

The Problem With E-Books

By David Coyne

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One of the most popular online ventures is selling e-books. People are hungry for information; that's why they're on the Web in the first place. And e-books are cheap to produce and distribute.

However, I've come across quite a few new online entrepreneurs thinking they're going to strike it rich selling a \$20 or \$30 e-book. They've failed to do some simple math.

Suppose you sell an e-book for \$30. Deduct \$5 off your \$30 sell price to account for advertising and other costs. That leaves you with \$25. You'd have to sell 1,000 copies a year to make \$25,000. That's a lot of copies! Even if you did sell that many, 25 grand isn't exactly going to put you on Easy Street.

Another factor is competition. Many e-books with resell rights have also be purchased by hundreds, possibly thousands, of competitors. And if you're selling an e-book as an affiliate, you're usually limited to 50% or less of the sell price.

The key to making large amounts of money selling information products is that you need resell rights for at least one higher priced item.

Say you have duplication rights to a product that sells for \$400. If you sold just 6 copies of this product a month, you'd be pulling in \$2,400 in sales. That's \$28,800 a year. If you sold 12 a month, you'd make \$57,600 a year. Sell 24 a month and you're raking in \$115,200 a year.

"Wait a second" you say. "What about my costs to duplicate, package and ship the product?"

Here's the beauty of the information marketing business: people pay for the value of the information, not the physical medium on which it's delivered (e.g. paper, audiotape, videotape, CD etc.)

It's dirt cheap to duplicate information products. It's easy to duplicate a CD-ROM on your computer and blank CDs are less than a dollar each.

I have an info product that I sell for \$397. To duplicate, package and ship it via UPS, costs me \$60. Subtract \$50 for advertising. That still leaves me with \$287. That's a huge profit margin.

So instead of concentrating all of your marketing efforts on low priced info products, be sure that you have one or two higher priced items that you're actively promoting.

Use e-books as a stepping stone to upsell customers. Once they've purchased a product from you, you've established a relationship with them. Someone who's already down business with you is five times more likely to buy than someone who hasn't.

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