

Everything you need to know about order and order types



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Ordering items that one needs has been an age-old activity because no man is capable of producing all that he/she needs. Man needs to exchange things to get what they need so the barter system came into existence in the 6000 B.C. in Egypt.



[Image courtesy](#)

However, soon the loopholes in the barter system made people realize that something more valuable needs to be there to trade things and that's how money was invented. Hence, ordering things in exchange for money from a producer has been woven into our lives since ancient times.

With the passage of time, trading became more complex and the wholesalers and retailers also came into the market so that the goods produced by the manufacturers could be distributed far and wide. This led to the creation and rise of sales order and purchase order that we use in these modern times.

What is an Order?

There are multiple meanings of the word 'order'. For instance, An Army chief gives orders to his subordinates for performing specific tasks. Thus, an order may refer to an authoritative command given by the people or institutions with authority.

However, we are more concerned with the business context of the word order.

What are the orders in the business context?

In business terms, Order is a list of products that a person intends to buy using money from a seller. It can be either a written or a verbal request.

[Wikipedia](#) defines business order as,

“In business or commerce, an order is a stated intention, either spoken or written, to engage in a commercial transaction for specific products or services.

From a buyer's point of view, it expresses the intention to buy and is called a **purchase order**. From a seller's point of view, it expresses the intention to sell and is referred to as a **sales order**.”

Traditionally, an order consists of essential details like the number of items, names of products, prices, and quantity ordered.

Types of Orders

Let's take a look at different kinds of orders in the commercial world.

Verbal orders



There are commercial orders we give over a phone call or face to face. For example, we place an order for our food verbally in a restaurant or cafe. We don't need to write that order down.

Similarly, at a grocery store we simply name the items we need and the shopkeeper shows them to us for buying.

Non-verbal orders

There are commercial orders that you don't need to say but the seller still understands that you wish to buy them. For example, in the department store, you simply put the products you wish to buy in a shopping cart. The moment you take the cart to the billing counter, the biller does the billing you pay the amount and your order is fulfilled. There is no need to write it down or verbally ask for it from anyone.

Written order

A list of all the items intended for purchase is usually prepared in B2B (Business to Business) because generally, the items are more in numbers and quantities. This written order is then passed on to the seller or supplier to avail of the things listed in it. This is called a purchase order.

However, when the seller receives this very written order it becomes a sales order for him since he is selling all these items.

Written orders are generally sent via email, fax, written letter handed over via post or in person. Most of the written orders have a specific format that is easy to understand by all and it contains all the essential information such as the name of the company or person purchasing the products, their address and contact details, names of products, their quantity, price, and total amount.

Work Order

The orders are not just limited to ordering the items from the seller. There are orders given out to conduct repairing or maintenance of the place, products, machinery, etc.

These sorts of orders are specifically meant for carrying out repair works.

Preorder

With the advent of technology and the internet, we now have two new kinds of orders that are popular in the eCommerce industry - Preorder and backorder. Pre-orders are the orders received by the seller from customers before launching or releasing the product.

For example, popular writers like Dan Brown, J.K.Rowling can start taking orders of their books before its release because they have a huge fan base who will be willing to read their book as soon as it hits the market.

Usually, a preordering facility is provided by the eCommerce merchants.

Backorder

This is yet another popular ordering facility provided by the retailer, especially in the eCommerce sector. In this kind of order, a retailer accepts the order from the customers even they are out-of-stock on the products.

Usually, this is practiced when the retailer is sure to receive the products shortly from the suppliers or when the supplier has already sent the items but are in transit. Hence, the retailer considers it as a transit stock and takes the new orders pouring in from the customers as he is going to receive the products soon.

Conclusion

Hoping this article has given you a detailed understanding of what are orders and their various types and their usages. Managing the orders becomes very crucial for any business and therefore, order management is practiced in a systematic way by all business persons.