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The Down Side Of Using Drop-Shippers On Ebay!

By Robert C. Potter

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Ok, let me just say right up front that I am not against drop-shipping! I love the concept. If you are dealing with a particular wholesale drop-shipping distributor that is serving your Ebay ambitions well, then hold onto that company with bonds of steel, for truly good drop-shippers are hard to find!

Drop-Shipping sounds like the utopian business model. No up front investment in inventory. You don't have to carry packages to the Post Office, United Parcel, or Fedex. All you have to do is set up your own business, auction, or retail website and advertise the products that the company provides. Once the orders come in, you forward it to the drop-shipper and they send the product directly to your customer.

But, the devil is always in the details. Dropshipping is best suited for a stand alone E-Commerce website, mail order, or catalog advertising venue. If you are considering using a wholesale drop shipper for your Ebay auction, then you might want to take a step back and let me provide you with some "points to ponder."

Back ordered products..The reality is that drop-shipping companies run out of product and will be back ordered. Ebay bidders purchase product in "real time." They are under the impression that the item you auction, is the item they bought, not a product that is subject to shortages.

One or two customers might be understanding about the situation, but most will not. If you happen to run out of product on a regular basis then your negative feedback rating will go through the roof, and your reputation will suffer.

One way to combat shortages is to buy a pallet of product in advance, and have the drop-shipper store it in their warehouse so that you are assured of an ample supply. This method sort of goes against the idea of Drop-Shipping (buying the product in advance) but if you are selling on Ebay, you would be best served by employing this method.

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Also, if possible, find a drop-shipper in your area, or within a comfortable traveling distance. If you run into any supply or shipping problems, then you could be on hand to visit the facility, should any shipping or logistic concerns arise.

Fees..Some dropshippers will charge you a sign up, or entry fee of about twenty five to fifty dollars just for the privilege of selling their product. You are also charged a "processing fee" for sending the product to your customer.

The "price for processing" can range anywhere from seven to twenty dollars per item, depending on the type of merchandise you are selling. These expenses, plus Ebay fees, can take a big chunk out of your bottom line. Finding a product that can bring you a profit, as well as offsetting these types of expenses, can be a delicate balancing act.

Circumventing your customers..While I do not believe that this is a pervasive practice among drop-shipping companies, anecdotal evidence has suggested that some unscrupulous enterprises can cut you out of the sales loop. They could they easily substitute your return address for their company logo, selling directly to your customers.

Market saturation..One of the largest wholesale drop-shippers in the county is the B&F System, BNFusa.com. A lot of Ebayer's started selling their products, one in particular, called Giovanni Navarre leather jackets. At first, it was a profitable item. After a while, everyone started selling the same product. Too much of the same supply, creates market saturation, ultimately destroying profit potential for the seller.

The Giovanni Navarre leather jackets are still being sold on Ebay today, but I doubt that they still provide a very profitable return for the seller. Even though B&F carries over 500 products in 14 different categories, they are intimately familiar to the Ebay community. You could probably make a great profit from just about any B&F product if you were to sell them off line, and out of the auction arena.

When a company becomes too well known to the general public it becomes almost impossible to make money from products that have flooded the marketplace. In addition to finding a drop-shipper who is close to home, it might be a good idea to find a DS company that is not well known to the Ebay market, or who's products have not been scattered all over cyberspace.

These days however, it is hard to find drop-shippers that will cater to the smaller seller. Most will find it more profitable to sell in volume than by the piece. The larger wholesale dropshipping distributors are used by retail catalog operations. To get involved with the larger operations, you would have to be doing a tremendous sales volume.

If you still want to pursue drop-shipping as a source of supply for your Ebay auction, then I would suggest that you read other opinions, and become as educated as you can about the drop-shipping company you do business with.

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A good and inexpensive start to finding drop-shipping companies is the Drop Shipping News:

<http://www.drop-shipping-news.com> . Remember, when

it comes to Ebay auction selling, "own what you sell." Never leave customer service, or your feedback rating in the hands of other people!!

Robert C. Potter is a wholesale and retail surplus products specialist. He is the author of "The Ultimate Guide To Products For Resale!" Over 300 Wholesale & Surplus Supply Sources For Ebay Auction Sellers, E-Commerce Websites, Flea Market Vendors, and Retail Store Owners! You can find his 160 page ebook at: <http://www.productsforresale.com>

The Myths And Magic Of Ebay Drop-Shipping Vendors.

By Kirsten Hawkins

If you've never heard of drop shipping, then prepare to be impressed - it sounds like every eBay seller's dream. With drop shipping, you don't have to keep any stock at all. You simply list auctions for what your drop shipper sells, without actually seeing it yourself.

Each time something sells, you let them know, and they deliver it for you - directly to the customer. They'll charge you a near-wholesale price for the item they delivered, you charge the customer whatever price you agreed, and then you pocket the difference as profit.

The Magic.

Just think of the sheer amount of trouble this takes out of eBay selling. You don't have to find space in your house to keep your stock in, or money to buy it with. You don't have to take any risk by buying things that might not sell. You don't have to deal with suppliers. You don't even have to pack or post the auctions yourself. Wow! Can you imagine how good this would be if you could pull it off?

But, as with all things in life, if it sounds too good to be true...

The Myths.

Drop-shippers don't do deals with just anyone - any drop shipper who says they'll take orders from unregistered businesses is likely to be a scammer. They might not send out anything at all to your customers, or you might send out very poor quality merchandise that they will then return to you for a refund.

Also, beware of companies that claim they will put you in contact with drop shippers for a fee - they are inevitably rip-offs. At the end of the day, the best way to find drop shipping companies is to contact them in the 'real world', not by typing 'drop shipping' into a search engine.

Doing it for Real.

If you want to make a profit with drop-shippers, be prepared for it to be quite a small one: you're not

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going to make sales on eBay at a big mark-up from drop shipping prices. You will also have to accept that you can't inspect stock before it gets sent out, and some of your descriptions might not be as good as they could be.

You should also be prepared for a few frustrating experiences with your drop shipper, as they might not share the same customer service values as you. The first time you'll realise that they never sent something to one of your buyers is when you hear about it from the buyer a week later.

If you can accept all these things, though, and find a reputable drop shipper, then there's money to be made. Good luck!

If you'd like to give up a little more profit and control over your eBay business to save the trouble of doing everything yourself, then you might be interested in eBay consignment centers. You can sell

your items at an eBay consignment center by just leaving them there. Stay tuned to these emails for more.

Kirsten Hawkins is an Ebay and internet auction enthusiast from Nashville, TN. Visit

for more great tips on how to make the most from Ebay and other

online auctions.



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