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By Raymund Flandez

High fuel surcharges are affecting everything from pricing to the bottom line for businesses of all sizes. Some can't afford to cut back on offering "free shipping" for goods bought online.

And many are scrambling for solutions.

Rockgardn Sports Inc., a small maker of off-road body armor and outerwear for dirt-bike riders and cyclists, thinks it has found one in an order fulfillment service.

The problem: Rockgardn, based in Camarillo, Calif., found a demand for its goods from Canadian customers but didn't have a distribution partner there. Customers found international shipping too costly, with duties and customs brokerage fees being tacked on.

The solution: A fulfillment service that offers small businesses the option of housing their inventory in locations closest to where the orders are coming from. For example, when the service gets a Rockgardn order from a Canadian customer, it ships the item from its Canadian warehouses in either Vancouver or Toronto, thereby greatly reducing costs and shipping times for customers there.

The fee: It varies, starting at \$29 per month. Rockgardn pays its fulfillment service Shipwire Inc. about \$375 per month for eight pallets of goods to be stored, says Mark Carlton, Rockgardn's president. In the past month, he's had 30 orders so far from Canadian-based customers.

Other fulfillment services for small businesses seeking to reduce shipping hassles include Amazon.com and single warehouse fulfillment providers, such as eFulfillment. Shipwire gives users the ability to choose which international warehouse locations to store their products in and ship from. This can create a local presence overseas and make international expansion easier.

"We've had this demand existing for awhile, but with the state of the U.S. economy, we're reaching out to other economies," Mr. Carlton says. "It's a safety net for us when things get soft. This is allowing us a happy hunting ground north of the border."

Just one of the more creative ways to cut shipping costs as a result of high fuel prices. In a report last month, we explored other how small businesses are cutting their energy costs, including with software that maps out shorter and more efficient delivery routes to save on gas.

Found a new solution on shipping or energy costs? Tell us here. Have you tried a fulfillment service?

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11:02 pm March 9, 2009

John Lindberg wrote:

Maintaining inventory at off shore locations can work if you have enough foreign orders per month to make the numbers work. In the example cited in your excellent article, you gave the example of Canadian storage fees of \$375 per month to support only a 30 order a month work load...a storage fee of over \$10 per order does not make any economic sense.

A more logical solution is to ship from the US using USPS first class mail international rate (up to 4 pounds and no tracking provided) supported by a simple CN22 Export Declaration Form. The rates, which are simple and affordable, are posted at http://www.usps.com. We also offer priority mail international, UPS Worldship Express Saver and UPS Canada Ground subject to a reduced \$10 COD-broker fee.



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