



# Blind Drop Shipping: A Business Secret Seldom Discussed

The concept of drop shipping is not new, but has found itself in the midst of a growth curve fueled by Internet commerce. As a quick review, drop shipping is a process used by a manufacturer, or authorized wholesale distributor to ship your single item orders directly to your customers. As a retailer, you will put the product pictures on your site at retail pricing and wait for an order. Once you receive an order, you will email or call the drop ship supplier with the customer's order information and they will in turn ship the product directly to your customer. It is not just for small businesses. In fact many larger catalog distributors request for drop shipping.

### **Defining Blind Drop Shipping**

If you are not familiar with the terms blind drop shipping, blind shipping, or private label shipping, then you are about to learn an important business secret that many online businesses leverage today. Blind drop shipping is having merchandise shipped from a wholesale supplier with the retailer's return address marked on the package. By having the retailer's return address on the package, the product supplier information is kept confidential to the retailer. In other words, blind drop shipping helps a retailer protect their product source. Sometimes the package being sent, might not have an actual name on the return address. This is often referred to as "blind shipping" as the sender's return address is displayed without a name. The package contents are another component that qualifies a drop shipment. In a blind drop shipment, the package must not contain any literature related to the wholesale supplier. Advertisements, business cards, or logos are not allowed on the package. Again, this is to protect the retailer from revealing the wholesaler's information. If you are thinking about using drop shipping to support your online stockless retail business, there are some important factors to consider in logistics: Tracking and Returns. These two components are particularly important if plan on doing sub-wholesaling or playing the role of a middleman.

### **Tracking**

It seems like nowadays most customers want to get parcel tracking information about the products they order. To not offer it, is sometimes a strike against you as an online retailer. If you are a new retailer, eBay, or you are thinking about doing online retailing, do not worry about this tidbit.

There continues to be many businesses that do not offer tracking services, and for good reasons. Ultimately, you will have a customer who will ask for tracking information. If you give the tracking information, it will have your supplier's address information on it. What will you do if you are using a blind drop shipper for the order? Without a doubt, this is a short coming to using blind drop shipping. There are two paths to go with this scenario. The first one would be to give the tracking information, thus letting the customer know the identity of the supplier. If it is a no-repeat customer, this might work in your favor. The second option is to implement a policy of not giving out tracking information. It simplifies things and sets boundaries with your customers. There is one other option worth mentioning. It involves a slight risk, but the reward can be big. Some retailers who use blind drop shipping in sub-wholesaling, and offer the tracking information, will describe the shipping origin differently when asked. They might describe the shipping origin as their "remote warehouse" or "distribution center" reserved for returns. In some respects, this is true, but it does not tell the entire story. The risk is having the sub-wholesaler find out the original shipping origin is not the original company they were assuming. They might not like having someone else in the middle (i.e. a middleman). In some cases, the sub-wholesaler might not care if someone is in the middle as there might be a good relationship occurring. They may feel the slight loss in margin is acceptable as someone else is doing the work to manage the wholesale drop shipper. In general, most retail customers do not care where the product is coming from, or where it is being returned. They are mostly concerned about getting the product as soon as possible for the lowest cost.

## **Returns**

What happens when you get a customer who wants to return something for an exchange? If your policy is to not give out tracking information, then as far as they know, the package came from your location. Unlike a return address, the main label address will need a valid recipient name when they send the package back for exchange. In short, if you want to keep your supplier concealed, then you will need to have the packaged returned back to your location. Later on, you can return this back to your supplier. In this scenario, you will have paid twice for shipping, but it keeps your wholesale source concealed.

### **Consider this...**

In summary, blind drop shipping presents a unique opportunity for those wanting to start a stockless online retail business. As with any supply chain, there are advantages and pitfalls to operating with such a product sourcing method. If you are short on cash, in need of product, and have started an online business, blind drop shipping should be something to consider.