

Medallion Fulfillment & Logistics

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When Does it Make Sense for a Business to Use a Fulfillment House? What Companies Need to Know

Most ecommerce companies are surprised by how little [third-party fulfillment costs](#), particularly when compared to how much they already spend to warehouse, package, and ship products. Outsourcing order fulfillment is cost effective and allows you to switch variable costs to fixed costs. Gene Kent, President of Medallion Fulfillment & Logistics said, "Many times companies are surprised at the overall cost savings our services have supplied when they review their bottom line after the first six months. As we have heavily invested in technology, both in order processing and bar coding in our warehouse, we are able to process orders faster and cheaper than you can typically do yourself."

When you compare the total cost of order fulfillment, i.e. maintaining a warehouse, lease payments, staff, benefits, unemployment taxes, insurance etc., to an order fulfillment provider's fixed cost model, you quickly realize that making the switch saves money. Your business can save from 20 to 50 percent on current order fulfillment expenses.

Minimizing Errors Saves Money

If you're experiencing even slight errors in the order fulfillment process you might be losing a significant amount of repeat business. Order errors inspire new customers and dedicated customers to buy products from other companies, especially in highly competitive niches. A high quality order fulfillment company satisfies customers which lead to repeat business. "Our warehouse bar coding system eliminates problems. When customer merchandise is received in our warehouse it is immediately bar coded and entered into inventory. Hand held scanners are used by our packers and your inventory is tracked all the way to order shipping. We are using one of the most technologically advanced order and inventory management systems allowing business owners to review stock and order statuses of items on our system 24/7 from anywhere in the world just by using the Internet." said Gene Kent.

Looking to Expand Your Reach?

[Fulfillment houses](#) are ideal for companies seeking to sell products overseas because they have the expertise to ensure your products arrive on time and safely. If you're seeking to expand your company's customer base by providing customers more alternatives for ordering products and paying, don't increase your overhead, outsource the fulfillment process.

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Wholesale Orders or Business to Business Orders

As your company expands, a fulfillment company can handle your wholesale or B2B orders. Wholesale orders from large retail chains, catalogs and other mass merchants have different demands than business-to-consumer orders. The penalty for noncompliance with an order from a chain of retail stores for even something trivial can be costly.

Fulfillment houses routinely work with wholesale orders and can develop order processing checklists for your account to assure that your orders are completed based on the requirements of the wholesaler saving you costly chargebacks.

Huge, Sudden Increase in Orders

If you're considering adding new distribution channels or initiating major new promotions, be prepared for potentially thousands of new orders overnight. A huge increase in orders may overwhelm your back-end system; delaying shipments which leads to unhappy customers. An experienced fulfillment company knows how to properly take care of a large increase in orders. A fulfillment house allows you to ramp up very quickly without increasing your overhead.

If your company has a difficult time maintaining a balance between inventory supply and demand, a knowledgeable order fulfillment company can make a huge difference.

Foreign Companies Selling in the U.S.

Businesses based outside of the United States, partnering with a [fulfillment](#) service save time and money because they don't need a warehouse, office and a staff in the United States; they can focus on obtaining new customers.

The Real Advantages of Partnering with a Fulfillment Service:

- They know how to handle opportunities and problems which may occur as your business expands.
- Only pay for fulfillment services when you generate sales.
- Reduce fixed cost overhead.
- No need to obtain a larger facility to store products when the business expands.

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- Bulk shipping rates available to fulfillment companies; high shipping cost can break deals with clients.
- They buy shipping materials in bulk at better rates.
- An active fulfillment company stays current with the latest software and order processing technology.
- If your business experiences low volume and high volume days, fulfillment firms eliminate the employee cost associated with the fluctuation.

- You refine and improve your backdoor operations.

Many nationally known companies reap the benefits of partnering with a third party fulfillment center. Small, medium and large businesses can do the same. With 25 years as a fulfillment service provider, Medallion Fulfillment & Logistics understands your culture, brand, and products from a depth of real world experience.

Isn't it time to find out how you can save time and money on order processing while you work on expanding your market and sales?

About the Writer Jan Stewart

Jan Stewart is a professional writer for [Medallion Fulfillment & Logistics](#), a family owned [Los Angeles based fulfillment](#) firm. She writes exclusively for Strategies for Success on topics of business tips, how to promote your business online, and establishing your brand in the marketplace.