

Do You Know These "Hidden Costs" of Processing an eCommerce Order?



For most eCommerce sites, there are often overlooked costs in managing the order lifecycle. These **HARD** and **SOFT** costs affect your margins and your ability to scale.

YOUR HARD COSTS

1

Double check the SKUs inside the inventory file. If it's out of stock, you have to email the disappointed customer, issue a refund or backorder. Tick-tock. Tick-tock.

2

Route the order. Choose the fulfillment vendor. Manually enter info into a spreadsheet or flatfile in their preferred format. Then send them an email or FTP. Lots of orders means lots of time routing.

An order is entered into your shopping cart, you must...

4

Communicate with customer. Send the customer an email telling him that the product has shipped.

3

Update Inventory. Later, you receive shipped order(s) information from vendors. Update the inventory in your shopping cart. Copy and paste the tracking number back into shopping cart, and mark it shipped.

What's All This Cost?



Let's assume you pay somebody *\$19 per hour to handle these functions. Data from eCommHub's customers suggest each order takes about 12-15 minutes.

That's over \$4 per order.

*based on \$50K salary (261 days x 10 working hours per day)

If you're doing **1,000 orders** a month,

that's up to **250 man hours**

or **\$4,000 per month!**



The order lifecycle process is complex enough with one online storefront and one vendor. When you grow to five marketplaces and multiple vendors, your manual processes don't scale, but your costs do.

Ouch!

Now, consider your

INTANGIBLE, SOFT COSTS...



Errors are inevitable.

"For Amazon, the maximum length of the SKU that can be sent is 40 alphanumeric characters." (That's a lot of opportunity for data entry errors)

"Typical error rates for manual data entry are

about one error for every

300

keystrokes

Purchase Order Management
Best Practices: Process, Technology,
and Change

More errors means more returns.

"Handling each returned item costs online sellers between \$6 and \$18, and that is before the losses from items that are returned in unsalable condition." The Economist

Customers "penalize" you for stock-outs.

"A stock out on one item increases the probability of customers canceling other items in that order, representing almost 33% of the total short-run opportunity cost." Duke/MIT Research

"Customers who experienced a stock out were less likely to place a subsequent order, ordered fewer items, spent less (revenue), and had a lower subsequent conversion rate". Duke/MIT Research

"You get "dinged" as a vendor when you cancel orders. If you cancel several per month, Amazon will end your account. Once your account is banned, no one with your SS# or IP address can open another." Amazon Top Reviewers Forum

"A **5%** increase in customer retention can increase a company's profitability by

75%

Bain and Co.

Manually managing inventory is "old school."



To **reduce costs** and improve customer satisfaction, more than

70%

of online sellers are **looking for new software to assist with their inventory, order and channel management.**

Web Retailer: Online Marketplace Seller Survey

Consider eCommHub Instead

Automating your order lifecycle with eCommHub - including inventory management, order routing and shipment tracking - can **significantly reduce**

your time and labor costs

and take your error rates to

nearly zero!

It's Fast, Flexible

and Affordable.



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