Title:
Internet Entrepreneurship: First Step, Getting Started

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842

Summary:
I have set up two internet retail businesses in my spare time and this series of articles pass on my experience and lessons learnt. When I was thinking about starting an internet business there were a few things that were must have requirements.

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Article Body:
First steps: choosing the business

When I was thinking about starting an internet business there were a few things that were must have requirements.

The first one was that I needed to be able to get the business to profitability for less than $1600 (£100). In practice each site has cost more than that when you figure in the marketing costs needed to get it off the ground quickly. The silk tie retailing site was set up for less than $300 but when you factor in marketing spend, then I have spent almost $800 per month on marketing, mostly Google Adwords and Overture. It is only after month three that I have got close to breaking even. Anyway, near enough and if you are more patient and make less costly mistakes than me then you should be able to do it for less.

Secondly. The business had to need as little manual work as possible. I am after a business that I can start working part time and as am a management consultant and sell my time by the hour, for me time really is money. I am also not keen on hiring people if I can avoid it. The internet has the potential to offer some really virtual businesses and I wanted to use this. For this reason as well as start-up costs this means that I do not want to stock or handle any products. I do a lot of supply chain consulting work so it was obvious to me that I could have a business that used other companies to buy, store and deliver the products. The easiest way to do this is by using dropshipping. Dropshippers are

wholesalers that ship individual customer orders direct to your customers.

There is a lot of information on dropshipping online, however it has to be said that there are some terrible dropshipping companies where prices are too high or products too common to successful. Typical of these is thSelect which charges a fee to join, but once you join you find that the prices are often higher than they are being sold for on eBay and are widely sold with lots of competition. It is very hard to make good money from these sort of dropshippers. There are however some good companies out there with niche products where achievable margins are good.

The third requirement was that the business needed to have the potential to generate at least $1k per month in profit. That way with a few web businesses it could become my full time job. I decided that I was not trying to start the next Amazon, instead I was after a good profitable niche. Something not too competitive and with no house-hold names as competitors. This means that I have not gone into electronics even though it is the area I know the best, it is a very competitive market online and were competition includes Amazon and Dixons. To be successful in electronics you either need to find a niche not served by the big boys or spend serious money to get established.

I then started searching for business ideas. I read the get rich quick newsletters, internet marketing newsletters, internet business forums and drop shipping websites. I searched for dropship suppliers then when I found a product that I thought might be promising, did a search for it and checked out the competition. If after that it still looked interesting then I did a keyword search on Google AdWords to find out how many clicks I could get and at what cost.

While doing this I came across some sites selling ready-made business websites. Essentially they provide a shop template, a catalogue and a supplier of stock and off you go. These sell for between £50 ($80) and £500 ($800). I wasted a fair bit of money with a couple of false starts. I bid on a lingerie web business template on eBay with a starting price of £99; my wife was a lingerie merchandiser for Marks & Spencers and so I though she could help, then I saw a gadgets website from the same people and thought I would get that and see if I could find a gadgets niche and bid for that too. Trouble was I then did some more research and found that lingerie was very competitive online and that the supplier I would be getting had a limited selection of very tarty undies at rather high prices. I also found that the gadget supplier was the Select and as I have already said they are overpriced. I then found the tie web business and decided this was a better niche where margins really are 60% and bought that one from DpbUK who have been very good. Unfortunately no one else bid on the two on

eBay and I ended up winning them although I no longer wanted them. $300 wasted. Oops. So do your homework carefully before buying; look carefully at the sample sites and try and find some clues to the suppliers, check the competition out and make sure the margins are high enough.