

Dropshipping - One Pager - Freedom Business Blueprint #1

created by MrOutsource.com

Pro's

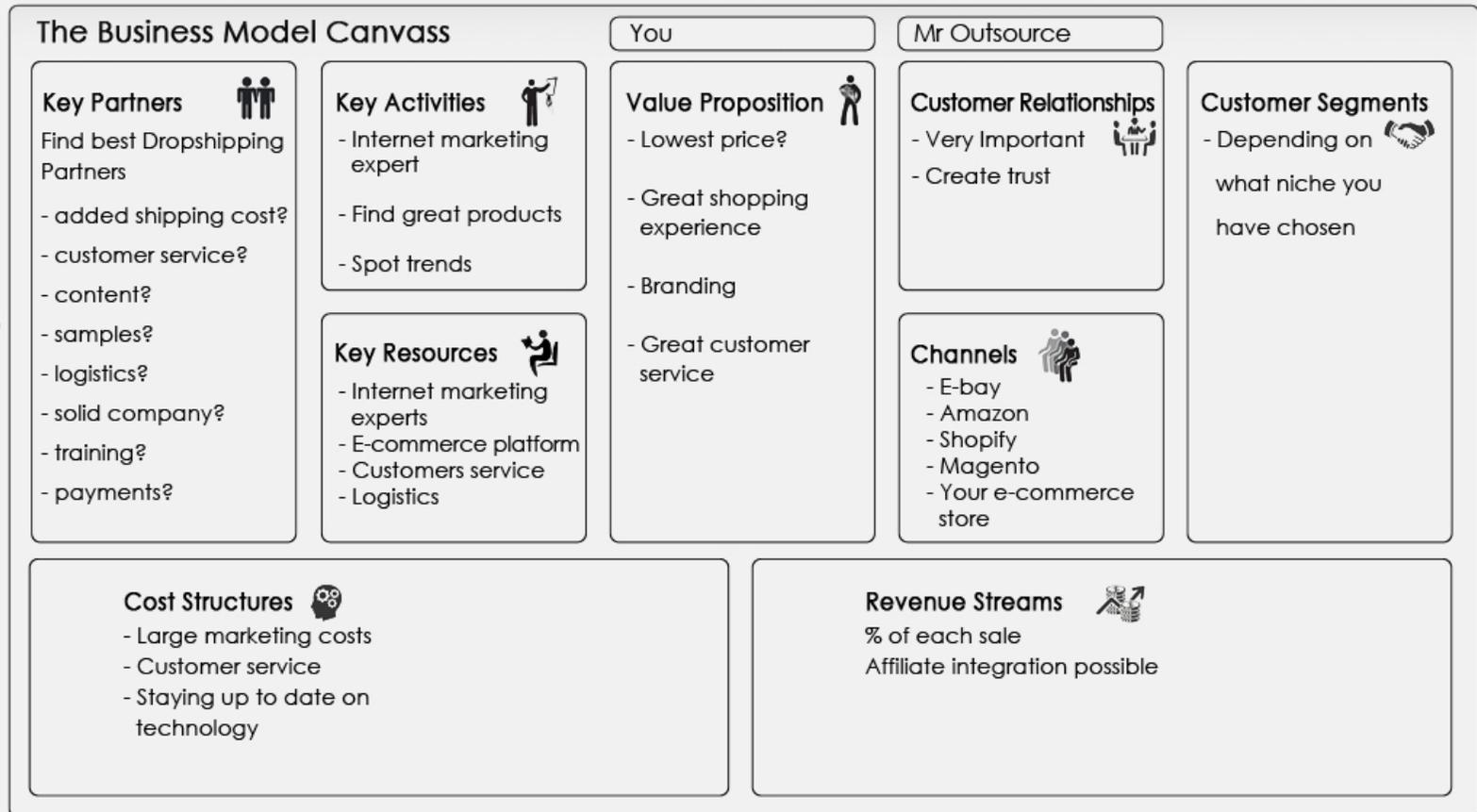
- Low startup cost
- Avoid high inventory costs
- Large product range (you can sell lots of different types of products and/or have many e-commerce websites)
- Laptop friendly (run your business from anywhere)
- Outsourceable
- Allows you to focus on sales and marketing

Con's

- Large marketing costs
- Global competition
- Very competitive

Get Started

- Set up a website which includes a dropship friendly shopping cart and credit processing facilities.
- Find wholesale suppliers of products you wish to sell that incorporates dropshipping as a business method.
- Open an account with the company.
- Gather content and images relating to the products you've chosen, incorporate them on your site and shopping cart.
- Provide the supplier with the customer details.
- The company then bills at the special price you have agreed upon; order and send it to your client-in most cases with labels referring to your business/website instead of the dropshippers.



Tips

- Focus on niches
- High priced items (less customer service and higher earning pr.sale)
- Do lots of research before choosing your products collaborators
- Give excellent customer service
- Negotiate plenty to get the best deal and be aware of "hidden" costs
- Negotiate excellent return policy (get it in writing)
- Chargebacks can kill your company

www.youwillneverworkagain.com by Erlend Bakke

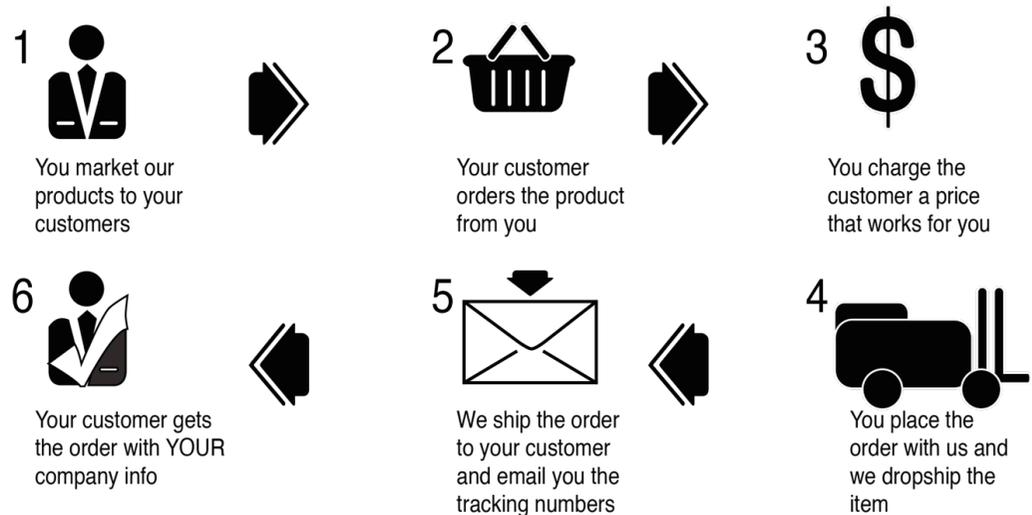
Let's have a look at how this business fits into the blueprint. Your **Key Partners** are going to be companies that want to work with dropshippers – perhaps because they don't have the relevant expertise in marketing; and companies which provide the best conditions for this work. They need to be reliable and responsive, deliver products quickly, and preferably have low shipping costs. In many cases, overseas companies might prove more responsive, as they are likely to have higher barriers to entry to your domestic economy, but then of course you will have to deal with problems of communication and trust.

Your **Key Activities** are going to be internet marketing, but also finding top quality products and spotting trends in online buying markets so you can take advantage of them before others. Your **Key Resources** include internet marketing experts, people who can take care of customer service and logistics, and an e-commerce platform. Many of these roles, of course, can be outsourced, as I'll explain in chapter seven.

Your **Value Proposition** might be that you offer a low price – although you might also decide to focus on a more expensive niche product, in which case the value comes from the luxury or rarity of your items. Whatever the case, much of your value will come from your branding, which creates an image of your company as trustworthy, cheap, expensive, or some other value; creating a smooth and easy-to-understand shopping process;

and having excellent, responsive customer service. This is particularly important, as the main **Customer Relationship** is one of building trust, so that your customers know that you are the company they want to turn to when they are looking for a particular product in the future. Your **Customer Segment**, of course, depends on the exact product you are selling, and the **Channels** you are using are likely to be digital channels including (though not limited to) eBay, Amazon, Shopify, Magenta, or your own personal e-commerce site.

Your **Costs** are going to be centered around marketing, customer service, and ecommerce technology. Your **Revenues** come from making a profit on each sale.



Source: (Bakke, 2013)
www.youwillneverworkagain.com

The advantages of this model are that it has a low startup cost and does not require you to store a large inventory of products – you're simply acting as a middleman for the vendors, leaving the cost of storage on them. In turn, they benefit from the fact that you are focusing on sales and marketing of their products, so they can spend less in those areas. Other advantages are that this is very easily outsourceable, and can be done entirely online from a laptop with an internet connection, allowing you to travel and live a location-independent lifestyle. You can experiment with a wide range of products, either on the same site or on a number of different sites, allowing you to take advantage of multiple opportunities. The disadvantages are that it's a very competitive market, and to really make yourself visible, you'll find that you eventually have to start spending more on marketing costs. Hopefully, this will be offset by your increased profits, but it is a risk, and it's a risk that you'll have to take eventually if you're going to break big in this industry.

Some final tips that I have on dropshipping businesses – you need to really do a lot of research and planning before jumping into this one, to ensure you have reliable partners and high quality products. You're going to need to negotiate well with potential partners, and really think through every possible scenario to make sure you're going to be maintaining a profit margin on each item sold. You also need to negotiate, in writing, a returns policy with the wholesaler – you don't want

to be taking on the cost of the item every time a customer is unhappy. Remember that the customer is king in a business like this, and providing excellent customer service should not be an afterthought, or a thing you tack on at the last moment – it should be a necessity and it should be in your plans from the very beginning. Finally, when thinking about products to sell, try to focus on niches or on particularly rare and expensive items, rather than common things. Every niche has an audience, and capturing the relatively small audience for that niche is easier and requires less marketing than trying to make yourself visible in a crowded marketplace for a very common product. Equally, while higher price items may be harder to sell, you'll make more money on each sale, and you'll usually need less customer service for these less common, more expensive items.