

What Is Drop Shipping? The Perfect Solution

By Palyn Peterson

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Drop shipping one of the greatest business innovations since products. Seriously, don't laugh! I'm not joking! With what other service can you use another company's products, their warehouse, their shipping department, and have them provide you with all the information you need? Do you see what I mean now?

Every entrepreneur who is looking for the most efficient way to sell products over the internet should be very enthusiastic about drop shipping. It finally allows you to sell nearly anything you want, be it computer equipment, toasters, billiard tables, even planter pots, all without having any inventory. And do you know what zero inventory means? It means less risk! The only time you ever buy any products from the wholesaler is when you have already sold it to a customer! And the best thing is (or should I say, another best thing), the wholesaler packages it up and ships it out to the customer for you, and usually your business name is on the box! As far as the customer knows, you have a warehouse full of products.

When you sign up with a wholesaler, they will most likely ask you for your tax license number, or a faxed/emailed copy of it to prove you are a legitimate business. If they don't

ask you for this, they are either a very small wholesale company with a specific niche of products and just want to make the process easy for their clients, or they are not a real wholesaler at all.

If you ever come across a "wholesale" company that carries tons of items, ranging from Barbie's to hair dryers, and they say that you don't need to have a tax license to deal with them, then be very skeptical, because 99 to 1, they aren't a wholesale company at all.

That sort of company will just take your order only to turn around and order it from the real wholesale company at a much lower cost than you paid for it (and they did have to get a tax license to do this). It doesn't stop there either. Since you bought it at a higher price, you will need to pass this on to your customers by marking it up higher than you need to. And if you ever needed or wanted to, you would have less margin when lowering your prices to match or beat your competitors. And your competitors would probably have a tax license, so they would be dealing with legitimate wholesalers.

Seriously, be very careful about this, there are many wolves in sheep's clothing out there. So skip the middleman, get your tax license, get legitimate and you will save yourself a lot of grief and money.

Once you make an account with a wholesaler, some will mail you a wholesale catalog and price list in the mail with a CD full of product images to use on your website. The smaller companies will just allow you to copy the pictures and descriptions off their website. With this product information, you can post the products to your online store and wait for orders. It's as simple as that!

Then, when a customer places an order, you either call, email or fax your contact at the wholesaler and give them the customers name, address, and the items they want, including any other miscellaneous information the wholesaler may want. The wholesaler then charges you for the cost and shipping of the order at wholesale price, then packages it up and sends it off to the customer. All you have left to do is turn back around and charge the customers credit card for the items with your profit margin markup.

The reason this is growing in popularity amongst wholesalers is because they get to have many other companies market and sell their products, thus reaching more people and selling greater volumes. The wholesale company is still able to sell their products for the price they want, and you get to keep the profit margin as a reseller. It's a win/win situation.

Drop shipping is enabling the average person to be able to run a successful, full service online retail store from the comfort of their home. Zero inventory, no shipping department, only buy when you have already sold -- this is the perfect affiliate program.

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