

Growth Guide

4 Inventory Fulfillment Fails (and Fixes) for Selling on Shopify

Ecommerce fulfillment software and strategies to keep your brand growing



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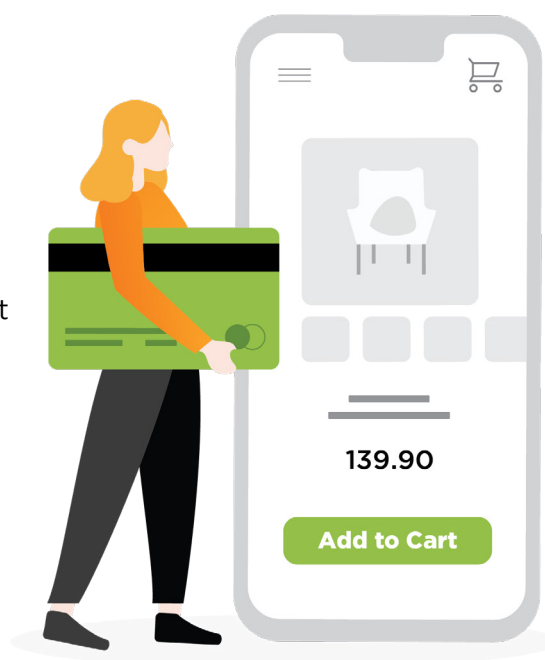
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World-class Shopify experiences call for world-class technology

You want your customers to get a world-class ecommerce shopping experience powered by Shopify. Is your ecommerce inventory fulfillment process world-class, too?

Shopify is a big part of the growth plan for many retailers that want to take advantage of the \$175 billion [direct-to-consumer \(DTC\) retail market](#). Whether it's to expand the customer pool, sell more products in more places, or tap into new channels, one thing is certain – there are some huge inventory fulfillment fails going on.

Without world-class fulfillment technology to handle increasing volume and complexity, it doesn't take long for the impact of these fails to get out of hand in a warehouse. You can sell on Shopify – but you can't grow.



Selling on Shopify is not 'growing on Shopify'

The race to sell on Shopify continues to override financial logic.

But growth takes creating a seamless bridge between Shopify, back-end warehouse management systems (WMS), and all your other systems in between. Otherwise, sales growth on the front end will only make inventory fulfillment more expensive and frustrating for everyone involved. Your customers included.

Inventory fulfillment is where most brands fail

Ecommerce stores fail every day. In fact, 22% fail in their first year, according to The U.S. Small Business Administration. Whether you're considering creating an online store, or are already selling online and trying to extend your reach via Shopify, there are a few things you should know first:

- ✔ It's Grow Time™ - right now, anyone can start selling on Shopify
- ✔ When you do, you'll grow faster than you think
- ✔ The growing pains will amplify as you scale
- ✔ These pains are completely preventable with ecommerce fulfillment software

Ecommerce fulfillment software keeps you growing

Ecommerce fulfillment software helps your Shopify brand avoid 4 common inventory fulfillment fails by bringing all your fulfillment operations into one flexible, modern system. One solution gives your business control over the aggregate finance equation of increasing sales, strengthening your readiness for ecommerce growth over time. With a singular partner that knows how to bridge it all together and grow profitably.

Story of a DTC brand that bit off more than it could chew

A recent webinar led by Shopify featured a high-volume ecommerce and DTC clothing retailer that does very well. Growing wasn't always easy.

The founder told his story of when they converted their business to a DTC retailer. The Company started very DIY. He even taught himself how to sew. Products sold out immediately, and he hired his mom to be his 'inventory fulfillment center'.

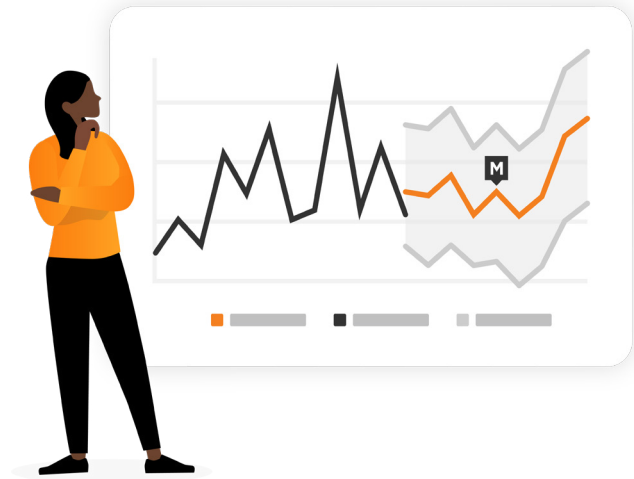
“Anyone can create their own online store and start to **grow sales**. Not everyone can **scale growth**. There is a difference.”

Orders kept coming. Friends started to help. Before they knew it, hundreds of orders became thousands. They had created an online store; but with the holidays right around the corner, the only way to grow the business was to grow operational expenditures right along with it.

The moral of the story

We speak to Shopify customers every day who face these growing pains.

Retailers often launch their Shopify store or DTC channel with a gross misunderstanding of how quickly volume and complexity can get out of hand. The moral of the story:



Just because orders are flying in, that doesn't mean you have what it takes to create your store in 2022 and retire in 2032. Modern [ecommerce order fulfillment software](#) is separating the winners from the losers.

Laggards sell, Leaders scale

[Fulfillment solutions for ecommerce](#) are widening the gap between laggards that just “wing it” and Shopify leaders that lean into modern platforms that combine [WMS software](#), [order management systems \(OMS\)](#) and Distributed Order Management (DOM) to manage growth smarter:

Laggards are growing sales

They're making hay while the sun shines. Getting excited as they watch 200 orders turn into 20,000 and then 20 million! Hiring more people to keep up with inventory management and cobbling together tools to react to growth. As long as those sales keep pouring in, life is good. Before they know it, crippling costs, shrinking margins, and labor problems have taken over their ability to do anything else.

Leaders are scaling growth

They're attacking ecommerce opportunities with their eye on the real prize: positive long-term growth. They're planning ahead with flexible ecommerce fulfillment software that seamlessly connects Shopify to their back-end financial systems (ERP), CRM, WMS, OMS, and physical stores. All in one place.



Which way will your business grow? Let's take a look at the different ways that Shopify stores handle growth. What inventory fulfillment fails have kept their brands from growing, and what you can learn from them as you map out your strategy to sell on Shopify?

Why Shopify stores fail, 4 reasons and their fixes

When Shopify businesses fail, it's usually because they have not adequately prepared their ecommerce fulfillment technology or partnered to mitigate these 4 threats on future growth:

1. Too much focus on making dollars
2. Systems that don't connect or talk to each other well
3. Increasing labor to keep pace with volume and uncertainty
4. Falling into technology quicksand

Without investing in ecommerce fulfillment software, these fails will amplify over time as you scale. Especially when new fulfillment locations, SKUs, channels, external supply chain partners such as a third-party logistics (3PL), and market fluctuations come into play.

On the flip side, companies that build their Shopify store on a scalable, adaptable ecommerce fulfillment system can enjoy exponential growth. That's why 53% of retailers and consumer goods companies are planning to increase investments in flexible operations, according to [Bain and Microsoft](#).

Here are the top 4 inventory fulfillment fails, along with examples of how ecommerce fulfillment software fixes them:

#1: Primary focus on sales, over costs and margins

❌ THE FAIL: Getting wrapped up in growing sales instead of scaling profits.

Yes, customer experience (CX) matters to growth. But we're in a time of dire labor strain, increasing labor costs, and shipping costs that are 4x higher than a year ago. If top-line revenue is your primary metric for selling on Shopify, go ahead and throw in the towel.



No out-of-the-box template, payment processor, marketing tool, or abandoned cart saver app will ever grow a Shopify business, if you can't get inventory right on the back-end.

✅ THE FIX: Invest in ecommerce fulfillment technologies that take inventory management further upstream.

Lean into ecommerce fulfillment software that integrates pick-pack-ship automation, order management, [supply chain analytics](#), and insights to drive optimal decisions earlier in the value chain.

These solutions help you keep a close watch on all the financials of your back-end operations no matter how fast the business grows, or how complex it gets:

- What products you sell (and don't sell)
- Where you sell them
- Who's buying them
- How they're buying them
- How you source them
- The financial trade-offs of everything going on in between

#2: Integrating financial systems (ERPs) and other systems that don't talk to each other

❌ THE FAIL: Trying to connect your Shopify sales channels to your legacy/financial systems by yourself - or with too many chefs technology partners in the kitchen.

Integrating all your inventory fulfillment systems with Shopify properly is the key to profitability. Failure to properly connect what you're doing on the front-end of your store to the back-end has severe, unanticipated problems and costs which worsen as you scale.

When you do not have the in-house expertise or partner guiding you through this, you can expect problems like:

- Legacy/financial systems (ERP) don't talk to each other well, or at all
- Systems allow products to sell that aren't actually there
- Overselling or underselling due to non-integrated inventory levels
- Slow (or no) access to timely/accurate inventory data causes late, incorrect, or missed shipments
- Inventory exists in multiple channels, but disparate (or legacy) systems can't handle split orders, prioritize allocation, or route optimally
- Tedious data exports and analyses (guesswork?), leading to higher errors and longer fulfillment times
- Higher shipping, labor, and IT costs

✅ THE FIX: Consolidate to one fulfillment solution that was made to grow as you go.

A singular ecommerce fulfillment solution lets you easily connect your WMS and ERP to Shopify, add new products, locations, channels, partners, services, and capabilities. Taking this on yourself, or with multiple technology vendors, always ends up much more involved and costly than you think.

An [ecommerce fulfillment solutions](#) provider unifies all your operations and builds on your solution in a way that you can trust it, and afford it, no matter what you need to add or when:

- Automatically sync inventory across all locations (including your inventory at 3PLs) with 100% visibility
- Automate your manual decisions around the best fulfillment strategy for each order
- Increase throughput during peak season without having to rely on increasing your labor as the only means to keep up
- Add custom services like cartonization, kitting, SSCC label generation
- Intelligently segment inventory by channel, customer groups, order size, etc.
- Rate shop and connect to shipping carrier networks, marketplaces, etc.
- Avoid vendors' transaction fees for volume or user growth
- Get automatic insights to ship faster/cheaper, buy smarter, and serve customers better

#3: Ignoring the state of warehouse labor

Instawork's report on the [state of warehouse labor in 2022](#) showed that:

- 73% of employers are having difficulty attracting employees
- That's nearly 3x the number (26%) that reported difficulty last year
- Roughly the same percentage of employers (70%) expect the difficulty to persist
- 75% of all light industrial businesses didn't feel fully prepared in 2022
- Nearly 60% of them struggled to keep pace with demand in 2021, with 48% of them citing uncertainty/volume as the main reason they're turning to temporary labor

✘ THE FAIL: Fighting back against increasing volume by adding bodies, rather than technology.

Order growth without automation is a daily fire drill in the warehouse. Phones ring off the hook with customers asking where their orders are. The manager isn't available; he's busy trying to figure out why something shipped without the right label on it.

Meanwhile, Willy in Customer Service has a backlog of 17 angry customer emails that will never get answered. Sally could've helped, but she just walked out in the middle of 2nd shift on November 25th!

Increasing headcount during this time of labor disruption will deplete operating capital unnecessarily. Cash that should – and could – be funneled into your next strategic initiative gets stuck in hiring, onboarding, overtime, and personnel matters instead.

✓ **THE FIX: Automate order fulfillment tasks and use analytics to improve labor performance.**

As you grow, do you want your staff spending their time in spreadsheets; doing physical counts and quality checks; and flipping back and forth between systems to get orders out? Or somewhere more valuable? Even if you're a small business, now is the time to build good habits.

Give your employees tools that show exactly what inventory is available, where it is, and the optimal way to ship it. [Warehouse management](#) capabilities, such as bin-level barcoding and scan validation, increase top-line revenue by +90% and shipping volume by +63%, while managing inventory and orders with +99% accuracy consistently.

Here's a great [example with Plant Therapy](#), a high-volume ecommerce retailer of essential oils. Inefficient picking processes and mispicking frequently resulted in lost revenue. They implemented Deposco's WMS with [analytics and reporting](#), which analyzes performance metrics at the individual level. On Day 1 of implementation, their hourly pick rates tripled. Plant Therapy is now fulfilling 7x more orders with fulfillment times of 24 hours or less.



300%

Increase in orders
picked per hour



7x

Increase in
order volume



<24 hours

Average
fulfillment time

#4: Technology “quicksand”

❌ THE FAIL: Buying technology that leaves you stuck each time the supply chain shifts.

You need technology that can be upgraded as fast as the market evolves. Custom IT projects are no longer an affordable – or even viable – option because consumer preferences are a revolving door.

If every time you needed to update your fulfillment technology, it takes 100 developers (or expensive consultants) and 12+ months to roll out, it’s not getting done. Retail CIOs can’t keep their fulfillment technologies up to date if they can’t make changes easily to accommodate the things their customers expect as “givens” like:

- Fast, free shipping/transfers with no order mistakes
- Accurate inventory levels, no matter where they buy
- Custom services, such as kitting
- Real-time tracking for orders at any time in the fulfillment process
- Product availability and options
- Buy anywhere, return anywhere without long wait times or frustration

Without technology to show you more profitable ways to adapt to these evolving preferences, the rest of the market will evolve, and you’ll be left in their dust.

✅ THE FIX: Build a flexible bridge to functionalities you’ll need later.

Set your business up to quickly add new order management system (OMS) capabilities and sales/fulfillment channels without a platform change. Entry-level inventory tracking and shipping solutions, like SKUvault or ShipStation, do not give you the flexibility you’ll need to scale profitably.

One solution with easy WMS integrations for everything

[WMS integrations](#) to OMS, automatic rate shopping, order routing, allocation, drop shipping, pre-ordering, and inventory segmentation by channel bring

ultimate control, speed, savings, and options to your multi-channel offering. In a matter of 90 days, you can have new functionality in place when you need to:

- Sell products with endless variations
- Launch a new channel or marketplace
- Deepen customer insights and meet customers where they are
- Layer in services like custom packaging and labeling
- Show product availability across channels without overselling/stockouts
- And take sales without owning the inventory

Where to grow next

Fixing these inventory management fails is a vital investment in your Shopify brand. What kind of technology partner can guide your inventory management readiness and help you sell on Shopify profitably?

There are many ecommerce fulfillment solutions available, some with a fancy UI and slick Shopify ERP integrations. While it's true that these vendors specialize in directing, unifying, automating, and optimizing customer-facing operations, back-end system scalability is not really their jam.

With larger vendors, it's likely that their applications were inherited from an acquisition. Integrations, maintenance, and upgrade services often require a 3rd party. Not with Deposco.

Best fulfillment solutions for ecommerce

Is your Shopify store experiencing rapid growth? Are you able to keep up with the fulfillment demands associated with scaling? Get all your systems into one WMS + OMS with a partner that can grow with you. Deposco offers the [best fulfillment solutions for ecommerce](#).

Deposco works with more than 3,000 of the most successful ecommerce retail businesses, so they can scale when It's Grow Time™. We continuously improve the financial picture for ecommerce brands, allowing you to focus on what you do best.



Who is Deposco?

Deposco is how fast-growing businesses rapidly scale their supply chain fulfillment operations. So they can see what inventory they've got, where it is, and where to position it to fulfill demand when It's Grow Time.

It's the only solution that provides this much actionable insight into both your supply chain and the broader marketplace. Streamlined into **One Solution, One Focus, One Team.**

Over 3,000 of the world's fastest growing 3PL, retail, ecommerce and DTC businesses rely on Deposco's Bright Suite of supply chain fulfillment applications. We're supporting over \$10 billion in sales and over 43 million consumer orders annually. Last year alone, we saw total shipment growth increase by 78%.

#ItsGrowTime

www.deposco.com

Ready to grow smarter?

Speak with a Deposco growth expert to start your growth journey!

[Get a Demo](#)

