

Why are Preorders popular these days?

Complete guide to preordering in eCommerce



Table of contents

- Introduction
- What is preorder
- Why is preorder popular
- Advantages of preorder
- Disadvantages of preorder
- Conclusion

You're a die-hard fan of video games series, Warcraft, and you get to know that a new version of Warcraft III: Reforged is going to be released soon, and Amazon happens to be taking the preorders for it. What would you do? Just sit tight waiting for it to arrive in the markets or pre-order it on Amazon? Of course, preorder it on Amazon so that you can lay your hands on it as soon as it is out in the market.



So, what is pre-ordering or pre-order?

In simple words, it is ordering an item even before it is released in the market. It is well-known practice these days followed by the companies to attract more consumers and also to study the demand for their products before releasing them into the market.

Why is preorder popular?

Pre-orders have gained popularity amongst buyers because it enables them to book their own copy of the product well in advance so that when it is released, there is an assurance that they will get it.

Usually, it is a fruitful practice for ordering popular items that you know will be off the shelf as soon as they are released, such as top-ranking video games, new books by famous authors like Dan Brown, J.K. Rowling, etc.

Secondly, pre-orders have gained popularity because the companies offer heavy discounts or some goodies when you order the item in advance. So it is a win-win situation for all - the manufacturing company, the shopkeepers, and the buyers.

This brings us to our next point of discussion.

Advantages of Preorders

1. Improve the in-flow of cash

Taking preorders is a great way for companies to improve their in-flow of cash. Most of the time when the preorders are taken, the product is in the manufacturing or packaging stage, earning money before even releasing the product can be a big benefit and help in covering transportation costs and other costs.

2. Help in creating a buzz in the market

The product starts getting a lot of attraction since it is kept on the preorder option. It is a perfect time to even offer discounts or some priceless goodies, for example, have a book autographed by the author or a chance to meet and greet the author. All these promotional activities help in creating the hype for the product and hence generating a good demand for the product even before its launch.

3. All industries can use Pre-order option

The best part about preorders is that it can be practiced by all companies and industries. It is not limited to just video games and books. Big companies like luxury brands, retailers, mobile phone brands, electronics items, etc. can all make use of preorder offer for attracting the consumers.

There is no shame attached to it...even big companies like Apple adopted the preorder option during the iPhone X release or when Samsung launched a preordering facility for their Galaxy tabs.

4. Predict the demand of product accurately

If the product is still in the manufacturing stage then the company can gauge the demand for its product by allowing them to be preordered. The retailers can be assured of minimum sales while the manufacturers will know how much to produce precisely during the initial production runs. The higher the demand for the product, the faster the manufacturer can go into the second round of production. The in-flow of cash is already pouring in, and therefore producing more products will eventually result in increasing the sales of the product further.

5. Ranking better on search engines

Having a preorder product page already indexed by search engines like Google, Bing, etc. will increase the probability of gaining higher page ranks when the product actually gets released. This is usually because the preorders pages are created long before other competitors who create the product pages only when the product hits the market.

Disadvantages of preorders

1. Limited product sets are offered for pre-orders

It is always good to grab the products quickly because usually, only a few or limited stock is kept for pre-orders. Both, retailers and consumers have to be on a lookout and buy the things they need as soon as preordering gets started or else they will miss out on the opportunity.

Suppliers usually have a very short window, so if the retailer is unable to place the orders for the products in time, then they lose out in making the profits.

2. Pre-order alone cannot guarantee product success

Having listed all the advantages of preordering, one needs to take into consideration people will buy your product before launch only when you have a quality product. Hence, always work on improving your product first and then go for these kinds of marketing techniques.

Also, preordering is not the only technique for generating revenue, and one should get more creative and come up with better ideas to promote your product.

3. Dependency on Manufacturer or Supplier

So, you've got lot of preorders for a particular product, but the launch date has already arrived, and you still don't have the inventory? Well, that's one of the biggest drawbacks of preorder since it the manufacturer or the supplier who has control over the turnaround of the products.

Always choose to preorder only the products for which you have reliable manufacturers or suppliers so that you don't lose out on customer's loyalty and your credibility.

Conclusion

So, all in all, we can say that preordering a product has lots of benefits for both retailers and consumers. No doubt that it one of the popular marketing techniques of the present day.

Hoping this article helps you to not just learn about pre-orders but also help you in deciding whether you should offer a preorder facility for your products or not.

Reading references:

1. Why Pre-Order Sales Are Critical and How to Increase Your Pre-Order Pipeline

<https://www.scalefast.com/blog/why-pre-order-sales-are-critical-and-how-to-increase-your-pre-order-pipeline/>