

How To Make A Fortune Drop Shipping



By J. Stephen Pope



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Chapter 1

Drop Ship Your Way to Wealth

Your customer sees a marvelous array of products on your website. After thoughtful consideration, she purchases the product she wants. Amazingly, you have never actually seen the product. That is because your supplier shipped the order directly to her.

1. Problems With Stocking Inventory

After deciding what products you will sell, you are immediately faced with many challenges.

First: “To stock my products, will I need to rent store or warehouse space? I was hoping to sell by Internet, mail order, or export, but I don’t have much storage space for inventory at home.”

Second: “Will the supplier even deal with me if I don’t have a retail location? I was counting on keeping my overhead down by operating from home.”

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Third: “I know that many manufacturers and distributors have a minimum order, sometimes in the thousands of dollars. I don’t have that kind of money!”

Fourth: “Even if I did have the money, why should I tie it up in inventory? How do I know if the product will even sell?”

Fifth: “I guess I will have to add extra insurance coverage for my inventory. Maybe I better upgrade my security system while I’m at it.”

Sixth: “The shipping charges are going to kill me. First, I have to pay to get the goods here (freight-in). Then, I have to pay to ship the goods out to my customers (freight-out).”

Seventh: “If I expand and hire employees, how will I control the inventory? How will I know if my employees are stealing from me?”

Eighth: “How much time and money am I going to spend packaging and fulfilling orders?”

These problems can be reduced or eliminated by drop

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shipping.

2. Drop Shipping to the Rescue

Drop shipping is a method of selling products without stocking inventory yourself. You don't need to stock inventory, because you only order an item when a customer requests it.

With drop shipping, when you make a sale you contact the manufacturer or authorized distributor and make arrangements to pay for the order at your wholesale cost. Your distributor then ships the product to the customer with your invoice and shipping label.

For example, let's assume that you have just sold a product to a customer for \$100.00 plus shipping charges of \$15.00. Having received the customer's payment, you now need to fax or otherwise send your order to your drop ship supplier. You will need to pay your supplier, by credit card or other means, your cost of \$50.00 plus \$15.00 shipping. This leaves you a \$50.00 gross profit. Your supplier will now ship the product to your customer.

With this arrangement of not having to stock inventory

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yourself, there are many advantages.

You eliminate the high costs of holding inventory. There is no need for you to rent expensive storage space, finance high minimum orders, get stuck with goods that don't sell, or pay other expenses associated with maintaining inventory.

Indirectly, you do pay inventory costs. Your drop ship supplier must maintain his inventory and pay all associated costs, including freight-in, storage space, insurance, accounting, shrinkage, and so on. To make a profit, he must pass these costs on to you.

The real advantage to this drop shipping arrangement lies in keeping your costs variable. Instead of being stuck with these expenses up front, whether you sell or not, you pay only when you make a sale.

3. Profit From Drop Shipping

Many legitimate drop ship suppliers may not require you to have a retail location, but they will want to see evidence that you are in business. They may require you to produce a resale license or retail sales tax permit.

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To be sure, there are pitfalls to watch out for in drop shipping. For example, some suppliers claim to sell at wholesale prices but are actually selling closer to retail. Also, margins are very slim in some competitive areas, such as electronics. However, with proper research and information, you should be able to avoid these problems.

Whether from your home, retail store, directly from your website or through an online auction, you can arrange to sell an item before you purchase it. That way you have nothing invested in inventory and won't get stuck with stock that won't sell.

Rather than financing and stocking inventory yourself, consider drop shipping your way to wealth.

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Chapter 2

Drop Shipping Increases Profits

You would like to increase your income by selling other peoples' products but you just don't have the money to stock inventory.

On the other hand, perhaps you have lots of your own product and would like to increase your sales, but you don't have a lot of money for advertising.

The solution to both problems may lie in drop shipping.

1. Sell Products You Don't Own

You would like to sell a variety of products but you don't have very much money. Don't worry! Your customers will supply you with the necessary capital. You don't have to stock inventory. You can drop ship orders.

For example, you receive a credit card order for a product

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retailing for one hundred dollars plus five dollars shipping. You now turn around and fax (or e-mail or phone) your order to your dropship supplier. You pay the fifty dollar wholesale product cost plus five dollars shipping using your own credit card.

Your dropship supplier now ships the order to your customer. With no investment in inventory, your gross profit equals fifty dollars.

2. Sell Products You Do Own

Would you like more sales of your own products? Consider drop shipping your products for other dealers.

As an example, you may have a product that sells for one hundred dollars plus shipping. Every time you sell that product yourself, you will have a sale of one hundred dollars. However, how many one hundred dollar sales can you make personally?

Now consider the situation where you offer your dealers a wholesale price of fifty dollars. You could have hundreds or thousands of persons selling for you.

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It is true that each product sale now only brings you only fifty dollars in sales. However, these are sales that you wouldn't otherwise have. What would it cost you to obtain these sales through traditional advertising channels? Would your advertising even bring you the desired results?

Keep in mind that with this drop shipping arrangement, you pay only for results. When a dealer retails your product for one hundred dollars, he is really receiving a fifty dollar profit for selling your product; you could view it as a sales commission. You receive only fifty dollars per product sale but sell way more than without drop shipping. You ship directly to the customer for your dealer.

So, whether you sell other peoples' products or your own, drop shipping can increase your sales, preserve capital, and maximize business profits.

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Chapter 3

Top 7 Dropshipper Advantages

Here are seven reasons you should consider being a dropshipper.

1. Low Capital Requirement: Instead of paying to stock inventory, your customer finances the order. For example, if an item costs fifty dollars from your dropship supplier, you might charge your customer one hundred dollars for the product plus applicable shipping charges. When you receive payment from your customer, you will then send fifty dollars plus shipping charges to your dropship supplier. You have just made fifty dollars gross profit entirely financed by your customer.

2. No Inventory Required: You will not need to worry about how to finance high minimum orders of wholesale merchandise, getting stuck with stock that won't sell. or extra costs for warehouse space, insurance, shrinkage, and so on.

3. Expanded Product Line: In addition to your own products

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and services, you may increase your sales and profits by selling other people's products.

4. No Product Fulfillment: Your dropship supplier picks, packages and ships the orders to the customer.

5. Keep Expenses Variable: Instead of having a high fixed overhead, more of your costs will be variable. You don't pay for inventory, for example, until you have a sale.

6. No Minimum Order Requirements: Dropship as little as one item.

7. Increase Sales of Your Own Products: On the other side of the coin, have you considered the advantages of drop shipping your own products? In return for giving your dealers a wholesale price, you may sell significantly more product than you could on your own. You would have to ship the products on behalf of your drop shipping dealers.

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Chapter 4

Top 7 Dropshipper Disadvantages

Don't get me wrong; I love drop shipping too! However, I would be remiss in my duty if I didn't tell you about the pitfalls as well as the advantages of being a dropshipper. Here, then, are seven disadvantages of drop shipping.

1. Merchant Account Violation: The terms of your Internet merchant account require that you not charge your customer until the order has been shipped. Your dropship supplier might take a few days to get your order out.

2. Inadequate Product Knowledge: Since you've never even seen the products you sell, how will you be able to answer customer questions about the product? Sometimes you can obtain sales literature or samples from your supplier to assist you in your product knowledge.

3. Increased Customer Support: When customers request information about a product, you will have to phone the supplier for product data and then contact the customer with

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the information. This can be very time consuming.

4. Responsible for Dropshipper's Actions: If your dropship supplier runs out of inventory, sends the wrong item, is slow in fulfilling the order, or experiences similar problems, you are the one who is responsible. You are the one that will have to apologize and straighten matters out with the customer.

5. Increased Competition: If you are not the exclusive source of the product, others can and will sell the same product from your dropship supplier.

6. Dropship Supplier Scams: Some suppliers claim to sell at wholesale prices but actually sell to you much closer to retail. Sometimes shipping and handling charges extracted are exorbitant. This, of course, leaves very little, if any, profit margin for you.

7. Loss of Control: If you maintain your own inventory, you have much more control over how quickly and securely your inventory is shipped.

[Resource: Dropship Secrets Revealed](#)

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