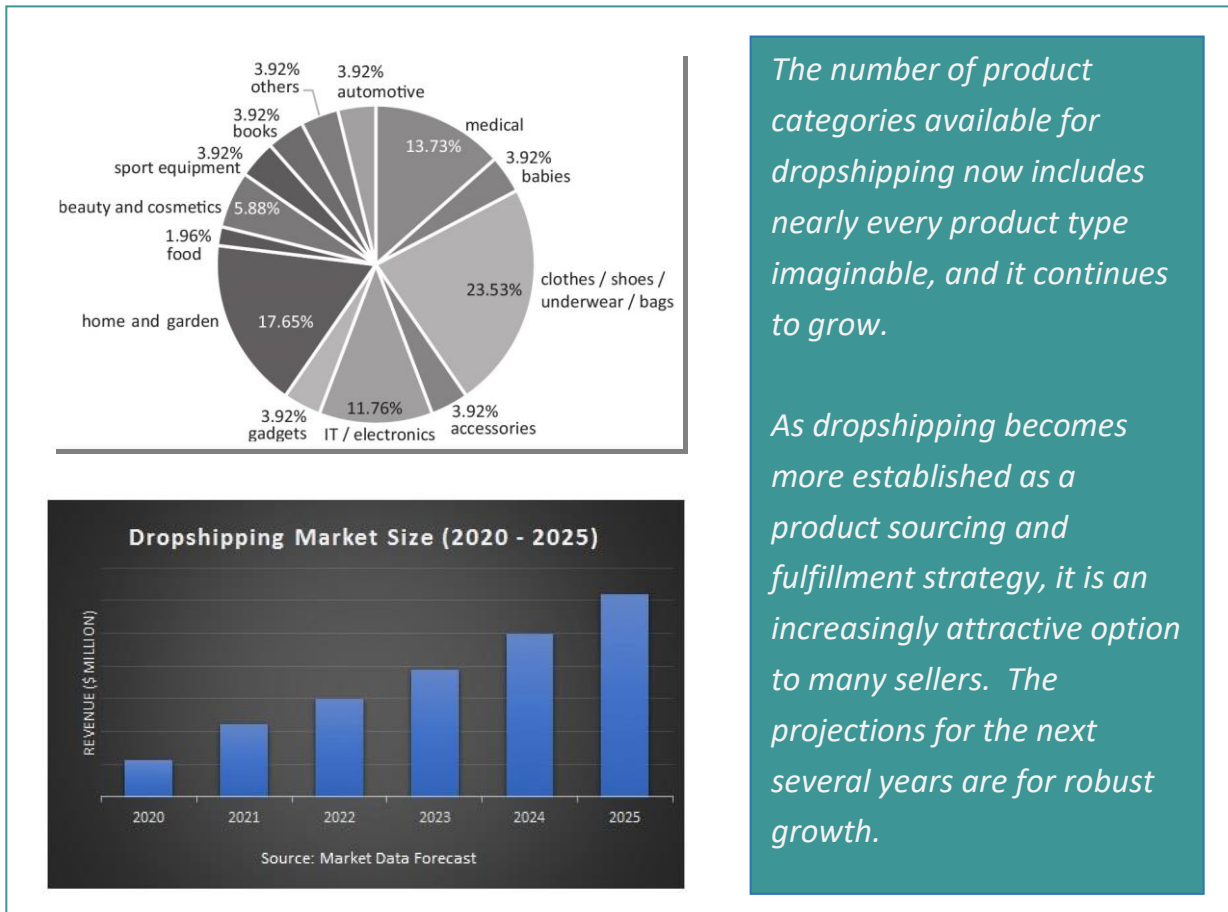

Figure 3. The scale of searching the dropshipping term in Google browser in 2004–2020 in Poland Rysunek 3. Skala wyszukiwa terminu dropshipping w przegl darce Google w latach 2004–2020 w Polsce

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[1] "The factors influencing the growth in dropshipping," A. Górecka, Paulina Zborowska, Published 2021

The range of products that are dropshipped today has also expanded exponentially. Now, virtually any kind of product, from gourmet food to spare tires, is a viable candidate for dropshipping. The graphs below provide a breakdown of some of the most popular categories for dropshipped items, [2] along with a typical growth projection for the dropshipping market through 2025.

The number of product categories available for dropshipping now includes nearly every product type imaginable, and it continues to grow.

As dropshipping becomes more established as a product sourcing and fulfillment strategy, it is an increasingly attractive option to many sellers. The projections for the next several years are for robust growth.

While dropshippers offer an attractive product solution to many sellers, however, there are still many considerations and factors that they need to address, and which sellers should be aware of as they assess various dropship options for their own product offerings.

And if you are the fulfillment entity providing dropship services to sellers, unless the products you are offering are truly unique, you will very likely be competing with several others. In order to attract and retain high-volume sellers, there are several points you

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[2] **"T**he factors influencing the growth in dropshipping,**"** A. Górecka, Paulina Zborowska, Published 2021

will need to address and clarify with prospective clients, such as:

- Does the client need a specific type of packaging material?
- Will the client require branded packing slips?
- Will there be required inserts into some or all packages?
- Will there be other special packaging requirements based on the product ordered, such as tissue wrap, dry ice, bubble wrap, etc.?
- Does the client prefer to use its own carrier account?
- Is there a preferred carrier (FedEx, UPS, USPS, etc)?
- Are there preferred or default service levels, such as Ground, 2nd day, Overnight, etc?
- Does the client have any insurance requirements that might differ from my own?
- Is there any sort of compliance reporting the client may need?
- Are there any legally mandated warnings/disclaimers I need to include?
- Does the client have unique customer service information—such as a phone number—that it wishes to include on carrier labels?
- Does the client need just D2C shipments, or will there also be B2B?

Because sellers often focus first on product quality when looking for dropship partners, questions such as these can initially be ignored. After a dropship relationship is developed, however, these quickly become central and critical questions.
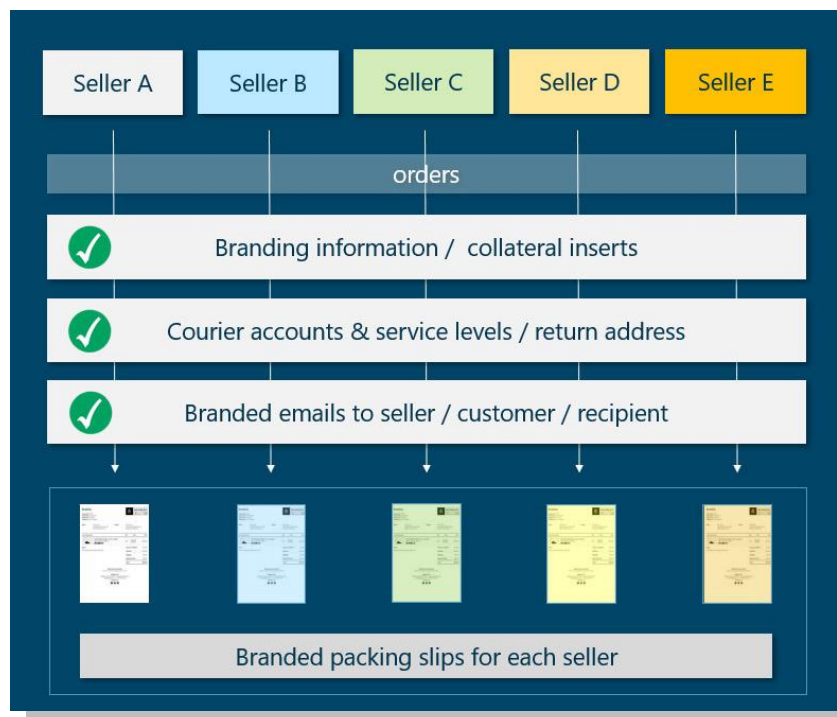
For the dropship fulfillment company, these questions must be addressed for every single client. If the dropship warehouse has 50 different clients sending it orders for its products, the individual preferences and business logic must of course be completely automated; there are far too many variables to manage manually.

Fulfillment houses that utilize platforms that can automate these variables enjoy a distinct advantage, can scale more effectively, and generally achieve a much higher degree of operational efficiency.

As with many other critical areas of functionality in a warehouse / fulfillment platform, the ability to tightly manage dropship services effectively depends on the extent to which multiple client-specific variables can be automated and managed. These variables may initially seem of secondary importance, and may even be ignored during the client setup process, but they will invariably rise to greater prominence as soon as orders start flowing in. Getting these details right from the get-go—and automating as many of them as possible—is absolutely essential for a dropshipper.

The key here for dropshipping companies is to make sure your fulfillment system has the ability to account for the many factors that come into play when dropshipping product for a client.

Can you easily use your own carrier account for clients 1, 2, and 3, but the client's own carrier account for companies 4, 5, and 6? Can you automatically brand all packing slips for client A with its own logo, except for subset B orders, which require a different logo and brand information?

This sort of flexibility is crucial for keeping pace with the growing demands of sellers, as well as the growing dropshipping market in general.