

WHAT IS DROPSHIPPING



The Traditional Model

- The seller has the inventory
- When the order is made, the seller delivers the inventory
- The seller is responsible for inventory acquisition, storage, delivery, and customer support (all costly)



What Dropshipping Does

- The manufacturer, wholesaler, or another retailer acquires and handles the products
- The dropshipper is the middleman who finds good price arbitrage opportunities
- The dropshipper does not handle inventory



Advantages Of Dropshipping

- Cheaper and less risky to start
- Many very challenging parts of the business are done for you
- Flexibility in what you sell and how you run your business, and fewer work hours



Disadvantages Of Dropshipping

- You build another company's brand, not yours
- If clients say they never got the product, it's your fault even if it isn't
- As the one in the middle, you have to play by the rules of two different companies

