

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

Typically, a wholesale supplier will send everything in one clearly marked shipment a prep center can easily identify.

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.

Typically, a well-marked wholesale shipment can be quickly sorted and identified, so processing can begin within a couple days.

OA shipments take longer to sort, and they rarely arrive together. 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.

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