

White Paper

Business Value of Drop Shipping: Realizing the Benefits of Product Sourcing Solutions

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Introduction

Too many aspiring entrepreneurs forgo their dreams of building a successful online retail business. The issues entrepreneurs face when attempting to start a business often feel insurmountable. Every aspect of business seems to present another problem. From product sourcing to capital investment, the issues entrepreneurs must tackle are plentiful. Each dilemma carries the weight of confusion and the burden of indecision. The more problems pile up, the more overwhelmed entrepreneurs feel until they finally lose their drive and give up on their dreams. Fortunately, many common business issues can be solved with a simple solution: drop ship product sourcing.

Business Issues Entrepreneurs Must Overcome

Entrepreneurs must overcome many issues to build a successful online retail business.

Product Sourcing

The most difficult issue that business owners face is where to find a consistent source of products to sell. Not just any products will do; they must be high-quality, new, in-demand, and reasonably priced.

Entrepreneurs need access to these products on a regular basis; preferably when it is convenient to them. Since many entrepreneurs start building a business while working a day job, accessing their source of products at night is essential to success.

Product availability is crucial; however, an optimal source of products is also diverse. With a wide variety of available products to choose from, aspiring entrepreneurs have the opportunity to build the type of business that suits them. A diverse selection of products enables business owners to sell in several niche markets, and launch new product offerings at any time to expand their business.

Inventory Storage and Management

Before entrepreneurs can purchase inventory they must have somewhere to store stock. Storage room size requirements are dependent upon how many products the entrepreneur intends to sell. A spare room might fit the bill for some entrepreneurs, while others may need warehouse space. Of course, when a business grows, so does the storage space requirement.

Storing inventory is important, as is managing inventory. Business owners must figure out a way to manage their stock. They need to know exact inventory counts, where each product is located, and when to order more stock. Inventory management software can be quite costly.

Capital Investment

Speaking of cost, capital is a serious issue. Capital, in this instance, is the amount of money it takes to get a business up and running. Entrepreneurs may need a hefty bankroll depending on the costs of their business solutions.

Capital investment include the cost of office equipment, office supplies, procuring stock, inventory management software, storage or warehouse space, packaging and shipping supplies, gas, and car wear and tear from driving around town to obtain stock or ship orders.

Financial Risk

Another weighty issue -- financial risk -- is inherent with traditional retail business models. Before entrepreneurs can launch new product lines, or sell any products, they must acquire inventory. If the stock they purchase sells, then the business makes a profit. Unfortunately, product demands change frequently, which inevitably leads some entrepreneurs with unwanted, obsolete, or outdated merchandise. Often, the only way to move the merchandise is to sell it below cost. Obviously, this formula is not conducive to success.

Processing and Shipping Orders

Fulfilling orders is time-consuming and costly. Every order must be picked, packaged, labeled, and shipped. The cost of shipping supplies, storage space for the supplies, gas, and car maintenance add up quickly.

When business starts really booming, fulfilling orders can be a full-time job; which in turn requires business owners to higher an employee or two to take care of processing and shipping orders.

Time Management

Aspiring entrepreneurs must have strong time management skills to stay on top of all the issues that arise when building a business. If too much time is spent on obtaining products, handling stock, managing inventory, and fulfilling orders, then other crucial aspects of business may suffer.

Product Sourcing Solution

Drop ship product sourcing is a practical solution that solves many major business issues including the most obvious issue: finding high quality, brand name products to sell. Of course, quality is not the only concern; price is equally as important.

Drop shipping provides entrepreneurs with round the clock access to wholesale products at low prices. The ability to select products to sell on a 24/7 basis enables entrepreneurs to work around their day job and other commitments. The low wholesale prices make turning a profit so easy that anyone can do it; however, the advantages of this simple solution don't stop at products and prices.

With drop shipping, entrepreneurs don't have to pre-buy merchandise or stock inventory. This means no storage space is required to run a retail business. Inventory management software is also unnecessary. Not only is the cumbersome chore of handling stock dismissed, the financial risk of selling products online is minimized. If a product doesn't sell, the entrepreneur doesn't buy it.

Entrepreneurs gain the ability to test new products with little to no financial risk. They can launch new product lines, or start selling in additional niche markets, at any time. If the new niche doesn't pan out, business owners can immediately stop selling those products.

Drop shipping frees entrepreneurs from shipping orders. This means no boxes and labels are required; trips to the Post Office, Fed Ex, or UPS are also unnecessary. Products are shipped directly from the supplier (drop ship provider) to the entrepreneur's customers. Drop ship providers even supply tracking information to make the shipping process easier for everyone involved.

This product sourcing solution works well with most types of online sales platform – from eBay to websites. Many business owners start drop shipping on eBay, and then expand their business to include a web store once they realize how profitable online sales can be.

Drop shipping is an excellent product sourcing solution that saves time and money while minimizing the stress associated with running a business.

Drop Ship Business Model

The drop ship business model is a revolutionary business solution that has been around for decades. Individuals and large corporations alike use drop shipping to gain access to brand name products at wholesale prices.

How Drop Shipping Works

Drop shipping involves two key players:

1. Drop ship service provider, also known as a supplier.
2. Entrepreneur, also known as a seller or business owner.

Research, sign up, and gain access.

Entrepreneurs select a reputable drop ship provider to work with, and sign up for service. The entrepreneur then gains access to an online catalog of wholesale products, which can be accessed at any time – day or night. Entrepreneurs also receive access to additional selling tools, such as eBay listing tools, data feeds, and how-to business guides, if they select Drop Ship Access as their product sourcing partner.

Browse, research, and sell.

First, entrepreneurs browse through the online catalog to find products of interest. Then they research the market to determine that the products they want to sell are earning favorable profit margins. Finally, sellers list the products on eBay, their website, or both.

Collect money, order product, and enjoy the profit.

Once a product sells, the entrepreneur collects money from the customer, and orders the product from the supplier. The supplier ships the order directly to the entrepreneur's customer. The entrepreneur keeps the difference between the amount they sold the product for and the wholesale price of the product.

For example, an entrepreneur sells a digital camera for \$99. The camera has a wholesale price of \$69. The entrepreneur makes a \$30 profit off this one sale!

Profits start adding up quickly when entrepreneurs list multiple products at a time. Since entrepreneurs can list as many products as they want – without buying them first, there is no reason not list many products. Similarly, selling big-ticket items, like high definition televisions, becomes much easier. Storage doesn't even present a problem.

Business Benefits Gained From Product Sourcing

The benefits realized from this simple methodology are outstanding. For a small monthly membership fee, business owners gain the following product sourcing benefits:

- 24/7 Access to high-quality, brand name wholesale products!
- Ability to earn a profit selling favorite niche products!
- Minimal out of pocket expenses!
- Minimal financial risk!
- No pre-buying stock!
- No storing, handling, or managing inventory!
- No buying shipping supplies!
- No boxing and labeling orders!
- No trips to the Post Office, Fed Ex, or UPS!
- No need to establish relationships with separate manufacturers!
- Save time, money, stress, inconvenience, space, and hassle!
- Ability to start building a business immediately!

Conclusion and Recommendation

Drop ship product sourcing is the perfect solution to overcome the stressful, seemingly impossible business issues that aspiring entrepreneurs face when attempting to build an online retail business; however, selecting a credible provider is paramount to success. A reputable drop ship provider, like Drop Ship Access, cares about the success of their members.

Drop Ship Access is a leading wholesale product supplier with access to over 700,000 high quality brand name products. Drop Ship Access offers members valuable insider information, how-to articles, and other tools to build and grow a successful online business. Entrepreneurs can count on Drop Ship Access for their entire product sourcing needs.