

# 10 advantages a 3PL can bring to e-commerce distribution

Third-party logistics service providers (3PLs) design their distribution facilities to be flexible and scalable to serve a wide range of clients—capabilities that align well with the needs of growing e-commerce ventures. But the advantages don't stop there. Here's a look at some of the potential benefits of teaming up with an experienced 3PL:

## #1 – Leverage expertise

Many 3PLs have extensive experience in picking and packing high volumes of small orders quickly and accurately—expertise that can be invaluable to players who are new to the e-commerce game. Retailers with existing distribution operations can also opt to use a 3PL to handle their e-commerce fulfillment while they concentrate on distribution to their stores.

## #2 – Test new markets

Using a 3PL allows companies to test new markets and new product offerings before taking the plunge. This approach gives the client valuable insight into the new market's actual potential prior to making a major investment.

## #3 – Reduce capital costs

There may be tax advantages to hiring a 3PL, as opposed to depreciating capital costs over a lengthy period. It may also delay large capital outlays until expected returns can be determined.

## #4 – Get closer to customers

3PLs often offer multiple locations to house client inventory. This has the advantage of putting order fulfillment closer to the customer, allowing those customers to receive orders sooner.

## #5 – Optimize shipping

Many 3PLs service multiple clients from the same facility. This allows them to consolidate parcels from individual clients into LTL (less-than-truckload) or truckload shipments and negotiate lower rates.

## #6 – Handle seasonal peaks

Because 3PLs typically serve a diverse clientele with ever-changing products, they design their facilities to flex easily. This makes them well suited to handle fluctuating volumes, such as seasonal peaks.

## #7 – Test-drive new technologies

New technologies are being introduced each year. Just as people often rent a car for a few days to try out the model before buying it, selecting a 3PL that uses specific technologies allows clients to test the capabilities of those systems before buying them for their own facilities.

## #8 – Avoid labor hassles

Hiring and firing, health insurance, union issues, and the other responsibilities that come with managing a work force are often more than a growing company wants to take on. Experienced 3PLs can assume these tasks along with the paperwork and reporting burdens that go with them.

## #9 – Scale operations

The fortunes of e-commerce companies are notoriously hard to predict. Using a 3PL allows companies to scale their operations up and down as markets fluctuate without the risks of investing in infrastructure.

## #10 – Handle returns efficiently

Returns are a problem for everyone. Many 3PLs specialize in handling returns, offering clients access to secondary markets, third-party wholesalers, and recyclers for damaged products.