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The PEC Review: Shipwire Fulfillment Services

March 29, 2010 · by [Armando Roggio](#)

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Starting an ecommerce business is no small endeavor. A would-be online entrepreneur must manage every aspect of the business, from selecting products and vendors to marketing.

What's more, there is significant competition. As marketing and business guru Seth Godin says, "You can't out Amazon, Amazon." If you're going to be successful, you need to have some competitive advantage, and that advantage is often how you market your company.

Video Overview



Third-party Providers Can Help

A well-known and often-cited example is Zappos, which markets itself as a service company; and it followed through by providing great customer service. Another example might be [Nerdbots](#), which sells a unique product, robots.

To respond to the need to both manage everything and to differentiate, some business owners turn to third-party providers that can effectively take over some aspect of the business so that the business owner can focus on higher-gain areas like establishing the aforementioned competitive advantage.

Enter [Shipwire](#), a fulfillment company that both stores your products and ships those products for you when you get an order. Effectively, Shipwire lets

you focus on other areas of your growing ecommerce business, while ensuring that your orders are properly managed. Shipwire is by no means cheap, but for providing good quality and time-liberating fulfillment services, I am awarding Shipwire three and a half out of a possible five stars in this "The PEC Review."

["The PEC Review"](#) is my weekly column devoted to the products and services that I believe can help you improve your ecommerce business. This week, let me describe the reasons I think Shipwire could help many small business owners.

Manages What Matters Most

The best argument for using an order fulfillment service like Shipwire is not what that service can do for you, but rather what using that service allows you to do for your business—namely, allowing you to focus on marketing.

Nearly every ecommerce startup has limited resources both in terms of financial capital and available time, and often the latter is the more valuable of these two commodities. Using Shipwire lets you trade some of your financial capital for more time to devote to building customer relationships or creating an authentic competitive difference.

Storage and In-bound Shipping

Shipwire stores your products for you. If you are a reseller, you can have your vendors ship directly to one of Shipwire's six warehouses, where your products are professionally stored in modern facilities, until orders roll in.



By contrast, many of the smallest online merchants start by storing products in garages or rented storage units. These units are not professionally managed or maintained, and may mean that a merchant has to do a lot of extra product handling.

Delighted Customers

Shipwire's shipping service is known to be very fast and professional, which means that you'll be able to provide your customers with top-notch shipping services.

What's more, if you are an established business, you can store products at more than one Shipwire warehouse and send orders from the warehouse closest to your customer, lowering actual shipping costs and speeding up delivery times.

Easy Shopping Cart Integration

Shipwire goes out of its way to be easy to integrate with just about any shopping cart. The company offers an API for custom implementations and it has integrations with NetSuite, Volusion, and Shopify, to name three examples.

It Is Expensive

In spite of everything I have said about Shipwire, it is very expensive, and, in my opinion, best used with high margin products or prepackaged kits.

Shipwire's basic service costs \$29.95 per month, lets you store one pallet of inventory, allows just five unique product numbers, and limits you to just eight sold or returned in a given month. Plus, you'll still pay for all of the shipping and any non-standard packaging. This means that if you sell two orders of four products each, you will have paid \$29.95 plus shipping to have had Shipwire manage fulfillment for you. If that is going to work, you need to be making a lot of money per item.

To put this further into perspective, if you sell 500 orders per month, with an average of four items in each order, you might pay Shipwire more than \$4,000 per month plus shipping just to store products and manage fulfillment. If your profit from those sales is less than \$8 per order, you'll be sending all of your revenue to Shipwire.

Summing Up

Shipwire is a good quality fulfillment service that lets a business owner focus on other areas of the operation while still providing good delivery services to the customer.

But because of its cost, it works best with higher-value or prepackaged items that just need to be labeled and shipped, rather than packed.

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3 Comments



[Shipwire eCommerce Order Fulfillment Service](#) says:

Monday, March 29, 2010 · 09:50 PM

Armando,

Thank you for taking the time to write such a thoughtful review.

Couple comments.

1. To help explain the huge shipping cost savings that multiple warehouses can bring we have an online [Shipping price calculator](#).
2. I would like to rebut the example in the "it is expensive" paragraph. We offer a pick pack pricing for merchants that do multiple items/picks per order (such as your example). We charge 1 item for the first pick and 1/3 of an item for each additional pick. That would essentially drive the price of your example to be 1/2 the price you stated.

Here is the descriptive text that is in our online pricing calculator.

<http://www.shipwire.com/custompricing/>

"Shipwire offers a Pick/Pack service from all of its available warehouses. Certain warehouses, denoted as 'Pick/Pack Saver' locations in your account, also provide additional savings - offering deeply discounted Pick/Pack pricing for orders with multiple items. The first item in such an order still counts as 1, but any additional items count as 1/3. For example, if you ship an order with 5 items we will deduct (2.33) "items" from your account (and not 5). 1 for the first item (1.0), and 4/3 for the three additional items (1.33). Note that large orders (>20 items) are excluded from this pricing."

Your write-up has inspired us internally to make the clear cost advantage a bit more obvious from our website and pricing pages.

Again, thank you very much for the reviewing our service and taking the time to learn so much about Shipwire for the PEC readership.

Nate Gilmore Shipwire [product fulfillment](#)



[commercelpro](#) says:

Wednesday, March 31, 2010 · 01:00 AM

Hello,

I definitely agree with this article. I think outsourcing shipping, handling and storage was the best decision I've ever made. It allowed me to expand my business, without shipping problems. I still remember the headaches of shipping items myself. I was able to grow without risking too much money. I do a lot of the web-marketing myself so I rather focus there than packing boxes. When you do the math, you can't really compare renting space and hiring people with having many warehouses like ShipWire (fulfillment Network), and on top of that, having a team to manage the ups and downs of my business. When I signed for ShipWire, I was finally able to take vacations without losing money...

Thank you SHIPWIRE for my vacations lol..

I have used ShipWire for USA and Canada and they are pretty good, although they can't help with customs. For the USA, I used eFulfillmentServices and they were very helpful and a lot cheaper, but they were missing integration technology, which I think they provide optionally. Now I ship from the East Coast with allpackfulfillment.com and shipwire at the west coast, but no more Canada. After testing 4 different fulfillment warehouses, Allpack turned out to be the best. I recommending talking to the guys at weighing your options -- ask a lot of questions!. Keep into consideration only web-based fulfillment warehouse and don't sign-up for anything long term until you feel comfortable with them. There are many warehouses that offer cheap services but without technology which in my opinion will never work for etailers like us.. We need a fast solution like shipwire!

Those were my two cents...



Dwgalhardo says:

Thursday, April 01, 2010 · 02:06 AM

Have to strongly agree with the user above, and comments from Nate. Shipwire was a great decision for my company, Tenkara USA. We have created a new category in fly-fishing, and our focus needed to be on product development and marketing, not packing boxes. I think the question of hiring a fulfillment company is a no-brainer if you want to focus on important parts of your business, and especially if you prefer not to hire a lot of employees. After looking at several to possibly partner up with Shipwire came on top.

It seems a bit expensive at a first glance, and it's probably not right for all products, but they do add a lot of value for the money and it's well worth it if your profit justifies it. Plus, is it really expensive if you consider the true cost of storing/packing/shipping/etc? Integration with them

was easy and a major factor for us, as was visibility to our inventory which is excellent, the great customer service, and the list goes on.

But to top it all off they make international local fulfillment possible with very few hurdles, and I think this one of the strongest advantages they have. We're just about to expand in Canada and Europe, where we are experiencing significant growth, and I'm excited to have a partner that made that possible and easy. Also, since Shipwire is a young and still nimble company I'm always looking for new features and locations that will allow our business to scale quickly.