

Make money with drop shipping

Have you ever wanted to sell stuff online like Amazon sellers? Have you ever wanted to set-up your own online store? Chances are if you're like most people looking to make money online, the idea has crossed your mind.

However, just like with most people, what stopped you is the nightmare scenario of having to go to the warehouse and physically handling that inventory. Who needs that headache, right?

Well, drop shipping is the ideal solution for people looking to make money online through physical product sales. With drop shipping, you don't have to have a warehouse. You don't even have to touch the merchandise.

Here's how it works. You set-up a website and you stock it with products that are actually sold by another online store. This is usually a distributor or wholesaler. When somebody comes to your online store and buys something, you set-up a software that automatically orders that inventory from your source. The difference of course is your profit.

Since a lot of drop ship wholesalers are based in China, you can bet that the profit margin of most drop shippers is quite hefty. We're talking mark ups starting from 50% all the way to several 100%. It's crazy.

In fact, the difference between the wholesale price and the online retail price of many types of products are so extreme that drop ship stores can absorb the loss created by refunds because their margins are so big. That's how lucrative drop shipping can be. It all boils down to automation, niche-selection, and finding the right supplier and driving traffic to your online store.

How to do it

The first step as usual is niche selection. You have to pick the right product to sell. Please understand that just because a lot of Americans are buying a certain type of product doesn't necessarily mean that that product has a fat profit margin.

If the profit margin isn't there, that product is not worth selling. Seriously. It's just going to cost you too many headaches and stress. At the end of the day, the money is simply not worth it.

You have to find products that have a high-enough return on investment and have a solid demand level while facing relatively low competition levels. This is a tall order because you're balancing all these factors. It will probably take you quite a bit of money and time to do it on your own.

The good news is you can hire a virtual assistant from places like Cognoplus or freelancer.com to do all this heavy-lifting for you. The great thing about Cognoplus is you can hire somebody on a day-to-day basis for only \$30 per day. You can set a quota for that person to do the heavy data analysis of finding different products and cross-referencing them in terms of consumer demand and online competition.

Once you found the type of product you want to resell, the next step is to find suppliers for that product on AliExpress. The great thing about AliExpress is that you can set-up software to take the orders that you get from the drop ship store and relay it automatically to the AliExpress.

You can be asleep. You can be on the other side of the planet enjoying a tropical vacation. You can be out minding your own business. All of these happen automatically. At the end of the day, you just see your profit margin. Pretty nifty, right?

You can use set-ups like Shopify to quickly set-up your online store and then, plug it into Oberlo, which automates inventory ordering and inventory entry. If this is too complicated or if you think you have better uses of your time instead of doing this yourself, again, you can use freelance virtual assistants to do it for you.

Set-upped properly, your store would attract traffic from the internet. When your visitors buy items from your store, your software will automatically order these inventory from your source.

Pros

The big advantage of this method is you don't have to handle inventory. Another great solid point is that pretty much everything can be automated.

Cons

The big downside to drop shipping is niche research. The bottomline is if you pick the wrong types of product or product categories, you're going to fail. You're not going to make any money. Either you're not going to attract traffic, or the return on investment is simply not there, or you just have too much competition. None of these situations are good. They all lead to one place: failure, so it's crucial that you pick the right niche.