

Title:

The Truth About Dropshipping In Australia

Word Count:

820

Summary:

Dropshipping is promoted as being one of the best and easiest ways to make money selling on eBay & the internet. At least that's what the owners of the countless dropshippers lists available on eBay & the internet want you to believe. It sounds easy, simply sign-up for a wholesaler's dropshipping service then start advertising their products in online auctions or on your web site. People buy the products, you notify the wholesaler, pay the wholesale price & pocket the profit,...

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Article Body:

Dropshipping is promoted as being one of the best and easiest ways to make money selling on eBay & the internet. At least that's what the owners of the countless dropshippers lists available on eBay & the internet want you to believe. It sounds easy, simply sign-up for a wholesaler's dropshipping service then start advertising their products in online auctions or on your web site. People buy the products, you notify the wholesaler, pay the wholesale price & pocket the profit, without having to lift a finger.

Is that really what happens? Is it really the secret to your future financial success?

The concept of dropshipping first started in America many years ago, due to a VERY competitive wholesale market. Wholesalers were having difficulty selling their products for a decent price; so one clever person came up with the idea of drop shipping. The wholesaler would add a small premium to the wholesale price to cover the costs of extra handling of the item, and offer entrepreneurs the opportunity of selling the item for them, without having to carry any stock or deal with shipping. Once a few wholesalers started, it forced other wholesalers to do the same; otherwise they would lose their market share, and most likely go out of business. This is why dropshipping is such big business in America.

This is NOT the case in Australia, as our market is nowhere near as competitive.

It's only recently that a handful of so-called wholesalers have started to offer a dropshipping service. When you think about it, why would a wholesaler want to be bothered selling just one of a certain item, as well as packing & posting it? Obviously they wouldn't unless they were forced to, to keep their business afloat as many are in America. Australian wholesalers don't have to do this to stay afloat.

Many of the dropshippers in Australia aren't actually real wholesalers (as the real wholesalers can't be bothered wasting their time with it). Some of them may be discount stores that sell items at a discounted retail price, while others are businesses that actually buy from the real wholesalers, place a large mark up on the price and offer their services as wholesale dropshippers. In reality they are more like retailers. With the prices they charge for their products, it is exceptionally difficult for anyone to make a living by selling them on eBay. The prices for most items on eBay are already at heavily discounted retail prices, so you would be lucky to break even.

The situation with Asian dropshippers is no different, even though you would expect their prices to be cheaper. Like the Australian wholesalers, they don't have to dropship to make very good money, but some of them have realised that they can obtain exceptionally high prices for their merchandise by offering to dropship to western countries. With labour costs being so much lower in the Asian region, it puts even more profit into the `wholesalers` pocket. I recently checked the prices of several items in a well-known Asian dropshipper's catalogue, namely digital cameras. These cameras were selling for LESS on eBay, than the dropshipper was charging. The Canon digital camera was available from the dropshipper for \$469.00, but was only selling on eBay for around \$430.00. A huge \$39.00 loss (plus eBay fees) for the poor person selling it, but a whopping 100% or more profit for the Asian dropshipper.

In Australia, Asia and the UK, the only people who are profiting from dropshipping are the dropshippers themselves as they don't need to offer the same competitive prices to stay in business as is the case in the US. Due to the high cost of freight, it is pointless trying to sell items from US dropshippers to the Australian market.

Why would you want to pay someone else an over inflated price for just one item, when most wholesalers only have a minimum order of no more than \$500? Some wholesalers don't even have any minimum order quantity - you can buy one item at a time if you want! By buying directly from the wholesaler, all the extra profit is going straight into your pocket, and not to some middleman.

In summary, there is really only 3 ways to make money from drop shipping:

1. Create your own dropshippers list, & sell it to poor, unsuspecting newbies who don't know any better - not a very ethical way to do business.
2. Create your own web site, aimed at the US market, & deal with the US dropshippers. You could also try to sell on the US eBay site, using the US dropshippers, however this may not make you much, if any money, due to the huge competition from everyone else in America doing the same thing and forcing eBay prices down.
3. Start your own business, purchasing products from Australian wholesalers, & then dropshipping them for other people - you become the dropshipper.