



# YOUR LOGO

[Wholesale DropShipping Directory With Wholesale Suppliers](#) :: Your Favorite Site

## The DropShipping Supply Chain

The Supply Chain & Fulfillment Process “Supply chain” is a fancy term describing the path a product takes to go from conception through manufacturing and finally into the hands of a customer. If we were talking with hard-core supplier chain gurus, they’d insist a product’s supply chain reaches all the way to the mining of the materials (like oil and rubber) used to manufacture an item. But that’s a little intense. For the purposes of this guide, we don’t need to get quite that detailed. You simply need to understand the three most applicable players that make up the dropshipping supply chain: manufacturers, wholesalers and retailers. So here we go: Manufacturers – Manufacturers create the product and most do not sell directly to the public. Instead, they sell in bulk to wholesalers and retailers. Buying directly from the manufacturer is the cheapest way to purchase products for resale, but most have minimum purchase requirements you’ll need to meet. You’ll also need to stock and then re-ship the products when selling them to customers. For these reasons, it’s often easier to buy directly from a wholesaler. Wholesalers – Wholesalers buy products in bulk from manufacturers, mark them up slightly and then sell them to retailers for resale to the public. If they do have purchasing minimums, they’re generally much lower than those required by a manufacturer. Wholesalers will usually stock products from dozens – if not hundreds – of manufacturers and tend to operate in a specific industry or niche. Most are strictly wholesaler operators, meaning they sell only to retailers and not directly to the general public. Retailers – A retailer is anyone who sells products directly to the public at a markup. If you run a business that fulfills your orders via dropshipping suppliers, you’re a retailer. Dropshipping is a service, not a role. You’ll notice that “dropshipper” isn’t one of the players listed in the supply chain. Why? Because any of the three – manufacturer, wholesaler or retailer – can act as a drop shipper! If a manufacturer is willing to ship its products directly to your customer, it is “dropshipping” on your behalf. Similarly, a retail merchant can offer to dropship, although its pricing won’t be as competitive as a wholesaler’s because it isn’t buying directly from the manufacturer. Just because someone claims to be a “dropshipper” does not mean you’re getting wholesale pricing. It simply means the company will ship products on your behalf. To get the best pricing, you want to make sure you’re working directly with a legitimate wholesaler or manufacturer, a topic we’ll be covering in-depth in the next chapter. Dropshipping in Action: The Order Process Now that you understand the players involved, let’s take a look at how a drop shipped order gets processed. To illustrate, we’ll follow an order placed with our theoretical store, Phone Outlet, an online merchant that specializes in accessories for smart phones. Phone Outlet dropships all of its products directly from a wholesaler we’ll call Wholesale Accessories. Here’s a sample of how the entire ordering process might look: Step 1 – Customer Places Order With Phone Outlet Mr. Allen needs a case for his new smartphone and places an order via Phone Outlet’s online store. Once the order is approved, a few things happen: Phone Outlet and Mr. Allen get an email confirmation (likely identical) of the new order that is automatically generated by the store software. Mr. Allen’s payment is captured during the checkout process and will be automatically deposited into Phone Outlet’s bank account. Step 2 – Phone Accessory Outlet Places the Order With Its Supplier This step is usually as simple as Phone Outlet forwarding the email order confirmation to a sales representative at Wholesale Accessories. Wholesale Accessories has Phone Outlet’s credit card on file and will bill it for the wholesale price of the goods, including any shipping or processing fees. Note: Some sophisticated dropshippers will support automatic XML (a common format for inventory files) order uploading or the ability to place the order manually online, but email is the most common way to place orders with dropshipping suppliers because it’s universal and easy to use. Step 3 – Wholesale Accessories Ships the Order Assuming the item is in stock and the wholesaler was able to successfully charge Phone Outlet’s card, Wholesale Accessories will box up the order and ship it directly to the customer. Though the shipment comes from Wholesale Accessories, Phone Outlet’s name and address will appear on the return address label and its logo will appear on the invoice and packing slip. Once the shipment has been finalized, Wholesale Accessories will email an invoice and a tracking number to Phone Outlet. Note: The turnaround time on dropshipped orders is often faster than you’d think. Most quality suppliers will be able to get an order out the door in a few hours, allowing merchants to advertise same-day shipping even when they are using a dropshipping supplier. Step 4 – Phone Outlet Alerts the Customer of Shipment Once the tracking number is received, Phone Outlet will send the tracking information to the customer, likely using an email interface that’s built in to the online store interface. With the order shipped, the payment collected and the customer notified, the order and fulfillment process is complete. Phone Outlet’s profit (or loss) is the difference between what it charged Mr. Allen and what it paid Wholesale Accessories. Dropshippers Are Invisible Despite its critical role in the ordering and fulfillment process, the dropshipper is completely invisible to the end customer. When the package is received, only Phone Outlet’s return address and logo will be on the shipment. If Mr. Allen’s receives the wrong case, he would contact Phone Outlet, which would then coordinate behind the scenes with Wholesale Accessories to get the right item sent out. The dropshipping wholesaler doesn’t exist to the end customer. Its sole responsibility is to stock and ship products. Everything else – marketing, website development, customer service, etc. – is the responsibility of the merchant.

Date created: 07/12/2017