

Challenges with Online Arbitrage

You may find many 3PLs and prep centers don't work with OA, or they charge extra. This article explains why, with the goal of helping you get better deals and more efficient service.

Delivery and packaging are unpredictable

Prep centers operate on tight deadlines. A prep center *prefers* to process new shipments FIFO (first-in, first-out) because doing that maximizes use of storage and reduces management overhead.

OA often means your products will arrive packaged inconsistently, and over a period of a few days or a week. That means the prep center has to devote extra resources (compared to wholesale shipments).

Deliveries: unique challenges

Prep centers are often receiving hundreds or thousands of shipments per day, so shipments that aren't clearly marked and received all together can be time consuming to sort. That's a leading cause behind delays and higher costs for OA.

While wholesale shipments typically arrive all at once in clearly marked, similarly-packaged deliveries, OA shipments often don't. Most prep centers can efficiently sort and begin processing wholesale deliveries within a couple business days.

However, for OA shipments the prep center has to sort and store them for several days, sometimes more than a week, before processing can start. That adds extra room for error and delays, as well as takes up floor space the prep center would otherwise use for faster-moving wholesale orders.

Lack of Tracking at Receiving

Many prep centers lack the capability to quickly identify shipments by tracking number during the receiving process. That means they're looking at every package to find the customer name and match it manually to a spreadsheet... very time consuming and error prone.

Few prep centers have technology like Logistics Done Right, which enables them to scan every package coming in the door and instantly route it to the correct service line.

Extra processing because of consumer packaging

OA deliveries are typically packaged for consumers. That means they often include extra promotional materials, fliers, and invoices that wouldn't be included with wholesale orders. Typically, these extra materials and packaging have to be removed before the inventory can go into FBA, which may be an added cost.

Ask your prep center if they can identify using tracking numbers

If your prep center can identify shipments by tracking, and you're able to provide it in advance, you might be able to get faster service and a better deal.

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