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Starting Your Internet Business Right!

By **Chris Malta**

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Introduction

Welcome to my FREE EBook... "Starting Your Internet Business RIGHT!"

This EBook is offered FREE OF CHARGE to anyone who would like to read it. If you like, you are welcome to distribute it freely as well, as long as it is distributed intact with no changes, and *no money is charged for it.*

The purpose of this EBook is not to convince you to start an online business. That's a decision YOU have to make. I'm not here to talk you into it! I'm here to help you avoid the common traps, pitfalls and scams that are out there, and give you REAL information that will help you get started, if and when you decide to do so.

The information contained here is the result of years of hard-won experience with the Internet. It's intended to help you avoid the mistakes that I and others have made in the past, and in many cases, paid a great deal to learn from!

Anyone with a home computer can open and run a successful online business, with a little help from the right people.

One of the hardest parts is finding products to sell without getting raked over the coals by the thousands of "middlemen" out there who are lying in wait for you to come along and fall into their clutches. They're good at what they do, and they'll use you up and wring your pockets for every cent you have, and then hang you out to dry.

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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More and more people are catching the fever. Dreams of a mansion in the hills, early retirement, or just being able to supplement their regular income. Everyone wants to sell on the Internet. 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.

How, though, can you even start your own internet business when you may not even know how to get past the "Start" button on your computer? Even if you are an experienced computer user, most people don't know what a Merchant Account is, or how to build an Internet storefront. Where's the starting point? Where can you go and stand on a big black "X" on the ground and say, "This is the FIRST thing I need to do in order to start my online business"?

Be careful! There are a lot of companies out there who tell you they will help you set up your new online business. **While some of them are legitimate**, there are LOTS of scam artists as well, who are HOPING that you don't know where to start. They will prey on you. They'll tell you that you don't have to know ANYTHING. They'll say that all you have to do is send them a few hundred dollars (or even as little as thirty or forty dollars) and all will be magically revealed. Your new store will appear like a rabbit out of a hat, and they will handle **everything**, from the storefront to the bank accounts **to the products you will sell**.

THIS IS IMPORTANT: Any "Complete Internet Store Solution" that offers you **both a web site AND products to sell should be AVOIDED AT ALL COSTS!**

There ARE good Internet Store solutions out there. However, nearly all of the Internet Store solutions that offer you a web site **and** products to sell are trying to sell you a "**rubber-stamp**" Internet Site.

It's like getting a thank-you letter from the President for supporting his political party during his election. We both know that the Big Guy isn't going to sit down and type individual letters to hundreds of thousands of people. Some functionary throws a big list of names into a computer, and the computer prints out the same letter over and over again, each with a different name:

"Dear **Mr. Joe Smith**, I would like to personally thank you for your support during my recent Election campaign..."

"Dear **Mrs. Alice Jones**, I would like to personally thank you for your support during my recent Election campaign..."

"Dear **Occupant**, I would like to personally thank you for your support during my recent Election campaign..."

You get the idea, right?

THAT's what a "rubber-stamp" Internet Store Solution gives you. You'll end up with an Internet Store that looks **EXACTLY the same as everyone else's** who bought one. Same exact pages, looks, graphics, and **all the same products**. Only the NAMES on the stores are different.

Your so-called "Internet Store" will sit there and twiddle its thumbs, alongside thousands of other IDENTICAL internet sites, also busily twiddling THEIR thumbs, **all trying to sell exactly the same products**. No one will ever even find them on the Internet; much less BUY anything from them. You'll end up a **permanent resident of an Internet Ghost Town**, and **you'll pay** for the "privilege".

(Philosophical question...if thousands of Internet Sites twiddle their thumbs, and no customers are there to see it, do they actually twiddle at all?) :o)

Why do they do it? Why do these scam artists go to all the trouble of setting this whole thing up? Because:

It looks GOOD to you. Everything in one place, for one fee. Internet Store, ready-made Products, Marketing Tips and Information, Promises to bring thousands of customers to your store. All in one place for one "setup fee", and "reasonable" monthly payments. You hardly have to do ANYTHING!

It's EASY for them. All they have to do is create ONE web site, and duplicate it thousands of times, one per customer. Then they simply **take your money, plug in your name, and they're done!**

They don't care if you EVER sell a single product. Most of them don't stock those products anyway. They simply have a "drop shipping" arrangement with the REAL wholesale supplier. If you ever DO sell something, all they have to do is send an email to the REAL supplier, and have the product sent to your customer. (Of course, they make a profit on THAT, too).

They make it look as easy as possible to you, hoping you'll send them your money. Then all they have to do is click a few buttons and hook you up with a useless Internet Store that SEEMS to work. While you're trying to figure out (a) why your "store" doesn't make any money, and (b) why you suddenly can't get ahold of the magician who sold you your store and disappeared, said magician will be whistling a happy tune all the way to the bank. With YOUR money.

This goes for eBay Auctions too, folks. There are a huge number of people out there selling "Overnight Auction Riches" packages that just don't work. You'll see them online, in TV, etc.

Don't let it happen! Here's my number one rule concerning the Internet: **If it seems too good to be true, it IS too good to be true!**

Actually, that's not even my rule. You know you've heard it before. It's simple common sense. It's probably been around since the first caveman stumbled over a sleeping bear and thought he had dinner all locked up!

If it seems too good to be true, it IS too good to be true. How quickly that simple common sense statement flies out the window when someone promises you money!

Be smart. You may only have one chance to take your future in your own hands. Don't hand that one chance over to one of the thousands of scam artists who will lie to your face and leave you with nothing without the slightest twinge of conscience. Their sites look **very** professional, they sound like they know what they're talking about, and they can't wait to get their hands on your money and run.

I've literally seen thousands of people taken by these scams. I've only seen and talked to these people because after they get scammed, they keep at it and try again. They eventually end up at our web site, looking over this free information. I hate to think about the tens of thousands of people who have been scammed once, and have given up for good.

As I said, **there are good** Internet Store solutions out there, but there are **not** many of them. You need to be sure you work with a **reputable** company when setting up your Internet Store.

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

Probably the best place is a quick review of how retail sales works.

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 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, 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 decide which newspapers, TV and radio stations you're going to advertise with this month, to 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.

Selling on the Internet is no different. Your Home-based Internet Business is a living, breathing extension of **you**, and there are things to learn and things to consider when you build and run it. **You need to create and run your business yourself.** If you let some chucklehead tell you that all you have to do is mail in three cereal box tops and fifty dollars, and they'll do it all for you, you might as well save the cereal. You'll need to eat SOMETHING when you lose your money.

Social Media, Blog, Bulk Upload. Database Integration, DSL, Email Campaign, Search Engine Optimization, URL Redirection, Gateway Pages, Hosting Company.

Huh?

Most people are familiar enough with their computers to use them effectively. Play some games, write a few letters, surf the 'Net, send and receive email, maybe do the household accounting. Then there are the famous (infamous?) stories about those who will use their CD tray as a coffee cup holder, not knowing any better.

It really does not matter what your experience level is. If you're an average computer user, you may suddenly get lost in all the buzzwords and jargon that gets thrown at you when you consider opening an Internet store.

THIS IS WHY 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.

DON'T DO IT! Don't give up. It's not that hard. There are two basic LEGITIMATE ways you can build an Internet store of your own, and they're not that hard. We'll get into that in detail later, but right now, let's talk about your computer, and what you should have in order to be able to work with your new store.

If you've had your computer for a few years, chances are you are using the Windows XP Operating System. If your computer is relatively new, or you've upgraded recently, you could be using, Windows 7 or Windows Vista.

It really doesn't matter which one you use. Windows is an Operating System; kind of a background, basic structure that allows you to use other programs. All Windows really does is provide a "platform" from which you "launch" other computer programs that you actually use. For example, you might want to write a letter and print it out. You'll probably use Microsoft Word for this. Windows itself simply launches this program for you, and allows it to co-exist with other programs you might have active at the same time.

With this in mind, there are two basic ways to start your business on the Internet.

1.) Method One: Use a LEGITIMATE Internet Store solution. (DO NOT confuse this with the scam artists!) There are only a few of really good Internet Store solutions out there. With an Internet Store solution:

- You have less control over the look and operation of your site, BUT:
- You have help from the solution provider to build and operate your store

2.) Method Two: Use a LEGITIMATE Internet ECommerce Hosting Provider: Build the site with a LEGITIMATE ECommerce hosting provider, and drive your own traffic (customers) to it. We'll talk about that in more detail as well. With this option, you:

- Have more control over your site's look and structure

- Will probably spend a little more in order to have that control
- Will end up having to learn more about HTML programming

That's the trade-off between the two options. An Internet Store solution often gives you fewer choices for making your store look and feel unique, but offers a great deal of help with the process. An ECommerce Hosting Provider store offers you more complete control of the store, but you have to spend more energy, and often money, creating the store and driving traffic (customers) to it.

If you want to use an Internet Store solution, you'll need the following on your computer (the first three items probably came **with** your computer):

1. An Internet connection to your computer. You obviously already have this, or you would not be reading this page. :o)
2. An Internet Browser. Again, something you already have, but you should have Internet Explorer version 8 or higher. This is available as a free download at <http://windows.microsoft.com/en-US/internet-explorer/downloads/ie>.
3. A way to send and receive email, which I'm sure you already have if you're on the Internet.
4. Image Software. You'll want to play around with the product images you're going to put on your site, and you probably will want to get creative and make yourself a logo or two for your store. This is fun and easy, with the right tool. I recommend Paint.net. You can download a free copy of this program [HERE](#).

That's it. That's all you really need on your computer to build and work with your Internet Store solution.

If you want to use an ECommerce Hosting Solution, there are a couple of **additional** things you'll need on your computer:

1. An FTP Program. FTP Stands for File Transfer Protocol. You'll use this occasionally to send files (images of your products, etc.) from your computer to the computer where your Internet Store will be located. I use FileZilla, and you can download a free trial version of it [HERE](#).
2. Site-building software. I recommend Microsoft Visual Web Developer 2010 Express. This is a program you use to actually create Internet pages for your store. It allows you to simply create your pages by clicking buttons. It's very user friendly. What it's actually doing behind the scenes is turning your point-and-click page designs into HTML. HTML is Hyper Text Markup Language. It's the code that your Internet Browser actually reads from the Internet, to display, for example, the page you're looking at right now. You can download a free copy of this program [HERE](#).

No matter which way you go, you'll find that when you work with a **legitimate** company, there will be plenty of tech support to help you along the way. It's NOT all that hard, and YOU will be in the driver's seat, instead of wondering what happened to your hard-earned money. :o)

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 millions of acres of wilderness in New York State.

We used to spend 10 days every summer camping off a series of old logging trails in the Adirondack Mountains. 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 can'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 wiring that connects all the telephones 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 installed and maintained by Sprint, for example. If you live somewhere else, AT&T might maintain your phone line. If you live on the Island of Wheredaheckawee, your island might have many phone lines, but they are all connected to the outside world through a single underwater phone cable from the Mainland. However it interconnects, it's all part of the same giant network.

All that wiring throughout the world has one simple purpose. It connects to your phone, so you can make phone calls. At your home, you probably have a single phone line. Without getting into the pricey add-ons like call waiting, etc., the purpose of your 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.

A big company headquarters, like Kodak, for example, might have thousands of phone lines connected to a big switchboard, so that their company can make or take thousands of calls at the same time. Kodak also has those fancy phones that can connect to several lines at once, or call many people on different phone lines, and connect to them all at the same time. A conference call, for example.

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 lines are 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 switchboard that 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 its '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 wheat in Russia, 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!**

We've been through the fact that scam artists will cheat you into a losing business. We've talked about the basics you should have for your computer to start an Internet business. We've delved into the confusing world of the Internet, and simplified that concept a bit.

Now, let's talk about your Internet Store Hosting.

A **"Hosting" company** is the company you choose to actually lease that sliver of Server hard drive space from. That's where the computer files that make up your Internet Store will reside, and that's how your site actually gets out there on the Internet where people can find it. Different Hosts provide different services, and it's important to know something about them.

There are two LEGITIMATE methods you can use to start an Internet Store. Neither one of them involves sending money to any company with a name remotely like "Ace Complete Internet Stores And Products, Inc.", so let's rule the scam artists out entirely and concentrate on reality.

In reality, there are LEGITIMATE **Internet Store Solutions**, and there are LEGITIMATE **ECommerce Hosting Providers**. I personally use them both, and find that there are different advantages to each one.

Method One: Using an Internet Store Solution

There are two main things you should be thinking about when starting out on the Internet.

Money and Traffic ("Traffic" is the Internet term for Customers).

There's never enough of either at first. To earn the Money, you need the Traffic. To get the Traffic, you need to spend Money. I spent years telling all my kids never to play in Traffic, and when my Granddaughter gets a little older, I'll be telling her the same thing. My sites? I booted them right out there on the freeway from day one.

Here's what I do when I build an Internet Store Solution site:

I go to my Internet Store Solution provider, and open a new Store. This typically costs about \$50 a month or less.

I create the Store itself through my Internet Browser, Microsoft's "Internet Explorer". (For those who don't know, this comes free with virtually every Windows home computer sold today).

My Store provider has a "store builder" that can be used to create a store. Using just my Internet Browser, I can tell the store what color and style its text and background should be. I can tell it to put my "Buttons" (links to other pages within the store) across the top or down the side of the page. I can upload (send) images of my logo and my products directly to the store from my computer, and put them in the right places. I can create product pages with pictures and descriptions of the products I want to sell, and activate the "Sale" button on each page, so that my store can collect money from my customers.

I play around with it until I have things the way I want them, then I tell the Store Solution provider to open it (make it viewable to the Internet Surfing public). I can access and edit my store from anywhere I can get an Internet connection. There have been plenty of times I've run my business while traveling, using a laptop computer plugged into a hotel room phone jack, or a wireless modem.

The Store Manager (the area provided with your store where you manage its functions) is loaded with all kinds of easy to use tools, from spreadsheet exports to email forwarding to charts of my hits and sales.

Almost immediately after I place a product in my Internet Store, it shows up online. The last site my partners and I opened with our Internet Store Solution provider paid that fifty bucks back in its first couple of DAYS, and has gone on to make very good money.

The biggest advantage to a good Store Solution provider is ease of use. You can create one store or several stores, easily navigate through them and change your products and pricing, and it's all done by "point and click". There is virtually no programming to learn. The Store Templates look very professional, which definitely helps our sales. The Sales and Customer Tracking tools are tremendously helpful.

The disadvantage to an Internet Store Solution is that the stores CAN all pretty much look the same if you're not careful. With some providers, you can change background and text colors, and arrange the pages a bit differently, but they all end up being very similar to each other. The better Store Solution providers allow you to choose from varying templates, so that your store doesn't look virtually the same as the stores built by all their other customers.

Method Two: Using an ECommerce Hosting Provider

There are advantages to using an ECommerce Hosting Provider instead of an Internet Store Solution.

The main advantage is that you have much more control over the way your site looks and functions. You can create your own unique presence on the Internet, without being limited by a choice of just a few "templates", such as you would be in an Internet Mall.

The disadvantage to simply renting server space from an ECommerce Hosting Provider and building your own storefront is the time and knowledge it takes. If you're not already a pretty good programmer and web designer, you'll need some help from a

REPUTABLE company to do this.

ECommerce Hosting Providers will all set you up with the basic needs at a good price. Internet hosting (rented space on a Server hard drive, remember?). You'll need a Shopping Cart (the software program that holds your products and prices), and some kind of Merchant Account (the "gateway" software that collects money from your customers' credit cards, and puts it in your bank account).

All these things are well and good if you're comfortable creating your own HTML pages. SOME of these companies DO offer some basic templates that can be modified, but for the most part, you're on your own.

The main reason people use these providers today are to create REALLY super-customized sites and stores. Mainstream ECommerce Sellers, for the most part, don't need to go this route when first getting started.

If you do decide to try this, there are several software programs out there, such as Microsoft Web Expressions, which are used to create the pages that you build on an Ecommerce Hosting Provider platform. Some of these software programs are easy to learn and use (although it WILL take some time if you're new to it), and you can create an Internet Store with an extremely unique "personality" that may be missing from an Internet Store Solution provider.

No matter which way you go:

Have you ever seen a Wal-Mart on a dirt road in the middle of a forest? I haven't. There's a reason for that. There's NO TRAFFIC. The same principle applies to the Internet. In the ECommerce world, "Traffic" means "Customers".

When you open a store, you need customers. Imagine that your store is a real, physical building. It's going to be called Toasty Buns, and you're going to sell all kinds of Toasters. Where would you want to set it up? At the corner of Logging Camp Trail and Boggy Swamp Road, forty miles outside of town? NO! There's nobody there to stop in and buy anything!

When you build a store on the Internet, your number one concern is this: "How am I going to draw people to my store? How, among the millions of internet sites out there today, are potential customers going to find my one little site and buy from me?"

You will need to promote your Internet Store, no matter which method you use to build it. How do you do this?

Here are the most common methods:

Search Engine Optimization:

People who shop online use Search Engines to find Internet Stores. They type in the product they're looking for, and they get back a bunch of results that lead to different Internet Stores like yours. Google is by far the most popular Search Engine; the others all rank behind Google with varying degrees of success. By far, the most common method of advertising your Internet Store is through Search Engine Optimization.

"Search Engine Optimization" means that you place the words that you think people will use to find your store, in your

pages in the proper places. At its most basic level, here's the idea: If you sell shoes, use the word "shoes" often on your Store pages.

Of course, the reality is much more than that. Meta tags, keywords, jockeying for position with thousands of other webmasters who are trying for those same top listings that you are...it's not all that easy, and it takes time and patience. When you're using On-page Optimization, you're trying to get what are known as "Natural Listings" in the Search Engines. That means that your pages just "naturally" rank well in the Search Engines because you did a good job "optimizing" them. However, here's a rule of thumb: If your store is not found in the FIRST PAGE (the Top 10 listings) of Internet search results on any given search engine, forget it.

It takes a very long time and hundreds of dollar's worth of software to learn how to do this properly **by yourself**. You can wait for weeks, or even MONTHS to see how your most recent On-page Optimization attempt panned out, only to find yourself ranked number 13,426 in your latest search. Been there, done that, got the T-shirt.

If you need help, check around for companies that provide Search Engine Optimization at a reasonable price. They will do the work for you, and the good ones **guarantee the results**.

Don't let them fool you with a statement like "We submit your site to 900 Search Engines!" That is **misleading**, to say the least. There are only 3 or 4 search engines out there that really matter. You know which ones they are, if you've spent any time surfing the 'Net. Google tops the list. All those other hundreds of search engines they mention are mostly little tiny search engines on sites like "Personal ads for the Lovelorn", "How to Adjust Your Dog's Collar to get a Perfect Fit", etc. They're not going to do you any good. So remember to ask if they submit your site to the **BIG Search Engines**, and if they **guarantee your "positioning" on the keywords that YOU want**. MOST companies out there who claim to do your SEO for you are blatant frauds. Be careful!

Remember that these days, MANY of the better Internet Store Solution providers INCLUDE help with Search Engine Optimization when you buy into their Solution packages.

Social Marketing:

Blog posts, article writing, Twitter, YouTube, Facebook, MySpace and more are the things that make up what we call "Social Marketing". Yes, you do have to do this even if you don't want to!

Social Marketing is the flip side to the Search Engine Optimization coin. If your site has SEO and no social marketing, forget it. If it has Social Marketing and no SEO, forget it. The search engines rank your site based on a combination of both SEO AND something called "Backlinks". Backlinks are what we develop when we do Social Marketing.

In Social Marketing, the idea is to create information about what you sell in such a way that it doesn't look like a sales pitch. Get it? No? You're not alone. Let's put it this way. Writing a blog post that says "we have great skin care cream on sale right now! Get it today before it's gone!" is HORRIBLE Social Marketing. Social Marketing is SOCIAL. Never use a blatant sales pitch.

Instead, you'd write about a good daily regimen of skin care that is proven to work. Teach your readers what they need to know about good skin care without trying to pitch them on what you sell. Why? Because the idea behind Social Marketing is to get

people online to SHARE the information you create with other people in the social areas.

Every time they share something you create, they create a “backlink” to your site. The search engines count backlinks as popularity votes for your site. That’s what you need, and that’s the reason we get into Social Marketing in the first place.

PPC Advertising

PPC (Pay Per Click) Advertising is a way to get your site noticed faster in the search engines. You go to Google, for example, and open a PPC Account. Google calls their program "Adwords", and you can find it here: <http://adwords.google.com>. You create small text ads for your Internet Store, then place a daily or monthly spending limit on how much you want to pay for your ads. When your spending limit is reached, the ads stop showing up until you replenish your funds.

These text ads show up either ABOVE all the "natural" listings on Google, or on the RIGHT SIDE of the Google Search Engine pages. Just search for anything at all on Google; you'll see what I mean.

The reason this is called Pay Per Click is that you are only charged for each appearance of your ad IF someone actually CLICKS on it and goes to your store.

In recent years, Pay Per Click has turned into a HUGE business. The search engines have definitely figured out how to make THEMSELVES rich. Does that really help you? Only if you manage your money carefully when you do this. PPC can easily turn into a life-sucking money pit from which there is no escape.

The right way to approach PPC is to use the natural methods first (SEO and Social Marketing), figure out which of the keywords used in those methods are working for you, and then starting a very small PPC campaign based on just those keywords. If possible, you should not use this method until after you start to make sales from the natural methods. That way you can pay for advertising out of your profits, not your pockets.

In conclusion:

You can successfully use either an Internet Store Solution provider or an ECommerce Hosting Company. As I've said, the trade-off between a Store Solution and an ECommerce provider is ease of use versus endless customization.

CHAPTER 5 **PRODUCT SOURCING- FINDING PRODUCTS TO SELL**

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

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

Now, let's assume that you're going to (properly!) ignore all the hucksters and snake-oil salesmen out there who promise you overnight riches on late-night TV Infomercials. Let's assume that you know better than to fall for the "instant business in a box" web sites that squeal and prance at you from all corners of the Internet.

Never mind driving around to Garage Sales, picking up knick-knacks for a dollar, and selling them for twenty bucks on eBay.

That's OK, but it takes *way more of your time* than it's worth. Only one person in a million really makes a living doing that.

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 make you rich. It *sounds* good, but again, it's one in a million.

If you're going to have yourself a real, live, honest-to-goodness *successful* Home-based Internet business, whether you sell on an **Internet Store** or you sell on **eBay**, you need to learn what **Product Sourcing** is.

This is a very important term, folks, 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.

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.

You see, a Wholesale Supplier's business is based on *volume sales*. They don't make very much of a profit on the products they Wholesale. 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 Sears, 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 Lists of Wholesalers are useless.

You've seen them all over the Internet. Lists and "trade 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? Well, there are actually several problems.

- Those printed lists and "trade directories" are so rarely updated that huge numbers of those companies listed **aren't even in business anymore**.
- Those so-called 'wholesalers' in those printed lists and "trade directories" are **not properly researched and verified!** They are **jam-packed** with **Middlemen** who will charge you too much for your products.
- Most of the suppliers listed in those printed lists and "trade directories" who *are* still in business will not work with small, Home-based Internet Business Owners. Why? Because as small business owners, we can't afford to spend *thousands* of dollars each time we order! **They require high minimum orders** that make it impossible to deal with them on a small scale.

Now, here's another little roadblock for you (aren't you lucky!):

Most *real* Wholesalers you find in the Search Engines will not work well for you!

There are, as I said, a *ton* of **fake wholesalers and middlemen advertised in the Search Engines**. We'll talk about why they're fake in a later Chapter. For now, though, it's important to realize that ***even in the RARE CASE when you find a Real Wholesaler in a Search Engine***, even they can be bad for your business.

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 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. That doesn't stop them, though. They try to do it themselves anyway. So, the integrated Ecommerce solutions they offer on their sites are rarely successful ones, because they're either making this stuff up as they go along, or they're copying it from someone else who may not know what they're doing either.

So, the Wholesale Suppliers who do this are trying to expand their sales by making it as easy as possible to sell their products online, but because they're not Ecommerce experts, they end up actually making things harder for their customers.

The second problem is that they have to spend money creating these little instant-business programs. They have to dedicate a couple of employees to run the show. They have to pay for that somehow, and where do you think they make that money from?

They raise their wholesale prices.

Most of these wholesale companies who are also ECommerce solution wannabes have two completely different price schedules. A lower price schedule for their core wholesale business, which is selling loads of wholesale products to large physical stores. Then a higher price structure for their sales to Internet businesses, because they have to make back the money they spend to develop and maintain these ECommerce business extras of theirs.

Of course, there are also several *real* wholesalers advertising on the Net that don't offer these extra Internet Store programs. What about them?

Well, they are a better bet, but they still have part of that same problem.

When a Wholesale Supplier tries to create a widespread internet presence for themselves, they still have to pay someone in-house to manage all that search engine positioning and Pay Per Click advertising. It *costs them money* to make themselves well-known on the Internet.

As a business, they have to make that money back. Income has to be greater than expenses in *any* business.

Wholesale Suppliers typically operate on a pretty thin profit margin, so they're not going to make that money back easily on increased sales volume, at least not at first. Pay Per Click advertising in the Home Business market is *expensive!* So, once again, they raise their wholesale prices to Internet sellers, to compensate for those costs.

In general, a wholesaler that can easily be found on the Internet has to charge higher prices than a wholesaler who doesn't have that large internet presence, because they're spending extra money to promote themselves on the Net.

There are of course some exceptions, but there's no easy way to tell who they are.

So, I've told you **where *not* to find real** Wholesalers.

Where *can* you find them?

When you get into Product Sourcing, you're looking for Wholesalers who are:

- *Legitimate* Wholesale Suppliers
- Not Overexposed
- Do *not* spend a great deal of money becoming well-known on the Internet
- Do *not* sell extras like Internet Store packages

That means you have to go to the *Source* (no pun intended!)

If I wanted to sell Kodak Cameras, for example, I'd go right to the top. I would call Kodak's Corporate Headquarters in Rochester, New York, and ask for the Sales Department.

I'd tell their Sales Department that I own a retail business, and I want to sell some of Kodak's products. I'd ask them for a short list of their wholesale distributors in the US. They have that information, and should be willing to give it to me. In fact, they'll probably ask me where my business is located, and give me the name of a regional sales director ~~that~~ who I need to contact.

Then, I would call the Wholesale Suppliers they give me, and ask if they'll sell to my Internet business at Wholesale. That's the way you find real wholesalers ~~that~~ who aren't completely exposed to the entire Internet, and that gives you an edge in both your profit margin and your competition.

Of course, you still have to get through the issue of whether they will sell to a small Home-based Internet Business. Most of them won't, so this Research takes a great deal of time, but it is *very* important to your business that you do it right!

This is the kind of Research that we at Worldwide Brands, Inc., have been doing non-stop for ~~five~~ 11 years now.

This is exactly how we have built the world's best, most trusted Product Sourcing Tool.

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 11 years** 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 *thousands* of pre-qualified Wholesale Suppliers listed in **our Product Sourcing Tool** that have *already agreed* to sell to Home-based Internet Businesses like yours at *real* Wholesale Prices without charging those high minimum orders. **The WorldwideBrands.com Product Sourcing Tool** represents *millions of* products that you can sell on your Auctions or Web Sites.

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.

Using Multiple Sourcing Methods **(this is REALLY important, so read it twice if you need to!)**

No SINGLE Product Sourcing method will make you truly successful. Using only one Sourcing method is like driving a car with only one wheel. Four wheels works much better...

- **Drop Shipping** works well, but has its limits, which include slimmer profit margins and occasional delivery problems. Drop Shipping should be a *part* of your Product Sourcing, but *not* all of it. It remains, however, a low cost entry point to selling on line and it can be used to test the market for such products to see if it will be successful to purchase in quantity to sell on line.
- **Bulk Wholesaling** works well, but most wholesalers have very high minimum orders. Supplementing your Product Sourcing with Light Bulk (low minimum order) wholesalers should be a part of your Sourcing efforts.
- **General Wholesaling** works well as an *expansion* tool. When your Drop Shipping and Light Bulk Sourcing identifies products that sell well, you work with General Wholesalers to get larger quantities of those products at better pricing, and increase your profit margin. When used properly, it is a *part* of the whole.
- **Liquidation / Overstock Sourcing** works well, but it's not a *renewable* source. Once a liquidation lot is gone, it's gone. If you find a product that sells well, you'll run out of them sooner or later. That's why you need other sourcing methods; so you can find renewable Sources of those products once you identify them.
- **Importing** works well, but it's very expensive to bring products into your country from overseas on your own. Finding Importers who have *already brought the products in* is very important here. You can use case lots of imported goods to supplement your existing steady stream of regular products.

Successful Product Sourcing is the art of using a *combination* of Tools and Sources to find the **right balance** of Product Sources for your EBiz.

Here's an example of an actual customer of my company, Worldwide Brands. Not his real name, but he's typical of our customers who know enough to use Multiple Product Sourcing Methods:

- **Jay Smith has a Home EBiz.** He sells Camping Gear online, VERY successfully. Jay has a very wide range of Camping Products on his web site. Where do they all come from?
- **Some of Jay's Product Sources** were found by searching **the WorldwideBrands.com Product Sourcing Tool** for Drop Shippers. Jay has those products Drop Shipped directly to his Customers, and never has to buy them up front, or handle them himself. This allows him to have a very large number of products listed on his site at no inventory cost to him. Having all those products on his site makes him look like a much bigger business than he really is. This helps his Customer feel like they are buying from a real professional, and his sales rise.
- Jay then used the **Product Sourcing Tool** to locate Light Bulk Wholesalers of a few of his *best-selling* Camping Products. He buys them in less expensive Light Bulk quantities and ships those few products himself, gaining a higher profit margin on those particular products.
- There were a few particular inexpensive accessory items that Jay wanted to carry in bulk, knowing that they would not cost him much for large quantities. He used **the Product Sourcing Tool** to locate a Large Volume Wholesaler to supply that need for him in larger quantities at even lower Wholesale prices.
- Being a smart retailer, Jay wanted to advertise some very low-cost "Special Offers" to bring customers into his online store, so that he could then show them his more expensive products. This is called using a "Loss Leader". So, Jay found a Liquidation Supplier in **the Product Sourcing Tool** that allows him to buy products at lower-than-wholesale prices, and offer them to his customers for pennies on the dollar, to get their attention.
- Jay also wanted to be able to offer the "Hot List" products that so many people sell successfully. He found those Hot List products available through **the Product Sourcing Tool's** Instant Wholesale Buys from Importers.

Using a combination of Product Sourcing Methods allows Jay to balance his Product Sourcing for maximum possible profit!

Product Sourcing is not a ~~cut-and-dried~~ cut-and-dry process. It is part inspiration, part art form, and **always based on reliable information.**

The really successful Online and other Retail Business around the world *ALL* use a **combination** of Multiple Product Sourcing Methods.

When you're just starting out, or you are established but want to test new product lines, you don't want to spend your own money up front for those products, just in case they don't sell. In this situation, you want a Drop Shipper.

In Product Sourcing, you need to decide whether you're going to spend money buying bulk quantities of products from Wholesalers, storing them at your house, and shipping them to your customers yourself. The deciding factor is usually how well you think the products will sell.

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? :o) **Keep in mind that selling products using Drop Shipping costs you a little more**, because the Drop Shipper does a lot of the work for you and has to charge you a slightly higher wholesale price. It's a great way to test a product market, though, and many people use Drop Shippers as a regular and continuing part of their Product Sourcing Methods.

Here's how drop shipping works:

1. You open an Internet Store, or start an account on an Auction site, like eBay.
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 Internet Store or Auction.
5. A customer finds your Store or Auction, and falls in love with a product that you have priced at, say, \$80. They purchase the item with their credit card. Your Store or Auction charges their credit card \$80 plus shipping.
6. You email 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, \$52.00, plus shipping (you've already passed the shipping charge on to your customer, so the shipping costs you nothing).
9. Your customer gets a great name brand product from your store or auction shipped to their door, and they tell all their friends about you, and you make even more money.

There you have it. You just made a \$28.00 profit on one product. You never even touched the product, and you didn't have to pay for it up front.

Be careful! There are a LOT of people out there who **want you to believe** that they are real Drop Ship Suppliers, when they are *not*. We'll talk more about them a little later. 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.** (We'll talk about different fees that can be associated with drop shipping in a following Chapter).

Quick Commercial Break:

Our primary focus here at Worldwide Brands is researching and identifying **REAL Wholesale Suppliers**. We created **the Product Sourcing Tool**; the **Internet's premiere Source of Factory-Authorized Suppliers and Direct Manufacturers who will Drop Ship for YOUR Internet business**.

The distributors we list are all genuine Wholesale Suppliers. They will NOT charge you a fee just to open an account with them. They will NOT force you to buy a minimum number of products. **They WILL ship any of the MILLIONS of products the Product Sourcing Tool represents straight to your customers from their warehouses, one at a time.** You can Preview **the Product Sourcing Tool Here**.

Now, back to business. :o)

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 DECADES; 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 or Auction, you're going to charge them your Retail Price, plus "Shipping & Handling".

You know you've seen it before! "Shipping & Handling" is attached to just about everything you've ever ordered from a catalog, a TV ad, or the Internet. 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 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.

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

This extra work costs them money, and they have to cover their expenses somehow.

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 promote your business, 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 Distributor to prepare your single-item order to go out the door. And...this fee is typically very small!

Some Drop Ship Distributors charge a Drop Ship Fee when they fill an order. As I said, it's been a normal part of the Drop Shipping business method 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: 2.00
- If you're charging the Drop Ship Fee as "Handling", Mr. Bird's Total will be 29.95 **plus 7.62 Shipping & Handling** (5.62 Shipping plus 2.00 "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 31.95, and Mr. Bird will only pay 5.62 in Shipping & Handling.

Internet customers 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.

Different Types of Drop Ship Fees:

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

That means that if your distributor's Drop Ship Fee is 2.00, and your customer orders ONE item from your store, the drop ship fee that you charge them as "Handling" will be 2.00. 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 2.00, 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.

In conclusion, there are several legitimate ways to Source Products for your Home-based Internet Business. Using Drop Shippers is one of them, and should be a *part* of your Product Sourcing effort, but NOT *all* of it.

Another method of Product Sourcing for your Home-based Internet Business is to buy "in bulk" from Wholesale Suppliers.

This means, of course, that you find a Wholesale Supplier, and spend some money up front buying a few cases of products from them. The Wholesale Supplier ships those products to *you*. You stash those cases of products in your garage or spare room, and re-pack and ship each product individually to your customers.

The advantage of this method is this:

- **When you buy *anything* in bulk quantities**, you do get better Wholesale Prices. This gives you a better competitive edge when you sell in price-driven markets like eBay. Keep in mind that **eBay** is what is known as a **price-driven market**. When people are buying products on eBay, they're looking to spend *as little money as possible* for those products. So, many eBay Sellers prefer to buy products in bulk, because they *do* get better wholesale pricing, and have more room to make a better profit in a price-driven Auction market.

The disadvantage of this method is this:

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

You see, a Wholesale Supplier's business is based on *volume sales*. They don't make very much of a profit on the products they Wholesale. 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 Sears, 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!

Worldwide Brands comes to the Rescue!

Yes, I'm going to talk about my company again. I know I've said it before, but I really want to stress that the purpose of this EBook is to help you with genuinely free information. It is not meant to be a commercial for my company.

However, **what we do here is to create *real solutions*** to some of the problems you're going to face when starting your Home-based Internet Business and it would be silly of me to not tell you about those solutions!

The Problem:

- Most real Wholesale Suppliers will not work with Home-based Internet Businesses, because as a small, Home-based Business, you can't afford to spend between \$5,000 and \$25,000 to buy the *minimum quantities* of products required by these Wholesale Suppliers.

The Solution:

- Over the years, my company has become very well known in the Wholesale industry, because we've not only helped small business owners to connect with Suppliers; we've brought a great deal of business *to* many Wholesale Suppliers *from* small businesses.

Because we have that reputation, we are able to go to large Wholesale Suppliers and say, "Look, there are a lot of small businesses out there who want to buy in bulk, but can't afford your high minimums. If you're willing to *lower your minimums to an affordable level for us*, we will get your company's name out to many Home-based Internet Businesses that want to buy from you.

Well, the Wholesale Suppliers know us, and they like the idea that we can bring them *your* business without costing them any advertising money on their end. It's truly a win-win situation for everyone.

"Light Bulk" Wholesaler is a **term that we created** to describe a *real* Wholesale Supplier that will:

- Sell New, Factory-Warranted Products, at **Wholesale Pricing**, to *you*; the Home-based Internet Business Owner.
- Sell to you in **Affordable Quantities**, with minimum orders *under \$500*. **That's why we call it "Light Bulk"**.
- Our Research Team has spoken *personally* with each and every one of the *hundreds* of Wholesale Suppliers in this Directory. They are all willing to do business with you on the terms above. Their contact information is updated constantly, and our Team adds *new* Wholesale Suppliers on a *daily basis*.

Anyway, thousands fully pre-verified and legitimate Light Bulk Wholesale Suppliers are available in **our Product Sourcing Tool**, available on our web site at WorldwideBrands.com. So, enough with the commercial. Let's talk some more about how to actually pack and ship products from your home.

Using Light Bulk Wholesalers

1. Once you find a Light Bulk Wholesaler you want to work with, you'll call them and set up a free Account, so you can buy from them.
2. You'll need to prepare your Packing and Shipping workspace. A spare room, a basement or a garage usually work best, but many people do this right in their living rooms. :o) You'll need:
 - Some kind of organized shelving, where you can place your products and label the shelves with the product names and stock numbers
 - Shipping materials, like properly sized boxes, shipping bags, shipping tape, some bubble-wrap plastic or Styrofoam "peanuts", etc. Your Wholesale Supplier will be able to give you the sizes of the shipping boxes or bags you'll need to ship each individual product.
 - An Inbox and an Outbox, or something similar, so you can physically keep track of which orders still need to be filled, and which are already done.
 - A Shipping Label Printer. The best way to go here is to contact UPS (at UPS.com) and set up a "Daily Pickup" Shipping Account with them. When you do that, they will supply you with FREE "UPS Worldship" software for your computer. Is this still in effect or is there a better method? That software actually connects to UPS over the Internet, and calculates your shipping costs for each item you send. You can ship by UPS Ground, Air, Overnight, any way your customer wants to pay for. It also keeps a record of your shipments, your Tracking Numbers, and much more. It prints all your official UPS Shipping Labels, too, so that all you have to do is slap that label on your package, and you're done! UPS will "rent" you a Shipping Label Printer for only about *\$4 a month*, and provide you with all the FREE shipping labels and other supplies you need for that printer. Setting up a UPS account is *cheap*, and it really saves you a great deal of hassle. However, you can always print the

label directly from your printer and use wide clear packing tape to adhere it to your package.

3. After you do some Market Research (also provided with the Worldwide Brands product sourcing tool as explained in a later Chapter) you decide which products you want to sell Online, and place an order for those products.
4. The cases of products arrive at your home. The *first thing* you need to do is *inspect* those products! Open the cases, and take all the products out. Do a quick inspection for signs of obviously broken or damaged products. Damaged products are rare, but you do need to find out right away if all the products you have are in good shape. If you do find one or two that are damaged, the sooner you tell your Wholesaler, the better. They will work out a replacement arrangement for you that won't cost you anything.
5. Alternatively, you can choose to use a Fulfillment Center instead of warehousing products in your home, or at your own warehouse. Fulfillment Centers exist all across the US and around the world. They act as shared warehouses that lots of small businesses can use. When you use a Fulfillment Center, you have your products shipped there directly from your wholesaler, and the Fulfillment Center stores them for you. They connect to your web site with their software. Whenever your site gets an order, they get notified automatically, and they ship your product from their shelves right to your customer. This usually isn't any more expensive than the shipping and handling you would charge your customer anyway, so it becomes virtually a free warehousing system for your business!
6. Place images and descriptions on your Internet Store or Auctions, and you're ready to go!

Remember that when you're shipping products to your customers yourself, you should never let more than 48 hours go by before you ship each product. Customer Service is very important in your Home-based Internet Business; you need to be sure to keep your customers happy!

A word about Large Volume Wholesalers

I've mentioned Large Volume Wholesalers as being an important part of that critical Multiple Product Sourcing Method strategy, so let's talk about them for a minute. At Worldwide Brands, we use the term "Large Volume Wholesaler" to describe a wholesale company that does not drop ship OR "light bulk" wholesale. Rather, they are companies that we have investigated and found to be legitimate wholesalers who sell in larger bulk quantities, but are willing to make deals with you on an individual basis.

Large Volume Wholesalers are VERY important to your overall product sourcing. If you'll remember from an earlier Chapter, Jay Smith wanted to place some inexpensive accessories on his web site that he knew were going to sell well. In the case of the actual person that the Jay Smith story is based on, he invested some of his profits in buying a slightly larger bulk quantity of these products, and the rest is history. Those products paid for themselves and earned a profit, he reinvested in more, and so on.

It's also important to realize that if you deal DIRECTLY with REAL Drop Shippers and Light Bulk Wholesalers, THEY are all actually General Wholesalers as well. They're General Wholesalers who are ALSO willing to Drop Ship and sell in Light Bulk Quantities, that's all. They will all be happy to give you better price breaks if you buy larger quantity from them to round out a product line that sells well for you.

The Internet is loaded with so-called "suppliers". Everyone who has a couple of wooden birdhouses or glass figurines to sell wants you to think they are a real, live wholesale supplier. They use phrases like "Your Wholesale Source", "Direct To You", and "This is YOUR road to Internet Riches!"

They use words like "Ultimate", "Central", "Connection", and "Millennium". They give themselves clever names that sound similar to popular, well-known companies like eBay, Yahoo and others. They are nothing like the companies they try to sound like. They make outrageous claims that they have *tens* of millions of products you can sell. That's not true.

If you let them huff and puff at you, they'll blow your house down.

I often am not sure whether I should be amused or horrified at some of the tricks that these people are using to take your money.

When you open an Internet Store or sell through eBay Auctions, you obviously need products to sell. We've been talking about Product Sourcing in the last couple of Chapters.

The most critical thing to remember about Product Sourcing is that you NEED to be as close to the manufacturer of your products as possible. The more "middlemen" you have to go through, the more fingers are dipping into your profit potential. The Internet is FULL of middlemen, and they've all got their sights set on YOU!

Here are some of the things you should watch out for, in both Drop Shipping and Bulk Wholesaling:

ALWAYS REMEMBER THIS ONE THING, NO MATTER WHAT:

In order to earn the most possible profits on the products you sell online, you must work **directly** with **genuine wholesalers**. **Anyone who gets in between you and a real, factory-authorized Wholesaler for ANY reason** is simply turning your order around to someone else, and taking a profit from it. That profit should be yours, not theirs!

PERSONAL INFO RIP-OFFS DISGUISED AS WHOLESALE DIRECTORIES

There is a truly alarming trend recently that has to do with ripping off your personal information and selling it to others. There are now several so-called "wholesale directory" web sites on the Internet that look and sound very convincing, and sell you access to their sites at very low monthly costs. We at Worldwide Brands know that it's impossible to maintain quality directories of that kind of information and sell it so cheaply. We've been doing this since 1999, and there are certain costs that you just can't get away from if you want to provide real, constantly updated Wholesale Supplier information. So, we looked into what these cheap directories were REALLY doing, and we found out. We were truly disgusted when we got our answers.

These online directories are nothing more than fronts for a much larger marketing machine that's dedicated to separating YOU from your MONEY. The actual wholesale information is largely outdated junk and links to fake wholesalers. All they are really interested in is gathering your personal information, so they can sell it to any Internet Marketer who will pay a couple of bucks for it. That's one way they make money.

BROKER NETWORKS

Broker Networks that you'll see advertising as Drop Shippers and Bulk Wholesalers are not illegal, and are not scams, but

in our educated opinion they are *not what they want you to think they are*.

Broker Networks can best be described as something similar to the Multi-level Marketing business model. In order to use this "Network", and take advantage of the "millions of products" they claim you can have drop shipped, you must first BUY thousands of dollars' worth of products yourself (many times from large retail stores). Then you BECOME a "Broker" yourself, trying to sell those products to other "Brokers" within the "Network". *You and those other "Brokers" in the "Network" (people just like you) actually become the "wholesale suppliers" these sites want you to think you're signing up with.*

Many times operations like these will not even complete your "application" unless you can prove that you have several thousand dollars to use in order to start buying products, so you can become a "Broker". **Be VERY careful with your credit card information, and ask a LOT of questions!**

Not what you expected from the advertising on their front page is it? If you're okay with that kind of business model, fine. Again, it's not illegal, or a scam. Just remember that this is NOT direct wholesale supply in any traditional fashion whatsoever.

There are some **Broker Networks** that claim to be wholesale suppliers of *tens of millions* of products. To the best of our knowledge, there is no single *wholesale* supplier anywhere on the planet that is anywhere near that large.

There are some **Broker Networks** that claim to be wholesalers of a huge variety of Brand Name products. They are simply passing your orders on to the *real* sellers (other "Brokers" just like you, and even retailers, in some cases!) of those Brand Names, and taking part of your profits.

These companies also sell your Personal Information to dozens of other Internet Marketers, and make money that way.

If you want the best possible profit margins, the transactions you make when you buy products to sell online should be between **you** and a **Factory Authorized Wholesale Supplier ONLY**.

TV INFOMERCIALS

The late night "Home Internet Business in a Box" TV Infomercial.

The ones that show you "Amazing Systems" that will make you "Thousands of Dollars a Week", with little effort on your part. They offer you "Easy, Step-by-Step Instructions". They want to sell you "Interactive CD ROMS that Teach You ECommerce in No Time". They offer to reveal "Amazing Secrets of the Pros" that will make you rich. They promise "Instant Web Sites" and "Access to Thousands of Products That You Can Sell right Now!" They show you beautiful people lounging around pools, swimming in crystal-clear Caribbean waters, and sitting under palm trees while their "Businesses" magically make them all the money it takes to afford those things.

C'mon, folks! You and I both know better!

It's extremely tempting to buy into the **fantasy** that there are "Secret Formulas", "Hidden Methods of the Pros", and "Businesses in a Box" that will make us **rich with very little effort**.

Common Sense tells us it's NOT TRUE. That it never has been true. In our minds, we all know this. However, in our hearts, we long for it to be so. *That's* what the disreputable among these people prey on...our hearts and our dreams.

We at Worldwide Brands *know* these people. We've been in this business a long time. We're very good at it, and very highly regarded on the Internet.

Different infomercial people have *approached us* over the years, wanting us to endorse them and let them include our information and our Product Sourcing Tool in their half-hour trips to Fantasyland. We've had multiple conference calls with the owners of many of these companies. We've had conference calls with the people who handle their advertising, and produce

their infomercials. **We have turned them down, every time.**

We will not allow our name and our reputation to be ruined by being associated with **people who claim that getting 'rich' on the Internet is easy.** Don't let your chance at a real business be ruined by them.

We know the 'get rich quick' Infomercials. We actually do stay up late at night and watch them. In our experienced opinion, they are selling a white-washed fantasy that has little to do with the real business world.

They start out by telling you that their "Amazing System" costs only a small amount of money. Then, when they have you hooked, they tell you that you need to spend hundreds more on an "Upgrade". Then they tell you that you need to spend hundreds *more* on "Advertising and Email Campaigns". Eventually, they'll end up telling you bit by bit that you need to invest *thousands of dollars* with them if you want to be successful. We have heard from a tremendous number of people who have lost a lot of money to these operations. **Don't let them fool you!**

"WE WILL DROP SHIP THOUSANDS OF PRODUCTS FOR YOU!"

Ever seen a claim like this on the Internet? There are literally **THOUSANDS of so-called "drop shippers"** out there who are acting as **MIDDLEMEN for ONE REAL Drop Shipping Supplier.** All of those thousands of **so-called drop shippers** lead back to the **same supplier.**

There is a big supplier of imported off-brand merchandise that does drop ship directly from their warehouse. They sell some decent products; I actually worked with them a few years ago. You won't find any well-known brand names there. Their line consists of several thousand widely varying gift-type products. Again, you won't recognize any of the brand names...it's all no-name, imported merchandise, probably mostly from China and the Pacific Rim. We'll call this company "XYZ Wholesalers", for the purpose of this discussion. That's not their real name, of course.

You can sign up with "XYZ Wholesalers" directly and sell their merchandise on your web site. They **do charge** an "account setup fee". I worked with them few years ago, as I said. However, I no longer work with them. I found the products difficult to sell, for one very good reason. As I said above, they have been around for DECADES, and have signed up TENS OF THOUSANDS of people, who are all trying to sell this exact same merchandise on the Internet, as well as through Catalog Sales, Home Parties, etc. That kind of competition, plus the fact that there are so many more people (millions of people!) already trying to sell giftware in general on the 'Net, made it impossible for me to make any real money.

Now, here's the problem: along comes Joe Reseller. He signs up with "XYZ Wholesalers" as a retailer, and has the right to sell their products on the Internet. Then he goes out on the Internet and claims that HE ACTUALLY IS XYZ Wholesalers! He tells you to sign up with his web site. He'll drop ship all those products to your customers and make you rich. **What he's really doing** is sitting in his bedroom in front of his computer, re-sending your orders to the REAL "XYZ Wholesalers", and making a profit from you that you should not have to pay. **He's set himself up as a "middleman", and is trying to fool you.**

DROP SHIPPING AGENTS

As we warn throughout our site, there is one constant thing in Internet Drop Shipping that you need to watch out for. Over and over again, you are going to see companies who do their best to make you **think they are real wholesale drop shippers, when they are NOT.**

Drop Shipping 'Agents' are a particularly interesting issue. You see, they DO provide access to one, two, or maybe a *few* REAL drop shippers. However, they are STILL a MIDDLEMAN.

There are two problems with using Drop Shipping 'Agents'.

1. They ARE middlemen. They charge you recurring monthly and/or annual fees that you should not have to pay in

order to access the real drop shippers they provide access to. You should **never pay a recurring fee for the 'privilege' of placing orders with a real drop shipper!**

2. You'll find the competition impossible to deal with. Most of these 'Agents' only give you access to one drop shipper. Even those 'Agents' who give you access to *several* drop shippers (and charge you more for it!) are doing something that can bury your business before it gets started. They are causing *intense competition!* They are going to advertise their service all over the Internet. Thousands or even tens of thousands of people will pay for it. Guess what happens then? **YOU and all of those thousands of others are all trying to use the SAME small handful of Drop Shippers! The competition becomes way too intense, and you'll never sell anything!**

Let's take a step back and go over the whole issue.

A real Wholesale Drop Shipper or Bulk Wholesaler ALWAYS owns their OWN warehouse. They have offices in, or attached to that warehouse. It's a physical building, with walls, windows, doors, maybe a few trees outside on the lawn. There is a loading dock, where trucks back up and deliver pallet loads of products. They have people working for them in that warehouse. The people who run their web site peek their heads out of the office doors and say, "Hi, Wanda!" and, "Hey there, Mike!" to actual human beings who work there, receiving inventory from manufacturing plants, packaging orders for Drop Shipping or Bulk Wholesale, putting a new filter in the Coffeemaker, etc.

Drop Shipping "Agents" work very hard to **make you think** they own their own warehouses. There are some who are very good at that. They tell you that you can access thousands, or even tens of thousands of products from their 'warehouse', or from **many** of their different 'warehouses' in different locations.

Again, here's the *first* important part. **Drop Shipping "Agents" do NOT own their own warehouses. They are MIDDLEMEN.**

No matter how many products or warehouses these people claim to have, they don't have a single one. They're just sitting in a house or a rented office somewhere, thinking up clever web site text and new ways to make you think they are the real thing.

Some of them are even cleverer. There are 'Agents' out there who will actually TELL you that they ARE 'Agents'. They'll tell you that even though they ARE 'Agents', they don't really make any money by acting as a middleman. Some of them want you to believe they do it out of the goodness of their hearts. Others will tell you that they make their money only from your 'Membership Fees'. However they say it, they usually bury this information in their sites, hoping you won't pay attention to it, and they sugarcoat it in such a way that it sounds really good to you if you DO realize what they are up to.

Here's how they operate:

- They go out on the Internet and find one, two, five, ten, or sometimes more *real* wholesale drop shippers.
- They contact these *real* drop shippers, and say, "Hey, send us a list of your products and a bunch of pictures, and we'll help you sell them online through OUR order system". Most real wholesalers know better than to deal with something like that. However, there will always be some who will go along.
- They create a web site that makes it look for all the world that they are the Universe's Answer to Drop Ship Warehousing and Wholesaling.
- The small ones simply have one group of products you can order. When you place an order, they will turn around and send that order to the *real* drop shipper, who will send it to your customer.
- The bigger ones will tell you that they have a whole bunch of "warehouses" all over the place, with clever names. North

Warehouse. South Warehouse. East and West Warehouses. Pink Warehouse. Blue Warehouse. Plaid Warehouse. You get the idea, right? They'll tell you that you can order from any one of those "warehouses", for a price. Some of them give you one or two "warehouses" for your initial 'Membership Fee', and then jack up the 'Membership' cost if you want to order from *more* of their "warehouses". Again, these people **don't have any warehouses!** Their "warehouses" only exist in cyberspace! *They're nothing more than a collection of product images that these middlemen got from a wholesaler.* Each one of those "warehouses" is only a collection of product images from a **real drop shipper that you should be working with DIRECTLY, instead of paying some 'Agent' a FEE for the privilege.** When you place your orders, those orders will simply be turned around by the 'Agent' to the *real* drop shipper for fulfillment.

- Some of these "Agents" will tell you that it's better to work with *them, even though they ARE 'Agents'* because they are "centralizing" your ordering and shipping. Believe me, we've been in this business a long time, and we've never seen an ordering or shipping issue that was enough of a problem to justify ordering through middlemen. Not ever.

Is this illegal? No. Is it a Scam? No, not usually. It's just a very poor business idea, in our experienced opinion.

Think about it the second part of the problem again. These people are offering you an **indirect** (middleman) route to a small handful of drop shippers. They'll promote that same *small handful* of drop shippers to *tens of thousands of people like yourself.* Do you really think you'll be able to compete with thousands, or tens of thousands of others, who are **all** trying to sell the same products from the same small handful of drop shippers? Not a very pleasant thought, is it!

Would *you* say it's a good business decision to take a **middleman** route to a *very small* small number of drop shippers being used by a huge crowd of others?

The answer is obvious, of course.

LIST OF WHOLESALE COMPANIES, ONLY \$3!

Ever see an ad like that on an auction site? So have we. We bought one. OK, we KNEW we were getting ripped off, but we just had to see it. A few days after paying our \$3.00, we got two Xeroxed pages in the mail containing the most worthless information we've ever seen.

These lists sell for anywhere from \$2.50 to \$6.00. Why do you think they're so cheap? Because nobody had to put any EFFORT into them! It's easy to hit a search engine, type the word "wholesale", throw the first 20 responses on a piece of paper, and sell it for \$3.00.

Will it help you earn money? NO!

98% OF ALL THE DROPSHIP AND WHOLESALER LISTS ON THE INTERNET!

Yes, we bought *them* too. ALL of them. They call themselves "**Ultimate**", "**Central**", "**Millennium**", "**Connection**", "**Global**", "**Super**", and "**Incredible**" lists and sites of drop shippers. Again, we knew we were being ripped off.

The overwhelming majority of these printed lists and online sites claiming to contain Drop Shippers and Bulk Wholesalers have been circulating the same, tired old listings of cheap import companies and off-brand, cottage industry products around and around for years.

They claim to contain "hundreds", or "thousands" of companies who will drop ship for you. Some of them contain hundreds of listings, but that's easy. Either reprint the same old listings you've been printing for 20 years (whether they're still in business or not!), or just go to a search engine, type in "wholesale" and copy the first 500 responses you get. Then slap them in a rag-print magazine or throw them on a web page and call it a "Directory". Same result.

Lists and "directories" such as this sell for anywhere from \$7 to about \$30. One of the newer ones has the nerve to charge you \$59 and change for a *very small* amount of useless information! They've rarely ever changed; even if they contained any worthwhile information, they would be outdated very quickly. Some of them are online or downloadable, but contain the same tired old junk and dozens of middlemen that the print directories do. Again, we've bought copies of EVERY SINGLE ONE, and continue to do so and never found ANY of them to be worth anything.

SUPER DROP SHIP AND WHOLESALER INFORMATION CD!

You've probably seen these on auction sites as well as web sites. Tell you what; we'll make this one short and sweet. Read the warning above this one, dump all THAT junk on a CD, and sell it for six bucks. Same thing.

COMPLETE INTERNET STORE WITH PRODUCTS!

Have you ever come across an "Internet Business Opportunity" like this: (?)

- They'll create a storefront for you!
- They'll provide you with THOUSANDS of products that they'll drop ship for your store, and **allow you to sell only their products!**
- They'll provide you with Merchant Services so you can accept credit cards without having to open a bank account!
- All for a ONE TIME PRICE of just \$50!

Wow, does that just seem too good to be true?? That's because it IS too good to be true. Oh, sure, they'll do what they say. It's a legal business. But tell me this...just how much money do you think you'll make?

Think about it for a minute. THEY establish accounts with wholesalers. THEY mark those wholesale prices WAY up. **They force you to buy products only from them.** Then they get YOU to put in all the time and effort to SELL those products to people, at a VERY slim profit margin for YOU.

Congratulations! You've just become a commissioned salesman for someone else's business!

Um, not quite what you had in mind was it?

FOR A MERE \$150, AND \$49 A MONTH;

Run across one of these yet? A company who claims to be a "drop ship distributor" or a Bulk Wholesaler, but has a "setup" or "membership" fee?

Let me say this very clearly:

A REAL WHOLESALER DOES NOT CHARGE YOU A FEE just to *set up* a wholesale account!

ANY company that wants you to BUY YOUR STORE'S PRODUCTS FROM THEM, and wants you to pay an "account setup fee", should be AVOIDED at ALL COST! Almost without exception, these companies are middlemen. You will never make any real money with them. **They take your "account setup" fee, and that's all they really wanted in the first place.** Good luck trying to get a refund!

GUARANTEED SUCCESS!

There are actually people out there who GUARANTEE that you will be one of the "few" who succeed in your Online Business if you use *their* drop shipper or wholesaler information.

That is ridiculous. NO ONE can guarantee *anyone's* success at ANY EBiz. People who tell you this are some of the worst people to get tangled up with online, since if they're willing to so boldly state such an obvious lie, they're willing to do *anything* to cheat you.

Any time you see ANYONE who *Guarantees* your Success, you've found a bold-face liar who is simply out to take your money.

Run the other way immediately!

WOLVES IN SUPPLIERS' CLOTHING!

These places spend a great deal of effort trying to convince you that they're real suppliers. We spend a lot of time sorting these profiteers OUT of OUR lists of Directory candidates. Here's how they operate:

- They put up a site that contains all kinds of unrelated product lines, and tell you they'll Drop Ship for your Internet business.
- They may charge a small "account setup fee".
- You sign up with them, thinking that they are an actual wholesale supplier, and you place their products for sale on your site.
- Your customer orders a product from you, and you send the order to this fake "drop shipper" (middleman).
- The middleman, in turn, places the order with the REAL drop ship supplier, and has it sent to your customer.
- You end up paying a lot more than you should for the product, because the fake "drop shipper" is marking up the price to YOU.
- You lose profits that should be yours.

FREE DROP SHIPPING AND WHOLESALE INFORMATION SITES

Sounds pretty good, don't it? FREE sites giving you the names of all the drop shippers and bulk wholesalers you'll ever need! Ok, let's back up and think about that for a minute. Free? Hmm. Remember the Number One Rule? If it sounds too good to be true, it IS too good to be true.

Yes, we've checked these people out, too. Again, just take all the junk information I talked about above, and slap it on a free web site.

Why do they do it? Simple. They hope they'll get enough people coming to their web sites so that they can charge OTHER companies for advertising space. While you're out there chasing your tail and wasting your time with useless information, they're making money by selling ads to someone else. How nice for them! Doesn't do anything for YOU, though. In fact, it hurts you. Wasted time equals lost profits.

In Conclusion

Many of these people are very clever. Their sites look legitimate and they present themselves well. All they really are is just another middleman that is sponging off of your hard work. **All they will do is waste your time.**

At Worldwide Brands, Inc., we **will not** waste your time! **We publish only genuine, verified Drop Ship Suppliers and Light Bulk Wholesalers!**

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

I'm going to speak very plainly in this Chapter, so please don't take anything I say personally. Remember, I fell for a couple of Scams **myself**, years ago, so if I'm picking on anyone, it's my "former self". :o)

What I'm going to tell you is the Truth. **The Truth isn't always pretty, but it needs to be known!**

There are **TWO Business Worlds** out there.

1. The **Dreamer's Business World**
2. The **REAL Business World**

If you really want to make money on the Internet, you're going to have to put down the Teddy Bear and pack away the Jammies, Peter and Wendy. You must **leave Never-Never Land**, and enter the **Real Business World**.

Let's compare:

In the Dreamer's Business World:

- **All you have to do** is make a few "Easily Affordable Payments", and your Internet Store will magically appear with virtually no effort on your part.
- **Your Personal Business Mentor** will leap out of bed in the middle of the night and come racing to your side **every time you have the slightest question**.
- **Tinkerbell the Fairy** will dance out across the globe and gently waft millions of customers to your web site on fluffy clouds of cash.
- **Everybody on Earth** only wants to buy one kind of product: **cheap, imported, off-brand Junk**.
- You will **always be able to offer the best prices** on Earth for anything you sell online, and nobody will be able to beat you in competition.

That's the Dreamer's Business World.

There are **tens of thousands of people trapped** there in Never-Never Land **RIGHT NOW**.

If you'd like to join them, find yourself an "Instant Internet Business" infomercial on TV; fall asleep in front of the tube, and **dream**. Captain Hook and his Pirates will be **more than happy** to show you the way to "Never-Never Land". Just be warned that when you awaken from that fantasy world, **your hard-earned money will be gone, and you will have nothing to show for it**.

Now let's talk about the Real Business World.

In the Real Business World:

- Get-Rich-Quick Schemes **do not work. PERIOD.**
- If something **seems** too good to be true, it **IS** too good to be true.
- **Don't expect anyone** to hold your hand or wipe your brow for you. That's the favorite method of the Scam Artist. While he's holding your hand and wiping your brow, he's lifting your wallet. **Be prepared to WORK and LEARN.**
- If you're in a **really big hurry to make a lot of money**, you should **not** be starting a business. You should be searching your family tree for a really old, **really rich relative** to be **VERY** nice to.

The Real Business World is not for wimps. It involves **work, persistence, patience**, and an ability to **listen & learn**. It's not a place where you can stamp your feet and yell "Hey, no fair!", or "If you don't stop that, I'm not going to play anymore!" There will be bumps in the road. If you're not willing to ride them out, you shouldn't bother getting started in the first place.

However, the rewards you reap in the [Real Business World](#) are **more than equal** to the work you put in. **This is how REALLY successful people actually BECOME really successful!**

I started out in the Dreamer's Business World myself. Reality was a **rude awakening**, but **one that I needed**. I would not be supporting my family in a very comfortable manner right now, with only my income from my Internet businesses, if I hadn't joined the **real** business world.

Everybody who starts out in business wants to succeed. There are some who already know what needs to be done. However, there are a large number of people who either have the **wrong ideas from the start**, or they've been fed the **wrong ideas over time** (from watching too many infomercials). Then of course, there are those **few** who are just plain lazy, and want something for nothing.

I hear from people who fall into all those categories on almost a daily basis. **Let's take a look at some of them.**

Below are some examples of types of Emails I've gotten over the years, from people who want to start a Home-based Internet Business. After all this time, I can pretty much tell you, from the very first Email I get from someone, **who I think is likely to succeed in the [Real Business World](#), and who is likely to fail.** I've done a little analysis of each email, to show you what I mean.

Email #1

Dear Chris;

I have been reading over your site for the past week with great interest. Thanks so much for the free info; it helped me clear up many of the questions I had!

I want to start a business selling on the Internet, but I don't want to jump in too fast and make mistakes that will cost me. I know the basics of my computer, but I have never done any retail sales. Right now I'm trying to decide whether to sell on Auctions, or to build a web site. Maybe both!

My main area of interest is outdoor-type products, but I know you talk about not getting locked into just one kind of product. It's better to be flexible and sell what sells, not just what we like. So I've been going through EBay, and doing some checking in (an Internet Mall), doing research on the level of competition for different outdoor products to see which ones I could sell effectively, or if I might need to find something else to sell.

My question is this, which way do you think is the better way to go? Auctions or a site?

Thank you!

Angela T.

This person's chances of success: **98%**

Analysis:

Why do I give her 98% chance of success? Is it because she thanked me for some free info? No, of course not. Whether she got her info from me or anybody else, it's what she's **doing with it** that matters.

My answer to her Email is not important here. What's important is what **she says** in the Email.

Let's look at that Email part by part.

"I've been reading over your site for the past week..."

That tells me that this is someone who takes the time to READ the material she finds. That is VERY important. No matter where she finds information, she READS it. I've seen far too many people who Email me and ask questions when the answers were right there in front of them, on the HOME PAGE of my site. They don't bother to read beyond the first paragraph. BIG mistake. Those people are going to keep leaping without bothering to look, and that's a major downfall.

This person is reading the material; ALL of it. BIG plus in her favor.

"I don't want to jump in too fast and make mistakes that will cost me."

This is the statement of someone who realizes that she should walk before she runs. Another big plus. Too many people write me and tell me about their grand plans for building an Internet Mega-Store that will carry every product in the known universe or how they plan on starting out by building four stores first, then ten more.

This person seems to understand that there's a learning process involved here, just like in any other business venture. Start out slowly, get your feet wet, learn along the way, and **be patient**, but **persistent**. That's how successful businesspeople get to be successful businesspeople!

"...but I have never done any retail sales."

Saying something like that shows that she is aware of the limitations of her previous experience. I personally know people who will **never** admit that they don't know something. They simply bull their way around, making up what they don't know. Another BIG mistake. Never be afraid to admit your lack of knowledge about something. **The ONLY "stupid question" is the one you have, but never ask.**

Being aware of and admitting a lack of knowledge in any subject is simply the first step toward learning about it!

"...not getting locked into just one kind of product. It's better to be flexible and sell what sells, not just what we like."

Applause! The crowd goes wild!! She read my info, **and** she took the time to make sure she **understood** it! That leads into the next bit:

"I've been...doing research on the level of competition...to see which ones I could sell effectively, or if I might need to find something else to sell."

And **there it is**, folks! The **Triple Play**! She **READ** the info, she took the time to think about it and **UNDERSTAND** it, then she **ACTED** on it!

That's where the **98%** comes from. Please understand that I'm not giving her all these positive comments because she listened to ME. It doesn't matter that it happened to be my info; the fact is that she **read**, she took time to **understand**, and then she put it into **action**. **That's** how a **successful** person operates.

Email #2

Hi Chris

I'm looking over your web site and getting angrier and angrier with every page. I'm not angry at you. I'm angry at myself.

A few weeks ago I went to a seminar on starting an internet business put on by (name removed). They had a good presentation, and convinced me to sign up with them. They offered all kinds of things. A site, a personal business coach,

credit card acceptance, and lots more. The first payment wasn't so bad, but now every time I talk to them they tell me I have to invest more money in order to get this thing going. I hate to admit that I have now spent several thousand dollars with them, and still am not any closer to making money. My site looks terrible, the products they have on it are the same as so many other sites and my business coach seems to get more irritated with me every time I call and ask for help.

After reading your site, I realize I have made a mistake. I wish I found you weeks ago! They never told me anything about having to 'get legal', and now I know why. They are one of the middlemen you talk about.

Can I still use your Product Sourcing Tool and use the site I paid them so much money for to make money, or do I have to start all over again?

*Sincerely
Larry S.*

This person's chances of success: **90%**

Analysis:

Ok, this poor guy has been trapped in Never-Never Land. It happens to a LOT of people. It happened to ME, years ago! Captain Hook and his Pirates are VERY good at what they do; it's not a crime to fall victim to them. They are EVERYWHERE and they make the whole thing sound just wonderful at first.

Why do I personally give him a **90%** (VERY good!) chance of success?

Because he didn't give up!

The very fact that he continued looking and eventually found my site (and probably other helpful sites) tells me that **he realized he was in trouble, and needed to DO something about it.** That's a good thing. Many people will just sit there and let the Pirates bleed them dry completely, then just go home with nothing left and quit.

He says: **"I'm angry at myself."**

That's the statement of someone who is **willing to take responsibility** for his mistakes. He could just as easily have said "I'm angry at these Scam Artists", but he **didn't**. He knows that the burden was on him to investigate the business he was starting. He realizes that he let himself get swept away by a slick presentation, but he's not stamping his feet and yelling "No fair!" He's **taking responsibility, picking up the pieces and moving on.**

"They never told me anything about having to 'get legal', and now I know why."

Just like Angela, in Email #1, he's **read** the information on my site, taken the time to **understand** it, and is now **taking action**. Excellent. :o)

Let's look at this the other way around for a minute. Why am I **removing ten percent** of my estimate for his chances of success and only giving him a **90%**?

One simple reason. He's had a taste of the people who tell you how easy everything is, and he may, in the back of his mind, still wish that were true. He may get more easily frustrated with the **realities** of business after listening to all those false promises about how simple life was going to be.

Once we've been convinced for the first time that there really **is** a Santa Claus, we still have a place in the back of our minds that longs for it to be true, even though intellectually we know it's not.

Larry needs to stay focused on the fact that **real** success is not handed to you; you **work** for it.

Finally, although the answer to his question is not important here, I'll tell you what it is. Yes, he **CAN** still use the site that he's paid so much for, as long as they will **allow** him to place his **own products** (from REAL Wholesale Suppliers he finds in our Product Sourcing Tool or on his own) on the site.

Email #3

I need one product at a time, not a lot I have to keep at my house. Do the companies you have send one at a time to my customers? Send me more info, and I might get your Product if I like what I see.
(no signature)

This person's chances of success: **20%**

Analysis:

This is a good example of someone who is **not ready** for the Real Business World.

Why?

- **He doesn't pay attention.** The answer to his question is on the HOME PAGE of my site, in BOLD, very near the top.
- He obviously did not take the time to read even a couple of paragraphs.
- **He's lazy.** I take great care to explain the Product Sourcing Tool in detail on my web site. The fact that he'd rather try to

force me to re-explain everything to him in an email tells me that he just doesn't have the ambition to read something for himself, and that's a **bad habit**.

- **Lousy communication skills.** Note that there's no "Salutation" at the beginning of the Email. He (or she; I can't tell from the email!) doesn't even bother to say "Hi!"

Now, I'm not an English Professor, and it doesn't bother me personally to get emails like that. I even send them that way sometimes, to **friends, and people I already know**. However, **it looks unprofessional in business**. If you're going to speak to someone, do you just walk up to them and start spouting your first sentence? No! You get their attention, usually by saying "Excuse me", or just "Hello".

Here's a trick to remember. When you work in the Real Business World, always **imagine that the next person you correspond with could make or break your business!** If you do that, your business correspondence will always impress, and never damage your business. You don't have to demean yourself in any way. Just be polite.

- **He's rude.** *"I might get your Product if I like what I see."* In other words, I had better bend over backwards to please him, and **maybe** he'll bestow this favor on me. To me, it honestly doesn't matter. I don't care if he's rude; I've seen a lot of rude people. **But, this is important:** When you're starting out in the Real Business World, you don't go around making rude demands of other people. You're the "new kid on the block", and if you act badly, eventually you're going to be rude to the wrong person.

In business, you NEED the goodwill of people who are in a position to help you. Say, for example, this guy uses our Product Sourcing Tool to contact a supplier of the products he wants to sell online. **GENUINE Wholesale Suppliers who will work with Home-based Internet Businesses do NOT grow on trees.** They are **VERY hard to find**. This guy may only have one shot at a REAL Wholesale Supplier of the particular products he wants to sell. If he's demanding and rude to the only Supplier that is right for him, he's got nowhere else to go. **They have plenty of other customers, and they will not hesitate to tell him to get lost.**

Here's a PERFECT example of what I mean:

We had an **excellent Drop Ship Supplier** listed with us for over a year. Recently, **they decided to stop drop shipping**. When I wrote to the company's general manager and asked why they had stopped drop shipping, **this is the reply she sent:**

"Hi, Chris,

*We have experienced two problems with people who contact us and are starting a new business. It's caused in part by their eagerness to 'grab the dream'. 1) **People fail to do proper research**, and 2) **People believe that the dream is automatic***

and requires no work. *On the first, we get enquiries from sites that target, for example, sporting or computer equipment, not even the kind of products WE sell. They don't even bother to go to our Policies page or check out the product lines we handle. On the second, too many people expect things to happen with little work on their end; i.e., that we should do their work for them.*

We have been overwhelmed by the number of people who are totally nasty. *That might be something that you may want to put in your site. Also, I have had people call and tell me that they have already added our products to their site and I have no idea who they are..."*

See what I mean? Here was a perfectly good Drop Ship Supplier who no longer drop ships because of people with unprofessional attitudes, like the guy who wrote Email #3.

The Real Business World does not tolerate people who don't want to do the work!

So, I suppose I've blustered and bellowed long enough on this subject, and I should wrap this Chapter up. :o) Here's a quick recap:

- For those who **don't want to do the work to really** succeed, a Get-Rich-Quick Infomercial is only as far away as your TV Remote Control. Sweet Dreams.
- If someone tells you they'll hold your hand throughout your whole business start-up, make sure your OTHER hand has a tight grip on your wallet.
- Don't expect to make a lot of money overnight, ANYWHERE! **Real success** takes time, and a solid foundation to build on. Walk before you run!
- Be willing to **listen and learn!** There IS good information out here. You'll be able to tell what's good, and what's TOO good to be true.
- **Treat people with respect!** You never know when you might be emailing someone who could give you your next big break!

The Real Business World is the most exciting place you'll ever go. Watching your business begin to grow and become successful is an **absolute thrill ride**, equal to none other that I've ever experienced. It's **worth the work**, every minute of it. Don't let the Scam Artists cheat you out of that.

Alright, we've talked about the best ways to start retailing online from home, on a shoestring budget. 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 my home, and beat Wal-Mart's prices?"

Well, let's see. Here's the basic step-by-step procedure:

- Go to a bank and borrow about a gazillion dollars.
- Build warehouse and shipping facilities all over the world.
- Buy your own trucking line.
- Spend decades establishing relationships with manufacturers and suppliers.
- Buy and warehouse millions of products at once, to qualify for rock-bottom discounts and millions of dollars in manufacturer rebates.
- Hire a top-flight Information Systems staff to build and maintain a really expensive web site.

There you go! You're ready to take on Wal-Mart from home!

Hmmm...not practical on a shoestring budget?

Of course it isn't. You're not going to set up a home business from your personal computer and BEAT prices from Wal-Mart, K-Mart, Best Buy, and all the other bricks-and-mortar superstores out there. It's not possible. Never gonna happen. The sooner you get that idea completely out of your mind, the better.

I don't care who promises you what. As I've said, Internet Business Opportunities, Get-Rich-Overnight schemes, sites and companies who tell you how amazingly low their wholesale pricing is on the products that YOU can sell with THEIR foolproof systems are not telling you the truth. Anyone who tells you that you can beat the superstores' prices is lying to you. They'll take your setup fees, leave you with their "amazing" business system, and the only thing you'll be amazed at is that you fell for it in the first place. Don't believe them.

Now...let's have a moment of silence for the mental demise of that particular idea...it's fading...fading...please just sit quietly

and watch this idea fade until it's completely gone.

Done? GOOD! NOW, let's move on to the REAL world, and discuss what successful Internet businesses already know: how you ARE going to make money with your Internet Store.

Let's say you're walking across a level, wide-open field of short, green grass. The field is so wide that you can't see where it ends on either side. Nothing but flat, green grass to the left and to the right of you, as far as you can see. However, it's NOT that long a walk to the other side, directly in front of you.

Spaced across that field, from the left to the right, are big boulders. Some are bigger than others. They are spaced far apart, leaving plenty of room to stroll in between them to get to the other side.

Should you walk straight to the biggest one, a boulder the size of a house, and try to push it out of your way to reach the other side of the field? Well, you can try, but I wouldn't. So how do you get past the boulders, to the other side of the field?

You simply go around them. There's PLENTY of room to do so, as I said.

Now, let's relate that to the Internet.

The field is the Internet Marketplace.

The other side is where your customers are.

The boulders in your way are the cut-price superstores.

JUST GO AROUND THEM. It's basic common sense.

The thing that most people don't stop to consider is that Wal-Mart, K-Mart, etc., etc., *do not carry every product ever manufactured in the Known Universe.*

Here's an example, from a recent conversation I had with someone about this subject. He wanted to sell Power Tools online. He told me that he had found a great source of power tools that could be drop shipped to his customers directly from the wholesaler, with no minimum order. One at a time. Then he told me that he had actually gone to a Wal-Mart store, and compared prices on the power drills that they had with the wholesale prices he was getting on the same drills. He said there just was not enough room to make a profit. In some cases, the Wal-Mart price was lower than he could get them one at a time from the wholesaler. What could he do? He was ready to give up entirely.

I had one simple question for him:

WHY are you walking directly to that big boulder in the center of the field, and purposely butting your head against it?

THERE ARE HUNDREDS of different power drills out there, from DOZENS of brands. What could possibly possess this man to try to sell only the exact same products as one of the biggest cut-price superstores on the planet?

All he needed to do was pick a few power drills that Wal-Mart DOESN'T sell. He could even sell the same brands; just different models. There are a LOT of them. This is what sales are all about, folks. You don't need to have the lowest possible prices on the planet. If that were true, there would only be ONE STORE on the face of the Earth, by process of elimination. It's not about pricing everything just a couple of pennies below everyone else. Be creative. Research the competition a little. Sell things that they're not selling. Or simply draw your customers into your store with things the big stores aren't selling, and then show them

the things the big stores ARE selling. Once they're in your store, it will be easier for them to pay a couple of dollars more to buy those products from you as well, rather than to trot off to Wal-Mart to compare prices.

I see people all the time who are trying to set up an Internet store, and simply going to the biggest search engine they can find, and comparing their wholesale prices against the biggest superstores and auction sites out there.

WRONG! These people are bouncing off those boulders in the middle of the field like a pinball caught between two power-bumpers.

Go around them. There's plenty of room.

Something you have to realize and accept to become successful in business is that you're NOT always going to get the lowest possible wholesale price when starting a small business. Nobody does, using Drop Shipping *or* Bulk Wholesaling. Unless you have *millions of dollars* to invest in product inventory, you're not going to beat the Superstores. If anyone tries to tell you that you will, run fast and far in the opposite direction. They are NOT telling you the truth!

You can't always get the lowest possible wholesale price. That's OK! *There are hundreds of thousands of people* selling successfully on the Internet anyway! You can still sell your choice of excellent products from thousands of brand names.

Superstores carry a LOT of products, but they can only carry a FEW of each kind! Kmart sells about 30,000 products overall. In our Product Sourcing Tool, you'll find a combined total of MILLIONS of products. Think there's a little room there? :o) Sell the products in those same general product lines that THEY have to leave OUT, because they just don't have the shelf space.

So, don't worry yourself into a frenzy about product pricing. Getting caught up in the "gotta have the absolute rock bottom price" trap is the worst thing you could do. Selling products is a LOT more than just having the lowest price. Once you realize that, you can do anything in business.

CHAPTER 11 **YOUR BUSINESS: 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.

As I've said several times so far, when you sell products on the Internet, just like anyplace else, you need to be Sourcing those products from a direct Wholesale Supplier. 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 news items about new Internet millionaires. There are pictures of some of these people in the news and on the 'Net, and some of them seem to be one sandwich short of a picnic.

"If they can do it, so can I!" he thinks, and starts to search around the 'Net for information on starting a business. John is luckier than most; he comes across a good Internet Mall early in his search, and realizes that he can set up an Internet store quickly and easily. All is right with the world!

Only one thing left; what to sell?

John looks around the Internet for product Suppliers. He comes to our site, sees our Product Sourcing Tool, and realizes 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 most people, and John is one of them!

A little more searching and John 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 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 he happily sends his name and address 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 email 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 over-marketed 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.

So, where did John go wrong? What did he do to unwittingly get stuck in Ecommerce's biggest trap, 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 Pandora Radio turned up too loud:

YOU CANNOT BUY FROM A REAL WHOLESALER 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 Product Sourcing Tool, the world's only complete Product Sourcing Solution. 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.) Corporation: You can file a corporation 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.

B.) Fictitious Name (or "DBA"): This is a simpler way to register your business, but it does not afford you the protections that a corporation does. This doesn't cost as much as a corporation. 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.) **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. Here, we can open a business account for a deposit of \$50 to \$100. Almost all banks offer business accounts.

4.) **Open a Merchant Account** - The last thing you need is a Merchant Account. You'll need everything you obtained in the steps above for this one.

This is the thing that allows you to accept credit cards from your online customers. Without this, you'll get nowhere. Online buyers are instant gratification junkies. They want it NOW! If they have to mail you a check, they'll go somewhere else and buy. Merchant accounts used to cost a thousand dollars and more to set up. They've come down a LOT. We just opened a new one for a one-time fee of less than \$200, complete. The Merchant Account will collect funds from your customers' credit cards, and deposit those funds in your business bank account. The Merchant Bank will charge you a percentage of the amount you charge your customer's credit card, plus other fees.

Your Merchant Banker will help you to incorporate your Merchant Account into your Internet store software.

You can also use your Merchant Account to sell on eBay, of course.

There are also a couple of ways you can accept credit cards on the Internet without opening a merchant account, such as PayPal.

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!

A Merchant Account is not the same thing as a business bank account. It is, however, a very valuable part of your Home-based Internet business.

Internet shoppers are instant-gratification junkies. They don't want to mess around sending you checks or money orders in the mail. They want it NOW, and if you can't make that sale right at that moment when they are interested, they WILL go somewhere else.

You have to have a way to accept their purchases with their favorite credit cards. If they don't see those all-powerful Visa and MasterCard logos up there on your site, they'll dismiss you as a small-time operation, and go elsewhere. There are other options you can use out there, I know. PayPal will allow you to accept someone's credit card without your having a Merchant Account.

PayPal is a service that you sign up for, and then you allow your customers to make "PayPal payments" on your site to buy products. PayPal takes a small percentage of your sale, just like a Merchant Account.

When you sell Online, PayPal allows your customers to buy through PayPal without signing up for PayPal themselves.

However, PayPal *will* try to get your Customer to sign up with PayPal during the sale process. This can be distracting, and take the Customer's mind off the purchase they're trying to make from you. *Anything* that distracts your Customer from the sale is a negative thing. That's just something to keep in mind when considering using PayPal alone, and not getting your own Merchant Account.

I'm not saying that PayPal or services like it are a bad thing. We use them ourselves, on our own site. We're very happy with them. There are many people who PREFER to pay that way. However, the vast majority of your customers will want to see those Visa and MasterCard logos. It's just a fact. The smart site owners accept Visa and MasterCard, AND offer the PayPal (or other similar) option to their customers.

So, what exactly IS a Merchant Account?

It's also called a "gateway". It processes your customer's credit card information, verifies its authenticity, and checks with the customer's bank to be sure the funds are there. Then it places an "authorization" against the customer's account for the amount of the purchase from your site. That means that the customer's credit card account is reduced by that amount, pending the completion of your sale. This is so the customer cannot spend that same money somewhere else ten minutes later, and leave you hanging. The authorization created by the system generally lasts 3 to 5 days, giving you time to accept the person's order. If you don't accept the order in that time, that amount will be returned to the customer's credit card account, and they can spend it elsewhere.

The "gateway" (merchant account) will also use a system called "AVS" (Address Verification System). It'll check the address that the customer gives you on the order, against the address the customer's bank has on file for that credit card. The system will throw up a red flag for you if they don't match. More about that later, though.

There are many companies out there selling Merchant Accounts. They can range from a low-cost account (less than \$100.00) to a mid-range account costing around \$1700. (Don't panic! The providers of the mid-range accounts break them up into low monthly payments that you can easily cover with the income from your business!).

There are also "high-end" accounts out there; they cost upwards of three thousand dollars. You do NOT need them; they really do not provide any more service than the mid-range accounts.

Both the low-cost and mid-range accounts have their good points, and you should consider them both before deciding which way to go.

Here are the differences:

Method One: Using a Low-Cost Merchant Account

Overall, Merchant Accounts all operate the same way. They move money from your customer's credit card to your bank account. There are some slight differences in how they will work for you, though.

The low cost is obviously the attraction for this type of account. They are set up for a one-time fee of under \$100.00. Generally their monthly fees are ten to fifteen dollars.

A Merchant Account is not just one "object"; it's made up of several components working together. The low-cost account Provider may set you up with components that are not all managed under one roof. While that normally works just fine, there are a couple of things you should be aware of.

When you open a Merchant Account, you have a "Credit Limit". This works in the opposite way you normally think of a credit limit. This has nothing to do with how much you can spend. A Merchant Account is not for spending money; it's for COLLECTING money from your customers. The Credit Limit on a Merchant Account defines how much money you can COLLECT from your customers per month.

A low-cost Merchant Account may start you out at about a \$5000 credit limit per month. If you were to collect MORE than \$5,000 from your customers' credit cards in any given month, you would have to pay a PENALTY to the bank for doing so (generally about 5%). Sometimes, they will even take that EXTRA money you collected and lock it up for SEVERAL MONTHS before allowing you to have it. Now, \$5000 a month may be OK when you're starting out, but there will be a time when you need to increase that limit, so that when your monthly sales increase, you're not penalized.

With a low-cost Merchant Account, you may have a difficult time getting that increase right away.

There's also a customer service issue. The low-cost providers will certainly be there to answer questions about your main account, but when there are questions or problems with the various components of your account, you may have a slightly tougher time getting answers.

Low-cost Merchant Accounts ARE a good way to go. It's just important for you to be aware of these details, so that you're not caught by surprise down the line somewhere.

Method TWO: Using a Mid-Range Merchant Account

The only drawback that we've found to the mid-range account is obviously the cost. It costs more to own the account. A very good Merchant Account can be had for about \$1700, which is considerably more than the low-cost account. You'll also generally

find an initial setup fee which can be several hundred dollars.

The Providers in this price range will charge the setup fee up front, but will break the cost of the account itself up into monthly payments of \$40 to \$50, which allows your business to pay for the account with some of the profits from your sales.

When looking into a mid-range account Provider, make sure that they have an "out" available to you. Sometimes businesses do not work out; it's just a fact of life. For whatever reason, if you decide to close your business, you don't want to be stuck paying the entire \$1700 for that Merchant Account. A good mid-range Provider will allow you to close the account and back out of the \$50 a month agreement after a certain period of time if you need to; usually about six months.

The advantages to the mid-range account are that you can generally start with a higher credit limit, and credit limit increases are easier to obtain. Also, you'll find all the components of your Merchant Account are under one roof, and you'll have fewer issues with Customer Service for your entire account and all it's made up of. Some of these providers even offer 24 hour customer service.

You can go either way. We've done both successfully. I just want you to go into your choice of Merchant Accounts knowing these details, so that you can make an informed decision.

You may think that your credit standing is not good enough to be approved for a Merchant Account. Don't worry! As the ECommerce boom continues, those standards have become much more relaxed than they used to be. Just about anybody can qualify for a Merchant Account.

A Merchant Account charges you a percentage of your sale, as I mentioned above. They charge about the same rates, competing with each other. The rate we get is 2.2% + 30 cents. Say that a customer pays us \$20 with their credit card. Our "transaction fee" is 44 cents (2.2% x \$20) plus 30 cents per transaction, for a total of 74 cents on a \$20 transaction. This is how Merchant bankers make their money for collecting money from your customers' credit cards and transferring it to your business bank account.

The basic setup with most Merchant Accounts includes Visa and MasterCard. Other cards like Discover, American Express, etc., will be available to you as well. There are other considerations with some of those cards. American Express, for example, charges a higher transaction fee, and takes longer to pay you. With Visa and MasterCard, you can generally expect your customer's money to land in your business account within about 72 hours (3 business days). You generally don't have to worry about sending your customer's product out before their money lands in your bank. You will have an Approval and Authorization from their bank, and the money WILL show up.

Another thing to consider when shopping for a Merchant Account is whether it will work with your Internet Storefront.

A Merchant Account uses things called MID and TID numbers. These stand for Merchant ID, and Terminal ID. Your MID and TID numbers must be compatible with the software used by your Internet Store, so double-check with your Store Provider and your Merchant Account Provider.

I said earlier that we would talk more about the AVS system.

When you own an Internet Store, you should be provided an online Management Center, where you can control your store completely from any computer that can reach the Internet. When you get orders in your Store, your Store will generally inform you via email. You then go to the Management Center, and Accept or Decline the orders.

There are many reasons why you might Accept or Decline an order. The one we're concerned with here is credit card fraud.

The AVS system I mentioned earlier checks the customer's address against the address on file with the customer's bank. Basically, it checks for the correct street address and Zip code. If either of these does not match, the system will flash a red warning note on your order page.

In a case like that, it's best to simply email the customer and tell them that their address does not match. Many times it's simply because the customer has moved, and not bothered to update this information with their bank. If they reply and tell you that this is the case, you're generally pretty safe accepting the order. If you don't hear back from them, you should probably Decline the order.

Merchant Accounts can also be set to process orders automatically, if you choose. That way, you don't have to intervene to Accept or Decline each order. It's better that you do intervene, though.

A couple of other things to watch out for with customer credit cards:

If you get an order or orders for several of the same product from the same customer, there's a chance that they're using a stolen credit card. The products you send them could end up being sold out of the trunk of a car, and you won't get paid. Again, check with the customer. There may be a reason for the order. For example, we once filled an order for about a dozen of the same electronic dart boards from one person. It sounded suspicious at first, but as it turned out, he was getting married, and was giving the boards to his wedding party members as gifts. Another person ordered 36 dart boards to give away as prizes in each of his company's business locations. (He actually wanted 34, but he took two extra ones because we could give him a good quantity price break at 36).

Be very careful about accepting International orders. There is a great deal of credit card fraud related to orders originating from some countries around the world. Do your best to verify the order via email, and if anything at all looks suspicious, turn it down. Better to lose the profit than to lose the profit AND the cost of the product!

There are other precautions to take, but overall we've had very little trouble with credit card fraud. Your Merchant Banker will fill you in on other things to watch for, and many Internet Store Providers' Store Management areas will actually analyze your orders, and pop a warning message up if an order seems suspect.

Don't get nervous! Again, I know this sounds like a whole lot of paperwork and administration. It's NOT. Your Merchant Banker will set the account up with your Internet Store, or set it up to work with your Auctions, with very little involvement from you. Once it's in place, it pretty much runs itself. Just think of all the fun you'll have clicking that "Sale" button when you Accept your customers' orders!

You may find that if you use a legitimate Internet Store Solution Provider, they'll include Merchant Processing along with your store. That's a great way to go; just remember to be sure you're working with a LEGITIMATE provider.

Our product, the Product Sourcing Tool, represents MILLIONS of brand name products that you can sell on your Internet Store. Every one of them meets the following criteria, and much more:

- They will NOT charge you an account setup fee in order to do business with them.
- They are ALL genuine Factory-Authorized Wholesalers, or sometimes the actual Manufacturer of the products they sell.
- They all carry only brand new, factory warranted products.
- They ALL KNOW that they are listed in our Product Sourcing Tool. They are EXPECTING calls from people just like you.

Wholesale Suppliers are the middle link in the "retail chain". They buy in bulk from manufacturers, and they sell in smaller quantities to retail operations (like your Internet Store). Remember, real Wholesale Suppliers do not "grow on trees"! The vast majority of Suppliers will ONLY sell in bulk, and will *not* work with Home-based Internet Businesses! However, there are more and more top quality Suppliers who are beginning to work with Home-based Internet businesses. They see that Ecommerce is the wave of the future, and they know that they'd better be positioned to ride that wave.

Finding quality, brand name Wholesale Suppliers that satisfy all the criteria that I list above is VERY difficult, but they're out there. We've found them, and we find more and more every day.

They are CRITICAL to your success if you want to retail on the Internet.

I'm going to talk about contacting and establishing accounts with the Suppliers we list in our Product Sourcing Tool, but the same basic principles hold true no matter what suppliers you're contacting. It's just a lot easier with the companies we list, because as I said, they KNOW they are listed with us, and EXPECT calls from Home-based ECommerce Business Owners like yourself.

We list contact information such as the Supplier's company name, address, contact person, phone number, fax number, email addresses, ordering methods, credit terms, drop ship fees (handling fees for Drop Shippers), minimum orders (for Bulk Wholesalers), shipping methods and regions, and a comments section that tells you special things you should know about them. These are all important things to know, no matter what Supplier you are trying to contact. The Product Sourcing Tool will tell you whether you should contact them by phone, email, or start an account on their web site.

If you call, sound professional. It's better if they can't hear your kids screaming at each other in the background, or your Kid Rock CD blasting from the stereo.

When I call, I say something like this:

"Hello, this is Chris Malta, from Worldwide Brands, Inc. I'm interested in retailing your products on my ECommerce site. Can you tell me how I can get started?"

Use your name, and always use your business name. If a Supplier thinks for one minute that you're trying to buy products for your personal use at wholesale prices, you'll probably never hear from them again.

Let the sales rep tell you what they need from you on the first call. Don't ask too many questions about what you get from them yet.

They may want you to fax or email them some combination of the following:

1. A copy of your Tax ID Certificate. We talked about this before. A real Wholesale Supplier MUST have a copy of this in order to sell you products at wholesale.
2. Some form of credit references. Don't Panic! Virtually all of the thousands of Suppliers in the Product Sourcing Tool will accept personal credit information, such as the name of your bank. The majority of our Suppliers won't even ask for this unless you are trying to set up a "Net 30" (where they bill you once a month) account with them. The most common way to get started with these Suppliers is to simply pay them with your personal or business credit card as you order products. You can also use a Debit Card with a Visa or MasterCard logo on it. In a situation like that, they are unlikely to ask you for credit references.

Wait two or three days after you think they've received your information. If you have not heard back from the sales rep, call a SECOND time. Simply ask if they received your information, and if they need anything else from you. If they want further info, send it as soon as you can. If they say they're working on your account, thank them and hang up.

Sometimes it takes days to establish an account, sometimes weeks, depending on who you're dealing with. Most of the time it's days.

Sometimes it's immediate; some of the Suppliers we list in our Product Sourcing Tool will set you up during your first phone call, and give you an account number within minutes.

Remember, if you're looking for Suppliers on your own, there should be NO CHARGE associated with "joining a Site" when dealing with a Supplier. If a Supplier tries to charge you an account setup fee or monthly access fee, they are NOT a real Wholesale Supplier. There are some Suppliers who provide you with extra tools for your business, and do charge for them. However, there are very few of these.

There are things you will need from THEM as well. Most Suppliers will give you an information packet containing all the answers to those questions, right up front.

Once your account is set up, you can call and begin asking questions such as "How soon after I place an order do you ship it?", "Do you have overnight shipping available?", and (my personal favorite), "Happy New Year, Dave; it's 82 degrees here in Orlando...how's the weather up there in Saskatoon?"

Some of them have secure Internet sites that they will give you passwords to, so that you can access images and descriptions of the products you want to sell. You can go there and download (copy to your computer) all the images you need. You can also highlight the product descriptions, copy them to your computer, and place them in a word processor document, for later placement on your Store or Auctions.

Some of the Suppliers have all this available for you in a single download file. Others will send you a CD. As I said, they already know what you will need, and should have no trouble providing it.

However long it takes to get that account, be patient, don't bombard the rep with phone calls or emails, and above all, LISTEN to what they are saying to you. A sales rep that likes you will go out of his or her way to help with other issues in the future.

Please remember "Email #3" in Chapter 9!! Don't be rude to these people! Don't be pushy or arrogant! We're in the Real Business World now; you're dealing with people who will be more than happy to tell you to get lost if you don't treat them with a little common courtesy!

Simply open a polite conversation with them, listen to what they tell you, and you'll be fine.

Setting up an account with a Supplier is easy when you do it right. The Suppliers we list in our Product Sourcing Tool have *already* agreed to deal with Home-based Internet Businesses like yours, whether you are a start-up or a 'Net veteran. They'll help you with what you need. If you have questions, just ask.

However, you should not ask a Supplier's sales rep technical questions about how to place products on your web site or Auctions. He or she is a salesperson, not a technical help desk. That's something you should ask the Tech Support people at your Internet Store's hosting company, or at eBay. :o) **Far too many people make the mistake** of trying to sell only products that they like on their web sites. Others make the mistake of trying to sell only the coolest and flashiest things they can find.

The whole point of starting an Ecommerce web site is to make money. That's something you must not lose sight of (no pun intended!).

As you know, our business is Product Sourcing; finding legitimate Wholesale Suppliers who have already agreed to work with Home-based Internet Businesses through a variety of Product Sourcing Methods.

Our Product Sourcing Tool covers millions of products, from thousands of well-known brand names.

So why does everyone who uses our Directories try to sell *electronics*?

Ok, I guess I did the same thing. When I opened my first Internet store, I plastered the walls of that place with things that I thought were cool. Stereo equipment, DVD players, Computer components, the shinier the better. I had the latest technology up there. Some of the items cost thousands of dollars.

I think that in the back of my mind, I knew that I wasn't going to sell much of it, but it LOOKED really cool. I could show it to my friends and say, "Check it out...that's MY store!" They were all suitably impressed, and I could walk around feeling like I was pretty slick. Whenever any of them asked me how much money I was making, I cleverly changed the subject.

The truth was that no one was buying much. Come to think of it, none of my friends bought anything, either. That should have told me something right there.

Look, electronics are fine products, but that market is *saturated* on the Internet. I use them as an example because it's a situation I can relate to. The problem is not the product; it's the COMPETITION.

Most of the people I've seen start an Internet Store or start selling on eBay want to know what the hottest selling products are on the 'Net, so they can sell those products too. They're missing the point, as I did. If you only sell the hottest sellers, you dilute your available customer base, because everyone else is trying to sell those hot products, too! You also run into those brick-and-mortar popular-item superstores that have millions of dollars to purchase tons of inventory at rock-bottom prices.

People buy all kinds of products. They don't have to be cool or shiny. They just have to be things that people will buy.

Here's an important ingredient for success on the 'Net: sell those products that people use, but don't stumble over every time they open a web browser.

For years now, through all the time I've been working in and writing about ECommerce, I've always come across one single question far more often than any other. It's a question *everybody* has, and nobody seems to be able to answer easily. What's the question?

"What should I sell on the Internet?"

People email us and ask us that all the time. People call us and ask us where they can find out how to make that decision. I myself have struggled with it many times. Lots of people know what products they *want* to sell Online. *Nobody* really knows ahead of time if those products stand a chance of *making you money*.

If you really want to know the answer to that question, your only choice is **research**, and **lots of it**. Based on years of experience, here's the basic process that we and many other successful Online Retailers would go through every time we try to decide on a new product to sell on the Internet.

- **Find out what the Demand for the product is:**

If I'm going to be a food vendor at a baseball game, what should I sell there? I may really like salted peanuts. Maybe I get up every morning and eat salted peanuts for breakfast, and drink a salted peanut flavored Power Drink. Then I have a salted peanut sandwich for lunch, and two processed salted peanut patties on a bun for dinner. So, I really *love* salted peanuts, know a lot about them, and think they're the greatest thing in the world.

Does that mean that I should sell salted peanuts at that baseball game? Well, it's something that I know people *like* to eat at baseball games. I know people *do* buy them at baseball games. However, there are things I *don't* know yet.

For example, how many people at that particular game are likely to *want to buy* salted peanuts?

Generally, salted peanuts are a good bet to sell at a baseball game. However, I may not know the area very well. If I'm a traveling food vendor, following sports seasons through the country in different states and different kinds of weather, salted peanuts may not always be a good idea.

Salted peanuts are pretty good when they're fresh and slightly oily. During the summer, people just eat them up left and right at baseball games. During cold weather, though, they tend to get more dry and crunchy, and the salt doesn't stick to them very well because the oil gets hard. If it's cold enough, eating salted peanuts outside can be a bit like chewing gravel. Yech!

Weather isn't the only problem. If it turns out that the game I'm going to sell at is a special event to raise money for the Worldwide Allergy Sufferer's Foundation, I will probably find that many people there might have an allergy to peanuts of any kind! That means that there is a much lower demand for my product than I'd like.

So, where is the game I'm going to be selling at? Is it a cold-weather game? Who's sponsoring it? Are there likely to be many people there who can't eat salted peanuts?

These same ideas, silly as some of them might sound, **apply to Internet Sales as well**. After all, the ECommerce on the Internet *is* just another place to sell products. The basic concept of Demand is the same on the 'Net as it is anywhere else, and has been for all time. If there aren't enough people who want it, there's no profit in selling it!

When we at Worldwide Brands, Inc., want to know what the Demand on the 'Net is for a product, we used to spend many hours, and sometimes days, *researching*.

To find out what the Demand for something is, we need to find out how many people are *searching* for it in the Search Engines.

We try to find out how many people are using those Search Engines to look for the product we want to sell, then we categorize that information according to the different search term variations people use.

For example, if someone were searching for a place on the Internet to buy salted peanuts, they might use the search term "peanuts, lightly salted", or the search term "salted peanuts", or many other variations. We have to try to think of what those variations might be, and find out what the Demand is for each of them. Overall, we're looking for numbers on just how many people are searching for our product using different search terms. The more people who are searching for it, the higher the Demand.

Once we have those numbers, we go on to the next part of our research.

- **Find out what the level of Competition is:**

So, what else do I need to know if I want to sell salted peanuts at a baseball game?

Well, I've done my Demand research. I know that this particular game will be a summer game, so the peanuts won't get cold and gravelly. So, I know I have a good Demand for the product.

Now, I need to know what my Competition will be like. Before I pack up my peanuts and go to that game, don't you think I should try to find out how many other vendors I will be competing against?

If there are *fifty other vendors in the stands selling salted peanuts*, I *do not want to be* 'salted peanut vendor number fifty-one'!

So, I'm going to do some more research. I'm going to contact the ballpark's management office, and try to find out how many of the vendors at the ballpark are planning on selling salted peanuts. They may not know exactly, but they'll have an idea. If there *are* fifty other vendors selling salted peanuts, I'm going to ask how many vendors are selling *lemonade*. I may not like lemonade. Maybe the taste of it makes my face scrunch up and look goofy, and the sugar gives me the squeaking jitters.

However, if there are only five other vendors selling lemonade, I'm going to screw together my courage and darned well sell *lemonade* at that ballpark instead of salted peanuts. Knowing salted peanuts as well as I do, I know there are going to be a lot of thirsty people there, with fifty salted peanut vendors roaming around.

Again, the internet is the same way. The 'Net is just another place to sell things, and if there are too many people selling the same things, nobody makes any **money** on them. That's what we're here for, after all, right? We're in this ECommerce thing to *make money*, not to satisfy our personal taste.

Once again, when we at Worldwide Brands, Inc., want to know what our Competition is for a new product, we used to spend many hours, and sometimes days, researching on the Internet.

What are we looking for? When we look for our *Competition*, we know that there are two basic ways that people sell on the Internet. They use Internet Stores, and they use Auctions. So, we need to look at both.

We start with a dedicated Internet Store shopping site with a high degree of popularity, like Yahoo Shopping, for example. We spend hours in there, acting like a customer, using different search terms to search on the products we want to sell. We find out how many Stores sell only those exact products, how many sell products similar to them, and how many sell the exact products *and* others similar to them. We look at which Stores have higher popularity, and which of those feature our potential products more prominently than others.

We break all those numbers out into categories, and write all that information down. Then we go to the *next* part of our research.

- **Find out what the General Interest level is**

Salted peanuts are a bit of a "gimme" in this area. Everybody knows what they are, and most people like them. On the Internet, though, it's important to find out what the general level of knowledge and interest is for a product before trying to sell it.

Here at Worldwide Brands, Inc., we used to go out to the big Search Engines, and search for our product again under many search terms. This time, though, we did it not as a customer, but as someone interested in *information* about the product. Kind of like the difference between wanting to *buy* a package of salted peanuts, and wanting to write a *school report* about how they are grown and packaged.

General interest in a product helps to gauge where our Demand and Competition numbers fall into the big picture.

For example, if there isn't much Demand for a product, and there isn't much Competition, it would seem that it might not be a good seller. You can't sell something to people if they're not out there looking to buy it. If there aren't many people out there trying to sell it, either, then it's probably not a good idea.

However, if there is a *lot* of General Interest, it may be that we've stumbled across the Holy Grail of Internet Retail research; the fabled Untapped Product Market! That's rare, but it happens. People find Untapped Markets, and begin to exploit them through associative advertising (advertise a more common, related product to lead people to a new one).

However, as I said, the more common use for General Interest information is to help us understand what our Demand and Competition numbers mean.

Once we have General Interest numbers, we go to the next part of our research.

- **Find out how others are Advertising this product:**

Let's say that based on my research so far, I think I can make a good business out of selling salted peanuts. I'm not just going to sell them at baseball games, either. I decide I want to place an ad in my local Yellow Pages, and sell salted peanuts to a lot more people.

Should I just jot a few words down, and send them off to the Yellow Pages Advertising Office?

Of *course not*. My research is still not complete. I'm going to need to see how many other people are advertising my product in the *Yellow Pages*. If there are a good number of them doing so, it may mean that it's a good product to get into. And if it *is* a good product to get into, I'm going to want to see what others are doing with their ads to make them successful.

So, I grab a copy of the Yellow Pages, and turn to the "P" section. Lo and behold, I find ads for salted peanuts. Some ads are big, some are small. Some are cheesy, and some are pretty interesting. I don't think there are *too* many ads to compete against there, so I decide to run an ad myself. I'm going to study the best elements from my competitor's ads, and create a better one than any of them.

Same thing on the Internet. If you're going to sell a product Online, you're going to have to advertise it in some way or another. Today, Pay Per Click Search Engines are the dominant force in Internet product Advertising.

So, here at Worldwide Brands, Inc., we would hit what we consider to be the three most influential Pay Per Click Search Engines; Google, Yahoo and Bing. That's where we begin our research.

Once again, we act like a customer. We use as many search terms as we can think of to search for the product we think we want to sell. What we're looking for here is twofold:

- How many other people are paying to Advertise the product Online?
- What do their ads look like and say?

The number of other people Advertising the product gives us a feel for whether the product is overexposed. If there is too much Advertising, that means too much Competition, which is not a good thing.

The way other people's ads look and what they say gives us ideas as to what our *own* Advertising could say if we decide to sell the product. We spent hours at a time gathering links to other Internet Retailers' ads for the product, then looking them over, comparing them and making our choices as to which ones we like best. Then we combined the kinds of elements we like from all of them, and created our own unique Advertising, hopefully better than any of the others.

Finally, we're almost finished.

- **Find out what eBay Auctions have to say**

eBay is the most price-driven marketplace around, so it's very important to our overall research to find out how much eBay Sellers are getting for the products we're researching.

eBay Auction prices are not the determining factor in our decisions. Always remember that as a severely price-driven marketplace, eBay prices do not accurately reflect what a product should be sold for on a web site. You can

earn more profit and sell more product on your own web site than you can on eBay. As part of our overall research, though, they do play a small part.

Now, we move to the last phase of the research process.

- **Analyzing all that information!**

The *manual* Analysis process is not easy, nor is it pretty! It involves spreadsheets and charts and graphs and links and lots of time, cups of coffee, bleary eyes and late nights.

We have to look at all of the data we collected on Demand, Competition, General Interest and Advertising, and make a decision as to how they all balance out.

Here are some of the issues to consider:

- Not enough Demand (as compared to Competition) means not enough people are going to buy.
- Too much Competition (as compared to Demand) means not enough of a profit to go around.
- Too much Advertising drives up the price of Pay Per Click ads, and increases Competition as well.
- Not enough General Interest, combined with a low Demand, means that there may not be a good market even if there is some Competition out there trying to make the sales.

Those are just some of the things we consider. Overall, we compare all the various Demand, Competition, Advertising and General Interest numbers against each other, and use our own unique formula to make sense of it all.

Once again, this EBook is not about product promotion. We give it away freely out of a genuine desire to help people build strong, successful Home-based Internet Businesses. However, this *is* a good place to tell you that our Product Sourcing Solution, **the Product Sourcing Tool**, *automates that entire research process for you, and does it in seconds!* Market Research is an integrated function of our Product Sourcing Tool, and every time you search for a product supplier in **the Product Sourcing Tool**, you get back a complete Instant Market Research Analysis as well!

Our Product Sourcing Tool does *in seconds* what it used to take us *hours, or even days*, to do.

- It gives you an actual Analysis (from 0% to 100%) of that product's chances of success on the Internet.
- It connects to the Internet and *automatically collects all the information* I talked about above, in *less than a minute*. Demand, Competition, Advertising, General Interest, and eBay and Amazon pricing. Then, it uses our own unique formula (the one that I said we use ourselves, to make sense of all that data) and generates an **instant Analysis**.
- It not only tells you how much Demand there is for the product you want to sell; it tells you what key words you should use to market that product if you decide to do so.
- It not only tells you how much Competition you have; it tells you *where* your Competition is and how they're *priced on eBay*, so you can decide if the product is better marketed in an Internet Store, or an Auction. (Hint – your own Internet

Store is almost always the answer!)

- It not only tells you who your competing Advertisers are, it gives you *clickable links to their ads*, so you can study and out-Advertise the other guys.
- It also allows you to export all your instantly generated research information to any Spreadsheet program, print your research, recall all your past research on any product, and more.

All instantly, every time you search on a product name in **our Product Sourcing Tool**. Of course, at the same time, you get back all the information you need about which Wholesale Suppliers carry that product as well, and where you can get Instant Wholesale Buys of those products.

Now, remember what we say all throughout our web site and published information, folks. *There is no magic bullet!* The success of your business depends on many things, and proper research is just one of those things.

However, if you can take a process that you're not sure how to do properly, and have it done *for you, the right way*, you're greatly increasing your chances of success.

Along the same lines, if you can take a process that normally takes *hours or days to do manually*, and do it in *minutes*, you're gaining yourself a heckuva lot of time that can be used to concentrate on the rest of your business!

Again, this EBook is not meant to be a product commercial. It's just that I am honestly very excited about the amazing things we've built into our Product Sourcing Tool. **We now use it ourselves for all our product research.**

So, if you like, you can try the manual research process that I described above.

Or, if you like, you can go to our web site, and take a Free Preview of our Product Sourcing Tool [Here](#). We *know* it will save you a tremendous amount of time, while helping your business succeed.

Now, let's move on, and talk about Pricing those products that your research tells you will sell.

In our scramble to find a way to offer the lowest prices on the Internet, we often overlook the basic steps that we should be taking BEFORE we even offer a product for sale. We also overlook something even more important: you don't HAVE to have the lowest price in order to make great sales. Following are some things you should do before and after determining your bottom line. No matter what your Product Sourcing Methods, these steps should be covered.

Should you be selling this item now?

Snowboards don't sell well in the summertime. You may have a hard time moving a pair of Roller Blades in January. Don't waste your time and your site space marketing products out of season. Ask your Supplier for a little historical information regarding the best time to sell their products. Believe me, to everything, there IS a season. They have the figures.

Identify your costs

Profit isn't just the difference between wholesale and retail. You have other costs to consider. Think about every penny you spend in order to get that product to the customer's door, and plan accordingly. For example, your merchant account probably costs you about 2.2% plus 30 cents per transaction. On an item you'll sell for \$20, that's 74 cents. Don't forget that calculation when pricing the item. Your Supplier may charge a drop ship fee per item, or you may be buying boxes and labels for shipping wholesale products you bought in bulk. Remember to factor that into your price.

This may seem very complicated, but it's really not. Just take the figures one at a time, and you'll arrive at a wholesale cost plus an amount that, when added together, becomes your "cost of goods sold". For example, a Drop Shipped item that costs you \$10 at wholesale, plus a \$1.50 drop ship fee, actually costs you \$12.24, not \$10. Why?

- Product cost at wholesale: \$10
- Drop Ship Fee: \$1.50
- Merchant Account transaction fee for a \$20 sale $((20 \times 2.2\%) + .30) = \0.74
- Total = \$12.24
- At a \$20 sale price, that product earns you a 39% profit $(1 - (12.24/20) = 39\%)$.

Identifying all your costs is important if you want to price your products properly.

Here's something to think about when you buy products in Bulk, and ship them yourself: When you buy a few cases of products from a Light Bulk Wholesaler, for example, it's going to cost you a certain amount of money to have those cases *shipped* to you. If you buy a Bulk load of 200 products, and you pay \$50 in shipping to get that Bulk load delivered to you, you need to remember to add 25 cents to your *cost figures* for each of those 200 products!

Check out the competition

Search on the item you plan to sell. Check out the competitors' prices. But DON'T get caught up trying to beat the wrong competitor! You need to stay within your "venue" (the place on the Internet where you sell your products).

If your Store is highly ranked on a particular Search Engine, most of your traffic probably comes from that Search Engine. When you seek out your competitors, you should look for other businesses like yours in that SAME Search Engine. *Then* compare.

So check out the competition, narrow down your product list and make a note of the three lowest prices you find for each product, and then ask yourself another question.

Is anybody going to buy this thing?

This doesn't have much to do with pricing, but it should be said.

When considering products, there's unique, and then there's too unique. Yak Butter may sound like a great product, because nobody else has it for sale on the 'Net. There's a reason for that. If you sell more than 3 boxes a year, I'll EAT some.

Unique is Rain Barrels made in Maine. It's Exotic Cheeses imported from Italy. Silk Parisian Lingerie. Things you don't see every day, but would be proud to give as a gift.

Then there's "common". Everybody and their grandmothers are selling Alabastrite Figurines on the Internet. Do they sell? Sure, in a limited fashion. Do you want to sell them? Not if you want to make any real money.

In my experience, the vast number of products that fall between those two extremes sell well. Sleeping Bags and Hair Dryers. Drills and Kids' Computer Software. Mainstream products that everyone uses all the time sell. Look at your potential product, and ask yourself honestly if YOU or people you know would buy it on the 'Net.

Set your price

Take the lowest price you collected on a product in your list that has survived all your Research and still looks good. Calculate your estimated wholesale cost, and then subtract that from the lowest price. *If you don't see* at LEAST 15% profit, look into another product.

If you do see a decent margin, there are a couple of ways to proceed. You can undercut your lowest priced competitor by a bit, and hope to "kick off" the product and get yourself noticed. Chances are, though, that the following week you'll find that someone has undercut YOUR price by just a bit. That becomes a losing game.

One method you can use to draw customers is called the "loss leader". These are desirable items (in your general product line) that you sell dirt cheap just to bring in customers. Then you price the rest of your products at the second or third lowest price in your venue. The customers come in for the loss leaders, and once they're in your store, you can lead them to other products that complement or replace the loss leader. Using a two-slice toaster as a loss leader? Place a much nicer four-slice toaster right next to it, with a higher profit margin. They're already there, they already want a toaster; wouldn't they rather have a REALLY NICE toaster?

There are all kinds of marketing methods like that which you can use to promote your products, but the one that works best

is this: Spend some time making your Site or Auction *better* than your competition, and pay a great deal of attention to your customers.

That makes you more reputable in the eyes of the customer. You'll find that people don't mind paying just a little more if they feel comfortable in your Store. They don't like to worry that they're buying from a "hack" who may not deliver. Nothing says "hack" like a cluttered, confusing Storefront, and a slow response to customers' questions.

Follow up

After you've sold an item for a month or two, revise that "cost of goods sold". At that point, include the monthly cost of your Store or Auctions. Measuring past performance is just as important as setting the correct price to begin with. If sales drop, recheck your competition. If that's not it, drop the product, or shelve it until the "season" comes back around. Don't get sentimental about your products, and NEVER just let your business just sit there in limbo once it starts to make money. This is a dynamic business; stay on top of it!

A last word (or three)

Retail pricing has many "ins and outs", on the Internet or anywhere else! It would be impossible for me to cover everything here. The steps above are just the basics of a process that works for me. Patience and persistence are important keys to a successful business of ANY kind so hang in there and take it one step at a time. You CAN do it!

CHAPTER 16

SHIPPING AND HANDLING FOR DROP SHIPPING

This Chapter deals with Shipping and Handling as related to Drop Shipping. We've already covered the basics of shipping if you use **Bulk Wholesalers**, back in Chapter 7.

As I've said, you'll be most successful if you end up using Multiple Product Sourcing Methods. However, no matter which combination of methods you use, you should still read this Chapter. It does contain information valuable to multiple approaches.

If you're considering an Internet Store, I've already talked about opening small, focused Internet Stores with a LEGITIMATE ECommerce provider. When using Drop Shipping, try to stick with one Wholesale Supplier per store. (Remember, one good Wholesale Supplier can carry tens of thousands of products, from dozens of different Brand Names, so you're not limiting yourself to just a few products when you work with one Supplier per Store site).

There are many valid reasons for this, and streamlining your Shipping and Handling are a biggie.

When you sell products to your Internet customers, they want to know the FINAL price before they buy. They're going to go through your order process until they get to the price PLUS Shipping and Handling, and THEN they'll make their final decision.

You need to make sure you can supply that final price. That means you have to know what the shipping and handling fees will be BEFORE the order is completed.

We use the Online UPS Shipping Calculator to determine how much shipping is going to cost per order. You can see it in action at www.UPS.com.

With some types of Internet Stores, the UPS calculator can be integrated with your store itself, and perform shipping calculations automatically. With Auctions and with other store solutions, it's more of a manual process.

However you calculate shipping, when you use Drop Shippers it's a whole lot easier if all your products come from the same Zip code! If you have more than one Drop Ship Supplier, they're probably going to be in different Zip codes.

Say a customer comes into your store, and purchases a really nice Tent from you. Your Drop Ship Supplier is in Iowa. While the customer is there, they decide that camping isn't much fun without music, so they add a battery-powered radio to the order. Your radio Drop Ship Supplier is in Miami.

On many Internet Store sites, the shipping calculation is done automatically, but you can only enter ONE "Zip code of origin" for your entire site. That means that your Store site thinks that EVERYTHING you ship comes from the same place, and calculates the shipping accordingly. Let's say that when you set up your Internet Store, you entered the Zip code of your tent Drop Ship Supplier in Iowa.

Now, your customer lives in Oregon, which isn't all that far from Iowa, relatively speaking. Your site is going to calculate what

it will cost to ship BOTH items from Iowa to Oregon. The site doesn't know any better, because it thinks that ALL your products come from the same zip code, in Iowa. That's the shipping price the customer will pay, on top of your product price. The customer thinks the total price is pretty good, so he makes the purchase.

Who pays the EXTRA shipping cost to send the radio to Oregon from your MIAMI Drop Ship Supplier, instead of Iowa?

You do, when your radio Supplier in Miami charges you for the wholesale price plus shipping.

Normally, shipping gets passed on to your customer, but in a situation like this, you lose money.

If the situation was reversed, and your Zip of Origin was listed as Miami, the CUSTOMER loses, because he will pay too MUCH for sending that tent from Iowa to Oregon. Your site will think the tent is coming from Miami also and charge accordingly.

As I said, that's one very good reason, among many other good reasons, to open small, focused sites that deal with the products of one Supplier each when using Drop Shippers. Again, a single Supplier can carry dozens of brand names, so you're not limiting your ability to carry different products. You're simply avoiding an ugly situation. Losing money to shipping costs is UGLY. Trust me, I've been there.

Another thing I suggest you avoid is Motor Freight. That's the shipping method used for large, heavy packages. It means that the item is too heavy to be shipped by UPS or FedEx, and must be carried on a tractor-trailer.

Motor Freight is EXPENSIVE, and you'll never be able to set your Site or Auctions to calculate the costs, because Motor Freight costs *change constantly*. The only way to do it is to get your Drop Ship Supplier to agree on one set price to ship the item anywhere in the country, and that's HARD to get a Supplier to do. The only way they might do that is if you agree to pay the maximum possible shipping charge every time, no matter where the product goes. You'll never make any sales that way; your customers will not want to pay it.

In other words, don't sell anything that weighs more than 70 pounds (the UPS max shipping weight).

Now, what's this about Handling Charges?

As I've already said, some Drop Ship Suppliers charge a "drop ship fee" per address delivered to. This is a normal part of the drop shipping business, and always has been. It can range from \$1 to \$4, but generally it is in the \$2 to \$3 range. There are many drop shippers who do NOT charge this fee at all, but it's something you should be aware of. Those who charge this fee do so to offset the extra work they have to do to ship out single items for you.

This is NOT a "per product" fee. It's "per address". That means that a customer can order 10 products from you, and as long as they are from the same Supplier, and going to the same address, you will only pay that Drop Ship fee ONCE per order.

One way you can cover this fee is to build it into your product price for each product when you figure out your pricing. When your customers DO order more than one product that will go to the same address, from the same Supplier, that's a good thing in more ways than one. It means that the extra drop ship fees you calculated into your price on EACH ADDITIONAL item are yours to keep. You make extra profit, since you only pay the fee ONCE, and you've sold more than one item that has that fee built into its price.

For example, if your Drop Ship Fee from your Supplier is \$1.50, you add \$1.50 to the price of each product when figuring out your wholesale cost. You may actually raise your retail price to cover this. If you do, and your customer orders 10 products from you, and you only pay ONE fee of \$1.50 because it's all the same order, you make an extra \$13.50 (9 x \$1.50).

Alternatively, you can simply add that \$1.50 ONCE to each order as a handling fee. That way you can keep your retail price down, although your shipping and handling charge will be a bit higher.

Shipping and handling are not hard to deal with. You can handle the work easily enough if you remember two basic things:

- Try to use only ONE Drop Ship Supplier per Internet Store that you build, even if you use bulk sourcing for that store as well.
- Try not to sell anything that weighs more than 70 pounds, whether on an Internet Store or an Auction.

This is another Chapter that deals primarily with Drop Shipping. When you use Light Bulk Wholesalers, Large Volume Wholesalers, Liquidators, or Importers, you will already have your product inventory in your home, and you won't be placing individual orders with your Drop Ship Supplier, which is what this Chapter deals with. However, once again, please read this Chapter no matter which combination of Product Sourcing methods you use; there is some information here that is good to know even if you don't use Drop Shippers.

Ok, your Internet Store is open, or your eBay Auctions are running. 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 whether you use an Internet Store Solution, or sell through Auctions, you will have a page on the Internet 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:

Most decent merchant account and store software 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. Most decent merchant and store software 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've agreed to order by email, fax, or phone, they will 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, 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.

So what about the customer who just refuses to be happy, no matter what you do? Every once in a while you run into one of those lovely people who are so miserable that they aren't satisfied until everyone else is miserable, too. We'll talk about them next. :o)

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 on eBay. 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: **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)

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.

Since the customer was located in Orlando, it was a local call. I called his house. 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 placed the order only hours before, and I had not yet charged him. 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 nastygram 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).

If you think a product might be questionable as far as stock status with your Drop Shipper, or if you stock them yourself but are running out, check with your Supplier before charging the customer's card. You get a feel for which items are stocked less than others after a while. You can always refund the charge, but it's better if you can tell them you have not charged them yet.

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.

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.

When you know that the product has shipped, inform the customer. They appreciate that, and again, realize that you are at least thinking about them. Most people understand order problems, and will give you no trouble. In fact, most are very appreciative if you contact them right away. Sometimes, you get the problem customers. Deal with them politely, and never lose your temper.

Be the bigger person. I always check my return emails to these people twice. There are times when I've let some temper slip in to my writing, and I'm sure to remove it before clicking the send button. It only ends up helping you in the long run!

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 an Info page. Any Auction you run should contain an Info section. It should contain your contact information, your shipping policies, your Privacy policy (what you do with the information you gather about your customers), your Return policy, etc. Your customer needs to know these things, and if they don't see them on your site or Auction, they're not going to trust you. You need to outline at least a basic return policy up front. You can see examples of this on any good web site, by looking at their Policies or Info pages.

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 are 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.

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.

Phew! Lots of information to digest, lots of things to think about. :o)

I wanted to finish up this E-Book with a timetable of the things you'll need to get your business started on the right track. Some things you can do simultaneously, and some things have to wait for others to happen. It helps to have an idea where you should start and what you should be doing, and when. I can't put days or dates on this timeline, because in different places these things take different lengths of time, but this is the general order in which they should be done.

1. Think about where you want to host your store. You may decide you want to sell via Internet Auctions. Perhaps BOTH. There are many store solutions and auction sites out there, and you can certainly take your choice.
2. While you're deciding where and how you want to sell products, I strongly suggest that you get our [Product Sourcing Tool](#) You'll find no better sources ANYWHERE of genuine Wholesale Suppliers that will provide all the products you need for your Store or Auctions, and the Market Research integration in our Tool will be invaluable for deciding what to sell. The reason you should have these at this time is twofold: research, and paperwork. Part of your decision about where your Store is going to be, or whether you prefer Auctions, or BOTH, involves **Market Research**. You need to know what's available to you so you can start searching in your future Store Solution or ECommerce Provider's shopping area, or your chosen Auction site, for your potential competition. You're looking for products that are not being oversold. Remember what we talked about? A little competition is good; that means that the products sell. Too much competition and the product is a waste of your time, and your store's space. Use the Product Sourcing Tool to get your Market Research jump-started while you set up your business. That research is IMPORTANT to a successful Internet Store or Auction.
3. At the same time, you can begin to contact the Suppliers you might want to use, and gather information from them. There'll be a bit of paperwork that you can do at the same time as your business paperwork, and you can get it all finished up at the same time.
4. Start your business paperwork. You'll want to file your DBA, Fictitious Name, or corporate papers; whichever way you decide to go. In some places that can be done in person and right away. In others you may have to wait from a few days to a couple of weeks for your certificate to be mailed to you. You can use that time researching products and practicing with your Store or Auctions.
5. Once you have your business name, you can open your business bank account. Usually this is just a matter of depositing \$100 or so in a new business account at your bank. This is also the time to check with your local IRS office regarding your Tax ID. Again, in some places it's quick and easy, and in some it may take a little time. Keep researching products during that time!
6. Contact a Merchant Account Provider. In order to accept your customers' credit card orders, you need a Merchant Account. You might even get one with an Internet Store Solution Provider that you choose. While you CAN use free

services like PayPal, most Internet shoppers feel a much greater sense of security when they see that you accept Visa and MasterCard. It has the effect of legitimizing your business in their eyes.

7. Once you get your Tax ID, you're in business! Send in the paperwork you got from your distributors and open accounts with them. Remember, there are NO Monthly or Annual Account Setup Fees or Membership Fees with any of the Suppliers we list in our Product Sourcing Tool. They are specifically researched to give you *only* Suppliers that are already willing to work with you as a home-based business owner.
8. When you've a good idea of the products you want to sell, you'll want to get your Domain Name. You should wait until this point, because the domain name for your first store should say something about the products you are selling. Beware of cut-rate domain registrars. You could find them out of business one day, and find yourself suddenly unable to control your own domain name. So make sure to use someone reliable.
9. Now that you've got your Supplier account(s) open, you can pick up wholesale price lists from them. Take the product research you've done, and compare pricing with other Internet Stores in your shopping area. Weed out the products in your general product lines that you can't make at LEAST 15% on easily. We make about 30% on the products we sell, as a general rule. Remember, you DON'T have to be the lowest priced! A clean, focused site or auction with up-front Customer Service information impresses more than a dollar or two in savings. As you decide on products that you will sell, keep a folder on your computer containing those product images and descriptions; you'll get those from your Wholesale Suppliers.
10. Now, it's time to get your Merchant Account. By now, you should have the following:
 - Your business name and Tax ID
 - Your business bank account
 - Your Domain Name
 - Your distributor account(s)
 - Your Merchant Account
 - A list of the products you can sell at a profit, complete with the prices you intend to charge
 - Your product images and descriptions from your distributorDuring this time, you should have been practicing with your Internet Store Solution software, or running a few Auctions. Now, you're ready to go.
11. Begin to load your product images, descriptions, and prices. Remember to create your Info page as well, containing your Contact information and Policies.
12. Once your products are loaded into your store or your new Auctions are prepared, you're ready to sell!

If you stick to your timeline, and work at it, you can actually complete this entire process and open your Store for business in less than a month, generally for under \$500, depending of course on the site and store options you choose. I'm not just saying that. WE have worked through this entire process in the state of Florida, and did it just like I've described, for just that amount of money.

In conclusion

I appreciate your reading this far, and hope that you've gained some useful information here. I won't promise that I will hand you your dream, or that I'll make you rich. That's the difference between us and all the scam artists out there. I'm telling you the Truth, even though it's not as pretty as the lie. The Truth is that it takes work and dedication to build yourself a future that's free of timecards and bosses, but it most certainly CAN be done. WE did it; I've just told you how. So can you.

Are there other legitimate ways to approach Internet business? Sure. The methods I've outlined here are not meant to be a "complete business system". This E-Book simply describes the best methods I've found to start an Internet business with a very small investment.

Remember, no one can guarantee you success and wealth. If anyone does, run fast and far in the opposite direction! It's UP TO YOU. Do the work yourself. Have patience. Go step by step. Spend time on it. Use common sense.

That's how successful people become successful. YOU can be one of them.

If you found this FREE EBook useful, I have much more Free Info for you:



If you have questions or comments on this E-Book or anything else, you can reach us at the following:

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