

Starting Your Internet Business Right!

By **Chris Malta**

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, by any method you prefer, as long as it is distributed intact with no changes. :o)



About the Author
(http://www.info1.mydssd.com/wwb/about_chris.asp)

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 myself 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, for VERY little money. There are lots of excellent ways for someone with little or no experience to open and run an Internet Store from home. Low cost hosting deals, Internet Malls, etc...we WILL talk about that, but that's not the hard part.

The hard part 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, 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.

Section 2: Computer Essentials

HTML. DHTML. Bulk Upload. Database Integration. DSL, Email Campaign, Search Engine Positioning, 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 Part 1.

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 95 Operating System. If your computer is relatively new, or you've upgraded recently, you could be using Windows 98, Windows ME, Windows XP, or Windows 2000.

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; or perhaps WordPerfect. 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 Mall Store. (DO NOT confuse this with the scam artists!) There are only a couple of really good Internet Malls out there, and we'll talk about the best one later. With an Internet Mall Store:

- You have less control over the look and operation of your site, BUT:
- It has built-in Traffic (potential customers)

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

- Have far more control over your site's look and structure
- Will probably spend a little more in order to have that control

That's the trade-off between the two options. A "Mall" store offers less choices for making your store look and feel unique, but offers built-in traffic. An ECommerce Hosting Provider store offers you more complete control of the store, but you have to spend more energy, and often money, bringing in customers.

Again, we'll go into more detail, and recommend some actual companies, later.

If you want to use an Internet Mall Store, 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 6 or higher. This is available as a free download at <http://www.microsoft.com/windows/ie/default.htm>.
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 Shop Pro. You can download a free trial version of this program from <http://www.jasc.com>.

That's it. That's all you really need on your computer to build and run your Internet Mall Store.

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 FTP Explorer, and you can download a free trial version of it here: <http://www.ftpx.com/>.

2. Site-building software. I recommend Microsoft FrontPage 2002. This is a program you use to actually create Internet pages for your store. FrontPage 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.

No matter which way you go, you'll find that when you work with a **legitimate** company, there will be plenty of free 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)

Section 3: Understanding The Internet

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

I grew up in Western New York. I know that most people who've never been to New York think that it's one big city. Trust me...there's a lot more woods than there is city. There are 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'm 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 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 us 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 AOL, Earthlink, 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 it's "maximum load" (like a switchboard that can only connect a certain number of calls at once), another Server will take the overflow, and so on.

Every Server on the Internet is connected to all the other Servers as well.

Basically, the Internet is one big gigantic computer conference call, with people joining in and dropping out all the time. The Workstations (your computer) are the participants, and the Servers are the Company management team, moderating the discussion.

Ok, so what about all that information that you can look up on the Internet all the time? You can go to a Search Engine and find the current price of 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 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 Yahoo Search Engine, for example, and type in a search for "Ankle Bracelets", the Yahoo 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.

Please remember that this is a simplified version of what goes on out there; I'm not soliciting picky corrections from my fellow computer geeks. :o)

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

Section 4: Choosing a Host for your Internet Store

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 Malls**, 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 Mall

Let me explain this concept like this:

My teenage boys love to go to the Mall. They'll spend an entire Saturday there, along with a week's allowance. When asked what they've been doing all day, they'll just say, "Um...chillin', that's all."

When I was a kid, it was called "hangin' out", but it's the same thing.

Why do they like it there so much? Well, according to them, the Mall has "EVERYTHING!" They're right. People to see, places to go, things to do...everything they're looking for, right there in front of them, within walking distance.

Your Internet Store can do the same thing. It can "chill" at the Mall. In this case, that happens to be an Internet Mall. When your Internet Store is at the Mall, it's not laying around the house grumbling, it's having fun, and it's probably not getting into TOO much trouble. Just

like my kids.

Why let your site go to the Mall? Because it's right in the middle of things.

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 Grandson gets a little older, I'll be telling him 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 Mall site:

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

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

My Mall Provider has a "template" that can be used to create a store. Using just my Browser, I can tell the store what color and style it's 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 Mall 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.

The Store Manager (the area provided with your store where you manage it's functions) is loaded with all kinds of easy to use tools, from Excel spreadsheet exports to email forwarding to charts of my hits and sales. But that's not even the good part.

The good part is this: 24 hours after I place a product in my Internet Mall Store, it shows up in front of MILLIONS of shoppers, in the actual Internet Mall itself. Picture, description, price and all. The last site my partners and I opened on our Mall Provider paid that fifty bucks back in it's first couple of DAYS, and has gone on to make very good money.

The biggest advantage to a good Internet Mall is that they ALREADY have shoppers there in that Mall, who will see your store right away when you open it. Just the same as if you rented actual physical store space at your local shopping mall. The shoppers are already THERE, you just insert yourself into that space and the shoppers will see you. That way, you can start to bring in a few customers right away, while you work on other ways to promote your site.

The disadvantage to an Internet Mall is that the stores all pretty much look the same. 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

You'll find detailed information on the **Internet Mall Provider(s)** we recommend in our online **Resource Center** (http://www.info1.mydssd.com/wwb/rc_index.asp).

Method TWO: Using an

ECommerce Hosting Provider

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

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 an ECommerce Hosting Provider is the fact that there is no built-in "traffic".

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.

ECommerce Hosting Providers will all set you up with the your basic needs at a good price. Internet hosting (rented space on a Server hard drive, remember?). They should include a Shopping Cart (the software program that holds your products and prices), and may include 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. Chances are you’ll have to learn to create your own HTML pages, but some of these companies even offer to supply pre-created pages FOR you that CAN be modified to look the way you want them to; and all you need to do is plug in pictures of your products, and prices. These pre-created templates are generally MUCH more flexible than you would find with an Internet Mall, and if you want to create your own pages from scratch, you can.

As I said, I use Microsoft FrontPage to create the pages that I host on an ECommerce Hosting Provider. The software is easy to learn and use, and you can create an Internet Store with a unique "personality" that is usually missing from an Internet Mall Store.

When using an ECommerce Hosting Provider, the issue to keep in mind is TRAFFIC. 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!

TRAFFIC, as I’ve said, is a very important key to success on the Internet. When using an ECommerce Hosting Provider to build your own Store, you gain far more control over your store, but lose the instant Traffic generated by Internet Malls.

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?”

So, you will need to promote your site yourself. How do you do this?

Here are the most common methods:

Banner Advertising:

There are any number of Banner Exchange programs out there. Many are free. They operate on the idea that if you put an ad for my site on yours, I’ll put an ad for your site on mine. Well,

that's just dandy, but almost everybody on the free Banner Exchange programs are there because they HAVE no traffic in the first place. You exchange banners with another site that has no traffic, and end up with TWO sites with no traffic instead of just ONE.

You need to make sure that if you use a Banner Advertising Service, your ads are getting exposure on sites that are actually **relevant** to your product line(s), and those sites where your ads appear are getting hits (traffic). **Ask** the Banner Exchange companies you talk to about these things.

Email Campaigns:

There are a lot of companies providing Email Campaigns that you can buy into. This is a tried-and-true marketing method that works very well when done right. **But be careful.** A cheap email campaign will send your hopeful, starry-eyed emails out into the world, only to crash-land in Servers that reject them because the addresses are no longer valid. Or, you'll get in trouble for "Spamming" (sending unsolicited junk mail).

If you buy into an Email Campaign, ask if the Email Campaign sends your advertising Emails to "**Opt-in**" **Members**. That means that the people the emails are sent to have **requested** to receive Emails from the Email Campaign provider. That's the kind of Email Campaign you need. Again, you don't need to get into trouble for "spamming".

Search Engine Positioning:

Meta tags, keywords, jockeying for position with thousands of other webmasters who are trying for those same top listings that you are. Your Internet store needs to be positioned as close to the Top Search Engine Results as possible.

It takes a very long time and hundreds of dollars 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 attempt panned out, only to find yourself ranked number 13,426 in your latest search. Been there, done that, got the T-shirt. Sure, you can pay the Search Engines for top listings. Got a few thousand dollars to spare? The search engines have definitely figured out how to make THEMSELVES rich. Does that really help you? Not if you don't have the money.

So, check around for companies that provide Search Engine Positioning 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 7 or 8 search engines out there that really matter. You know which ones they are, if you've spent any time surfing the 'Net. Yahoo, Google, Altavista, etc. 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"**.

You'll find detailed information on the **ECommerce Hosting Provider(s)** we recommend in our online **Resource Center** (http://www.info1.mydssd.com/wwb/rc_index.asp).

In conclusion:

You can successfully use either an Internet Mall or an ECommerce Hosting Company. As I've said, the trade-off between a Mall and an ECommerce provider is this: With a Mall, you get more initial Traffic. With an ECommerce provider, you get more control over your site's look and functions.

However, there are lots of scams out there. Again, for info on **companies of both kinds that we recommend**, you can go to our **Resource Center** (http://www.info1.mydssd.com/wwb/rc_index.asp). We'll tell you which ones we've found to be legitimate.

Section 5: Becoming a Stockless Retailer

You want to open a retail store on the Internet. You have to have products to sell, right? Let's also imagine that you like to suffer. Mental anguish is your favorite pastime. You aspire to financial ruin. In that case, you will want to stock products for your Internet retail store.

To stock products for your store, you will have to rent warehouse space, or at least clean out your garage. You will have to have to pay for a shipping account with UPS or FedEx, unless

you want to saddle up and trot down to the post office every day. Worst of all, **you will have to pay for those products up front.**

Yes, that's right. Money. Probably lots of it. For example, if you want to sell Mattel Toys, you can contact Mattel and they will be happy to set you up as a retailer. I know...I talked to them a while back. We had a nice conversation about setting up an account, placing orders, and all the other wonderful things businesspersons discuss with each other when beginning a relationship. Toward the end of our conversation, this nice woman said to me, in an offhand manner, "By the way, your minimum first order must be at least \$100,000." That's One Hundred Thousand Dollars, folks.

I nearly choked on my bagel. Needless to say, I do not stock Mattel products. Or anyone else's, for that matter.

Stocking products costs money, that's the bottom line. No matter what you sell, if you carry stock, you pay first, and then *hope* you sell later. If you don't sell the products you stock, there are going to be some very happy people at your next garage sale, and your bank will be sending you an amazing amount of undesirable mail.

There's a much better way.

Stockless Retailing (Drop Shipping):

Stockless Retailing is commonly called "Drop Shipping". It should be noted here, if only to keep the Punctuation Police happy, that if you use the method of drop shipping in your business, YOU are not the "drop shipper". The company(s) who *supply* the products to your customers for you is the drop shipper. YOU become a "Stockless Retailer".

Here's how drop shipping works.

- 1.) You open an Internet Store, using an ECommerce Hosting Provider or an Internet Mall, with a shopping cart and the ability to accept credit cards. You can also use Internet Auction sites.
- 2.) You find a distributor who is willing to "drop ship" the products you want to sell.
- 3.) You establish an account with the "drop ship" distributor(s) you choose.
- 4.) You receive images and descriptions of the products you want to sell from the distributor, 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 distributor, along with the customer's name and address.

7.) The distributor sends the product **directly to your customer from the warehouse**, with YOUR business name on the package.

8.) The distributor 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 item. You didn't have to buy a whole bunch of the product and keep it in your warehouse, hoping you would sell it. You didn't have to pay to have it shipped to you, and then pay to ship it to your customer. All you did was send an email to your distributor.

Be careful! There are a LOT of people out there who **want you to believe** that they are drop ship distributors. We'll talk more about them next. 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 distribution companies.** A good rule to go by: **a real wholesale drop ship distributor does NOT charge you an "Account Setup Fee" for an account.** (We'll talk about different fees that can be associated with drop shipping in a following Chapter).

Our primary focus here at The Drop Ship Source Directory (<http://www.DropShipSource.com>) is researching and identifying **REAL wholesale drop shippers.** We publish the **Internet's premiere Directory of Factory-Authorized Distributors and Direct Manufacturers who will drop ship for YOUR Internet business.**

The distributors we list are all genuine wholesale companies. They will NOT charge you an account setup fee. They will NOT force you to buy a minimum number of products. They WILL ship the more than HALF MILLION products our Directory represents straight to your customers from their warehouses, one at a time.

You can Preview our Directory using our **Guest Entrance** (http://www.info1.mydssd.com/wwb/freepre_index.asp).

You can find out much more about our Directory on our Home Page (<http://www.DropShipSource.com>).

But for now, back to business. :o)

We'll talk more about the nuts and bolts of opening accounts with real wholesalers a little later. Let's move on to the differences between REAL Wholesalers and Scam Artists.

Section 6: Wholesalers: Real Vs. Rip-off

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

They use words like **“Ultimate”**, **“Central”**, and **“Millennium”**.

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 post Internet Auctions, you obviously need products to sell. Unless you want to lay out a huge amount of cash up front to purchase products, and then hope you sell them later, you should look into drop shipping. We just talked about that, in Part 5 of this book.

Drop Shipping, as I said, is a method of retail sales where you do not have to purchase and warehouse products before selling them. The wholesale distributor ships each individual product directly to your customer **AFTER** your customer buys the product from you. You get paid for the product before you pay the distributor for it! It's simply and very inexpensive way to retail all the best products.

The most critical thing to remember 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:

TV Infomercials

These people are probably the biggest offenders out there. The late night "Home Internet Business in a Box" TV Infomercial.

They 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.

It's NOT TRUE. It never has been true. **No place, no time, not ever.** In our minds, we all know this. However, in our hearts, we long for it to be so. *That's* what 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 we're very highly regarded on the Internet.

These different infomercial people have *approached us* over the years, wanting us to endorse them and let them include our information and our Directory in their half-hour trips to Fantasyland. We've had multiple conference calls with the owners 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 these people. Don't let your chance at a real business be ruined by them.

We know their Infomercials. We actually do stay up late at night and watch every new one that comes out. We have **never seen one that will do what it claims for you.** They are selling a white-washed fantasy that has little to do with the real business world, and *they know it.*

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". Then they tell you that you need to invest *thousands* in their "Coaching Classes" if you want to be successful. We have heard from a tremendous number of people who have lost thousands of dollars to these people. **Don't let them fool you!**

"Drop Shipping 'Agents'"

As we warn throughout our information, 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 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, putting a new filter in the Coffemaker, 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 more clever. 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 sugar-coat 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, or maybe even ten *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.

"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 company.** 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.**

List of Wholesale Companies that Drop Ship, Only \$3.00!

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. If I thought I could make money on the Internet selling wooden birdhouses made in somebody's garage, I'd go into business with my neighbor.

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 Drop Ship Lists and Sites on the Internet!

Yes, we bought them too. ALL of them. They call themselves "**Ultimate**", "**Central**", "**Millennium**", "**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 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 ragprint 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. They're 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 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 Business Opportunity!

Have you ever come across a "Drop Shipping 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, doesn't 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 \$149. and \$50 a Month...

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

Let me say this very clearly:

A REAL WHOLESALER DOESN'T CHARGE YOU A FEE 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!

Wolves in Distributors' Clothing

These places spend a great deal of effort trying to convince you that they're real distributors. We spend a lot of time sorting these profiteers OUT of OUR list 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 distributor, 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 distributor, 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 Information sites

Sounds pretty good, doesn't it! FREE sites giving you the names of all the drop shippers 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 The Drop Ship Source Directory, we **will not** waste your time! **We publish only genuine, verified manufacturers and wholesalers who drop ship!**

Section 7: Drop Ship Fees

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: Wholesalers 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 pallets on a truck, and off they go. That's what they do most often.

When a wholesale distributor 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.

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. We do it all day long ourselves, in our online Retail business. :o)

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.

Section 8: The Real Business World

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 an ECommerce 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 the 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 Directory 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. :o)

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 drop ship distributors he finds in our Directory 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 Directory 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 my informational product 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 Directory 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 my Directory to contact a distributor of the products he wants to sell online. **GENUINE Dropship distributors do NOT grow on trees.** They are **VERY hard to find.** This guy may only have one shot at a REAL drop shipper of the products he really wants to sell. If he's demanding and rude to the only distributor 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 distributor** listed with our Directory 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 directory. 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 shipper 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 I've ever experienced. It's **worth the work**, every minute of it. Don't let the Scam Artists cheat you out of that.

Section 9: Beating the Superstores

Alright, we've talked about the best way 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 distributors, 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 Internet Store:

"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:

1. Go to a bank and borrow about a gazillion dollars.
2. Build warehouse and shipping facilities all over the world.
3. Buy your own trucking line.
4. Spend decades establishing relationships with manufacturers and distributors.
5. Buy and warehouse millions of products at once, to qualify for rock-bottom discounts and millions of dollars in manufacturer rebates.
6. 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?

At the time of this writing, Wal-Mart only sells ELEVEN different power drills, from FIVE different brand names. 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 is 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. 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!** You can still sell your choice of excellent products from hundreds of brand names. **We do, and it works.**

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 Drop Ship Source Directory, you'll find a combined total of almost **600,000 products** that YOU can have Drop Shipped right to your customers. 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.

Section 10: Web Sites Vs. Auctions

In the course of marketing our **Drop Ship Source Directory**, I get a lot of email from people who wonder if it's possible to use drop shippers to sell products via Internet Auctions.

Sure it is! Real drop ship wholesalers don't really care where you make your sale; they just want to know who to send the product to!

Internet auctions, in case you don't know, are another way to sell on the Internet. In fact, it's a way to sell on the Internet without even building a web site. EBay is probably the best example of this, but they're certainly not the only Online auction house.

You go to eBay's web site, sign up for free, and you can list items you want to sell for competitive prices. As I said, drop ship distributors only need to know where to send the wholesale products you sell; it doesn't matter how you sell them.

I'm not much into online auctions myself, so I won't try to go into a great amount of detail. There's plenty of information on eBay and other auction sites that will tell you how they work.

I will tell you, though, that there are auction management services that will make your life a lot easier by giving you an online "management" area for a low monthly fee. There are also some great auction resources out there that we recommend.

We'll get into all the different services, from Hosting to Auction to Merchant Accounts, that I have checked out and recommend, a little later.

People ask me in these emails whether I think they should build an Internet Store, or run Internet Auctions. I lean more toward an Internet Store, but that's just me. There are a lot of people out there making very good money at auctions. You can do either one, or both. The choice is yours, and there really isn't any "either-or" to it. For less than \$100 a month, you can have the best of both worlds...putting products out in front of millions of potential buyers in both a storefront AND an auction management area.

The one thing to watch out for on the auction sites is that there are a LOT of people who buy "closeout and liquidation" goods in bulk, then sell them at auction. Closeout and Liquidation items are what you get when a distributor cleans out it's basement. Last year's models, returned products from stores, dinged and dented merchandise, refurbished goods, etc. There are auctioneers out there who sell this stuff WITHOUT telling people that it's Closeout

merchandise. They sell it at very low prices, because they got it for pennies on the dollar.

These people create the illusion that they are selling NEW, factory-warranted goods at incredibly low prices. Then along you come, wondering why you can't get wholesale prices low enough to beat them on the NEW merchandise that YOU are selling.

It's apples and oranges, folks. You're selling new products, they're selling the stuff leftover from the distributor's dustbin and TELLING people it's new. Or at least, NOT telling people that it's NOT new! **When you're out there looking at your competition, don't let them fool you** into thinking they're selling NEW products at incredible prices!

Section 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 buying those products from a direct wholesale source. Most of the time, that's a Factory-Authorized Wholesale Distributor. 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 distributors. He comes to our site, **The Drop Ship Source Directory**, and realizes he's found legitimate sources for over half a million name

brand products, drop shipped at wholesale. Then he realizes that he will have to have a Tax ID number to buy from these distributors, 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 with us 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 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 Real Jukebox software turned up too loud:

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

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

As you know by now, we publish a very thorough directory that helps people like John find and contact **real** wholesalers that will drop ship products to his customers. 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 distributors 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. I have links to the different sites for each State in the Resource Center on my web site, which we'll talk about later.

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 corp. In some States, this is called a DBA (Doing Business As...), and is obtained from your local County Office building for a minimal fee. (\$35 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 in about 15 minutes for \$5. 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. Again, I'll show you my Resource Center, where you can get information on which Merchant Account providers are the best, a little later. 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 about 2.2% of the amount you charge your customer's credit card, plus about 30 cents per transaction.

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

There are also a couple of ways you can accept credit cards on the Internet without opening a merchant account, such as Paypal. There is info on them in the Resource Center too...we'll get to it. :o)

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!**

Section 12: Merchant Accounts

A Merchant Account is not the same thing as a business bank account. It is, however, a very valuable thing to your 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. However, your CUSTOMER must ALSO be signed up with PayPal in order to buy something from your site this way.

When the customer visits your site, and clicks on the PayPal logo, they are invited to sign up for free at PayPal, then go back to your site and make the purchase. There are two issues there.

1. The customer must give PayPal their credit card number and information. Some people don't like to give those numbers to any service that is going to keep that information on file. It makes them nervous.

2. Remember that the customer wants it NOW. If they find that the **only** way they can buy from you is to go through a third party service and give away their credit card information, they may decide to shop elsewhere.

I'm not saying that PayPal or services like it are a bad thing. We use them ourselves, on our Directory 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** (about \$200.00) 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 \$200.00. 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 ARE a good way to go. **We currently use one ourselves.** It's just important for you to be aware of these details, so that you're not caught by surprise

down the line somewhere.

You'll find detailed information on the **Merchant Account Provider(s)** we recommend in our online **Resource Center** (http://www.info1.mydssd.com/wwb/rc_index.asp).

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'll find detailed information on the **Merchant Account Provider(s)** we recommend in our online **Resource Center** (http://www.info1.mydssd.com/wwb/rc_index.asp).

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!

Again, you'll find detailed information on the **Merchant Account Provider(s)** we recommend in our online **Resource Center** (http://www.info1.mydssd.com/wwb/rc_index.asp).

Section 13: Setting Up Accounts With Distributors

Our Drop Ship Source Directory (<http://www.DropShipSource.com>) represents nearly a MILLION brand name products (as of this publication) that you can sell on your Internet Store. Every one of them meets the following criteria:

1. They will ALL Drop Ship for your Internet Store.
2. They will NOT charge you an account setup fee in order to do business with them.
3. They will NOT force you to buy a minimum number of products; single products sent directly to a single customer of yours are just fine with all of them.
4. They are ALL genuine Factory-Authorized Wholesalers, or sometimes the actual Manufacturer of the products they sell.
5. They all carry **only brand new, factory warranted** products.
6. They ALL KNOW that they are listed in our Directory. They are EXPECTING calls from people just like you.

Wholesale distributors 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 drop shippers do not "grow on trees"!** The vast majority of distributors will ONLY sell in bulk. However, there are more and more top quality distributors who are beginning to drop ship for 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 distributors that satisfies all the 6 criteria that I list above is VERY difficult, but they're out there. We've found them, and we find more and more every month.

They are **CRITICAL to your success** if you want to retail on the Internet without stocking products.

I'm going to talk about contacting and establishing accounts with the distributors we list in our Directory, but the same basic principles hold true no matter what distributor 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 Netpreneurs like you.

We list contact information such as the distributor's company name, address, contact person, phone number, fax number, email addresses, ordering methods, credit terms, drop ship fees, 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 distributor you are trying to contact. The Directory 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 with a drop ship arrangement?"

Use your name, and *always* use your business name. If a distributor 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 distributor **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 distributors we list will accept personal credit information, such as the name of your bank. The majority of our distributors **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 distributors is to simply pay them with your personal or business credit card as you order products for your customers. 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 drop shippers we list in The Drop Ship Source Directory will set you up during your first phone call, and give you an account number within minutes.

Remember, if you're looking for distributors on your own, there should be NO CHARGE associated with "joining a Site" when dealing with a distributor. If a distributor tries to charge you an account setup fee, they are NOT a real wholesale distributor. There are **some** drop shippers 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 distributors 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.

Some of the distributors 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 7!!

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 distributor is easy when you do it right. The distributors we list are used to dealing with businesses such as 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 distributor's sales rep **technical questions about how to place products on your web site.** 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. :o)

Section 14: Choosing Your Products

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 to show people where they can find products to sell without investing a single penny in inventory, by drop shipping. It's the perfect way to start in Internet business on a shoestring budget.

Our Directory covers nearly a million products, from more than two thousand well-known brand names.

So why does everyone who uses the Directory 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 a fine product to sell on the Internet. I only 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 want to know what the hottest sellers 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 the hottest sellers, too! You also run into those bricks-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 flavor 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 Internet *is* just another place to sell products. The basic concept of Demand is the same there 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 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 crunchy. 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 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; Yahoo Shopping. 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 go out to one of the big Search Engines, and search for our product again under many search terms. This time, though, we do 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 hit what we consider to be the three most influential Pay Per Click Search Engines; Overture, Google, and Findwhat. 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 spend 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 combine the kinds of elements we like from all of them, and create our own unique Advertising, hopefully better than any of the others.

Finally, 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.

This EBook is not about product promotion. We give it away freely out of a genuine desire to help people build strong, successful internet businesses. However, this *is* a good place to tell you about a new software product that we've developed recently at Worldwide Brands, in case you're interested. If doesn't interest you, no problem. The information above will be more than enough to get you started on the *manual* research process.

Does that word '*manual*' give it away? :o) Yes, we've found a way to automate the whole messy process! But, I'm getting ahead of myself here. Let's begin at the beginning.

Several months ago, we were batting ideas around with Jon Wittwer, developer of the Market Matrix. Jon was telling us that he had based his Excel Spreadsheet-driven Market Matrix partly on information he read on our site. Funny how these things work. :o)

Jon's Market Matrix is an Excel Spreadsheet that gathers all that detailed research information we talked about above *automatically*, by searching the Internet. We thought that was great. However, it still didn't complete the research process for us. We still had to **manually sift through all that data** and apply the **unique research formula we use**, in order to make sense out of all that information.

Somewhere along the line, a light bulb magically appeared above our collective heads. We said, what if we could combine some of the functions of Jon's Market Matrix with our own unique research formula, and build the whole thing into a computer program?

Great things can happen in the course of a phone call and a cup of coffee, folks. Believe it. :o)

We had just realized that we could **completely automate this entire time-consuming manual research process!**

With Jon's blessing, we forged ahead into developing that software. Well, it took months to do that, as I said. Our Programming expert, who is the most good-natured human being I have ever met, worked so long and so hard that he almost got annoyed once! That was a first. :o) My Business Partners, myself, and our Research Team also put in a great deal of time and effort into combining automated information-gathering techniques, and our own research formula, into a single piece of software.

Finally, we created **The Market Research Wizard**. (Trumpets sound; the crowd goes wild!)

The Market Research Wizard does *in minutes* what it used to take *hours, or even days*, to do.

It's a computer program in which you can type a couple of words describing the product you want to sell, and less than a minute later, 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, usually in *less than a minute*. Demand, Competition, Advertising, and General Interest. 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**.

That's not all, either. 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, so you can decide if the product is better marketed in an Internet Store, or an Auction.

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 in just *minutes*.

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 were able to build into this software. 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 <http://www.mydssd.com/MRW>, and download a **FREE TRIAL** of our new **Market Research Wizard**. It won't cost a cent to try it, and we *know* it will save you a tremendous amount of time, while helping your business succeed.

Section 15: Pricing Your Products

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 I do before and after determining my bottom line. We sell by having products drop shipped for our sites, which works VERY well, but these steps should be covered no matter your distribution method.

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 distributor 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 distributor may charge a drop ship fee per item. 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, **an item that costs you \$10 at wholesale**, plus a \$1.50 drop ship fee, **actually** costs you \$12.24, not \$10. Why?

1. Product cost at wholesale: \$10
2. Drop Ship Fee: \$1.50
3. Merchant Account transaction fee for a \$20 sale $((20 \times 2.2\%) + .30) = \0.74
4. 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.

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).

Our stores are visible in an Internet Mall, as you know. 90% of our traffic comes from there. When we seek out our competitors, we look for other businesses like ours **ONLY** in that SAME Internet Mall. Then we compare.

If I'm thinking about selling a product, and I get 8,000 hits in 500 stores on that item in the Internet Mall's search engine (like the DVD players we talked about), forget it. If I get a few hundred hits in 30 to 60 stores, I'll look into it further.

So check out the competition, narrow down your product list, **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 Cheese 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**. Coleman Sleeping Bags, and Conair Hair Dryers. Porter-Cable Drills, and Disney Software. BRAND NAMES 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 the search above. Calculate your estimated wholesale cost, then subtract that from the lowest price. If you don't see at LEAST 15% profit, don't bother.

If you do, there are a couple of ways to proceed. You can undercut the lowest price in your "venue" (the Mall where your store is, or the Auction area where you sell) 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 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 like to 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 for me is this: I spend a lot of time making my site look better and easier to navigate, and pay a great deal of attention to my customers.

That makes me 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. 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 store 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, even if I KNEW everything. 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!**

Section 16: Shipping and Handling

I've already talked about opening small, focused Internet Stores with a LEGITIMATE ECommerce provider. We try to stick with one wholesale distributor per store. (Remember, one good wholesale distributor 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 distributor per 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 <http://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 other store solutions, it's more of a manual process.

However you calculate shipping, it's a whole lot easier if all your products come from the same Zip code!

If you have more than one distributor, they're probably going to be in different Zip codes.

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

On many Internet Store solutions, 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 Coleman distributor 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 boom box to Oregon from MIAMI, instead of Iowa?

You do, when your Panasonic distributor 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 distributor each. Again, a single distributor 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 to calculate the costs. The only way to do it is to get your distributor to agree on one set price to ship the item anywhere in the country, and that's HARD to get a distributor 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, we don't sell anything that weighs more than 70 pounds (the UPS max shipping weight) on our sites.

Now, what's this about Handling Charges?

As I've already said, **some drop ship distributors 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 distributor, 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 distributor, 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 it’s price.

For example, if your Drop Ship Fee from your distributor 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:

1. Try to use only ONE distributor per web site that you build
2. Try not to sell anything that weighs more than 70 pounds

Section 17: Placing Orders With Distributors

Ok, your Internet Store is open. Orders are starting to come in. You need to get those products out to your customers. Mrs. I.M. Scruffy is sitting in Kansas City waiting for her Conair Blow Dryer, and she wants it NOW!

No matter what Internet Store Provider you use, you will have a page on the Internet where you go to view and process your orders. No matter how your particular store software works, 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 distributor. Every distributor 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 distributor 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 distributor. It helps you track your orders at the end of the month, when you add up your totals.
5. The distributor'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 distributor.

TO: ABC Distributors, 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.

PO Box 120312

Clermont, FL 34712

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 distributor. I don't include pricing information, because I've already agreed on pricing with my distributor when I set up my account. Your distributor 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 distributor that does not change, such as your company name, address, your account number with the distributor, 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 distributor if they can email you a UPS tracking number for each order when they ship it. Distributors usually ship a product to your customer within a couple of days. If they can send you a UPS 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 to <http://www.UPS.com>, 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 distributor.

Now what?

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

If the distributor 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)

Section 18: Dealing With Problem Customers

It's going to happen. If you're in business, selling on the Internet or anywhere else, there are going to be problem customers.

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 distributor that I'm upset with. It's the *customer*. Let's start from the beginning.

Recently, I handled an order for a Conair Digital Blood Pressure Monitor. As usual, I emailed the order off to the Conair distributor with several others.

Later that day, I received a phone call from the Conair distributor. 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 distributor 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 Conair distributor 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 ship it to the customer by FedEx 2 Day Air at no extra charge. (My Conair 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 unsatisfied. I haven't heard back from him, and probably won't.

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

Here are the things that I've learned about order problems during my time in this business:

- Internet customers are for the most part "instant gratification" junkies. They want it NOW.

- Because of this, backorder, discontinued item and other product problem situations must be handled immediately. Don't wait even a day. Call the customer, or email them. (A call is usually appreciated more than an email, but you have to watch your phone bill).
- If you think a product might be questionable as far as stock status, check with the distributor 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 distributor has not yet shipped.
- When you receive word 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!

Section 19: Handling Product Returns

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

Any store you open on the Internet should contain an Info page. 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, they're not going to trust you. You need to outline at least a basic return policy up front. If you'd like to see an example of one of our Info pages, check out our Internet store at <http://www.ElectronicDartShop.com>, and click on the Info link along the bottom of the page.

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 arrives with a factory defect or damage, it is your **distributor's** responsibility. However, YOU need to be the conduit between the customer and the distributor to get the situation resolved. 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.
- You contact your distributor, tell them that order number XXX was a defective product. Ask them for an RMA number (Return Merchandise Authorization). Then ask them to set up a UPS Call Tag. This means that they need to send UPS 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 RA number. Ask them to write it on the original box that the product came in. Tell them that UPS will pick up the defective product.

- Depending on how your distributor 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 shipping costs.

2.) Shipping Damage

Very rarely, a product will be damaged in shipping. If this happens, the customer will email you and tell you so. You need to let the customer know that they have 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, in fact it has NEVER happened to us. 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. Here's how we do it on our retail sites: we offer to refund any purchase within 10 days of customer receipt for any reason, MINUS return shipping and a 15% restocking fee.

- Your customer contacts you, and wants to return a product.
- As long as it's within your return policy period, you contact your distributor and obtain an RA (Return 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 RA number on the outside of the original box. They must pack the product in the original box, with all it's 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 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.

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.

Section 20: Setup Timeline

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, 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. In our **Resource Center** (http://www.info1.mydssd.com/www/rc_index.asp), you'll find our recommendations for the best hosting companies we've found.

2. While you're deciding where and how you want to sell products, **pick up a copy** of our Drop Ship Source Directory (<http://www.DropShipSource.com>). You'll find no better source ANYWHERE of genuine wholesale distributors that will provide all the products you need for your store. No account setup fees, no minimum quantities, and over half a million name brand products available to you.

The reason you should have this 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 product research. You need to know what's available to you so you can start searching in your future Internet Mall or ECommerce Provider's shopping area, or your chosen Auction sites, 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. Look through the Directory, get an idea what you want to sell, and then start your research. That research is IMPORTANT to a successful Internet Store or Auction.

At the same time, you can begin to contact the distributors 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.

3. **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.

4. Once you have your business name, you can open your **business bank account**. Usually this is just a matter of depositing \$50 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!

5. Contact a **Merchant Account Provider**. In order to accept your customers' credit card orders, you need a Merchant Account. 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. You can find the Merchant Account Providers **we use and trust** in our **Resource Center** (http://www.info1.mydssd.com/wwb/rc_index.asp).

6. 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 Account Setup Fees with any of the distributors we list in our Directory.

7. 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 your selling. Domain names usually sell for about \$35. You can find them for less, but beware of cut-rate domain registrars. You could find them out of business one day, and find yourself suddenly be unable to control your own domain name.

8. Now that you've got your distributor 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 distributor.

9. Now, it's time to get your Merchant Account. Again, check our **Resource Center** (http://www.info1.mydssd.com/wwb/rc_index.asp) for the ones we recommend.

10. 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 distributor

11. During this time, you should have been practicing with your Internet store software. Now, you're ready to go.

Begin to load your product images, descriptions, and prices. As I said before, this is easy to do with either type of Internet Store solution I've mentioned. Remember to create your Info page as well. If you want to see an example, take a look at one of ours at <http://www.ElectronicDartShop.com> (click on the Info link).

Once your products are loaded, 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 worked through this entire process in the state of Florida, and did it just like I've described, for just that amount of money. That particular store is doing very well, and so are our others.

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 time-cards 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 would like a **continuing source of FREE information like this from me**, please sign up for my **FREE Newsletter HERE** (http://www.info1.mydssd.com/wwb/rc_newsletter.asp).

If you would like me to inform you by email of additions and updates to the information contained in this EBook, and any other information I publish that proves to be successful for us, just go to <http://198.65.239.163/ebookemail.htm> and leave me your email address. You will NOT be placed on any advertising lists, and your address will not be sold to anyone. I will simply send you an occasional email to let you know about new updates or additions.

As promised, there is a Resource Center

(http://www.info1.mydssd.com/wwb/rc_index.asp) on our site. We've listed all the resources we've found to be GENUINE and HELPFUL there. Whether you're looking for an **Internet Store Provider, Marketing information, a Merchant Account, the best EBay selling methods**, etc., you can see and contact all of our best recommendations there.

Once you get your new business rolling, you may **find yourself confused** by all the Techno-babble language used on the Internet. You'll be setting up a Domain Name, and Internet Store, etc. You can run into a lot of new terms and technology out there, and it sometimes seems a little overwhelming at first. If this happens to you, please check out my EBook "Understanding the Internet for Home Business". In it, I explain in **plain English** what these confusing terms mean, and how to work with the technology. You'll find that EBook in our **Resource Center** (http://www.info1.mydssd.com/wwb/rc_index.asp) if you need it. :o)

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

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