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ECommerce veteran...

# STARTING YOUR INTERNET BUSINESS RIGHT

Learn how to get a REAL Internet  
business started. The RIGHT way.

Chris Malta

# Starting Your Internet Business Right

by Chris Malta

## About the Author



Chris Malta has been a successful business owner for more than 48 years, starting at the age of 15. He's spent more than 30 of those years in ECommerce and Online Marketing.

He developed the world's most popular and only 100% legitimate wholesale directory for online business owners, WorldwideBrands.com. He's owned multiple ECommerce-related businesses, including Ecommerce websites, a wholesale supply company in western NY, and has built an Affiliate

Program with over 27,000 members. He's taught over 800 live online ECommerce workshops, totaling more than 8,000 hours of live Ecommerce mentoring.

He's spoken at national internet conventions, hosted two business talk radio shows for Entrepreneur Magazine and worked face-to-face with top level executives from Amazon, eBay, UPS and others.

He's a published business author (both online and McGraw-Hill) whose paperbacks and eBooks have been read by over 7 million people. His articles, blog posts, podcast, radio interview, videos and more are focused on showing people the *truth* about how ECommerce *really* works.

Chris has also developed the most comprehensive ECommerce Education in the world and has been teaching it for over a decade. His latest FREE book, [EBiz Scams Revealed](#) and [Free 11-part EBiz Insider Video Series](#) are instrumental in helping home-based entrepreneurs avoid scams and build successful and profitable businesses in the Ecommerce space.

Both are available free at [ChrisMalta.com](http://ChrisMalta.com).

"Ecommerce exists the way it does, it operates the way it does, it has the best practices that it does because of our first guest, Chris Malta. He has been around ECommerce longer and been more important than anyone I can think of." - *Jim Beach, Host of Nationally Syndicated 'School For Startups Radio' - recipient of the Small Business Administration's Media Award.*

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Trustpilot ranks 751 Educational Institutions by TrustScore. That includes Universities, Colleges, Prep Schools, Career Schools and many more. [Chris Malta ranks #1.](#)

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Excellent



5 / 5



## Introduction

Introducing my FREE eBook: "Starting Your Internet Business RIGHT!"

This eBook is available at no cost to anyone interested in reading it. Feel free to distribute it as-is, without alterations, and without charging any fees.

The aim of this eBook is not to persuade you to start an online business. The decision to do so is entirely up to you. I'm not here to convince you! Instead, my purpose is to guide you away from the countless traps, pitfalls, and scams that exist, providing you with genuine information to help you get started if and when you decide to embark on this journey.

The knowledge within these pages stems from my own 30+ years of hard-earned experience and success in online business. It's meant to help you avoid the mistakes I and others have made, often paying a hefty price to learn from them!

Anyone with a home computer can establish and run a successful online business, but there are two crucial aspects you need to grasp right away:

1. **Success will never come for free.** Relying solely on searching for free information from Google and YouTube to figure out this business on your own is a guaranteed path to failure. There's too much to learn, and Google and YouTube 'experts' are fakes; they don't even *know* it. Real ECommerce is a profession, not a hobby or side hustle. It's *Retail Marketing*, and like any other profession, it requires real guided education if you genuinely want to earn money.
2. **Success will never come from paying others to do it for you.** Google and YouTube are flooded with con artists promising to build your website, set up your Amazon business, handle your SEO, provide you with foolproof automation tools, and so on. NONE of these claims are true. Over time, they'll only drain tens of thousands of dollars from you, leaving you with an empty shell of a "business" that generates no income. They do that on purpose; cheating you is their *business model*. If you're going to *own* a business, *learn* the business.

**If you don't believe or don't understand** the two points above, please stop right now and never think about starting a business online ever again. I mean that; I've seen far too many miserable people buried in the utter wreckage of their own finances because they believed someone who told them that this was quick, easy, or they would 'build it for them'. *I don't want you to be one of them.*

The key to avoiding these traps is having the *right* information available to you.

**THIS is the right information.**

Each section builds on the previous one, so it's best to read them in order.

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# Chapter One

## Selling On The Internet

**This is a bell that can't be un-rung.** More and more people are getting on board. Dreams of a mansion in the hills, early retirement, or just being able to supplement their regular income. Everyone wants to sell Online. Every economic indicator, independent report and government statistic points to the fact that ECommerce is getting bigger and bigger every year.

**This is a good thing for you and me.** The huge growth in ECommerce is in part the result of small, home-based Internet businesses carving out our own chunk of the multi-billion dollar ECommerce pie. ECommerce is riding a wave that won't break. It's getting *bigger*. There IS money to be made, and plenty to go around.

But how can you begin your own Internet business when you might struggle with even pressing the "Start" button on your computer? Even if you're skilled in using computers, the majority of people lack knowledge about selecting a viable product, creating marketing content, or building an Internet storefront, to name just a few of the challenges. Where do you even start? Where can you find a definitive starting point to say, "This is the FIRST thing I must do to build my ECommerce business"?

**The first crucial step is understanding what NOT to do!** Google and YouTube are overflowing with countless fraudsters and their affiliates, promoting outrageous scams designed solely to drain your finances. Even after spending over 30 years in this field, I can't find anyone left on YouTube who genuinely tells the truth, no matter how reputable they may appear.

They prey on unsuspecting individuals. They assure you that you don't need any knowledge or skills. They promise a Magical Unicorn Piñata filled with incredible apps, tools, and services that will do everything FOR you. They claim it's "quick and easy" and that you'll make instant money.

**THIS IS IMPORTANT:** Any "Online Program" that offers to build or manage ANY aspect of your business FOR you must be completely avoided!

These individuals have one sole objective: to sell you a never-ending series of apps, tools, and services. They deliberately provide misinformation and incomplete information so that you constantly feel the need to purchase the "next thing" to "make your business work." The truth is, there is no magical solution that will make your business thrive. There is only a carefully crafted plan to swiftly deplete your credit cards before you realize you've been swindled.

**I understand how cynical this sounds, and I wish it wasn't true. But unfortunately, it is.**

If you're going to listen to me and let me help you, I have to tell you where I come from in this business.

As I've said, I've been in this business for over 30 years. I was here *before* Google. I was here before Yahoo. Before Amazon and eBay. Before Social Media was even a *thought*. In fact, I was in this business *before you could even build a website*. When I started selling Online, I was selling information on Usenet Newsgroups in 1992. My customers at that time were sending me payments through the *US Mail*, because that was the only way to do it!

When the ability to create websites first appeared, I used a now-ancient software platform called Hot Metal (an HTML builder) to build websites from scratch. For years, we 'early Online pioneers' coded our own sites with HTML. There were no "quick and easy" templates.

I was marketing Online in January 1994 when "Jerry and David's Guide to the World Wide Web" first appeared, and I was there 4 months later when it was re-named "Yahoo".

I was there when Jeff Bezos opened an Online *bookstore* that he called "Amazon" in 1995. I was there in 1998 when Yahoo bought Viaweb, and turned it into Yahoo Store. I opened the first of my Online stores that year, which was the first year the general public actually *could* open a real Online store.

That was the same year that Confinity was launched, and later renamed Paypal. A few years later, I interviewed the then-President of Paypal on one of the live syndicated radio shows I hosted for Entrepreneur Magazine.

In 1999 I developed the only 100% genuine Online directory of wholesalers who would work with small home-based sellers. At the time it was called "The Drop Ship Source Directory". I incorporated it as Worldwide Brands two years later, in 2001.

This goes on and on and on. I could list all of the Online platforms as they came along, (there are dozens, literally) but honestly, you probably haven't heard of a lot of them. You've heard of the ones that *stuck*. AOL, Google, Bing. Shopify, BigCommerce, GoDaddy, Twitter, Facebook, YouTube, Instagram, etc., etc. Ever heard of LunarStorm, Bolt, OpenDiary, SixDegrees, LiveJournal, Habbo or Friendster? Of course not. They (and many, many more) came and went. They didn't *stick*.

The *platforms themselves* didn't know what they were doing or how to do it. It was a whole new world. We didn't know what was going on either, because everything was up in the air and could change at a moment's notice. I worked with a small group of other prominent marketers who were helping each other figure out the platforms as the platforms were figuring out *themselves*.

**You get the idea, right?** I was smack in the middle of all of this, right from the start. I was there when ECommerce was *born*. I grew up with it. I know it inside out. I'm STILL fully involved in this business today, and I still understand *everything* about it. I can tell you things that nobody else can. All the way from the beginning, I've learned every single new platform that has come out. Some of them lasted, some of them didn't. But I still *learned* them. It's been my life's work for over 3 decades.

**So why am I rattling on endlessly about this?** Because in order for me to be able to help *you*, there are two MORE things you need to understand.

**1. If I tell you something is bad, it's *BAD*.** No matter how many times the YouTube Bubbleheads have told you how amazing it is. No matter how many people you 'know' who claim to have made tons of money from it. You need to TRUST me when I tell you NOT to do something.

That might be hard sometimes, like maybe when I tell you that selling on **Amazon** is an absolute *train wreck* that you don't want to be within a hundred miles of because you're competing against thousands of large wholesalers who live on a 3 to 4% profit margin and Amazon will charge you fees out of left field for no reason, stop you from selling your products without telling you why, and take over any market you discover that actually does well. Yes, really. You do NOT run your own business when you sell on Amazon.

Or maybe when I tell you that eBay started to crash and burn in 2009 when they let wholesalers in the back door (I was there, too) and now it's just wholesalers *pretending* to be individuals, selling to people at profit margins you can't *possibly* hope to live on (again, 3 to 4%). You don't stand a chance there anymore.

**People who are already invested in these disasters will often just stop reading this book** when they read something they don't want to be told. That is a **mistake**. If you want to be a serious business owner and make a full-time living Online, you MUST face the music, *especially* when it plays *your* tune.

**2. If I tell you HOW to do something, DO IT THAT WAY.** Listen to the guy who KNOWS. I'm not freely sharing my 3 decades' worth of hard-earned experience just for my own amusement. I spend a LOT of my personal time trying to help others get this business right. I do it because it's become my passion. It's my Legacy. It's something I *believe in*.

And because all those con artists and their thousands of affiliate minions whose mission in life is to intentionally lie and cheat and steal every dime you have make me sick. This is my chosen profession, and those people crap all over it all day long, leave you on the side of the road with nothing, and laugh their way to the bank with your money every night. It's not right, and I'm doing everything I can to stop them from hurting you.

**But I can't do that alone. You have to be here too.**

So at this point, most of the people who can't handle the heat, whose delicate sensibilities I've offended with the very straightforward no-bulls\*\*\* approach I'm known for, have probably left the building.

I know from years of experience that most of them WILL be back, but the sad part is that when they do come back they'll have a lot less money and will have wasted a lot more time.

**You're still here, so you have a chance to make it as a real business owner.**

With *all* that said, where do you start this whole process of selling on the Internet, and doing it the RIGHT way?

We'll start with a quick, basic review of how PHYSICAL retail sales works, and then we'll move on to all the good stuff.

1. A factory produces a product. Most factories don't want to get involved in SELLING products to individual Retail Stores. They're too busy MAKING the products. So, they sell or consign huge amounts of the product to a wholesale distributor, all at once.
2. The wholesale distributor adds a bit to the price of each product, and generally sells them in bulk to a retail store.
3. The retail store breaks open the cartons, adds to the price of each individual product (their markup) and sells the products to its customers.

Sounds pretty simple, doesn't it? Well, it IS simple, when you're the customer. All you have to do is walk into your local Dogs A' Scratchin' store, pick up a can of flea powder for your dog Baldy, pay at the register, and you're on your way.

However, when YOU become the retailer, there are other things to think about. When you OWN the Dogs A' Scratchin' store *in the physical business world*, you have to pay rent for the building. You have to decide which products you're going to fill your valuable shelf space with. You have to plan your marketing for the month so you can bring in new customers. You've got to order your products. Pay your distributors. You've got to replace damaged inventory, because Mrs. Nelson's wiener-dog went charging down Aisle Four wearing that lampshade-thingy around his neck, and crashed into your brand new display of Kitty Perfume.

Aside from the purely physical aspects, selling on the Internet is no different. Retail Marketing is a *profession*. It's not something you do as a hobby, and it's not something someone else can do *for* you.

It's actually mostly psychology; understanding who your customer base is, and what they need to see from you. That hasn't changed in *forever*.

Your Home-based Internet Business is going to be a living, breathing extension of **you** that utterly *captivates* your potential customers. There are *lots* of things to learn and *lots* of things to do to make that happen.



# Chapter Two

## Computer Essentials

Most people are familiar enough with their computers to use them effectively. Play some games, write a few emails, tool around Google a bit, maybe do the household accounting. Then there are the famous (infamous?) stories about those who will use their DVD tray as a coffee cup holder, not knowing any better. (Yes, really).

It really doesn't matter what your experience level is. If you're an average computer user, you still might suddenly feel a little lost in all the buzzwords and jargon that gets thrown at you when you consider selling Online.

This is ONE reason most people will give up trying to run their Internet business themselves, and will turn the whole thing over to one of the scam artists we talked about in Chapter One. (There are others; we'll get to them later.)

The thing to understand here is that online sales and marketing is only about 10% technology. Everybody thinks they have to be a programmer to work on their own website. They *don't*. Just understanding some fundamentals is all they need.

If you've had your computer for a few years, chances are you're using the Windows 10 Operating System. If your computer is relatively new, or you've upgraded recently, you're probably on Windows 11. If there's a half-inch of dust on your computer, you could still be way back in Windows 8, and you should probably address that issue.

You should try to stay reasonably up to date with your computer. Windows is an Operating System; kind of a background framework that allows you to use software programs. But programs change. They get more complex and do more things. That means they sometimes need more advanced Operating Systems. All Windows really does is provide a "platform" from which you "launch" other computer programs that you actually use. For example, in your business you'll want to create Marketing Content. You should use Microsoft Word for this. You'll also need to do things like Keyword Research. Microsoft Excel is great for that.

You can get Microsoft Office 365 (all of the Office software including Word and Excel) for \$99 a year, for 5 users. Pretty good deal compared to what it used to cost.

If you're at a point where you're ready to upgrade your computer, your best bet is a gaming laptop if you can do it.

That's because if you plan on being a serious business owner, you're going to need to work with some basic graphics, and graphics software uses more processor power and memory than most software. You won't have a problem if you *can't* go to a gaming laptop, but your basic computer will run a little slower when you work with graphics.

But seriously, if you can turn your computer on and send an email, you can learn to run an ECommerce business. It's a lot easier than it was in the old days!



# Chapter Three

## Understanding the Internet

Ever been lost in the woods? I have. I didn't like it.

I grew up in Western New York. I know that most people who've never been to New York think that it's one big city. Trust me; there's a lot more woods than there is city. There are over 18 million acres of forest in New York State.

We used to spend 10 days every summer camping off a series of old logging trails in the Adirondack Mountain Park (6 million acres of wilderness!) If you wander off the beaten path, you had better have a compass, a canteen and some food. Every couple of years, someone wanders into those deep woods and never comes back.

Sounds kind of like the Internet, doesn't it? It's a thing so vast and complicated that it's hard to wrap your mind around it. The easiest thing to do is just give it a cool-sounding name, and hope you never have to try to explain it to anyone!

Well, I used to be one of those systems-engineer guys who actually understands much of what goes on there. I wouldn't recommend systems engineering to the squeamish. The courses you have to take can give you the strangest nightmares! It's a lonely profession, too. I couldn't talk to my friends about what I used to do; it just makes their eyes glaze over.

Anyway, I'm going to talk about some of the basics of how the Internet works. I'm not going to prattle to you about Class-C IP Addressing, Virtual Webs, or redirecting an MX record on a DNS Server. That's one of those things that systems guys do to impress other people at staff meetings. I'd just be listening to myself talk, and you wouldn't gain anything useful.

The best way I can think of to visualize the Internet in basic terms, is to think about it as a worldwide telephone network.

There's a huge network of wired and wireless equipment that connects all the phones in the world, in one way or another. That network is broken up into many parts, and owned by many different companies. If you live in Orlando, you make your phone calls through the telephone wires or cell services run by Sprint, for example. If you live somewhere else, AT&T might maintain your connections. If you live on the Island of Wheredaheckawee with no wireless, your little island might have many phone lines, but they're all connected to the outside world through a single underwater phone trunk cable from the Mainland. However it interconnects, it's all part of the same giant network.

All that wiring and wireless throughout the world has one simple purpose. It connects to your phone, so you can make phone calls. At your home, you might still have a wired phone line. Most people have opted for cell-only, though. The purpose of your wired phone line is simple. You can make or take one phone call at a time. You can call one person, or one person can call you. Maybe you make it exciting and use call waiting once in a while.

A big company headquarters, like Kodak, for example, used to have thousands of phone lines connected to big switchboards, so that their company could make or take thousands of calls at the same time. These days it's all computerized and the switchboards are gathering dust in a storage building somewhere. Computerized phone systems can do anything from auto-dialing to conference calling easily.

Pretty simple, right?

Now, let's relate that to the Internet. The Internet is just another big 'phone network', only instead of being connected to phones, the wired and wireless equipment is connected to *computers*.

Those computers fall into two basic categories: Workstations, and Servers.

The computer in your home is a Workstation. When you're connected to the Internet, you use your Workstation to make 'phone calls' to other computers. Instead of paying telephone service charges to the phone company for a phone call, you pay 'Internet Access fees' to your Internet provider (such as ATT, NetZero, etc.), to connect your Workstation to other computers.

There are places out there with computers that are like the big fancy computerized 'switchboard' that now Kodak uses. They reside in buildings with thousands of 'phone lines' connected to them. These computers can connect with many other computers at the same time, and handle the computer equivalent of 'conference calls.' They are called Servers.

Servers can connect to many Workstations at once. Thousands of people who connect to AOL, for example, can be connected to the same Server at the same time. When that Server reaches it's 'maximum load' (like a switchboard that can only connect a certain number of calls at once), another Server will take the overflow, and so on. Every Server on the Internet is connected to all the other Servers as well.

**Basically, the Internet is one big gigantic computer conference call**, with people joining in and dropping out all the time. The Workstations (your computer) are the participants, and the Servers are the Company management team, moderating the discussion. OK, so what about all that information that you can look up on the Internet all the time? You can go to a Search Engine and find the current price of Basmati Rice in Malaysia, or get a list of suggested names for your new puppy. Where does it all come from?

Web Sites. Everything you ever wanted to know, and many things you never wanted to know can be found on the millions of Web Sites around the world. Where do the Web Sites actually reside? Where do those actual bits of information live?

On Servers.

When you create a Web Site, you are actually renting a small amount of computer hard drive space on a Server somewhere. Whether you use that hard drive space for a Web Site that lists all of your Aunt Matilda's favorite recipes, or you use it to set up an Internet Store, it's all the same thing. Just a sliver of rented space on some Server computer's hard drives. The money you pay for that space is paid to whatever company owns that particular Server, and has connected it to the giant conference call that is the Internet.

Now, how do the Search Engines find your Web Site, which could be sitting on a flashing and beeping Server rack the size of a phone booth, anywhere in the world? Let's go back to the conference call. Remember when I said that all the Servers on the Internet are connected to all the other Servers? Remember that each Web Site sits on the hard drive of some Server, somewhere? Well, the Search Engines are the same way. A Search Engine is just a computer program sitting on some Server, somewhere.

A Search Engine program is constantly talking with all the Servers on the Internet, asking those other Servers what kinds of goodies they have stashed in the Web Sites that have been created on their hard drives. The Search Engine gathers all that information and keeps a record of it.

When you go to the Google Search Engine, for example, and type in a search for 'Ankle Bracelets', the Google Search Engine program looks in its records. It finds all the references it discovered concerning Ankle Bracelets on all the Servers around the world, and returns a list of those records to you. These are called "Links". When you click on one of them, your Workstation connects to the Server that contains that information. The information opens on your computer screen in the form of a Web Page.

Hopefully, though, this will provide a basic understanding of what the Internet really is: **one giant never-ending computer conference call!**

# Chapter Four

## The Real Business World

**If you only remember ONE Chapter of this EBook, remember this one!**

I'm assuming you're not going into business as a "side hustle". Personally, I don't like that term, and generally people are getting tired of it because it's unrealistic. "Side hustle" makes it sound like it's quick and easy to make money in the real world, and that's never true when it comes to real world business.

The thousands of people I've worked with and taught over the years (and still do) have been *serious* about generating or replacing a full-time income, so that's what I'll be talking about here.

Please pay very close attention to this next statement:

97% of all home-based online businesses fail.

Did you see that clearly? Just in case it didn't register...

**97% of all home-based online businesses fail.**

And by "fail", I don't mean "oh, it just didn't work out". These businesses most often fail spectacularly, leaving people tens of thousands of dollars in debt, and having wasted 3 to 5 years' worth of time.

I can't even begin to count the number of people I've talked to over the years who have lost tremendous amounts of time and money and are absolutely sick over it.

**Why does this happen?** *Because people don't take it seriously.* They're always looking for "quick and easy", as I've said repeatedly now. In business, "Quick and Easy", translated into English from Fantasyland-ish, means "Broke and Miserable".

### The Pizza Place Example

The Pizza Place Example is one that I use a lot when explaining real-world business to people.

When I was about 18 years old, a good friend of mine told me he wanted to open a pizza place. He asked me to drive to Boston with him to pick up his very first pizza oven, which he was buying from an uncle of his there.

So, we jumped into his truck and drove 400 miles into New England to pick up this used, old pizza oven, and then drove back home again. The oven was really heavy, and I swear the front wheels of that little truck were barely touching the road on the way back.

Anyway, he eventually opened the place. I watched him build this business from the ground up. I was already in business for myself back then, and I was really interested in how he did what he did.

Over the years, he turned that first little pizza joint into a regional chain of nearly 20 big, classy, highly successful restaurants that make millions of dollars today.

So, the Pizza Place Example is not only a really good case study that applies to nearly any business, but it's part of a personal experience for me.

**So let's take a look at it:**

If you're going to open a Pizza Place in your town, there are some things you'd better have, better know, and better do.

- 1. You'd better have a really good recipe for pizza.** Better than anybody else in town. That takes serious research and development.
- 2. You'd better know your competition.** That means eating at ALL the other pizza shops more than once, but that's not enough. Scout the other places seriously. The ambiance, the style, the way they treat their customers, what else they might serve besides pizza. You need to talk to people around town. Ask them which pizza places they like, and why. Take notes. Plan to build the business for the people who eat in the more upscale shops, because they spend more money and that means you can charge more.
- 3. You'd better know how to choose a location.** That's what real estate agents say, right? Location, location, location. You want traffic, but you want the right kind of traffic (people willing to spend more), and you don't want to be located too close to your competitors.
- 4. You'd better know how to make that location your own.** Designing a theme for the restaurant and then executing it is something you need to learn how to do. It has to be tailored not only to your vision, but to the expectations of the customers you seek. *Any* restaurant owner will tell you that.
- 5. You'd better know how to work with Vendors.** Dough, cheese, paper goods, beverage Vendors...you need to know how they work and work with them *yourself*.
- 6. You'd better know how to market yourself.** In the physical world, that means signage and local newspaper, radio, billboard and TV advertising.
- 7. You'd better know how to make a pizza!** That kind of goes without saying, but it's important. YOU are the owner. YOU need to manage the product.
- 8. You'd better know how to run the POS system** (cash registers, tablets, etc.) That's your money, and you need to be sure that it all comes in, and that it all goes where it needs to.
- 9. You'd better know how to deal with your finances.** Basic bookkeeping, merchant account, budgeting, sales tax reporting and more. That's your responsibility as Owner.
- 10. You'd better know how to maintain your equipment.** How the ovens work, how the beverage system works, where the emergency systems are, and even how to clean out the grease trap. Yes, really. It's YOUR business.

**Are you getting my point here?** ANY business owner in ANY business first needs to learn to run *every operation in that business themselves*.

**Unless they want to join the 97% who fail.**

Ask ANY truly *successful* businessperson, from a Tire Shop Owner to a Billionaire. They'll *all* tell you exactly the same thing.

There are two worlds in which you can build an online business.

## 1. The Real Business World

## 2. Fantasyland

The 3% who *succeed* build their businesses in the Real Business World.

The 97% who *fail* build them in Fantasyland.

Let's explore both of them.

**FIRST, let's translate the 10 points of the Pizza Place Example to a REAL WORLD Home-based Online Business.**

Ready? Here we go.

### 1. You'd better have a really good recipe for pizza.

In Real World ECommerce, that means you need to have the right product. Not as easy as it sounds. This is not about choosing what you "like" or "are familiar with". It's about determining what SELLS and learning to like it and become familiar with it.

This is called Market Research, and it's a highly detailed, step-by-step process that must be done very carefully.

It involves identifying and narrowing into Niches that don't violate any red-flag rules, choosing a tight research list, looking at the size and depth of the market, gauging Trending, understanding how people search for it (Keyword Research), knowing how to evaluate competing websites on everything from their SEO to their Conversion Factors, learning how to determine market profitability and more.

**I always cringe** when people tell me "I'm picking what to sell", because I know they're *not*. They're simply throwing a dart at the wall and hoping it sticks, and that's part of where the 97% failure rate comes from. Insufficient understanding and information.

### 2. You'd better know your competition.

I touched on this in the paragraphs above, but there's more to it than just analyzing the competitions' sites.

If you were opening a Pizza Place, you'd need to talk to people around town and see how they perceive the product and the places that sell it. That's the only way YOU can determine how to sell it successfully to its Market Demographic (the people who buy it).

Online, you can't talk to people about it, so you need to look at the overall product in the online market and understand how it's perceived. That means understanding brand history, brand marketing, site layouts, mission statements, ad presentation, customer service responses, social media exposure, reviews and much more.

### 3. You'd better know how to choose a location.

When it comes to your online presence, this refers to the site platform you use. Yes, they are very different, and choosing the wrong way or place to host your site can have a tremendous effect on it.

The Google Search Engine owns about 94% of all the world's searches. The others simply split up the other 7% and are really not worth worrying about. You need to know that Google prefers certain types of web pages and platforms over others.

If your business is going to be ranked well in Google, one small part of that is going to be your platform. As just one example, Google doesn't like a web page/platform that takes 15 lines of code to do something that could be done with 3 lines of code. Streamlined code is important to Google. Some platforms are streamlined well, most are not.

You don't want to use the wrong one.

#### **4. You'd better know how to make that location your own.**

In REAL online business, that means that the look and feel of your store needs to be unique. It CANNOT simply be a 'template' you got from some web platform with your name stamped in the top right corner. That is 100% certain failure, guaranteed.

The people who create those templates are graphic designers. While graphic designers, depending on their skill level, can create amazing graphics, they are NOT Retail Marketers. They don't know how to *move* potential customers' eyes effectively through a clear, image-driven perceptual sales process that's based on *who the potential customer is*.

As a Retail Marketer, you need to know who your best most likely customer is. That means Demographic Research, which means creating an imaginary person who has all of the attributes of that best most likely customer. That's called an Avatar. Knowing who this person is shows you how to appeal to them on both a visual and emotional level. This needs to be reflected in the site layout, the color palette, the image types, the text-to-graphics ratio, even the font you use.

You will *NEVER* get that from a one-size-fits-all template, and they're *all* one-size-fits-all.

An online business owner in the real world needs to *know* how to work with their site platform.

#### **5. You'd better know how to work with Vendors.**

When you sell in Retail, you need Wholesale Suppliers. That, of course, is where you get what you sell. Most people don't ever take the time to learn how wholesalers actually work.

Because they don't bother to learn, most people have trouble getting accounts with real wholesalers and then communicating with their suppliers, which is absolutely critical. You need to know how they handle a variety of situations (stock shortages, customer returns, shipping costs, tiered pricing, product end-of-life issues and more) that will impact your business, so that you can be *prepared* for them.

Lack of preparation leads to unhappy customers, which leads to bad reviews which leads to business failure.

#### **6. You'd better know how to market yourself.**

In the physical world, it's signage and local newspaper, radio, billboard and TV advertising. That's paid advertising.

In the *online* world, if you ever pay a nickel for advertising, somebody *lied* to you.

Since Google's Panda Update in 2011, Google has been ranking websites that contain focused, targeted information about one subject, and one subject ONLY. An unfocused website means no ranking, which means no traffic, which means no sales and no money.

That's why you can only sell ONE discreet product line on a website. If you sell Metal Detectors on that site, you sell *only* Metal Detectors on that site. If you sell Singing Bowls on your site, you sell only Singing Bowls on that site.

That's Niche Marketing, that's the only way your site will get ranked, and that's where people make the real money.

When you understand that, and learn how to work with Content Marketing, the need for paid advertising vanishes in a puff of smoke.

Back in 2010, one of my businesses was paying \$50,000 to \$75,000 a month for paid advertising. Once Google Panda kicked in and we learned to work with it, our Ad Spend dropped to ZERO, and has been there ever since.

Because we LEARNED, we saved an average of \$750,000 a year. *Learning is good.*

## **7. You'd better know how to make a pizza!**

No, of course you won't be selling pizza online. But you *do* need to learn your product!

What most people don't understand is that you don't need to know the product before you start selling it. That's why it doesn't need to be something you "like" or "are familiar with".

The Content Marketing process is very specific, but it is *not* rocket science. When you learn how to do this, you realize that the process itself teaches you about your product as you go!

Content Marketing starts with an Article. You create that Article based on keywords that you find through Keyword Research. You search those keywords and look at other Articles to become familiar with the subject. Then you write your Article in your own words based on your understanding of what you researched.

But that's not the only thing that you need to know to create those Articles. You also need to know how to work with the *structure* of an Article.

You need to know how to spread keywords throughout the Article based on Placement, Stop Words, Stop Characters and percentages of Word Count. You need to know how to create Value Propositions, Feature/Benefit Combinations, Problem/Solution Combinations and Calls To Action.

Again, not rocket science, not by a long shot. But it does need to be learned and done properly if you expect Google to bring anybody to your online business.

## **8. You'd better know how to run the POS system.**

In online marketing, this refers to understanding your order system and how it works. It's not just plug-n-play. Laying out your order page requires a knowledge of the people who buy from you and what motivates them to complete a purchase.

Making the page work means connecting it to your bank, of course, but also setting up Sales Tax and Shipping Rules. Again, not rocket science, but most people don't even consider making sure they do it right.

When it's not thought through and set up right, it leads to cart abandonment, mix-ups in orders, payments, taxes, shipping and more, and that leads to...yep...unhappy customers, which leads to bad reviews which leads to business failure.

## **9. You'd better know how to deal with your finances.**

You need to understand how to use a basic Bookkeeping program, like QuickBooks Simple Start, for example. YOU need to be able to keep track of your cash on hand, your owner distributions, your order status, your expenses, your profits, your sales tax and more.

If you don't know how to do these things, you could actually create a serious issue for yourself with Uncle Sam. You do NOT want any tax authorities breathing down your neck!



This is easier than you think. When used properly, QuickBooks will actually connect to your website and download your sales transactions for you and place them in your books. From there, it's just a matter of following some basic steps to be sure that you're escrowing sales tax and income tax money and following through on placement and delivery of your customer orders.

## **10. You'd better know how to maintain your equipment.**

In the Real Online Business World, this relates to technology. However, most people get far too nervous about the level of tech they need to understand.

A Real Online Business is only about 10% technology. It's about 90% psychology. Retail Marketing is a psychological process, as you can see by some of the things I talked about above.

*So don't freak out about tech.* Knowing your way around your computer and knowing your way around your sales platform is about as techy as it gets. That's not anywhere near as hard as most people think. You don't have to be a programmer, and you don't have to build a website from scratch.

And no, the technology does NOT change quickly. You don't have to chase it around. Learn it. Use it. It won't bite.

**So those are the 10 points of the Pizza Place Example translated to the REAL Business World online.**

As you can see, starting a real business that actually earns a real income requires time. It requires learning. It requires patience. Which is why most people don't do it; people who want to start an online business from home are almost always far too impatient. They want money quickly and easily, and they believe all the con artists who tell them that's possible.

And that's exactly how they end up in Fantasyland.

**So let's take a trip through the land of guaranteed failure, Fantasyland.** Or you could just call it YouTube. Same thing.

Anyway, we'll take those *same 10 Pizza Place Example points* and explain how 97% of online business owners are fooled into failure in Fantasyland.

**And here we go:**

### **1. You'd better have a really good recipe for pizza.**

In Fantasyland ECommerce, it doesn't matter what products you put on your site, because the YouTube 'gurus' you paid thousands of dollars to don't want you to succeed. "Really?" you ask, "Whyever not?"

Because they're about to take you on a trip down a couple of dozen rabbit-holes that that make Alice In Wonderland look like an afternoon stroll through the park.

And each of those rabbit-holes is designed to separate you from more and more of your money, until you don't have any left.

See, if you learn to do something right and actually *make* money, you're no longer dependent on *them* and they can't keep selling you more things you don't need that are supposed to help you succeed but never will, because they're not meant to. Because if they were and you actually make money with them, you're no longer dependent on them and they can't keep selling you more things you don't need...

Well, you get the picture. Around and around we go; they don't want you to do well because then they can't cheat you anymore. True story, every word of it. I have documentation...seriously.

So, they'll tell you to simply "sell what you like" or "sell what you know." Because it just doesn't matter.

They'll also have several *really convenient* 'suppliers' you can use, and often they'll give you lists of 'hundreds of good niches', or even tell you exactly what to sell! How easy is that, right?!

However, these 'suppliers' will always be shady middlemen (not real wholesalers) who are feeding kickbacks on everything you spend back to the 'guru' who sent you to them.

The products will mostly be junk from China, the proper research won't be done so they won't sell anyway, your wholesale prices will be too high because of the kickbacks, and your Fantasyland Tour Guide makes even more money off of you.

So easy! You don't have to worry about Market Research in Fantasyland!

## **2. You'd better know your competition.**

But not in Fantasyland. You don't need to worry about your competition. You don't have to bother doing any real research.

Your Fantasy Guru will sell you a shiny, expensive tool that's supposed to do your competition research FOR you, at the click of a mouse. Who your competitors are, what they sell, how much they make and "so much more!"

Except it won't, no matter how long you keep paying the monthly fee (yup, monthly fee) for this 'amazing' tool.

Tools like this rely on something called 'scraping technology'. That means they're programmed to visit certain websites and gather information from certain specific code positions in those site pages, then bring that information back to you and tell you all about your competition.

What they don't tell you is that those code positions on those sites change rapidly, and the tools aren't designed to keep up with the changes. That would require the tool developer to do too much work, and they certainly don't want that when they're planning to cheat you anyway!

But they don't have to worry about that. They have a neat little programmed-in failsafe that tells the tool that if it can't find the info it's looking for, just randomly FAKE the info it gives you. And that's exactly what these 'tools' do.

So, you cruise merrily along thinking you know all about your competition, when in reality you don't have the slightest clue. Then you make poor choices based on fake information from a junk tool, and you fail a little more.

But your Fantasyland Sherpa made a bunch of money selling you the junk tool and keeps making money on your monthly payments (can you say "Recurring Revenue?"), so that's good, right? Right....? Helloooo...

Oh, by the way...don't worry about knowing who your best, most likely customer is either. Apparently, the rules of actual Retail Marketing don't apply in Fantasyland, so neither does the age-old marketing concept of Demographics. Fantasyland just keeps getting so much easier, doesn't it!

## **3. You'd better know how to choose a location.**

Well, in Fantasyland, not really. You don't need to know how to choose the best online platform for your business.

Your Fantasyland Crash Test Pilot will choose the platform FOR you. They'll choose the one that sells *you* the largest number of useless 'tools, apps and services' and pays *them* the highest *recurring commissions* on those useless tools, apps and services, in exchange for dragging you over and dumping you and your wallet on their front steps.

Because the most important thing in Fantasyland is how much money your Guide to Fantasyland makes, not how much money you make.

Is that the most important thing to you? Probably not, but at least it's easy.

#### **4. You'd better know how to make that location your own.**

In Fantasyland, some of the Dark Yodas will just tell you to use a cheap website template on a platform that pays them the most commission on the template, the tools, the apps and the services the platform sells, as we discussed above.

They'll tell you to get the most expensive hosting package that you don't need, though, so you end up paying hundreds of dollars a month instead of just the \$29 a month you should be paying because that's all you do need. Hey, more recurring monthly commission for Dark Yoda!

You'll end up with the same rubber-stamp template that a thousand other people have, with graphic-designer-images that get your potential customers into staring contests with them instead of moving their eyes forward into the sale, a crappy logo for your business stuck in the upper right corner, some poorly arranged product photos that are always hard to find and an awkward "Shop Now" link stuck in some place where it's barely visible against the background.

#### **You know you've seen these sites.**

Other YouTube Clown Circus Chaperones actually claim to build a custom website *for* you, for the low, low average price of about ten thousand dollars. What a deal! The same crappy template that they got for free from the same place that the Dark Yodas got theirs, only when you buy it from these guys it suddenly costs ten thousand dollars and they wait a month to give it to you so that you *think* they spent some time developing it!

So you really don't have to worry about making your location your own in Fantasyland, because no matter what you do, it never will be. Once again, easy!

#### **5. You'd better know how to work with Vendors.**

In Fantasyland, you really don't need to learn how to work with vendors because you won't have any real vendors.

There's really not much to learn about middleman cons anyway; they run the show, not you. Even if you ask, they won't tell you when a product line is about to be discontinued, or when they're short on stock, or when you should temporarily pull a product from your site because of a forecasted supply chain pause.

You won't know that they're out of something until your customer complains that it didn't show up. You won't be getting real wholesale tiered pricing because there will always be a pad in that pricing to pay both the middleman, who isn't a real wholesaler, *and* a kickback to the "guru" who dumped you there. The pricing will be too high to allow you to compete.

But that's OK too, because your Fantasyland website will never show up in the search engines to begin with so you'll never have to fulfill any orders. Wow, we're havin' fun in Fantasyland now!

#### **6. You'd better know how to market yourself.**

In Fantasyland, you never have to learn how to actually market, because in Fantasyland everything is so easy!

There are all kinds of sketchy tools, services and companies that claim to do your marketing for you, and your Guru Guide to The Dark Side will be more than happy to supply you with plenty of links and encouragement to spend all kinds of money on them. Which of course provides your Guru Guide with lots more Affiliate Commissions on everything you spend, and that's the point of Fantasyland!

Your GG will often tell you to hire “VA’s” (Virtual Assistants). These are people in India, the Philippines and other places who are supposed to write your marketing content *for* you. They don’t charge all that much, because in their countries a few US Dollars go a long way.

But don’t worry; you’re not taking advantage of them. They’re taking advantage of you. Because they won’t actually write your marketing content for you. They’ll use simple tools like Article Spinners and AI to create that content in seconds, and then they’ll charge you for it.

Yes, you could use those very same tools and do that yourself for free, but you wouldn’t want to because Article Spinners and AI generate nothing but word salad sandwiches than Google considers to be spam.

Article Spinners are tools where you steal someone else’s article, feed it into the spinner, and then the spinner does something called “Spintax”. It creates tons of new articles based on replacing synonyms in the original article.

Als, like ChatGPT and others, do exactly the same thing except that you won’t actually have to steal the original author’s article yourself. The AI will do that for you. So, you can feel a little better about committing plagiarism when you use an AI!

Google easily recognizes articles that have been generated or created by Article Spinners or AI, and they penalize your business for doing that, but don’t stress, because your Guru Guide to The Dark Side won’t tell you any of this.

So, you won’t know that you’re infringing on others’ copyrights, and you won’t know that your written marketing material is pure garbage that won’t work for marketing. You’ll think that the money you’re spending is actually accomplishing something worthwhile. Isn’t that nice. In Fantasyland, ignorance is bliss!

Your Guru Guide will also tell you to spend copious amounts of money on paid advertising in the search engines and social media platforms because they’ll say you *have to* in order to make sales. This could not be farther from the truth, but your GG needs you to believe that, *because they sent you through their affiliate links* to set up your advertising accounts.

That means the only one who makes money on the massive ad spends they tell you to make is *them*, because they get *commissions* on what you spend, but *you* don’t get *any* ROI (Return On Investment) from the ads.

Are you seeing the pattern yet? Don’t worry, though, because it’s all so easy and care-free. Other people are doing your work *for* you!

Your friendly Guru Guide to The Dark Side will also connect you with companies that will claim to do your SEO (Search Engine Optimization) for you. Those companies cost thousands of dollars per month, and they won’t actually do your SEO for you. They’ll simply spend a few minutes using another ‘automated tool’ on your site that you could have used yourself for far less money.

Except that you would never use that tool because SEO tools create horrible SEO, and as an added bonus they leave code footprints that are easily recognized by Google, and your website would be penalized for that.

But again, that’s ok, right? Because your good buddy GG won’t tell you that either, and your GG makes tons of money on commissions when you throw away that kind of cash! And...you guessed it...it’s just all so easy! Again, ignorance is bliss, they say. In Fantasyland, bliss abounds.

But we’re not done yet. There are tons of other tools that are supposed to help you with your marketing easily and automatically, so that you never have to learn or do anything. Your Guru Guide to The Dark Side will hit you over and over again with email after webinar after Facebook Group to tell you that you must pay for all these tools if you want to make millions of dollars in ten minutes, like they did!

Except...they didn't make million of dollars in ten minutes by actually selling products online themselves. They made it by lying to thousands of people just like you, selling you useless information and teasing you up for tons of junk purchases that do nothing but pay commissions on your money to the "Gurus".

They know very well that you're only human just like the rest of us and have a hard time resisting the words "quick" and "easy".

## **7. You'd better know how to make a pizza!**

Again, of course you won't be selling pizza online. But you DO need to learn your product!

However, in Fantasyland, you'll never get a chance to learn your product. Because you won't actually be learning how to market it. You'll be paying thousands of dollars to other people who say they're marketing it but *aren't*.

We just talked about that in #6.

If you aren't marketing your product, you can't learn it.

What your Calamity Concierge will be telling you to do is to hop all over the place, selling the latest trends (BAD idea; trends never last!), selling what they want you to sell (BAD idea, because somewhere along the line the product will be coming from *them* at a huge markup) or just plain selling anything that happens to come to mind and you can find on Chinese drop ship websites (BAD idea – do I really need to explain why?).

So, when you get your easy, instant, massively overpriced and hopelessly useless Fantasyland website up and running, you'll be selling everything from Purple Baby Booties to Styrofoam Bowling Balls to Gallon Buckets of Ankle Wax, and none of it will make sense.

When Google sees it, Google will have the digital equivalent of an aneurism from laughing so hard. And no, you'll never be found on that search engine.

But it's OK that you won't ever make a dime, right? What's important is that you did what your Calamity Concierge told you to do, and it was *so quick and easy*, so at least *they're* making big money off the thousands that you're spending.

Ain't Fantasyland grand?!

## **8. You'd better know how to run the POS system.**

Hey, just don't worry about it. You don't have to be a responsible business owner in Fantasyland! Your Guide to The Dark Side will have all kinds of systems to plug in to your website (for the low, low fee of way too much money) that will set up and manage your order system *for* you, because you should never have to know anything about your business! Just sit back and collect your quick and easy riches, willya?

When things start to fall apart very rapidly, your Guide to The Dark Side will be nowhere to be found, but that's ok, because it was so easy to set up!

## **9. You'd better know how to deal with your finances.**

But not in Fantasyland! Oh, no, that's far too much to learn, and it's way too much work to do!

In Fantasyland, your Anti-Guru will sell you services that will do your bookkeeping and income tax work for you. For a price that would make a real Accountant blush with embarrassment, of course.

And not just that.

They'll also tell you that they'll actually set up and manage your business entity for you. For the low, low price of between \$2500 to \$4,000. What a deal! (Not really; a real Accountant can do that for you for a couple of hundred bucks).

They'll also tell you that you need their services to manage Sales Tax requirements. They'll flat out LIE to you and tell you that you need to have Sales Tax payments set up for all 50 States in the US, and it's SO hard for you to do that, so THEY have an 'amazing (and very expensive) system' that does it automatically!

Sounds wonderful, right? Except it's not real. You *can't* legally collect Sales Tax in all 50 States. *Only* the State you reside in. But if you listen to the Anti-Guru, you'll be paying for something you don't need and can't do even if you wanted to (and nobody wants to anyway).

*But it all makes things sound so easy.* Letting your Anti-Guru set all of these things up for you so that you can fall off a log and land in a pile of cash is so simple and amazing!

But it's not real, and you won't know that until it's far too late.

#### **10. You'd better know how to maintain your equipment.**

No, no, no. Not in Fantasyland!

In Fantasyland you don't need to know anything about your computer! Your Financial Disaster Director will sell you access to a service that will jump on your computer remotely any time you need help and do everything for you!

Sure, there's a hefty fee (because your Financial Disaster Director needs to get paid commissions too) but what do you care? You're going to make a million dollars in ten minutes!

And your website? Don't worry about the tech. You'll be paying more than a grand a month before you know what hit you for them to manage that too, and it'll be useless from the start anyway, so let them run it into the ground the rest of the way. That's the Fantasyland way!

**OK, that's a *brief* tour through Fantasyland.** There's a lot more; I could easily write an entire book on just that subject alone. Oh, wait...I *did*! [EBiz Scams Revealed](#) is a Free Download if you want to read it.

There are tens of thousands of people trapped in Fantasyland RIGHT NOW.

If you'd like to join them, go to YouTube, search "Start a business online", pick any one of the grinning ninnies you'll find (it doesn't matter who; they're all the same in the end) and they'll be just thrilled to take your money to show you the way to Fantasyland.

**Just be warned that when you finally awaken from Fantasyland, all your hard-earned money will be gone, and you'll have nothing to show for it.**

# Chapter Five

## Business Models

As I talked about in the last Chapter, the so-called “quick and easy” online business ‘solutions’ that are sold online by the junk marketers are nothing more than *very* convincing smoke and mirrors that are designed to get you to spend more and more money with them until you’re broke, and you simply give up.

However, there are other specific reasons why certain business models, even if they were taught right, simply do not work for home-based business owners under any circumstances.

We’re going to talk about those models here, and we’ll also talk about what *does* work.

You don’t realize it, but you’ve been Socially Programmed to believe certain things about starting a business from home that simply are not true.

That shouldn’t surprise you, though. ALL of us, including me, are constantly absorbing Social Programming virtually every day of our lives.

Social Programming online is done by repetition. This consists of endlessly repeating certain messages until eventually our minds accept those messages as irrefutable truth. This is the method that junk marketers use to sell you “amazing business opportunities, tools, apps, services and widgets” that you don’t need. In my latest FREE book, [EBiz Scams Revealed](#), I talk about the French philosopher Alexandre Koyre. In 1945, he wrote, “The mob believes everything it is told, provided only that it be repeated over and over.”

In the digital world, Social Programming messages have been perfected and repeated so often that they’re impossible to escape.

The core of the constantly repeated Social Programming messaging that you absorb online everywhere you go (YouTube, mostly) is that Selling Online is “Quick and Easy”, as I’ve repeated endlessly already.

As I’ve been talking about (and talking about, I know), that is an absolute flat-out bold-faced lie.

Once again, starting a business of any kind takes time, patience, learning and work. If you’ve been trying to make real money online for a while, you already know this, probably after a great deal of frustration. If you’re just starting out, you really need to pay attention here. It’ll save you thousands of dollars and years’ worth of wasted time if you **really listen** to what I’m telling you.

You’re reading this EBook, which means you’re among the 65% of the population who dream of starting their own successful business.

### **You CAN do that!**

But first, you have to be strong enough to *de-program* yourself. That’s not easy, so I’m going to help you get started right now.

**WARNING! You might not like what you’re about to hear.**



If you've already tried to learn this business elsewhere, it's virtually certain that you've gotten involved with the junk dealers on some level. And people who have already invested in junk business models don't like to be told that they're stuck in junk business models. They tend to tune out or ignore that kind of critical revelation because they've already spent so much time and money on the junk.

That's part of the Social Programming I've been talking about, and THIS is where you start to throw off that programming and learn the TRUTH.

In the first Chapter in this book I said, if I tell you something is BAD, it's BAD. If I tell you something is GOOD, it's GOOD. After 30 years at the highest levels of this business, I KNOW what I'm talking about. So please don't ignore what I need to tell you, for your own sake, not mine.

**There are 4 major business models that most people consider online:**

- 1. Amazon**
- 2. eBay**
- 3. Affiliate Marketing**
- 4. Your Own Website**

There are also 'hobby' platforms like Etsy and others. Those don't factor into making a full-time income; when you're selling things that you make yourself, you can only fulfill a small number of orders, and that will never be full-time.

The goal of a business owner is to make money. That means *carefully* researching and learning a business model that earns the most profit with the most reasonable investment in time and money. *Any* business that's going to earn a real profit will have a reasonable investment in time and money. That's simple common sense.

Yet common sense flies out the window when the Social Programmers start promising boatloads of Quick and Easy money.

The LIE of Quick and Easy money is very different from the reality of Profitable and Reasonable. But that's the critical pivot point that all of the Social Programming lies turn on. They know all the psychological trickery that will flip you from making the reasonable decisions you *should* make, to making the *unreasonable* choices they *want* you to make.

*Please remember* that. It is a *critical difference* between success and failure in the real business world.

So, let's talk about those four major business models, starting with...

## **Amazon**

No matter what *anybody* tells you, Amazon is a *horrible* model for small business. As a small business owner, you're forced to play by a completely different set of rules than the big businesses do with Amazon.

If selling on Amazon were a dinner party at Amazon Headquarters, the small business owners would be seated on dirty benches in the sub-basement with wooden bowls and a tub of gruel, while the big business owners are being waited on hand and foot in the formal dining room.

Profit potential is a KEY part of a successful business. Let's say you own a pizza shop that's been in your family forever (yes, we're talking pizza again). Just down the street, a giant national pizza chain opens a franchise store.

To be competitive, you have to sell your large pizzas for the same \$15 dollars that your new competitor sells them for. As a small business, *you* can only afford to buy and store small amounts of ingredients at a time, which means the wholesale costs for your ingredients are much higher. So, your large pizza costs you \$12 to make, you have to sell it for \$15 to stay competitive, and your profit is only \$3.

*However*, the national chain store down the street is backed up by a huge infrastructure that can buy massive amounts of ingredients at much lower wholesale prices than you can. Their pizza only costs them three dollars to make, they sell it for \$15, and their profit is \$12 per unit. They're making *four times* the profit.

And that's only the beginning of the problem; there are a lot more. As just one example, you have to advertise to stay in business. You have a very limited budget because you have very limited profits. Your national competitor is part of a giant machine that has access to tens of millions of dollars a year for shared national advertising.

As another example, the goal of a large company is always to crush its competitors and run them out of business. The national chain store can run deep discount specials at prices you could never even come close to.

I could go on with that example, but I'm sure you get the point. When you run a small, home-based retail business in the *same exact space* as a giant, well-financed competitor, you *will* fail. That's a basic truth in the real business world.

On Amazon, you're not just competing against *one* giant competitor, you're competing against *thousands* of giant competitors. And as I said earlier, those giant competitors are getting special treatment from Amazon that you will *never* get.

So as a small seller on Amazon, your profit margins are miserable because you compete directly against wholesale companies and manufacturers. For small business owners, the rules change on an almost daily basis, so you never know what hoops you'll have to jump through next.

Amazon routinely blocks small businesses from selling entire product lines and brand names for their own reasons *after* you start selling them, and they'll never explain why. Out of the blue, they'll just make you *stop*. They call it "gating".

If you think maybe the *big* players *told* Amazon to shut small businesses out of their markets, you're starting to understand!

If by chance you do find something that sells well, Amazon's algorithm will notice that immediately, and they'll take over the niche themselves, cutting you completely out of the loop.

When you sell on Amazon, you do not run your own business. *They* run your business. That's *BAD*.

Amazon has always been great for big business but has never been a good idea for small business. No matter what you do as a small business, you are never in control, and your profitability is far too small.

Yet the Social Programming junk marketers will charge you as much as \$35,000 to throw you off *that* particular cliff.

## **eBay**

Selling on eBay today is a waste of time.

eBay has been encouraging big *wholesale companies* to sell on eBay under *assumed* seller names since about 2009. That means eBay has allowed big wholesalers to sell on their platform in a way that makes them *look* like small sellers, and that level of price-driven competition leaves *no* profit margins there either. They've basically turned eBay into a cut-throat mini-Amazon, as any experienced eBay Seller will tell you.

I used to work very closely with eBay years ago. I was invited to speak at their national convention every year, I was the Product Sourcing Editor on eBay Radio, they asked me to write a book about them, which was published by McGraw-Hill and is still in physical bookstores, etc., etc. I worked face to face with one of their Vice Presidents and her team. I met and spoke with eBay's CEO, Meg Whitman, when I was speaking at the 'eBay Live!' convention in Las Vegas in 2006.

I knew and worked with all the top eBay trainers as well.

Meg Whitman did all the good things that made eBay what it was in the earlier years; just people selling to people. That's what it was meant to be.

However, when she left eBay in March of 2009, the new person who came in to replace her was clearly looking closely at Amazon at the time. Amazon was making a ton of money working directly with wholesalers.

That's when eBay made the decision to allow wholesale and manufacturing companies to sell directly on their platform but allowed them to use Seller Names that make them *look* like individual people, not companies. That's been growing by leaps and bounds ever since.

Now, there's simply no profit margin left on eBay because wholesalers and manufacturers are perfectly happy with a 3 to 4% profit margin. There's no way that YOU, as a small business owner, can ever grow a real business on margins like that.

Not knowing any better, a lot of people blame their wholesale suppliers for this. They think their suppliers 'aren't real' or are 'charging too much', when in reality, they can't compete on eBay because they're competing directly against *other wholesalers*. They just don't *know* that.

## **Affiliate Marketing**

In Affiliate Marketing, you basically market *other* people's websites for a commission on the profit.

There are two sides to Affiliate Marketing:

### **1. Information Affiliation**

### **2. Product Affiliation**

**Information Affiliation** is where you market, obviously, information to people online. The problem with that is that the only info affiliate programs of any real size that you're going to find to work with out there are the Ebiz Junk Marketers.

That turns *you* into one of their many minions who lie to people and cheat them out of their money, leading them into the junk apps, tools, services, and widgets that are supposed to make them rich in ECommerce, but don't. You become one of the bad guys, without even realizing it.

Do you really want to be one of those people? I sure don't. I feel like I need a shower just talking about it.

**Product Affiliation** is where you join up with a big company like Walmart (and many, many other choices) and market *their* products online. Again, for a commission on the sale.

There are a few things nobody else tells you about this.

First, the commissions are very small. You'd almost need an electron microscope to see an individual commission on one sale. They're most often based on a minuscule percentage of the profit, not the sale price.

Second, you have absolutely no control. You have to use their materials and play by their rules. You can't color outside the lines when it comes to the products you promote.

Third, it's an incredibly competitive business. Remember when I talked about “*carefully* researching and learning a business model that earns the most profit with the most reasonable investment in time and money.”?

The competition in Affiliate Marketing is *massive*. These big store chains have tens of thousands of affiliates all competing for the same small spaces, many of them looking for any way to cheat that they can find. Very, very messy.

Fourth, it gets way too expensive. Product affiliate marketing is not something you can apply Content Marketing or SEO to. You will *not* rank naturally in the search engines. That means you have to pay for advertising, which is about the most expensive and least effective thing you can do in online marketing.

If you go with Affiliate Marketing of either type, you'll spend far too many hours spending way too much money on something that will never generate a real income for you and has a 99% chance of causing you to *lose* money.

It's not like it used to be. Back in the 2000's, I actually built an Affiliate Program that ended up with 27,000 Members, so I know what I'm talking about. I paid my affiliates well and ran the program honestly (unlike many others).

But the 'Golden Age' of Affiliate Marketing ended long ago. It's turned into a jungle full of snake pits, like so many other things in online marketing. Please don't waste your time.

## **Your Own Website**

I started this conversation by telling you that owning a successful small business means carefully researching and choosing a business model that earns the most profit with the most reasonable investment in time and money.

The *only* business online that fits that model is owning your own web site.

Your own website, *built* properly, *marketed* properly and selling physical products *directly* to your customers, is and always has been the most profitable and reasonable way to make *real* money online. *You* control your own business, the profit margins are *far* higher, the costs are *much* lower, and the time investment is much more reasonable. So as you've probably noticed, that's what we'll be talking about in this EBook.

**I *could* teach you all of that other stuff. I *do* know how to do it.**

I could teach you exactly how to sell on Amazon. I could teach you exactly how to sell on eBay. After over 30 years in this business, I have knowledge of and personal connections within those companies that the YouTube Vidiots can only *dream* of.

But I *don't* do it, because it's all a waste of time and money and none of it is good business practice. It makes money for the junk marketers and the platforms themselves, not for you.

In this EBook, we're focusing on what actually *works*, not just things that just *sound* good in the Social Programmers' Fantasyland Commercials... oops, I mean YouTube Videos.

# Chapter Six

## Get Legal or Get Cheated

**Are you an ECommerce business owner, or do you just "play one on the Internet"?** There is a difference, and that difference will hurt your business.

When you sell products on the Internet, just like anyplace else, you need to be Sourcing those products from a direct Wholesaler. Most of the time, that's a Factory-Authorized Wholesale Supplier. If you're not, you're paying middleman markups that chip away at your profits until you're barely making enough to pay your hosting fees. Sometimes I think that there are more middlemen on the Internet than there are ECommerce sites, and they're all targeting YOU!

### Here's a scenario:

John Doe wants to open an Internet store, and make lots of money. He's seen all the amazing stories about overnight riches on YouTube and how easy everything is. But when he listens to those junk dealers, they all seem to be one sandwich short of a picnic.

John is luckier than most; he's *cautious*. He comes across Worldwide Brands in his extended search for information, and reads this EBook. He realizes that he *can* set up an online business as long as he's willing to take his time and do it right. During that learning process, he needs to find products to sell.

John is already a Lifetime Member our Directory of WBI Certified™ Wholesalers, and knows he's found legitimate sources for millions of name brand products from *real* Wholesale Suppliers. Then he realizes that he will have to have a Tax ID number to buy from these Suppliers, because they are LEGITIMATE.

"Yechh!" thinks John. "Tax ID number?" That sounds like work. Worse, it sounds like LEGAL work. That's a scary thing to some people, and John is one of them!

John searches Google for other wholesalers in Google (not the best idea by a long shot). He finds a web site called "Stuff R Us". Stuff R Us is screaming at him: "Thousands of wholesale products you can sell on your website! NO Tax ID! NO investment for inventory! We send each item right to your customer! No shipping, no handling products, no minimums! Sign up for our FREE TRIAL and we handle everything! This is your road to Internet Riches!"

Well, that's the road John was looking for, alright, so in his excitement he throws his customary caution to the wind, forgets everything I told him in this EBook, and happily sends his info to Stuff R Us along with his sign-up fee. Suddenly he can put all kinds of products on his web site, and all he has to do is transfer his orders to Stuff R Us, and they handle the rest. No paperwork, no hassles.

John is creating a new Internet millionaire, all right. No doubt about it. Unfortunately, it's not him. It's Stuff R Us.

Stuff R Us is a middleman. They sit between John and the REAL wholesaler. Every time John places an order with Stuff R Us, they turn around and place that same order with the **real** wholesaler, who sends it to John's customer. John never knows this is happening.

Stuff R Us is marking up the real wholesale price to John. John will piddle along selling the same old over-competitive imports as thousands of other Stuff R Us clients, at over-inflated wholesale prices.

Stuff R Us thinks this is great, and they're laughing all the way to the bank. John is wondering where his *profits* are.

**So, where did John go wrong?** What did he do to unwittingly get stuck in one of Ecommerce's biggest traps, the "middleman rut"?

It's simple. He took the easy way out when searching for a supplier. Stuff R Us said, "We'll handle everything", and John said, "Hmmm, that sounds easy!" So, instead of bothering to do some simple legal paperwork for his business, John let Stuff R Us cheat him out of most of his profit, because it was easy.

Please remember the following two statements:

1. You **MUST** work **DIRECTLY** with **REAL** Wholesale Suppliers to be truly successful in ECommerce.
2. You cannot buy from a **REAL** Wholesale Supplier if you are not a **LEGAL** business.

Let me repeat that last one, for those who may have their tunes turned up too loud:

**YOU CANNOT BUY FROM A REAL WHOLESALE SUPPLIER IF YOU ARE NOT A LEGAL BUSINESS!**

ANYONE who allows you to purchase wholesale products for resale without legal business paperwork is **NOT** a real wholesaler, and is taking profit that should be yours.

As you know by now, we created our [Directory of WBI Certified™ Wholesalers](#), the world's only complete Product Sourcing Solution more than 20 years ago, and we research new wholesalers daily. It helps people like John find and contact real wholesalers that will work with Home-based Internet Businesses. Every once in a while, we get an Email from someone who says, "Wait a minute, I don't have to go through all this legal stuff to use the suppliers YOU list. I can just go to Stuff R Us and do it the easy way!"

I have no doubt that Stuff R Us finds this absolutely hilarious. Getting legal is not that hard. Don't listen to the people who tell you that you don't have to do it.

### **Here are the basics (in the US:**

1.) **File your Business Name** - You need an official business name that's recognized by your state government. You can do this one of two ways.

- A) **LLC:** You can file an LLC with your State. All States in the US have web sites where you can get information on this, and in many cases actually file your business papers online. However, you should use an Accountant or an Attorney to make sure it's done right. An LLC provides you with legal protections and tax advantages, so it's worth doing.
- B) **Fictitious Name (or "DBA"):** This is a simpler way to register your business, but it does not afford you the protections and tax advantages that an LLC does. This doesn't cost as much as an LLC. In some States, this is called a DBA (Doing Business As), and is obtained from your local County Office building for a minimal fee. (\$50 would be an average).

If you're not sure which way you want to go, ask an attorney or accountant. There's got to be one in your family somewhere, right? :o)

2.) **Obtain a "Tax ID"** - In almost every State you are required to have a Tax ID. Some call it a Sales and Use Tax Certificate, some call it a Seller's Permit, etc. It's the same thing. It allows you to collect Sales Tax on sales you make within your own State. In Florida, we can get a Tax ID fairly quickly. We must again show our Business Entity papers. This is done at the local State Tax Office. When you buy from a wholesale supplier, you will be asked to supply them with a copy of this certificate. They use it as proof to the IRS that they are not required to charge you tax on the products they sell you at wholesale.

3.) **Get an EIN Number** - an EIN is a Federal ID number. It stands for Employer Identification Number. NO, you're not going to be an employer (even if you do something crazy like hire a "VA" - please don't waste your money like that!) An EIN Number is simply a number that the IRS uses to identify businesses, basically. BUT...over the years, the EIN has come into much more common use. You'll need it to open a bank account for your business. You'll need it for your Accounting. You'll need it for a Merchant Account. Even Wholesale Suppliers will take it instead of a Sales Tax ID. This doesn't cost anything, it's easy to get and you need it, so get it!

3.) **Open a Business Bank Account** - If you're going to do business, you must have a business bank account. You'll need your Business Name papers and your EIN. Here in Florida, we can open a business account for a deposit of \$50 to \$100. Almost all banks offer business accounts.

Well, there it is. That's the "business end" of an Internet business. Sound complicated? It isn't, really. Just take it step by step. Don't let a few pieces of paperwork stop you!

As I said above, these are just guidelines. Some states may require an additional license, such as the inexpensive "Occupational License" used here in Florida. When you set up your Business Name, they will tell you if you need anything like that. If you have questions, please consult a professional.

Getting legal is not hard, and the benefits are tremendous. Don't make money for a middleman; make it for yourself!



# Chapter Seven

## Product Sourcing

If you're going to own a Home-based Internet Business selling Products on the Internet, you have to have suppliers of products to sell.

That's pretty basic, right? You can't sell products if you don't have any suppliers.

Now, let's assume that you're going to (properly!) ignore all the junk dealers out there. We've been talking about that.

Never mind driving around to Garage Sales, picking up knick-knacks for a buck, and over-charging for them on eBay. eBay is pretty much history; we talked about that too. Some people still do that, but it takes way more of your TIME than it's worth. It's not a properly streamlined business model.

Forget about inventing a better mouse trap, making it in your garage, and earning a fortune selling it on your Internet Store. That only sounds good when the TV Guy from the Acme Invention Patent Company wants to sell you an "Inventor's Kit" that will supposedly make you rich. It sounds good, but again, not a viable business model.

If you're going to have yourself a real, live, honest-to-goodness successful Home-based Internet business, you need to learn what Product Sourcing is.

This is a very important term, so write it down, tack it up on the fridge, do whatever it takes to remember it. Like the Supply Line of an Army fighting far from home, your Product Sourcing is the lifeblood of your Online Business.

### So what is Product Sourcing?

Product Sourcing is the *act of finding Sources* of Products to sell.

If you're going to sell Products on the Internet, you need a steady, CONTINUOUS Source of those Products. You need to be sure that you can buy those Products at a genuine Wholesale Price, so that you can make a profit when you sell them to your customers at your Retail Price.

That means that you have to find legitimate Wholesale Product Suppliers that will work with a Home-based Internet Business. This is not as easy as it sounds.

Most real Wholesale Suppliers will not work with you.

It's unfortunate, but true. Most of the real Wholesale Suppliers out there do not want to sell products to small, Home-based Internet Businesses. Why? Because as small businesses, we don't have the money to order thousands of dollars' worth of products at one time.

A Wholesale Supplier's business is based on volume sales. As I've said, they don't make very much of a profit on the products they Wholesale (about 3 to 4%).

That means that they have to sell a lot of product in order to make money. So, a Wholesale Supplier's main business is selling truckloads of products to large retail chains, like Walmart, Target, Kmart, etc. They simply won't sell to anyone who can't afford to place a minimum order ranging from \$5,000 to \$25,000 or so. They don't consider it to be worth their effort.

That's why most Internet Directories and Lists of Wholesalers are useless.

You've seen them all over Online. Lists and Directories claiming to contain thousands of names of wholesale suppliers from the US, Mexico, Hong Kong, Asia, the Philippines, etc.

Well, some of those lists actually DO contain thousands of names of wholesalers from those places.

So, what's the problem?

Those so-called 'wholesalers' in those lists are not properly researched and verified! They're either bulk wholesalers who won't work with home-based business owners or are Middlemen who will charge you too much for your products.

And then there are the Chinese suppliers who are supposed to be so 'cheap' to buy from. That particular brand of insanity is covered in [this blog post on my site](#).

Even if you do get really lucky and actually find a genuine wholesaler in the search engines who will work with home-based business, you'll probably find that they won't work well for you.

Why?

When real wholesale companies venture out onto the Internet, even with the best of intentions, they sometimes go too far.

When a wholesaler gets too well known on the Internet, they get overexposed to millions of people. That means that you get far too many other Internet Sellers like yourself using them. That creates too much competition for their products for anyone to make a decent profit.

But there's another issue. When Wholesale Suppliers get over-enthusiastic on the Net, they start offering extras to their home-based wholesale customers, like Internet Stores built into their wholesale programs. You may have seen them; Wholesalers that want to sell you a specialized Web Site that contains their Products. There are a couple of problems with that as well.

First, most Wholesale Suppliers know little to nothing about creating and running a Home-based Internet Business. That's not what they do. These are Wholesale Suppliers, they are not ECommerce experts! They don't have the in-house expertise to create these kinds of programs.

But guess what? The same kinds of junk marketers who are hunting YOU online are also hunting THEM.

These weasels will approach wholesalers and offer them a complete turn-key program to offer online stores to their wholesale customers.

These online stores will of course be built the same as as the online stores they offer DIRECTLY. Crappy templates, no SEO, horrible graphics, etc.

So if you listen to that wholesaler and buy into one of their "online stores" so that you can sell their product, you end up with exactly the same garbage website we talked about earlier, which will never rank in the search engines and never make a dime.

The bad guys are all over the place.

This is the kind of Research that we at Worldwide Brands, Inc., have been doing non-stop for over 20 years.

This is exactly how we have built the world's best, most trusted Directory of Wholesale Suppliers.

This EBook is not designed to be a commercial for my company, but it's important for you to know that our Team has already spent over 20 years, every business day of the year, researching tens of thousands of Wholesale Suppliers for just this kind of information. We're known all over the world as the Internet's leading Product Sourcing Experts for Home-based Internet Businesses like yours.

There are already more than 8,000 pre-qualified Wholesale Suppliers listed in our Online Directory that have already agreed to sell to Home-based Internet Businesses like yours at real Wholesale Prices without charging those high minimum orders. They represent more than 17 *million* products you can sell.

When you deal with Product Sourcing, you are looking for *legitimate* Drop Shippers, Light Bulk Wholesalers, Large Volume Wholesalers, Liquidators and Importers who *will* work with small home-based businesses.

## Sourcing Methods

Hands down, the absolute best Sourcing Method to start with is Drop Shipping.

**Drop Shipping** is an excellent Sourcing Method. But it gets a bad rep online sometimes. People complain that there's too small a profit margin.

The reality is that the profit margins are excellent, but as I said in an earlier Chapter, the people who complain are trying to sell on eBay or Amazon, where the profit margins are horrible no matter *what* Sourcing method you use! They blame the *Wholesaler*, when it's actually the Platform's fault.

I've been [teaching ECommerce for over a decade](#). I've taught this business to thousands of people. Never once in all that time have I seen a Student end up with less than a 45% profit margin using Drop Shipping, and usually it's between 50 to 80%.

Compare that to the standard 3 to 4% people earn on Amazon and eBay no matter what Sourcing Method they use, and you see what I mean. It's the platform that's the problem, not the Sourcing Method.

Drop Shipping is a zero-cost entry point into a market. That means it costs you *nothing* to get products from the wholesaler's warehouse into your customers' hands, and you never have to actually touch or handle the product yourself.

You get paid by your customer first, then you place the order with the Drop Shipper. They don't charge you until they SHIP, so you've already made your profit.

They handle returns as well, so you don't have to deal with that.

We talked earlier about choosing the right Business Model for your home-based business. Your own website, starting out with Drop Shipping, IS the right business model, for this reason and SO many others.

**Light Bulk Wholesaling** means having the ability to buy from real wholesalers for a minimum order of \$500 or less.

People treat that term like it's been around forever, but the fact is that I coined that term in the mid-2000's. Yes, really. Me. At Worldwide Brands, we were working on talking larger wholesalers into selling bulk orders to Home-Base Business Owners at lower minimums, and we needed something to CALL it.

So, I called it Light Bulk Wholesale, and it stuck.

Back when we started doing that, Amazon and eBay were still worth selling on. At this point, it's become a race to the bottom of the pricing ladder with horrible profit margins, because you're almost purely competing against wholesalers and manufacturers.

But Light Bulk Wholesale is here to stay, and it does help small businesses buy in bulk at affordable wholesale quantities.

**General Wholesaling** refers to people who are buying the really large quantities. Yes, lots of people use Worldwide Brands for that too. For example, people who work in agencies that fulfill Government contracts. No, that's not small business. :o)

**Liquidation / Overstock Sourcing** is certainly possible, but it can be an absolute nightmare. When you buy liquidation and overstock palettes, you buy them AS IS. Most of the time that means that all the dirty, broken and unusable products will be in the center of the palette, where you can't see them from the outside. The level of loss from "breakage" in this type of buying is huge. It's NOT a good idea for Home-based Online Business.

Product Sourcing is always based on reliable information on fully vetted, proven wholesale suppliers, and the most reliable information you'll ever find anywhere is at [WorldwideBrands.com](http://WorldwideBrands.com).

Just sayin'. :o)

# Chapter Eight

## Using Drop Shippers

We've just talked about the fact that using Drop Shippers is the best way to run an online business that's built right, so let's get into the details of how that works.

Using Drop Shippers allows you to sell brand new, brand name products to your customers without paying for those products before you sell them. In other words, your customer pays you for the products before you pay your Wholesale Supplier for them. Pretty cool, huh?

Using Drop Shipping carries a very slightly higher wholesale price, but it's a small one, and when you *learn* and build this business the way you *should*, it simply vanishes in to the 45 to 80% (or more) profit margin you should be earning.

The cost, which is usually a small Drop Ship "fee" is there because the Drop Shipper does a lot of the work for you and has to be compensated for taking that work out of your hands.

I've used drop shippers exclusively in ECommerce. I also owned a Wholesale Supply company in Western New York myself. We sold to big stores, but also Drop Shipped for ECommerce sites, so I'm very familiar with Drop Shipping.

Here's how drop shipping works:

1. You start an Online Business, and very diligently do your Market Research!
2. You find a Wholesale Supplier who is willing to Drop Ship the products you want to sell.
3. You establish an account with the Drop Ship Supplier(s) you choose.
4. You receive images and descriptions of the products you want to sell from the Supplier and place them on your website.
5. A customer finds your site and falls in love with a product that you have priced at, say, \$80. They purchase the item with their credit card. Your Store charges their credit card \$80 plus shipping & handling.
6. You forward the order to your Drop Ship Supplier, along with the customer's name and address.
7. The Drop Ship Supplier sends the product directly to your customer from the warehouse. Some drop shippers will even place your business name on the package.
8. The Supplier charges you the wholesale price of, say, \$40.00, plus shipping & handling (you've already passed that on to your customer, so it costs you nothing).
9. Your customer gets a great name brand product from your Online Store shipped to their door, they give you a great review, and you make even more money.

You just made a \$40.00 profit on one product. You never even touched the product, and you didn't have to pay for it up front.

Be careful! I can't warn you about this enough. There are a LOT of people out there who want you to believe that they are real Drop Ship Suppliers, when they are not. These people are no better than the scam artists who want to fool you into buying a useless web site.

You need to find *reputable* Wholesale Suppliers. A good rule to go by: a real Wholesale Drop Ship Supplier does *not* charge you an "Account Setup Fee" or "Monthly Fee" just to open or maintain an account with them.

Some Drop Shippers charge a small "Drop Ship Fee" per order.

It's important to understand exactly what a "Drop Ship Fee" is, and how it works.

Remember, Drop Shipping has been around for *well over a hundred years*, probably longer; it's not something new just since ECommerce came along. There are standard practices in Drop Shipping that have been tested and proven over a period of many years, and the Drop Ship Fee is one of them.

### **What is a Drop Ship Fee?**

It's simple. A Drop Ship Fee is the "Handling" part of "Shipping & Handling".

When a customer buys a product from your Online Store, you're going to charge them your Retail Price, plus "Shipping & Handling".

"Shipping & Handling" is attached to just about everything you've ever ordered online. Just what is that ever-mysterious "Handling" charge?

Consider this: Wholesale Suppliers usually sell products in bulk quantities. A case here, 30 cases there, a whole truckload somewhere else. They do not have to individually pack and ship each item. They just throw some cases of products on a truck and off they go. That's what they do most often.

When a Wholesale Supplier Drop Ships one single item for you, they are doing a lot of extra work for you. They call that work "Handling".

They are storing the product for you, in THEIR warehouse. You don't have to clean out your garage or rent that extra space somewhere.

They are "breaking a case" when they Drop Ship. That means they open an entire case of the product and ship just ONE of them for you and their other Drop Ship accounts. After that, they can't sell that case to their bigger physical store customers anymore, so it takes up valuable shelf space until all the individual products in that case have been Drop Shipped. I can tell you from personal experience that to a Wholesaler, shelf space is valuable.

They are packing the product for you. You don't have to buy shipping boxes, envelopes, labels, etc. You don't have to spend the time packing the product. Your time is a very real expense to your business.

They are using THEIR UPS or FedEx Account to ship the product directly to your customer, which means shipping costs are a lot lower than you would be able to get on your own. Why? Because they'll be shipping a LOT of product every day, and shipping rates go DOWN for companies that ship a lot of product.

They will also handle all returns and damaged goods replacements for you.

All this extra work and commitment costs them time and money, and they have to cover their expenses somehow or it's not worth it for them to Drop Ship.

That's a lot of work that *you* don't have to do. That translates into money you *save*. You not only have to consider your expenses for everything listed above, you have to learn that your time costs your business money, too. When you can get someone to warehouse, package and ship your products for you, you not only save all those expenses, you save time. Use that time to market your website, instead of standing in your garage packing boxes!

So, the Drop Ship Fee is the "Handling" part of "Shipping and Handling". It's all the work done by the Drop Ship Wholesaler to prepare your single-item order to go out the door. And this fee is typically very small, as I said earlier.

As I said, it's been a normal part of the Drop Shipping industry for decades.

You pass that fee along to your Customer as a part of your "Shipping & Handling". However, you may choose to simply include it in the price of each item you sell, to make your Customer's shipping cost appear lower.

Here's an example:

Your customer, Twee T. Bird, orders one set of Cat Handcuffs from your Online Store.

- Your Store's Retail price for the Cat Handcuffs: 29.95
- Your Store calculates Shipping to Mr. Bird's door at: 5.62
- Your Distributor charges a Drop Ship Fee of: 1.00
- If you're charging the Drop Ship Fee as "Handling", Mr. Bird's Total will be 29.95 plus 6.62 Shipping & Handling (5.62 Shipping plus 1.00 "Handling" [Drop Ship Fee]).
- If you're charging the Drop Ship Fee as part of your PRICE, then your Store's PRICE for the Cat Handcuffs will be 30.95, and Mr. Bird will only pay 5.62 in Shipping & Handling.

Online shoppers are perfectly comfortable with paying Shipping & Handling charges. Some of the biggest Online Stores on the planet use Drop Shipping exclusively, and charge the Drop Ship Fees that THEY pay, right back to the customer, as a "Handling" charge.

Drop Ship Fees are almost always charged on a "Per Address" basis.

That means that if your distributor's Drop Ship Fee is 1.00, and your customer orders one item from your store, the drop ship fee that you charge them as "Handling" will be 1.00. It also means that if your customer orders several items, and they all come from the same distributor, the Drop Ship Fee for the entire order is *still* just 1.00, since it's all shipped from the distributor at the same time to the same address.

Some Drop Shippers charge Drop Ship Fees on a "per box" basis. It's rare but does happen sometimes. Now, that does not mean that there is a separate Drop Ship Fee for each *item*; it's for each *box*. Most of the time, with multiple-item orders, the distributor can put several items into the same shipping box, and you still only pay the Drop Ship Fee once.

Using Drop Shippers is, as I've said before, hands-down the best way to sell products online.



# Chapter Nine

## Hosting Your Site

If you're going to sell online, you have to have a place to sell FROM. So, let's talk about your Online Store Hosting.

A "Hosting" company is the company you choose to actually lease that sliver of Server hard drive space from. We talked about that in Chapter Three. That's where the computer files that make up your Online Store will reside, and that's how your site actually gets out there on the Internet where people can find it. *Where* you host your Online Store *matters*, and we need to talk about that.

Sometimes people are surprised to see this Chapter show up AFTER we've talked about Product Sourcing, Drop Shippers and so many other things. They expect this to be the FIRST Chapter, because of course the first thing you need to do is get your website, right?

### Wrong!

There is a very detailed, step by step process for building a successful online business. You can learn more about that process in my [Free EBiz Insider Video Series](#). IF you learn all the steps to building your business carefully from beginning to end in the right order, your business will make money.

When you start a real online business using a Website, the Website is actually the *last* thing you do, not the first. So let's talk about the 4 main methods people use to build an ECommerce website.

#### 1. Dedicated ECommerce hosting platforms

The best place to host an ECommerce website is always going to be on a dedicated ECommerce hosting platform, like Shopify, for example. That's because everything is in one place and it's all integrated.

Your Pages, your Shopping Cart, your Checkout, your Analytics, your SEO and more, all accessible on a single platform with a single login.

BUT... why do big, well-known ECommerce site hosting companies like Shopify tell you to do everything completely *backward*, virtually *guaranteeing* your failure?

To be fair, it's not just Shopify. All the big ECommerce site providers tell you to do it backward, and *they know they're doing it*.

They do it because these companies *expect you to fail no matter what you do*.

They have absolutely zero confidence in the ability of a home-based business owner to build a real, money-making business online. They *know* that most people don't have the *knowledge or the patience* to build a real retail business.

But guess what? They're in the business of providing you the platform you need to build that retail business... but they're also in the business of making money for their *shareholders*.

Since they figure you're going to fail anyway, telling you to do everything *backward* is the fastest way for them to get the most money out of you before you realize that you don't know how to build a real retail business!

After spending 30 successful years in this business myself, I can tell you for a fact that these companies simply see you as clueless sheep who are ripe for shearing. So they go for the time-tested method called bait and switch marketing.

They hook you by making you think that you don't need to know anything about retail marketing. They tell you it's going to be quick and easy to start making money online (sound familiar?). Then, when that doesn't happen, they'll start up-selling you into dozens of tools and services that are supposed to do all your thinking and all your work for you!

Except they won't, and by the time you realize that these companies will have taken tens of thousands of dollars from you over months or even years' worth of wasted time, and you won't have made a dime.

Any real, successful business owner on the planet will tell you that building a real business is not quick or easy. Never was, never will be. *We've talked about this already, but it bears repeating.* There are no "tools and services" shortcuts. It takes time, patience, learning and work to build any business...ANY business... that actually makes money.

But most people don't want to HEAR that. It's the oldest trick in the book, literally, because psychologically, people WANT to believe that you can make a ton of money without actually learning and doing the work yourself.

That sets these hosting companies up with the perfect scenario to rip off the largest number of people for the highest possible profit!

So how do they do that by telling you to do things backwards? First, Shopify offers you a "quick and easy" Free Trial website. That means they get your credit card number and they can start automatically charging you as soon as the trial period is up.

What they don't tell you is that in the real business world, the website is the last thing you do, not the first!

Second, they'll tell you to pay for one of their "amazing pre-built website templates" so you can launch your site...you guessed it... quickly and easily.

As I said before, templates like those are designed by graphic artists, not retail marketers! Graphic artists do not understand retail design. You can't just slap your name on a random template and call it an effective sales tool. There's FAR more to effective retail site design than that.

Third, they push you into a product sourcing abominations that are supposed to quickly, easily and *automatically* load your website up with hundreds of products you think you might want to sell.

What they don't tell you here is two-fold, and we've already talked about this as well. (A), you can't sell mixed, random products on a website. The search engines only rank sites that are a single source of authority on one thing only.

Mixed product lines guarantees that you'll never be found in a search engine.

And (B), they don't tell you that these goofy sourcing solutions lead to China, and also to Chinese dropshippers.

Drop shipping from China is idiotic. Unknown high-risk suppliers, low quality products and customer delivery times that take weeks, which no customer of yours will ever stand for.

Okay, so now, in three quick and easy steps, they have you set up with a website you have to pay for, a site design that isn't designed for marketing, a product line mixture that no search engine will ever rank, (which means nobody will ever find it, and a Chinese supply chain that takes weeks to deliver a product if it ever delivers the product at all).

Then...they sit back and wait.

Because they *know* you're going to contact their Product Specialists (which they actually tell you to do right from the start) and ask why your website has no traffic and no sales. Then, the fun begins! For Shopify, not for you.

THIS is where they start making the nearly 3 BILLION dollars they made last year. Their Product Specialists are basically their marketing people. They're going to tell you to spend hundreds of dollars a month on a whole bunch of quick and easy tools that are supposed to fix your problem. Except they won't.

They will charge you thousands of dollars to "redesign" your website so it'll be "more effective". Except it won't be.

They'll tell you to buy their other quick and easy tools that advertise your website on places like Facebook and Google Shopping. You'll spend far more money on advertising than you'll ever make in sales.

Why won't any of this work? Because it's Fantasyland all over again! The so-called tools are a joke, you're still stuck with a crappy web template that never should have been launched without first creating a blog and supporting social media accounts, that's also loaded up with hopelessly mixed product lines.

Because Shopify (and the other big Hosting providers, remember!) had you do all of this backwards (and completely wrong, by the way), your site has been negatively indexed by Google because it was such a mess from the start, and now they won't touch you with a ten-foot pole, which means the site will *never* rank.

And even worse, these people know that you'll keep throwing good money after bad because at this point, they've successfully used a very effective psychological tool against you.

In marketing psychology, it's called the Sunk Cost Fallacy.

The Sunk Cost Fallacy, in basic terms, says that people will continue to hold on to a mistake they've made much longer than they should, because it cost them a lot of time and money to *make* that mistake.

Shopify and these other companies know this trick. They make their *living* on the Sunk Cost Fallacy. They know they can string you along indefinitely and keep taking your money even after you realize that you're never going to get anywhere.

And all of that is why Shopify and the other big ECommerce platforms have you do this... *backward*.

**Now that you know that, DON'T do it backward!**

To that end, let's quickly go over the high points of the process for building an ECommerce business when you do it RIGHT:

First, before you ever even think about starting a website, you need to do proper Market Research. We've talked about that. That means you need to figure out what to sell. That does not mean just "selling what you like", as so many of the fake "gurus" out there tell you to do.

It's not about just picking a whole bunch of different products and throwing them at the wall to see what sticks. That's guaranteed failure. GUARANTEED. And for cryin' out loud, please stay away from Electronics, Fashion and Makeup! Those are apparently the knee-jerk default settings for 99% of people who start an online business. They're WAY too overcrowded!

ECommerce Market Research is a detailed process that I've been doing myself for over 30 years and teaching in my ECommerce Education for over a decade.

The point is that you have to know for a *fact* that a product you sell is going to give you high profit margins, has solid market demand, a good trending history and minimal competition before you even *start* doing anything else.

After that, you need to perform serious keyword research. You need to understand clearly how people search for what you sell in every possible way.

Keyword research leads you to an understanding of who your most likely consumers are. You can't possibly put together a website that'll actually make money without knowing who you're selling to.

Why? Because a solid knowledge of your consumer base leads to a successful site design and successful marketing. There are two sides to this business. Traffic, and Conversion. Traffic is getting people to your website, and that means you need to understand how people search for what you sell.

Conversion means actually making the sale to the people who do get there. That's done by making sure that your most likely customers will see exactly what they need to see, how and when they need to see it, in order to get them to buy from *you* and not go looking around on other websites.

So far, we have Market Research, Keyword Research and Demographic research. Then we need to develop the marketing graphics and written content you'll need when your site launches. That content must be based on your consumer demographic.

You can't launch your site in a vacuum. You need to show the search engines a decent amount of targeted marketing content right from the start.

That's because Google will index your website the minute you launch it. If it can't find at least a beginning assortment of articles, blog posts and social media posts directly related to your site, Google won't take you seriously.

First impressions are critical for search engines. Your first impression determines whether you start out on the negative or the positive side of Google's indexing.

You have *one shot* at making a good first impression on Google. If you blow that one shot with a messy, aimlessly wandering website, you might as well shut down the site and start over. It's never going anywhere.

After your initial Graphics and Content development, *then* you can begin to lay out and build the website. Again, based on the specific demographic for your product line.

You should never lay out a website in an online "web site builder" like Shopify's or anyone else's. A properly laid out website is created in a graphics program.

Then, to avoid all the BACKWARD stuff that these places throw at you, you take their most basic FREE Template and transfer your site layouts to it yourself. Yes, you can. I've been teaching people from 17 to 88 years old how to do that for more than ten years, and I've never met a Student who couldn't do it.

In this process, you completely ignore Shopify's (and the other big platforms too!) marketing people, don't buy any tools, services, apps or widgets from them, and you'll only pay \$29 a month for a highly successful website instead of \$1,200 a month for one that won't ever make a dime.

But even when that site is properly laid out and built, you can't launch it yet. You need to set up your email newsletter and auto-responders so that your site can build a mailing list that you can use for marketing.

Then you need to set up Google Analytics and install it in your site, so that you can track your visitors and understand how they behave on your site. This allows you to make minor tweaks in the future to improve your sales.

Then you need to finish setting up your social media platforms, based on the design of your site. *Only* after properly doing *all* these things *in the right order* can you launch *any* online business that will actually make money.

**OK, let's talk about the *other* Hosting Platforms people use (but shouldn't!).**

## **WordPress**

WordPress was never meant to be an ECommerce platform. It's a *Blog*. It's *not* a good choice for developing an ECommerce site. Here's why:

WordPress, as I said, is a blogging platform. It has no native ECommerce functions. That means you're stuck using third-party plug-ins like WooCommerce and about a dozen other ones to make it function like something it's *not*.

Trying to make something function like something that it's not is never a good idea. Just ask any kid who's ever jumped out of a tree using a blanket as a parachute.

WordPress is known as "open-source" software. That means when it was created, the developers released all the super-secret back-end code to the entire world, and said "here, make it do whatever you want!"

It's a noble thought, but humans being the way we are... sheesh.

So you have to cobble together a whole bunch of different bits of software created by individual developers, small companies and those nameless denizens of their parents' basements who are looking for street cred in the coding world, plug them all in to WordPress, and force it to try and be an ECommerce website that it was never built to be. Ever try to teach a dog to "meow"? I've often wondered: if WordPress were human, would it just shake it's head and sigh?

Here's the main problem. The original creators of WordPress update that original platform all the time. Seemingly even more than Microsoft updates Windows, which is saying something.

Every time they update that code, *all* of the people who built the third-party plug-ins you have to use to make WordPress act like something it's not, *must* go through the new WordPress Update and see whether *they* need to update as well. If they do, they'd better do it quick and do it right, and then *YOU* had better Install all the relevant updates (yes, *YOU* have to do that!) or your WordPress "ECommerce Store" is going to come crashing down around your ears in a real hurry.

Off-line, can't be found by the search engines, can't sell anything. Until somebody fixes something in some plug-in somewhere that they might not even know is suddenly out of date.

If that sounds like a good way to run a business to you, I know where there's millions of dollars' worth of other useless stuff you can pay for. Just follow the Yellow Brick YouTube.

## **DIY Hosting / Site Building**

Every once in a while I talk to someone who tells me they have a programming background, and they're going to build their own site from scratch. They've found some place that will give them some hosting space for about \$5 a month, and they think they've found the Holy Grail, all because they have that website programming background.

I listen to them with sort of a detached bemusement.

They do it because they think it's all gonna be cheap, quick and easy. It's not.

Here's an analogy. Joe used to work in an automobile assembly plant close to his home, so he rode his bicycle to work every day and didn't need to have a car. But he just got a new job that's an hour outside of town, so *now* he needs a car.

Because Joe used to work in a factory that built cars, he decides he's going to dig up a bunch of iron ore from his back yard, smelt it into carbon steel, hammer it, bend it, stretch it and form it and build his own car from scratch. He has the knowledge, right?

*Why would anybody do that??*

Yet people with programming experience think it's a good idea to go through all the time, work, trial and error and incredible frustration to build a website that has pages, a shopping cart, a checkout process, SEO capability, analytics and everything else it needs, from *scratch*!

I know how to build a website from scratch too. I used to HAVE to do it before there were dedicated ECommerce platforms, way back in the 90's.

But I sure don't do it anymore!

Just because you *can* do something, that doesn't mean you should.

You *can* Superglue your left index finger to your right eyebrow. Should you? No. You *can* clean navy blue carpet with bleach. Should you? No.

Building a successful business means *streamlining processes* wherever possible. Trying to build an ECommerce website from scratch just because you think you can, so you can save \$20 a month, is *not* streamlining your processes. It's slowing everything down to a snail's pace and setting yourself up with something that will constantly need repair, *if* you ever get it working at all.

No matter your coding experience, please do *not* try to DIY an ECommerce website!

### **Having someone else do it for you:**

Remember way back near the beginning of this book when I said, "If I tell you something is bad, it's BAD"? I've been telling you about a lot of bad things since that Chapter, and this is another one of them.

I don't care if your cousin build sites for Barstool Sports or you found somebody online who says they can build you one for \$500 bucks or you found somebody else online who says they can build you a complete business for \$10 Grand.

No. No, no, no no, no. BAD!!! Please don't make me turn this book around and drive all the way back to Chapter Four! We've talked about Fantasyland. I swear to you that Fantasyland is the worst mistake you'll ever make.

You CAN create your own website on a dedicated ECommerce platform, but it MUST be done right, and nobody *else* is going to do it right *for* you. *Nobody*.

Want to learn how? No problem. I'll teach you, and hold your hand all the way through. I've been doing it for 30 years, and teaching it for ten years. Watch my [Free EBiz Insider Video Series](#), and then talk to me, free. I'll show you a whole different world than anything you've ever seen online before.

***I promise you that.***

# Chapter Ten

## Choosing Your Products

The process of choosing the products you're going to sell online is called "Market Research". People starting out in this business often believe that if they can just figure out that one thing, everything else is easy. As you're seeing in this EBook, that's not true.

Market research is one of many disciplines a serious business owner needs to know well. *Everything* in your business needs to be done carefully and done right, not just this.

Everybody out there wants you to think that choosing what to sell is simple and easy. We've talked about Fantasyland before, and hopefully we don't have to do it again here. This is not a simple or easy process; not if you actually want to make any money.

So, let's talk about how this really works. As I've said, Market Research is about knowing for a *fact* that what you sell is going to make you serious money. No trials, no guessing, no hoping, no testing. You need to *know*.

Again, it might not be something you want to sell or would like to sell. This is about making money. You have to figure out what makes money, and then learn to love it, no matter what it is. If you don't learn to love what you sell, your marketing will rat you out in a heartbeat. Consumers can tell when a retailer isn't a fan of their own product line, especially when it comes to social media. So as a retail marketer, it must be clear to your customers that you're excited about what you sell.

Nobody else can *tell* you what to sell. There are no magic answers, no matter how much money the YouTube bubble-heads try to charge you for them. Market Research is a very detailed, time-tested process that's done exactly the same way for large companies and small businesses, and it must be done right.

I've been teaching ECommerce one-on-one for a very long time. The people I teach learn it right. That means they understand that this is about a single, tightly focused product niche. Just jogging strollers. Just home security cameras. Just metal detectors. Just educational building blocks. PLEASE NOTE that these are random examples; not ideas for what you should sell!

People don't get up in the morning and say to themselves, "Hey, I think I'll buy some random sports gear today". They say, "I think I'll buy that baseball bat today". They only shop (meaning *search Google*) for *one thing at a time*.

In a search engine, they only *can* shop for one thing at a time. Your job is to be found by the people who are shopping for the one thing you sell at that time. Those focused search keywords get tremendous numbers of searches every month.

So, Market Research is about focusing on one tight product line and doing that one thing right, not about going off in random directions and spreading yourself so thin that you never get anything done right. A successful ECommerce store is a single specialty store, not a department store or a shopping mall.

People often want to sell **Unique** products. That's wrong. Again, the Internet is about search. People have to be searching for what you sell. Unique products are mostly unknown products, and you'll never have enough people searching for something if consumers in general don't already KNOW about it.

People often want to sell **Trendy** products. THAT's wrong. Trends are short-lived, and a real online business takes a good deal of time to plan, develop and build. You don't want to have to scrap your whole business in a year or two when the trend fades!



People often want to sell **Personalized** products. Wrong again. Successful businesses *streamline* their processes. Handling personalized products adds a great deal of time and trouble to your process, and that's a mistake.

People often want to sell **Hand Made** products. That's wrong too. Products you make in your garage or get from a local art co-op take too much time to make.

Your goal is to make hundreds or even thousands of sales per *month*. Can you hand-make enough products to fill those orders every month if you learn this right and get that busy? Of course not.

People often want to sell **Seasonal** products. The problem there is pretty obvious, right? Seasonality means your business makes *no* sales in 3 out of 4 seasons throughout the year.

People often want to create **Shopping Mall Sites**. *That's* wrong. We've already been over the fact that sites containing completely unrelated keywords can *never* rank well, period.

There is tremendous room out there for new focused and targeted online product sites, because so few people know what they're doing. You can sell mainstream, well-known, mass produced products and do really well at it. You just need to focus on ONE product line. That's where an EBiz needs to be in order to streamline its processes, get ranked in the search engines, get the traffic it needs and stay in business *forever*.

When you sell retail products, you need real wholesale suppliers. There are lots of so-called "directories" of wholesale suppliers out there. Again, there's only *one* that's telling you the *truth*. That's [WorldwideBrands.com](http://WorldwideBrands.com).

When I teach people the Market Research process one on one the right way in my ECommerce Education and Mentoring Program, it's a highly detailed research process that generally takes six to eight weeks of serious research, not just days. This is *not* something you want to take lightly. My Students come out of that process with a product niche they *know* will make them profit margins from 45 to 80%, and over 100% in some cases. You'll NEVER see that kind of profit margin on Amazon or eBay, and you'll certainly never see it just shooting in the dark like ECom platforms and the scammers tell you to do.

We've talked about these things before, so let's just review what real Market Research is.

First, you learn to narrow down into a set of product niches that are worth researching. That's an entire process in itself that takes time.

Then you set up wholesale accounts with real wholesale suppliers, because you need to know your wholesale pricing in order to complete this research.

Then, you learn certain SEO, Keyword Research, Demographic Research and Site Analysis techniques.

Then you look at profitability by comparing your wholesale pricing in each niche with the average retail pricing across your competition for the same exact products. This gives you a clear picture of profit margins. If you do all of this RIGHT, you should see profit margins in viable niches ranging from 45 to 80%, and sometimes HIGHER. You track those numbers as well.

Then you use all the scoring and research numbers you've been tracking, to analyze your niches overall, and the one with the best scoring WINS.

Then you use Keyword Research to locate the core group of competing websites for your product niche.

*Then* you analyze each of those competing websites to learn how well or how poorly they do their SEO, graphics, written marketing, page design, navigation, sales pages, and conversion factors. You score those competitors on those criteria and track those scores.

Then you use all the scoring and research numbers you've been tracking, to analyze your niches overall, and the one with the best scoring WINS.

Then you choose each individual product you're going to offer on your site and set your retail prices based on a Competitive Analysis of the general market.

Then you categorize your products, to create clear focal points for your website visitors' eyes to follow, as we talked about in an earlier Chapter.

THAT is a complete set of Market Research. When you learn it right, you're not guessing at your product line. You're not *hoping* it'll work. You *know for a fact* that your chosen niche WILL succeed, as long as you learn to market it properly.

Again, you'll find a LOT more about this subject, and an example of the basic process in my [Free EBiz Insider Video Series](#). I strongly suggest you check it out.

# Chapter Eleven

## Wholesale Accounts

You're about to start looking for Wholesale Suppliers to build important relationships with in your business, and that means you're about to start navigating some very dangerous waters.

As you know by now, you have to locate and work with GENUINE Wholesale Suppliers if you are to have any kind of a chance to build a real, moneymaking business. This is critical.

And as I've already said, the best place on the planet to find these wholesalers will always be [WorldwideBrands.com](http://WorldwideBrands.com).

We've spent 24 years locating and vetting over 8,000 wholesalers who *will* work with home based business owners, and who carry over 17 *million* products you can sell. Those companies are very hard to find.

Remember that the vast majority of Real Wholesalers will *not* work with home-based business owners. They consider those accounts to be too small in a volume business where the Wholesalers only make 3 to 4% profit. They need to work with large companies who can buy a LOT of product quickly.

So *one more time*... when you see so-called 'wholesale sources' for home-based sellers *plastered all over YouTube and Google*, you're looking at FAKES who will not hesitate to hurt you by not only overcharging, but failing to deliver, selling you things that are not as represented, taking weeks to deliver, and selling your personal information to other online con artists who will blow up your phone and email with more and more junk from Fantasyland.

Stay away from them!

### Initial Contact

Never email a Wholesaler and ask for a retail account. Never just fill out a form on their website. You'll wait forever. You need to **call** the Wholesaler and *talk* to them. Yes, even if you're not comfortable talking to people. This is business, and you have to talk to people.

This means you need to have their actual phone number, and if you have an actual phone number you can talk to a Wholesale account rep on, you're probably not talking to a fake. Two words... Worldwide Brands. You'll always have the Wholesaler's direct phone number.

*You may need to call multiple times.* These are busy people. Don't get discouraged; stay on it until you get ahold of someone!

When you do reach a Wholesaler to ask for an Account, your call will most likely be directed to the "bullpen", which means whoever happens to be sitting around the sales office who's not on the phone already takes your call.

What you say to them is very simple. "Hi, this is Jesse Smith from XYZ Retail in Montana. We're interested in selling your products. Can you please tell me how to set up a retail Drop Ship account with your company?"

Then you **listen**. They don't want to hear your life's story; they're very busy. They'll tell you what to do next.

They may tell you to go to their website and fill out an application. They may ask you some questions themselves. They may have another method. Just thank them, hang up and do what they suggest.

DO NOT say "I'm just starting out and learning ECommerce!" The next thing you hear will be a >click<.

## The Application

When you fill out whatever application they want from you, you'll need a few things, so have them available before you call.

1. Your legal business name
2. Your legal business address
3. Your EIN or Sales Tax ID number
4. A Debit or Credit card number they can keep on file for your Drop Ship orders
5. They may ask you what you expect your first year's sales numbers to be. Tell them this is a new product for you and you can't estimate at this time.

There may be a few things on the application that you're not sure about. These are the most common:

1. Business References
2. Trade References

Remember that these applications are designed for the *large* companies they work with. So they'll have a couple of large-company questions that *don't apply to you*. The reason they ask for these two things is because they expect large companies to ask them for *credit*. As a home-based business owner, you're not going to do that.

So when they ask you for Business References, they're asking you to give them names and contact information for the companies you've done business with so they can check your reputation.

Trade References are pretty much the same thing, but in this case they're looking for info about other *wholesalers* you've bought from for the same reason.

You can just put "N/A - Pay as I go" in those spaces. If there are any other things that you don't understand, *ask* them. They'll help.

## It's very important that you remember some things

Wholesale suppliers who DO work with home-based businesses have a tremendous number of small accounts like yours. That's not their main focus in business, as we've discussed before. Most of these companies focus their businesses on large accounts, and sell truckloads of products to those large accounts regularly.

They *are* willing to work with small, home-based businesses, but they're *not* willing to waste their time.

Your wholesale supplier is NOT willing to be treated like your servant, although many people unfortunately do that. (They don't do it for long, though, because the supplier will shut them down). So don't be rude. Don't act as if you *deserve* to have an account with them. You're *asking* for an account. Don't *demand* one.

Don't act as though it's their job to do your work either. You can ask them questions about the information they deliver to you, but don't expect them to be your PC Support Desk if you don't know how to convert their Price List text file to Excel, for example. That's not their job; it's your job to know how to use your computer.

You can discuss product wholesale pricing with them, but don't *complain* about it. That's something else that a lot of people do (again, not for long!) It's *your* job to understand how to market a product at a proper retail price so that you have decent profit margins. It's your job to realize when you might not be able to carry a specific product they sell because the competition is too tight and the profit margins aren't good enough. It's not their fault that there's competition in the marketplace; their wholesale prices are real wholesale. YOU are the retailer. They expect you to know how to deal with competitive pricing.

You can call them any time if you establish a relationship with them, but don't expect them to drop everything every time you call. They have other, larger accounts. Your account is one of many that they work with.

You can ask them specific questions about products when you absolutely need to, but don't pester them constantly with questions that you could answer yourself with a little research. They are not your personal search engine. If you have product-specific questions like how something works or what it's made of, etc., go to the manufacturer's web site and get that information yourself.

You DO want to work with your wholesale supplier as a business partner who respects their time and effort. You do NOT want to become a pain in their "assets".

If you do become a pain, they will drop you like a hot rock.

So build a friendly relationship with your wholesale supply rep, but do not take advantage of that relationship. As we've said, they have much bigger accounts to work with.

If you make them comfortable and work with them professionally, they will see you as someone who has potential to become a larger and larger purchaser of their products, and they'll want to help you to grow. It's in their best interest as well as yours.

### **What your wholesaler can do for you**

Discounts and Closeouts and Specials, Oh My!

Think of your wholesale supplier just like a retail department store. Wholesalers have sales, they have discounts, closeouts, specials, rebates and more, just like retail stores do. The only difference is that it's on a wholesale price level.

Wholesalers push these discounts and specials at their large accounts. However, they often don't even think to offer them to their smaller accounts. So, once you establish a relationship with your rep, you can ask about discounts, specials and more.

### **It's not set in stone**

Wholesale prices are often negotiable as well. Once you get to know your rep, you can present a case to them for helping you out with certain product prices a little bit. For example, if you can't carry one of their products because it's just a couple of percent too expensive against your competition, you might be able to make that case to your rep and get them to drop their price slightly, in order to allow you to carry the product. I've done that myself many times.

That's a win for you and a win for them, because moving inventory is key in the wholesale business. If it's a situation where giving you a slightly better price on a product or two helps them move more inventory, they may do it for you.

Of course, things like that don't start to happen until you prove to them that you CAN move their merchandise, so don't start out right off the bat asking them for discounts on your pricing. Once you're regularly ordering from them for a few months, you can start talking about things like that.

### **Inside Info**

As we said earlier, your supplier works with the products you sell every day. They live and breathe this stuff.

Wholesale suppliers don't carry products that don't sell, so you can be sure that if they carry a product, somebody is buying it.

Your supplier rep has a great deal of knowledge about things like:

1. What time of year different products sell better (just remember, *never* sell *fully* Seasonal products!)
2. What products can be grouped with other products to sell better
3. When certain models might be discontinued
4. When newer models are coming out
5. Which products are in stock or out of stock more often
6. And much, much more

This is a big part of the reason you need to get close to your supplier reps and talk to them on a regular basis. Ask questions, but don't be a pain. Just show that you're interested in seriously marketing what they sell.

Your wholesale supplier rep almost always has a vested interest in your success. When you make money, they make money. Show them you're serious, treat them like you would expect to be treated and stay in contact with them.

If you do those things, they will help you build your business.

# Chapter Twelve

## Pricing Your Products

Some people tell you to sell *only* high-ticket items online, so you make more profit per sale. Others tell you to mix high-ticket and low-ticket products, so you catch both ends of the market.

So who's right? Let's find out.

The phrases High-Ticket and Low-Ticket refer to pricing, as you've probably guessed. High ticket refers to *expensive* products, anywhere from one thousand to five thousand dollars *each*.

Low ticket products can range from ten bucks to a couple of hundred dollars each.

As I said, some of the self-proclaimed ECommerce gurus on YouTube tell you to sell high-ticket so you make lots of profit per sale. Makes sense on the surface, right?

But others tell you to mix your high- and low-ticket products so that you catch both ends of the market. And that sounds like it makes sense too! But the fact is that *neither* of these methods are a good idea. In fact, they're both really *bad* ideas, and I'll explain exactly why.

I'll also explain the pricing structure that *does* work the best, but for now let's start with high ticket products.

Sure, selling only high-priced products so you make much bigger profits *sounds* good, but there's something these so-called "gurus" aren't telling you. The fact is that 85 to 92% fewer people will spend that much money on a single product online.

Buying a high-priced product online requires a huge trust factor on the part of the buyer. Online buyers do *not* trust an unknown website with that kind of purchase. The small percentage of people who will do that will almost always do it only with a big, well-known company like Target or Walmart, for example.

The other thing that these fake gurus aren't telling you is that *profit margins have an inverse relationship to price*. That means the higher the retail price of a product is, *the lower the profit margin is*.

It just doesn't make good business sense to put your time and money into trying to sell high-ticket items to people who won't buy them from you, at profit margins that generally end up somewhere between 8 and 12%.

On the other hand, IF you know how to market properly online (that means *not* listening to the 'gurus'), you can sell tons of lower-ticket products all day long at much higher profit margins.

Sure, you need more sales, but again if you know what you're doing that's not hard. I can definitely help you with *that* at [ChrisMalta.com](http://ChrisMalta.com).

So what about mixing high- and low-ticket products on the same site and catching both ends of the consumer market?

Again, sounds reasonable, right?



In fact, there are lots of really big companies who do this in the physical world. For example, Bacardi makes very high-end, expensive rum that sells well to people willing to pay the price. But they also make low-end cheap rum for those who don't want to pay the premium. Castillo rum, for example, is made by Bacardi.

However, the general public doesn't know that. Bacardi keeps them completely separate in both branding and shelving. In the world of alcoholic beverages, there's top shelf, and there's bottom shelf.

When you walk into a liquor store, the most expensive brands will always be on the top shelves at eye level, and the cheap stuff will be on the bottom shelves where you have to hunt for them. That's true of any physical store that sells any products. Expensive stuff at eye level, cheap stuff on the bottom shelf.

In the physical retail world, that's about as much separation as you can get.

However, websites are too dynamic. You can't achieve that level of 'physical' separation and still make the site easy to shop, which is critical for sales. That means that your visitors will easily be able to see both the high-ticket and the low-ticket products as they move through your site. This creates a problem.

When people buy things online or offline, they want to feel like they're getting real value for their money. In an online store where they can clearly see that what they can afford is a cheaper product than what they would like, you're creating a tremendously negative experience for your site visitors.

This is a serious problem in retail marketing because your site is basically telling your visitors, "Hey, here's what the rich people buy, but you can't have it because you can't afford it. So you have to settle for the cheap stuff.

So you end up right back at the same high-ticket problem...very few if any buyers and low profit margins. but now you've added the additional bonus of psychologically insulting and belittling the low-ticket consumers who would buy the lower-priced, higher-profit products from you...IF you hadn't insulted and belittled them!

Retail Marketing, both physical and online, is about 90% psychology. That's the first thing you need to understand if you're going to sell online.

So what do you do? High-ticket products are a big mistake. mixing high- and low-ticket products is a big mistake no matter what the YouTube bubbleheads keep prattling on about.

If you want to own a successful business, you have to live in the real business world. That means understanding retail psychology. And that means selling in the price range that everybody can afford. Lots more sales, and much higher profit margins.

The best way to do that is to understand the Luxury Line. This is a phrase I use to describe the point at which...in a consumer's mind...a product goes from being an affordable purchase, to becoming an UN-affordable luxury. The Luxury Line fluctuates with the economy.

In the 30 years I've been marketing online successfully, and the overall forty-eight years I've been in Retail and Wholesale, I've seen that line fluctuate a fair amount. In a good economy, it can be around \$250; maybe a little more. In an average to poor economy, it drops to around \$125.

Take a walk-through Walmart, or any other big retail store. You'll see that the vast majority of the products sold in these stores are priced under \$125. They'll have some things that cost more, but that'll be mostly furniture and electronics.

Everybody already knows they're going to pay more for furniture and electronics.

What these big retailers know is that they have to appeal to the widest possible consumer market no matter what the economy looks like. So at least 90% of their products are going to be priced according to where the most consumers feel comfortable.

This is how these big stores thrive, and it's also how they inflation-proof themselves. Even during inflationary periods, people want to buy stuff, because it makes them feel normal. That's also retail Psychology. So, by keeping most of their products priced under that luxury line, they keep selling no matter what the economy is doing.

Something else you have to keep in mind in retail marketing is the Point of Diminishing Returns. For this purpose, just think of it as the lowest price you want to sell for.

You do not want to be out there selling things that cost 5, 10, 15, 20 dollars each, for example. Even if those really low-ticket products sell well, the number of sales you have to sell to make a serious profit in your business goes up exponentially once your price points drop under about \$35. That's generally the Point of Diminishing Returns.

I've been in online business, as I said, for more than 30 years. I've been running my own successful retail and wholesale businesses for nearly 50 years. You might also know that I teach the most comprehensive ECommerce Education in the world.

I always teach my ECommerce Students to choose product niches that have retail ticket prices between \$35 and \$125. That's where they will absolutely make the most money in this business.

So...High-ticket products BAD, mixing high- and low-ticket products BAD, selling between the Point of Diminishing Returns and the Luxury Line, GOOD.

# Chapter Thirteen

## Placing Orders

This Chapter deals primarily with Drop Shipping. As you've seen, Drop Shipping is the recommended way to go in this business because it's a zero-cost entry point into Wholesale markets, and that's excellent for home-based business owners.

However, if you're buying product in volume you should still read this Chapter; there is some information here that is good to know even if you don't use Drop Shippers.

OK, let's say you've learned and done everything right and your Online Store is open. Orders are starting to come in. You need to get those products out to your customers. Mrs. I.M. Scruffy is sitting in Kansas City waiting for her Conair Blow Dryer, and she wants it NOW! You need to notify your Drop Ship Supplier of your orders.

No matter the site platform you use, you'll have a page in your store where you go to view and process your orders. One way or another, you will see the following things when a customer orders from you.

1. Customer Billing Name and Address: This is where the customer lives, and it's important that they enter the correct information. Their credit card verification will be tied to this address.
2. Customer Shipping Information: This is the person and address that the customer wants you to ship the product to. Many times, the customer's billing name and address will be different than the "ship to" name and address, as in the case of a customer sending a gift, for example. You should quickly check to be sure that everything is spelled correctly.
3. Customer Credit Card Number and Expiration Date: Your Merchant account will provide the use of AVS (Automatic Verification System) to your site. AVS checks that the card your customer uses matches the billing address that they gave. It will also do instant online approvals for you. That means that you will see an approval number on the order telling you that the credit card is valid, and that their money is being held in the customer's account pending your sale.
4. Customer Email Address: Hang on to this... it's a valuable marketing tool for later.
5. Sale information: Your part number, the price you charged, the shipping fee you charged, the tax the customer paid, the sub-total, the total...well, you get the idea. You'll see an area that gives you these figures concerning the sale.

Now, you need to get this order to your Drop Ship Supplier. Every Supplier is a little different, but they all want the same basic information. Whether you're placing your order by email or on the Drop Shipper's site, they'll need these things from you:

1. Your business name, address and phone number on all orders you send. This avoids problems with "lost orders". Include the account number that the Supplier gave you when they set you up, as well.
2. The "Ship To" name. Remember, this is not necessarily the customer's name... the customer may want it shipped to another person.
3. The "Ship To" address. Same caution as above. And be sure it's spelled right!

4. Your "PO" number. Every order that comes in through your Internet Store software will have an order number associated with it automatically. You can use this as your Purchase Order number with the Supplier. It helps you track your orders at the end of the month, when you add up your totals.

5. The Supplier's Part Number for the product you're ordering for your customer.

6. The Quantity of the item(s) you're ordering for your customer.

7. A brief description of the item(s) you're ordering for your customer. This is important, in case you or they make a mistake in the product number. If the product description is there as well, someone will catch it.

Below is a text sample of an order email that I would send to a Drop Ship Supplier that doesn't have an online ordering system for me to use.

\*\*\*\*\*

TO: ABC-123 Distributing, ATTN: Jane Salesrep DROP SHIP ORDER

The following is a Drop Ship Order from Worldwide Brands, Inc., Account #12345. Please ship the product(s) to our customer with our COMPANY address listed as follows: Worldwide Brands, Inc.

465 S. Orlando Ave. #209

Maitland, Florida 32751

PLEASE CONFIRM THE RECEIPT AND STATUS OF THIS ORDER by return fax at (xxx) xxx-xxxx, or by email at [service@worldwidebrands.com](mailto:service@worldwidebrands.com), including tracking number where possible.

PLEASE INFORM US ASAP if item(s) are backordered or discontinued.

SHIP TO:

I.M. Scruffy 123 Main St

Anytown, FL, USA 12345 MODEL: A1B2C3 QUANTITY: 1

DESCRIPTION: Conair 1600 Watt Hair Dryer

\*\*\*\*\*

There...that's generally all you'll need to send the Supplier. You don't include pricing information, because you've already agreed on pricing with your Supplier when you set up your account. Your Drop Ship Supplier will send the product to your customer, and will charge your credit card (which they should have on file already) the wholesale price plus shipping.

You can save time by creating a "template" for your order emails. Just create an email containing all the information about your company and your Supplier that does not change, such as your company name, address, and your account number with the Supplier, etc.

Save that email template in your computer. When you send an order, just bring up the blank template and fill in the customer and product information, and hit the Send button. This is easy to do (your email program help section will tell you how to save emails before sending). It saves valuable time that you could be using to work on your business!

You should ask your Drop Ship Supplier if they can email you a tracking number for each order when they ship it. Suppliers usually ship a product to your customer within a couple of days. If they can send you a tracking number for each product shipped, you can pass that email along to your customer. This is a great way to impress the customer with the fact that you are really looking out for them. The customer can simply go to the shipper's website, enter the tracking number, and find out exactly when the product will be delivered.

So, you've received an order from your customer, and you've passed it along to your Supplier. Now what?

Follow up. This could be the most important part of the whole process.

If the Drop Ship Supplier tells you that the customer's item is delayed or backordered, contact the customer RIGHT AWAY. Don't delay. Most customers will understand delays and will not give you a problem about it. However, if you wait a week until you even let them know, they won't be happy.

If you receive a question from a customer, the same rule applies. Deal with it RIGHT AWAY! Your customers are your business... keep them happy!

Once a month or so, send a general email to your past customers for that month (the ones who have already received their products) and thank them for their business. A happy customer is a repeat customer, and there's no better way to make a customer happy than to pay attention to their needs, and thank them for their business.

# Chapter Fourteen

## Shipping and Handling

**This is an easy one.**

Dedicated online store platforms have evolved a great deal since I started using them way back in the Stone Age of the Internet... the mid-90's.

Back then you had to learn to be a contortionist when it came to calculating shipping and handling rates for your online orders. (This was a much longer Chapter in earlier versions of this EBook!)

Today, it's all integrated into the platforms. (This is *another* reason for using a dedicated site platform and not WordPress, etc.)

All you need to do is go to your Shopping Cart and follow instructions to set up your Shipping and Handling. Flat rates, variable rates, weight, zone... they know what they're doing and you won't have a problem setting it up.

Giving you examples here would be a waste of time, because there are several platforms and I don't know which one you're going to use, but you won't need an example; it'll be very clear.

**The only thing I need to warn you about** is that Fantasyland reaches it's mind-numbing tentacles into this area as well. If you see ANY Tool, App, Service, Widget or Company that says they have a shipping "solution" for your online store, *run far, far away*.

***You do not need any third-party shipping "solutions"!***

Just stick with the built-in process in your dedicated site platform and you'll be fine.

# Chapter Fifteen

## Product Returns

Despite the best intentions of you, your customer, your distributor and their shipping carrier, you will occasionally have to deal with product returns.

Any Store you open on the Internet should contain a Policies page that reflects your *Wholesale Supplier's* Return policy. Your Return Policy is always going to be your Supplier's Return Policy, because the Supplier is going to handle the return. At least they will when you use Drop Shipping, as recommended here.

Your customer needs to know how this works, and if they don't see it on your site, they're not going to trust you.

Let's go over the main reasons for product returns, and what you should do about them.

### 1.) Factory Damage

Once in a while, a customer will buy a product from you, only to discover that it is defective. This happens whether your store is on the Internet, or in a quaint little brownstone building on the corner of Main and Maple streets. When a product has a factory defect or damage, it is your Supplier's responsibility. However, *you* need to be the one to help your customer resolve the situation. Here's how it works:

Your customer buys a product from you, and it arrives broken or somehow defective.

Your customer emails you, and asks what they should do about it.

#### **If you're using Drop Ship Suppliers:**

The first thing to have your customer do is check any instruction manual that came with the product you sold them. They need to see if there is a Manufacturer's Customer Service contact there. If so, they should try to contact the Manufacturer's Customer Service for a Warranty Replacement. Most new brand name products are under Factory Warranty, and the Manufacturer in most cases can replace a damaged product faster than you can. If that doesn't work, you contact your Drop Ship Supplier, tell them that order number "XXXX" was a defective product. Ask them for an RMA number (Return Merchandise Authorization). Then ask them to set up a Call Tag with their shipper. This means that they need to send their shipper to pick up the item and return it to the distributor, at no shipping cost to you or the customer.

You email the customer back, and give them the RMA number. Ask them to write it on the original box that the product came in. Tell them that the shipper will pick up the defective product.

Depending on how your Drop Ship Supplier works, they will either send a replacement out immediately (at no shipping cost to you or the customer) or they will send one out when the broken one is returned. Both methods are valid.

That's it; new product, happy customer, no cost to you or your customer.



### **If you are Stocking Bulk Wholesale Products Yourself:**

Again, the first thing to do if you are the one stocking products in your home, is to ask the customer to contact the Manufacturer's Customer Service.

If that doesn't work, then *you* are the one responsible for replacing the product. You need to send a Call Tag (that means have the shipper pick up the damaged product from the customer) and you need to ship the customer a new product.

You are going to lose a bit of money on this situation; namely the shipping cost to have the product picked up, and the cost of shipping the new one to the customer. However, your profit should easily cover that amount, so it's actually more of a "wash", not a loss. You should at least break even.

It's best not to ship the replacement product out until *after* you get the damaged one back.

Sometimes when the customer gets a new product first, they won't bother to put the old one out for UPS, and you need that old product. That's because you are going to ask your Bulk Wholesaler to credit you for that damaged one, so you don't lose out on the product price as well.

Over time, you may build up a very small collection of damaged products that have been returned to you. After a while, ask your Bulk Wholesaler to send a Call Tag to *you*, to pick them up and return them to the Bulk Wholesaler.

That's it; new product, happy customer, not much profit on your part, but there should not be a loss.

## **2.) Shipping Damage**

Very rarely, a product will be damaged in shipping. If this happens, the customer will email you and tell you so. Whether you use Drop Shippers, or you stock products yourself, you need to tell the customer to *call the shipper* (UPS, FedEx, USPS, etc.) and notify THEM. They all have 800 numbers for this purpose, and you should have them available. As I said, this is very rare. However, in this situation, the customer contacts the shipper, and follows their instructions for rectifying the situation. If you want to provide some really excellent customer service, get the information from the customer, and place the call yourself.

## **3.) "This Hair Dryer just does NOT match my bathroom wallpaper!"**

Sigh! Yes, they're out there. Picky people, fussy people, or people who just didn't choose the right product for their needs. You need to have a return policy for these dissatisfied customers as well, although you need to make sure you don't lose any money on the return. For example: you can offer to refund any purchase within 10 days of customer receipt for any reason, MINUS return shipping and a 15% restocking fee. **Again...**this Policy should mirror your Supplier's Policy!

So, your customer contacts you, and wants to return a product.

### **If you are using Drop Ship Suppliers:**

As long as it's within your return policy period that you have posted on your Internet Store or Auction, you contact your Drop Ship Supplier and obtain an RMA (Return Merchandise Authorization) number. Your distributor will have no problem with this, as long as it's within THEIR return period, which is usually 30 days.

You inform the customer that they should write the RMA number on the outside of the original box. They must pack the product in the original box, with all its manuals, accessories, and original packing materials.

The customer then needs to send the product back to your DISTRIBUTOR, not you. Provide them with the distributor's return address. Many distributors keep blind PO addresses for just this purpose, so that your customer never knows where the product really came from.

The CUSTOMER must pay for return shipping.

When the distributor informs you that the item has been returned in the proper condition, you then refund your customer's credit card their full purchase price MINUS your 10% restocking fee. Your restocking fee may vary, but you need to do it, because most of the time your distributor is going to charge YOU a restocking fee. As I said, you have to do this in such a way that you don't lose any money.

**If you are Stocking Bulk Wholesale Products Yourself:**

In this case, you can simply tell your customer to ship the product back to you, in original packaging with all original materials, within your Return Policy's time period. The customer must pay for the shipping, and you charge a restocking fee for your inconvenience.

If the product does not arrive in a condition that allows you to re-sell it, you can refuse the refund and ship the product back to the customer again, but that's extremely rare. Just make sure you don't refund the customer before you get the product back in good condition!

Those are the basics; the main reasons you may have to deal with a product return. It does not happen often, but it's best to be prepared.

# Chapter Sixteen

## Problem Customers

It's going to happen. If you're in business, selling on the Internet or anywhere else, there are going to be problem customers. Little things are going to come up here and there that will upset your customers. You can't help that. That's what happens in business.

The "Backorder" is a good example of one of those things.

When you use Drop Shippers, there is always the possibility that your Drop Ship Supplier will run out of something that you have for sale on your Internet Store or Auction. That's a "Backorder" situation. You sell the product, and suddenly find out that your Drop Ship Supplier can't deliver it for you because they are out of them temporarily.

When you use Bulk Wholesalers, the same thing can happen! Yes, even though you have your own Product Inventory stored at your house, your customer may end up backordered. How?

Let's say you're selling Blue Widgets, Green Widgets and Purple Widgets. You're getting a bit low on the number of Widgets you have in stock, so you've placed an order for 100 more of each color Widget with your Bulk Wholesaler. It's due to be delivered tomorrow.

You have 25 Purple Widgets left, and suddenly ABC Evening News runs a story on what a wonderful product Purple Widgets are. Suddenly everyone has to have one, and in one night, your Auctions sell 75 Purple Widgets.

'Well, no problem', you think. "I have another 100 Purple Widgets being delivered tomorrow".

So, you collect payment for all 75 Purple Widgets, and plan on shipping them out tomorrow when your bulk order shows up. The next day, the order from your Bulk Wholesaler shows up. There are 100 Blue Widgets in the box and 100 Green Widgets as well. There are no Purple Widgets to be found.

On the Packing Slip that came with your bulk order, you see that the 100 Purple Widgets you ordered have been backordered by your Supplier.

So, you have only 25 Purple Widgets left to fill 75 orders. Fifty of your customers will be backordered.

If it sounds far-fetched, it isn't. That's part of business, folks. Products get backordered. It happens to everybody; whether you're Kmart or you're a Home-based EBiz. The important thing about this situation is that you deal with it well.

There will be other things besides backorders along the way that will cause problems in supplying or dealing with your customers. Again, that's just the way business goes.

Sometimes, you end up with a customer that just doesn't understand that, and that's a "Problem Customer"

To explain what this is like, I've included an Article I wrote about one of my own Internet Stores years ago, below. It still applies perfectly today. Here's the Article:

"As I write this, I have just finished dealing with a backorder situation, and steam is still rising from my ears. By now, I should be used to it. I shouldn't let the little things get to me. It's not the Supplier that I'm upset with. It's the customer. Let's start from the beginning.

Recently, I handled an order for a Digital Blood Pressure Monitor. As usual, I emailed the order off to the distributor with several others. Later that day, I received a phone call from the Supplier. The BP monitor was out of stock, but was expected within 10 days. Did I want to place the product on backorder, or cancel the order altogether? Also as usual, I told the Supplier I would get back in touch with them after checking with the customer.

I called the customer. I identified myself, told him that I had received his order, and that I was very sorry, but the product had just run out of stock, and was expected to be available again in 10 days. I told him I had not yet charged his credit card, and would cancel the order if he preferred to go somewhere else.

You would have thought I had just told him that I was planning to strangle his cat. He got upset, and I could just hear his face turning purple. Small wonder the man needed a blood pressure monitor.

I'll spare you the details. It came down to this: he thought that I should give him free shipping for his inconvenience. I stuck to my guns, and politely told him that I was not willing to do that. He had *just* placed the order, and I was able to cancel the credit card charge immediately if needed. He finally agreed to wait for the product, but said he would be "watching the calendar".

I knew I had a "problem customer" on my hands. (Imagine the "Twilight Zone" theme music playing at this point).

A week later, when I got another call from the Supplier saying that the factory shipment had been delayed further, I braced for impact, and contacted the customer. I'll spare you the details of that exchange as well. There may be small children present. I managed to keep calm, although I was boiling at this point. Again I offered to cancel the order, and refund his credit card (which I had charged, since he had okayed the delay). He refused, saying that he had waited this long; he might as well wait it out.

The BP Monitor showed up at the distributor after the expected delay. They were considerate enough to Drop Ship it to the customer by FedEx 2 Day Air at no extra charge. (My distributor is great!). It would arrive at the customer's house shortly. I was quite happy. Then I checked my email. Another blistering tirade from our over-pressured friend. I wrote back, calmly and politely, and told him he could expect his order very soon, and I was sorry that he was dissatisfied. I haven't heard back from him, and probably won't.

Now, this may sound like I'm making it up for effect, but I swear it's true: I handled another order for the exact same product on the same day, and the woman who placed the order experienced the same delay. A couple of hours after receiving the nasty-gram from my friend above, I got an email from this woman. She thanked me for my persistence in following up her backorder, and told me she would definitely be back to shop with the site again. That's what makes it worth being in business in the first place! One happy email can really make your day. :o)"

Here are the things that I've learned about order problems during my time in this business: Internet customers are for the most part "instant gratification" junkies. They want it NOW.

Because of this, backorder, discontinued item and other product problem situations must be handled immediately. Don't wait even a day. Call the customer, or email them. (A call is usually appreciated more than an email, but you have to watch your phone bill).

Always offer to cancel. Chances are they won't, because then they have to go search for the product again and hope they don't run into the same problem somewhere else, but the offer to cancel must be there. It tells them that you are not desperate for the sale, and gives you the advantage in the conversation.

Be nice. Even if you are grinding your teeth. You can't afford to lose your grip. You never know when one episode of lost temper will come back to bite you; there are people out there who will weaponize Reviews even when it's not warranted.

Follow up during the problem period. Send at least one email saying that you are monitoring the situation, and are sorry for the delay. That is a great tactic for defusing an impatient person; at least they know you are thinking about them. If there is an additional delay, offer to cancel again. They may actually take you up on it if it's a long delay, but you don't lose anything if the Supplier has not yet shipped.

**Problem Customers** are always going to be out there, and you'll run across your share of them in business. Handle it right, and it won't *be* a problem. :o)

# Chapter Seventeen

## Beating the Superstores

**Alright**, we've talked about how important it is to *learn* this business thoroughly and do it *right*. We've talked about how to avoid all those who pretend to be drop ship and bulk wholesale suppliers, and are *not*. You've listened to me bellowing about the Real Business World, and you're still here. That's a good sign!

Now let's talk about **the question I get the most often** from people considering their own Home-based Internet Business:

**"How do I sell online from home, and beat the Superstores?"**

There's a really simple answer to that, and I've already said it... **just learn it and build it *right*!**

I've talked about staying away from Fantasyland over and over again. I've talked about *really learning* this business and building it right. ***If you do that***, you *will* beat the Superstores like Amazon, eBay, Walmart, etc., in the search engines.

Yes, I know, they always seem to be at the top of the search results. But consider this: *They shouldn't be*.

Here's why.

Selling online is about Search. The only way people can find something online is if they're searching for it. When they purposely search for products to buy, they have to use a search engine.

If you want your website to be found online, you need to understand *how* people search, and how the search engines work. How the search engines work also affects what you sell on your website, and it's *critical* that you understand this.

When we deal with search engines in business, we always focus on GOOGLE. More than 95% of all searches are done on Google, and all the other search engines follow what they do.

Search engines have been around since the early 90's, but the way the search engines *work* changed *radically* in 2011, with the introduction of Google's PANDA update.

BEFORE 2011, search engines were just *noun* comparison engines. They crawled (meaning read through) all the websites they could find and looked for words and phrases that described a person, a place, or a thing. Nouns. Those words and phrases are called *keywords*. The search engines rely on the words on the pages of your site to tell them what your site is *about*.

Those search engines were very basic back then compared to what they are now.

So, from the mid 90's until 2011, you could build a website that sold everything under the sun, and each of your site's individual pages stood a decent chance of ranking in the search engines on their own individual merit. Ranking well in the search engines means your product sales pages get found by shoppers who search for what they want to buy.

Let's say you had Car Care Products, Cookware, Sporting Goods and Plush Toys on your site back in the mid-2000's, and you had *one* page on that site selling Squeegees. If you had the word "squeegee" on that page, say, 34 times and your closest competitor had it 23 times, basically you won. Your page would rank better and be found more often. Yes, there were more ranking factors, but things were very basic then.

Google's Search Engineers worked for years to build an algorithm based on AI components that could understand much more about how people actually communicate. They finally launched that Heuristic (meaning self-learning) artificial intelligence update, and that was the Google Panda Update in 2011. This means NO MORE "chasing constant changes" in the Google Algorithm. You no longer have to worry about that, even though the junk marketers will still try to scare you into buying those useless "SEO tools" they make so much money on.

Why don't you have to chase the changes anymore? From 2011 on, the more searches that are done on Google, the more its AI algorithm learns about how we communicate. That learning process continues to this day and always will.

Now Google not only understands nouns, it understands verbs, adverbs, pronouns, adjectives and more. It understands interrogatives, so it knows what *questions* are. It understands Syntax and Grammar, so it knows when pages are written well, which is *important* to Google.

This allows Google (and now all the other search engines) to locate much more targeted and focused information on the exact subject of a person's search. So *stop wasting time chasing the algorithm*. All you have to do is learn to create *good content*. Let Google do the rest.

Google's mission is to return only the most timely, relevant and informative websites that relate to the exact subject that a person searches for. Remember, people can only search on one word or phrase at a time.

Websites that have scattered, unrelated words and phrases on their pages are not focused on just one subject.

So now that it can tell the difference, Google no longer likes websites that aren't entirely focused on a single subject and won't rank any of their pages *well* in that search engine.

That means you can't build a site that sells all kinds of different things anymore. Your site must focus on one thing, and one thing only if you ever expect to rank in the search engines.

In the nearly 800 live workshops I did over the years, nearly all of the attendees that were having huge problems ranking their sites, had sites with scattered and unrelated words and phrases on their pages.

Who determines whether those words and phrases are scattered and unrelated? Google does. There's just one problem with that.

Google is not a human being. It's a computer program. As good as it is, it still struggles with broad concepts. So, while WE understand that baseball, basketball, hockey and lacrosse products are all sporting goods, Google *doesn't* understand that. According to Google, words that describe baseball are related to other words that describe baseball. Words that describe basketball are related to other words that describe basketball.

And so on.

That means you can't sell all kinds of sporting goods on a website. Too many unrelated words; the site will never be ranked and will never be found online. But you CAN build a site that sells only baseball products, or only basketball products, for example.

Again, this is all about search, and that's how search works.

So once more...search engines now rank sites that are authorities on one subject only, according to Google's understanding of the relevant words surrounding that subject.

You CANNOT succeed with "marketplace" sites that try to be everything to everybody.

You CANNOT succeed with "Community" sites that give artists, for example, a place to sell all kinds of different artwork.

You CANNOT succeed with "Themed" sites that sell, for example, "everything eco-friendly", or everything "made in America".

Google JUST DOESN'T GET IT.

A successful home-based online business website *must* be *only* about *one tightly focused subject* if you ever want it to be found by your customers online.

The Superstores are websites that have scattered, unrelated words and phrases on their pages are *not* focused on just one subject. They should not *be* at the top of the search engines.

Remember, though, that 97% of the websites out there *fail* because they don't know what they're doing when it comes to market niche, site design, content creation, content marketing, SEO and more. That means that only 3% of the sites out there are any kind of competition for the Superstores!

**OK, please pay close attention to this:** When Google can't find a tightly authoritative website focused on *only* the subject of a person's search, it defaults to *lesser ranking factors*.

So, somebody searches on the keyword Metal Detector. Google scans it's vast index looking for a single, well-written, properly focused website that ONLY talks about Metal Detectors. *It doesn't find one*, because that's one of the millions of products that the 3% have not covered.

Google thinks, "Huh. Nothing good to show for this search. Well, I've gotta show something, so I guess I'll just pick a site that does talk about Metal Detectors a *little* bit, but instead of good Authority, I'll just have to pick one based on how many pages sit has and how long it's been around. Crap."

I'm not sure if Google's algorithm will actually think "Crap", but there IS one thing I know for a fact.

A properly focused home-based website built *right* will cut through those Superstores like a hot knife through butter, every time.

### Thanks for reading this book!

I sincerely hope it helps you to better understand this business. There's a lot to learn, but when it's done right this business can easily generate a full-time income from home.

So *learn more about how to do it right*. Check out my [FREE EBiz Insider Video Series](#) for lots more TRUTH about doing business online.

Most people don't believe it, but you can also call me directly at 888-824-7476 with any questions. That's actually a toll-free line that rings to my cell phone, and I'm the only one who answers it. Yes, really. Nobody on the Yellow Brick YouTube will ever do *that* for you.

I'll be happy to answer any questions you have about ECommerce, based on my 30 years of success in this business. :o)

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