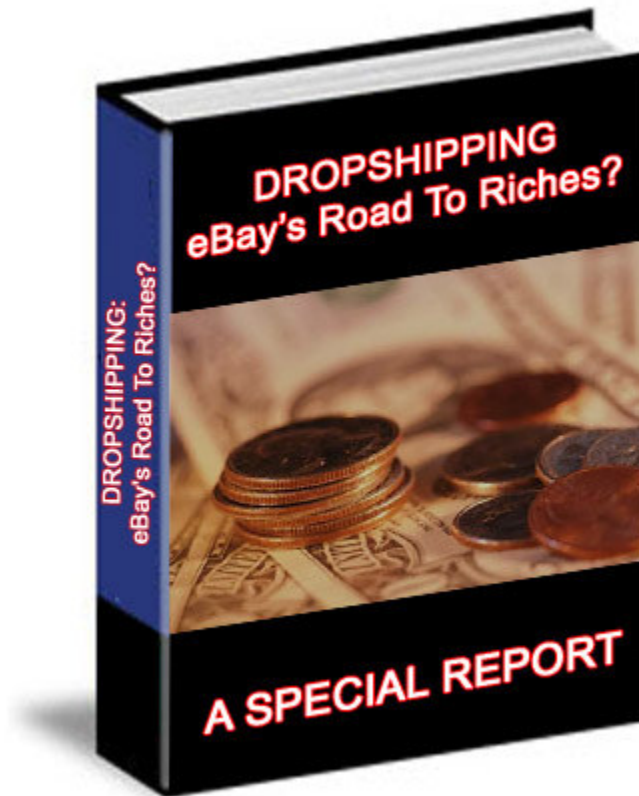


# Dropshipping: eBay's Road To Riches?

**A SPECIAL REPORT**



**Written by: Mark Kenny**

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## **Dropshipping: Definition & Introduction**

Dropshipping is a concept that cropped up a few years ago in the UK, and is a very established method of business in the US, used by thousands of eBay sellers.

The hype surrounding dropshipping implies you could make thousands by using a combination of dropshipping and eBay. This special report looks at the viability of dropshipping and whether it's possible to make a profit by using these methods.

The wikipedia definition of dropshipping is as follows:

***“Drop shipment or dropshipping is a type of retailing where the retailer does not keep goods in stock, but instead passes the customer's order and shipment details to the wholesaler, who then dispatches the goods to the customer directly. The retailer makes their profit on the difference between the wholesale and retail price.”***

So let's look at the process and the advantages of using dropshipping...

## **Dropshipping Process & the Advantages of Using Dropshipping**

As the definition above explains dropshipping has the potential to be very profitable. As a seller who utilises dropshipping you simply prepare your eBay listing using the information & photos available at the dropshippers website.

Dropshipping works exactly like this:

- 1)** Select a product you want to list on eBay. There are many dropshippers available who offer a wide selection of stock.
- 2)** Prepare your eBay listing. This can be as simple as copying and pasting the dropshippers information page to eBay. Most genuine dropshippers allow you to use their description & photos of the products.
- 3)** Run your auction as usual for the 3, 5, 7 or 10 days. Treat it like a normal auction, checking on it regularly and answering questions from interested bidders.
- 4)** When it's complete, invoice your buyer & wait to get paid. In the case of dropshipping it's easier to specify you only accept payment via paypal. This is because the majority of dropshippers accept paypal too.
- 5)** Great! Now you've been paid it's time to order the product. Re-visit the dropshippers website & select the product(s). Enter the delivery address as your customer.
- 6)** Some dropshippers tell you when they have shipped the item to your winning customer & give you a tracking number so you can ensure it arrives on time. If they do this, forward it to your customer so they have an idea when it will arrive. Remember - Good communication is the key to every eBay transaction.
- 7)** Leave feedback as you normally would. The transaction is now complete.

That really is how simple it is. The hardest part is the finding a dropshipper & selecting a product to sell. The advantages are enormous also, hopefully you'll have noticed how:

- **There was no need to invest in stock or store stock.**
- **Very little money is invested before you sell the item. In most cases it's normally a few pence for your listing fee.**
- **No hassles with delivery - no more trips to the post office arranging delivery are necessary.**
- **You don't have to compile a detailed description of the product or take photos of the product. Simply use the dropshippers.**
- **No buying of shipping/packaging materials/shipping labels.**
- **No minimum order as would be associated with ordering from wholesalers.**

The best point really is that you don't touch the product, at any point. The whole procedure is done online. All the hard unpleasant chores which are handled by the dropshipper.

Put simply dropshipping can be the fastest, low cost, risk free and easiest way to make money on the internet. To succeed in this internet business you should choose a demanded product, that you can easily sell, and directly order from the dropshipper.

## **10 Top Tips To Successful Dropshipping**

Many entrepreneurs have found success in the dropshipping industry. For those who aren't familiar, dropshipping is a business term used for a situation where a seller sets a retail price for an item, collects the payment, sends the wholesale cost to a dropshipper and the item ships directly from their warehouse. In most cases, the seller never even handles the merchandise because every aspect of shipping is handled by the dropshipper. As successful as the industry has become, there are concerns that arise from this method of selling. In order to familiarize you with those concerns and other helpful information, a list of 10 tips has been compiled. Anyone in the dropshipping industry, or who is considering it, should take their time and gather as much information as possible.

**Tip 1:** Check out the dropshipper's reputation with the Better Business Bureau in their area. How long have they been in business? Has anyone ever filed a consumer complaint against the company? If so, has the complaint been resolved? This information can be found at <http://www.BBB.org>.

**Tip 2:** Ask the dropshipper how quickly they will be able to fulfill and ship the order. Be sure to inquire about whether or not a tracking number will be available. The tracking number will be very important because, if an item doesn't arrive, you will need to have some means to track the purchase and to make sure that it was shipped. If a customer doesn't receive a product, they will look to you for answers.

**Tip 3:** If you are dropshipping, this means that the item you are selling is not in your possession. It's very important to let your customers know this. Sellers should indicate that the item will ship directly from your supplier.

**Tip 4:** An important factor to consider is the delivery time. It's pertinent to let buyers know that, because the item is shipping directly from your supplier, they may need to allow extra time for delivery. Make sure to ask your dropshipper how long delivery takes so that you may pass this information on to your buyers.

**Tip 5:** If a problem should arise during the course of shipment, or if a shipment is delayed, promptly address the issue with your buyer. It's important to have good communication and to let your customers know that you are always there to answer their questions.

**Tip 6:** Be cautious of a dropshipper who requires that you pay a fee to access

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their product line. A legitimate dropshipper should not charge to set up an account.

**Tip 7:** When ordering from a dropshipping company, there should not be a minimum order. It's normal to get discounts on larger quantities, but the dropshipper should be able to accommodate any order size from 1 to 100.

**Tip 8:** Consider doing business with more than one dropshipping company. It's always a good idea to shop around for a larger variety of better deals. Don't put all of your eggs in one basket, so to speak.

**Tip 9:** When you begin doing business with a new dropshipping company, order a few test products for yourself. After all, you are the one who will be selling the products and you will want to make sure the company offers quality products, reliability and accuracy in filling orders.

**Tip 10:** The whole idea behind dropshipping is wholesale. You are buying a product at such a low price that you should be able to sell it for a profit. The dropshipper is the wholesaler and you become the retailer. It's easy to forget that some things really are too good to be true. Just like everything else, there are scams out there so be careful. The bottom line is that regardless of how wonderful the deals may seem, start slow and build up to larger orders as you become more comfortable with the process.

## **Precautions**

Caution must be taken online no matter who you are dealing with. As with other offers, if it sounds too good to be true it normally is.

It is hard work to find a good dropshipper online. There are hundreds of companies online who claim to be dropshippers, but are nothing more than middlemen who stand between you and the genuine dropshipper. They'll make their money, but it more than likely comes out of your future profits.

Be careful and do some research. Once you've found a dropshipper do some research on them using [google.co.uk](http://google.co.uk) or your favourite search engine and see what reviews about them you can find. Visit dropshipping and eBay forums to see what others say.

Personally I'd even do a whois lookup on the domain name to see who owns it and how long it has been established. You can use <http://www.dnsstuff.com>. This will tell you who owns the domain name, their address and phone number. Anyone who is looking to make a quick buck online is not likely to have had their domain name registered for a long period.

It's always been recommended that dropshipping sites have always been free to use, with no memberships fee payable to join the site or view the prices. Having said this, one or two genuine dropshippers (ATS distribution included) do now charge membership fees but be very cautious about paying such fees.

After all you may sign-up to pay a fee, only to find the supplier has a small range of products that will be unlikely to sell. If a supplier does not let you see their range before paying such a fee walk away.

Most dropshipping lists on eBay (see other ways to make money from dropshipping below) are outdated, many of the companies listed in these aren't even in business any more. Also those that do recommend dropshippers turn out to be either wholesalers who have a minimum order policy, or a middleman who makes a large profit for himself.

Only when you're comfortable that who you're dealing with is a dropshipper should you part with your money.

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## UK Dropshipper Suppliers Sources

This report is not intended to be a comprehensive list of UK Dropshippers. However, so that you can get an idea of genuine dropshippers I have listed two of the top dropshippers in the UK.

### **ATS Distribution**

ATS Distribution offer a large range of products including razors, Bluetooth devices, mobile phone accessories. I have used ATS Distribution below to compare prices so you can get a better idea of their range of stock.

Website: <http://www.atsdistribution.co.uk>

Tel: 01159 458 110

Email: [sales@atsdistribution.co.uk](mailto:sales@atsdistribution.co.uk)

Joining Fee: £40 account activation fee, before you are able to order goods. Although you are able to create an account and view the products before you order.

### **Drop Shipping Online**

Drop Shipping Online have a large range of categories including autocare, household goods, pets corner, toys and giftware. Unlike ATS Distribution, Dropshipping Online include VAT in all their listed prices.

Website: <http://www.dropshiponline.co.uk/>

Tel: Not Published

Email: [info@dropshiponline.co.uk](mailto:info@dropshiponline.co.uk)

Joining Fee: NONE. Just order from the website, only registration is necessary when you place an order.

For a more full comprehensive list of UK dropshippers, I recommend Brian McGregor's UK Dropshipping Sources priced at just £4.95. To order this ebook [click here](#).

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## **Price Comparison**

It's pointless using dropshippers if you are unable to make any money, in fact it's probably pointless using eBay at all as a seller if you are losing money. Some sellers talk about loss leading products to initially attract clients to their business & hope to make a profit from future sales from that client.

The theory behind loss leading products is good but I believe it is fundamentally flawed when using it on eBay and especially with dropshipping. Firstly, I would categorise most dropshipped items as either Consumer goods or Specialty goods. The replacement rate of these products is low, & users may only purchase a handful of these items within their lifetime. Therefore, at what point are they going to return to your business?

Secondly, I do not believe eBay buyers are loyal and will shop around for the best deal. There are exceptions for certain categories & sellers within eBay but the majority of buyers will not return to the same seller time and time again.

Therefore, to sell you must do it correctly on every occasion. Do your research and make it profitable first time & every time.

That's why it's so important to track everything in eBay, from your eBay store to additional services such as SquareTrade which you may pay for. Many sellers on eBay are throwing money away and do not even realise. The whole motivation behind compiling this special report is to see if it's still possible to make money using Dropshippers.

Here we've took five sample products from ATS distribution and compared with examples of what they're selling for on eBay. We've also listed all eBay & Paypal fees so you can see the potential profit available & where possible included a comparison high street/online price. All prices are correct on the 1<sup>st</sup> April 2006.

The reason behind choosing ATS distribution is they are one of the biggest and most established dropshippers in the UK. However it should be noted that to order from ATS distribution you do have to pay an account activation fee before you order any items. You are however free to create an account before this and browse the selection of stock allowing you to research if there is a demand for it.

It's not a nominal fee, the activation fee is £40.00 so you'd have to ensure you do some serious selling to recoup this. eBay fees have been calculated using those quoted at eBay.co.uk & at qicture.com who offer a helpful eBay and paypal fee calculator.

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### Item One

Item Description	PHILIPS SPEED XL SHAVING SYSTEM HQ8150
SRP (according to ATS)	£99.99
Argos Price	£99.99
ATS members price	£57.61

With the members price £42 under the SRP it looks like it's a very promising product. However, VAT and shipping still have to be added to members price. These are broken down as the following

VAT: £4.31  
Delivery: £10.84

Total Price to ATS Members: £72.76

Initially it still seems like a decent profit. But when compared with those selling on eBay things start to look a bit worse.



A detailed search of eBay shows only a couple of these items have been completed within the last thirty days. One PowerSeller is listing a Buy-It-Now with for £69.99 with £10.00 shipping, totalling £79.99.

Using qicture.com to calculate the eBay fees any potential profit is reduced further. Qicture breaks down the following fees


Listing Fee: £1.50  
Final Value Fee: £2.87  
**Total eBay fees: £4.37**

Paypal fee: £2.92  
**Grand Total fees: £7.29**

#### **Overall Results:**


Product Price:	£72.76
Fees:	£07.29
Assumed Selling Price:	£79.99
<b>Loss:</b>	<b>-£0.06</b>

## Item Two

Item Description	PHILIPS SHOCKPROOF CD/PLAYER								
SRP (according to ATS)	£39.99								
Argos Price	£N/A								
ATS members price	£18.91								
<p>Once again at this stage it looks promising to the eBay seller, even after VAT &amp; delivery are added on.</p> <p>VAT: £3.93 Delivery: £3.50</p> <p>Total Price to ATS Members: £26.34</p>									
<p>A detailed search of eBay shows this item is quite active with seven listings found. They vary in price between £29.74 and £39.99. The average price is £34.75. As before all auctions are listed in Buy-It-Now format</p> <p>Using picture.com to calculate the eBay fees on the average listing price</p> <p>Listing Fee: £1.50 Final Value Fee: £1.73 <b>Total eBay fees: £3.23</b></p> <p>Paypal fee: £1.72 <b>Grand Total fees: £4.95</b></p>									
<p><b>Overall Results:</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Product Price:</td> <td style="text-align: right;">£26.34</td> </tr> <tr> <td>Fees:</td> <td style="text-align: right;">£04.95</td> </tr> <tr> <td>Assumed Selling Price:</td> <td style="text-align: right;">£34.75</td> </tr> <tr> <td>Profit</td> <td style="text-align: right;">£3.46</td> </tr> </table>		Product Price:	£26.34	Fees:	£04.95	Assumed Selling Price:	£34.75	Profit	£3.46
Product Price:	£26.34								
Fees:	£04.95								
Assumed Selling Price:	£34.75								
Profit	£3.46								


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### Item Three


Item Description	JEEP ALTIMETER CHRONOGRAPH MENS WATCH
SRP (according to ATS)	£129.99
edirectory.co.uk price	£129.99
ATS members price	£47.98
Even after VAT & delivery have been added on the profit could be more than £50 if sold at the SRP  VAT: £8.89 Delivery: £2.83  Total Price to ATS Members: £59.70	
eBay search reveals just one listing active but seven within the last thirty days. However, only one of these has produced a sale at £71.94  eBay fees calculated on this listing  Listing Fee: £1.50 Final Value Fee: £2.94 <b>Total eBay fees: £4.44</b>  Paypal fee: £2.65 <b>Grand Total fees: £7.09</b>	
<b>Overall Results:</b>  Product Price: £59.70 Fees: £07.09 Assumed Selling Price: £71.94 Profit: £5.15	

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### Item Four

Item Description	ENVELOPE STYLE SLEEPING BAG
SRP (according to ATS)	£11.99
Argos Price (similar product)	£29.99
ATS members price	£5.70
Already with the VAT & Shipping added on the price ATS members pay is higher than that of the SRP.  VAT: £2.04 Delivery: £5.70  Total Price to ATS Members: £13.44	
<p>These items are easy to find on eBay with over ten listings. The lowest priced item is available at £15.69 while the most expensive is at £17.99. However the seller at £17.99 has already sold five within the last two weeks so we'll analyse their listing.</p> <p>Using qicture.com to calculate the eBay fees any potential profit is reduced further. Qicture breaks down the following fees as:</p> <p>Listing Fee: £0.35 Final Value Fee: £0.63 <b>Total eBay fees: £0.98</b></p> <p>Paypal fee: £2.92 <b>Grand Total fees: £3.90</b></p>	
<b>Overall Results:</b>	
Product Price:	£13.44
Fees:	£03.90
Assumed Selling Price:	£17.99
Profit	£0.65

### Item Five

Item Description	Four Roller Laminator ID								
SRP (according to ATS)	£77.55								
Argos Price	N/A								
ATS members price	£42.50								
<p>The opportunity to make a few pounds on these looks possible.</p> <p>VAT: £8.47 Delivery: £5.89</p> <p>Total Price to ATS Members: £56.86</p>									
<p>About four listed on eBay with all the prices the lowest price of £62. However, it's difficult to find any that have been sold within the last thirty days.</p> <p>Qicture.com supplies down the following fees</p> <p>Listing Fee: £1.50 Final Value Fee: £2.55 <b>Total eBay fees: £4.05</b></p> <p>Paypal fee: £2.44 <b>Grand Total fees: £6.49</b></p>									
<p><b>Overall Results:</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">Product Price:</td> <td style="text-align: right;">£56.86</td> </tr> <tr> <td>Fees:</td> <td style="text-align: right;">£06.49</td> </tr> <tr> <td>Assumed Selling Price:</td> <td style="text-align: right;">£62.00</td> </tr> <tr> <td><b>Loss:</b></td> <td style="text-align: right;"><b>-£1.35</b></td> </tr> </table>		Product Price:	£56.86	Fees:	£06.49	Assumed Selling Price:	£62.00	<b>Loss:</b>	<b>-£1.35</b>
Product Price:	£56.86								
Fees:	£06.49								
Assumed Selling Price:	£62.00								
<b>Loss:</b>	<b>-£1.35</b>								

## **Conclusion**

While our examples show it can be possible to make money on eBay using dropshippers, the majority of sellers we encountered seemed to sell products at a very low profit & some unfortunately even at a small loss.

Every seller we looked at had auctions ending without purchases being made. Of course only a handful of sellers successfully sell 100% of their eBay inventory, but when you are only making one or two pounds per sale these losses really need to be kept to a minimum.

However, they did demonstrate that a larger profit could be made on some carefully selected items. Making one or two pounds on an item is acceptable, as long as you learn to scale up your eBay listings and sell at a higher frequency, while at the same time researching those items which can be sold at a higher profit & dropping the loss making items. By keeping a careful eye on your listings, & re-investing any profit listing more items that do sell you could easily make a nice weekly profit.

Many of the listings we saw were from eBay PowerSellers who are selling two hundred items a week, if you increase your sales to this amount then even a £1 profit on each item is going to add up to £200 weekly.

### **Points noted:**

- A large proportion of listings we checked were established power sellers, some with feedback above 12,000 proving success can be made by dropshipping.
- Use eBay's fee structure to save listing fees. In the case of the Philips shockproof cd/player (item two) four of the seven sellers listed their product at under £29.99 with increased postage. This is because £29.99/£30.00 is the cut off point between eBay's £0.75/£1.50 insertion fee. Having the product priced lower will save you eBay fees & presumably it will also look more attractive to bidders than the higher priced items
- Negotiate with Paypal. Our price comparisons were calculated at the higher rate of 3.4% + £0.20 GBP. Paypal generally charges lower fees, as your turnover increases but contact them to see if anything can be arranged or when you will qualify for lower fees. This will give you a target to aim for.
- By opening an eBay shop costing £6.00 per month, you can benefit from

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lower insertion fees & longer duration listings. You can list for 30 or 90 days within an eBay shop using Buy-It-Now format. Final sales fees are at a higher rate than normal Buy-It-Now listings but overall savings can still be made.

- Research everything before you list it. Use eBays advanced search to see how many similar items have been sold within the last thirty days and at what cost.
- Look out for new items from dropshippers. By listing items before other sellers there will be less competition & you will get a higher bids for the item(s)
- Open a website offering dropshipped items. If your able to direct bidders to your website away from eBay you'll save selling fees. By attaching a signature to your email, when you answer an email from a member about your items they'll be alerted to your website. This practice may be frowned upon by eBay so use your discretion

Overall, dropshipping on eBay is not the instant goldmine that some people claim it to be but can provide a good foothold to build up your eBay business over time. If your looking for a start-up work from home business, then dropshipping is worthy of consideration, however you will need to be patient.

## **Other Ways to Make Money Though Dropshipping**

Apart from using dropshippers there are two other ways to profit from dropshipping that immediately spring to mind.

Firstly, in the UK there seems to be a lack of reliable information & sources on dropshipping. So one way to cash in on this is to compile a short directory on UK dropshippers. Keep it updated monthly, remove old links, and sell it on eBay.

This even works with US dropshippers as well, by searching eBay.com you can easily see similar lists of US dropshippers. You could do a combination of both US and UK. As a free bonus when they buy your directory, offer them this special report as well.

Also available are turnkey websites selling a directory of dropshippers. These are available at Trading-Web-Solutions

Secondly some dropshippers, such as the one mentioned in our example above offers an affiliate program. With ATS Distribution you get £10 for every new signup you refer.

Some people find affiliate marketing very easy, however this is not the place to discuss it so we recommend you check out [Affiliate Crash Course](#). However to join the ATS affiliate program you have to sign up as a member yourself first.

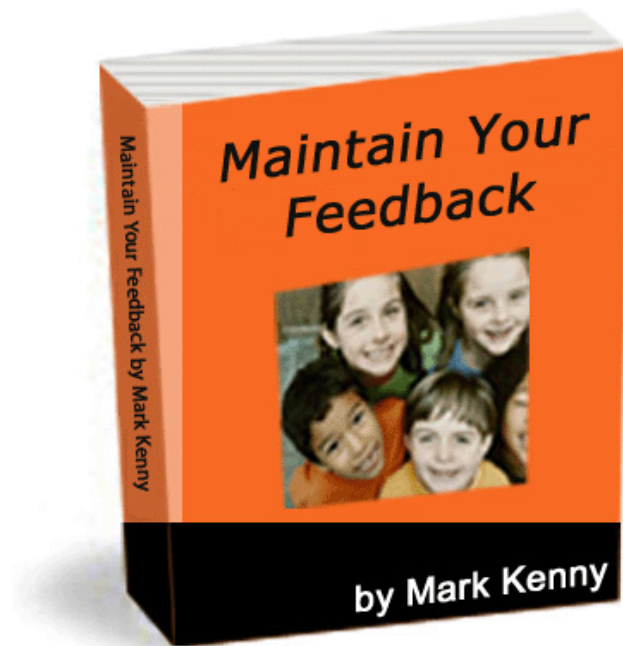
## Dropshipping Resources

The following resources are recommended for dropshipping.

<b>eBay</b> Auction Site	<a href="http://www.ebay.co.uk">http://www.ebay.co.uk</a>
<b>ATS Distribution</b> UK Dropshipper	<a href="http://www.atsdistribution.co.uk">http://www.atsdistribution.co.uk</a>
<b>UK Dropshipping Sources</b> A comprehensive list of UK Dropshippers	<a href="http://www.eBusinessBooks.com">http://www.eBusinessBooks.com</a>
<b>AuctionCUT</b> Auction forum community	<a href="http://www.AuctionCUT.com">http://www.AuctionCUT.com</a>
<b>Qicture</b> EBay & Paypal fees calculator	<a href="https://www.qicture.com/">https://www.qicture.com/</a>
<b>Dropship Online</b> UK Dropshipper	<a href="http://www.dropshiponline.co.uk/">http://www.dropshiponline.co.uk/</a>
<b>DNSSTUFF</b> For whois looks on domain names	<a href="http://www.Dnsstuff.com">http://www.Dnsstuff.com</a>

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# Maintain Your Feedback



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- What You Must Do Before Leaving Negative Feedback For Another User
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