

HOW TO DROPSHIP

DROPSHIPPING GUIDE



Dropshipping Guide: How to Start a Dropshipping Business

Dropshipping is known for about 10 years, however today this business model reached the pick of its popularity. During Black Friday & Cyber Monday turnover of dropshipping stores reached 555 thousand U.S. dollars last year and 1 million U.S. dollars this year.

The key feature that makes dropshipping popular is low startup capital which means low risk.

What startup capital is needed, when business starts bringing profit, what should be done to start are the most popular questions that appear in mind of new entrepreneurs.

What is “dropshipping”?

An online store owner (theoretically you) sells goods to end-users and suppliers manage the delivery of the goods to end-users directly from their warehouses on behalf of an online store owner. In the end, a store owner doesn't touch a product.

Here is the scheme of work:



Dropshipping leggings

Let's calculate profit through the example of leggings. Leggings are popular and high-demand products. We select Unicorn lovers as a market niche. A price of top sellers on dropshipping marketplace Dropwow is \$6, delivery is \$2, customer acquisition cost is \$4. If we pay attention to Amazon.com the average cost varies around \$20-25. The sales price of other dropshipping online stores is also \$25. If we set price \$25, our margin will be \$13.

- **Profit calculation**

We realize that canvassing of customers is a key spending pattern which means customer acquisition cost is in our focus. It's easier to find and target audience for leggings on Facebook and Instagram. We're going to work with these channels for attraction customers' traffic.

\$5 is a daily budget for advertising. Budget increases to \$10-15 during Black Friday and Christmas sales, during the rest time of the year \$5 is our limit. Our target click cost is \$0.20. If you spend more while dropshipping, it's better to change settings or even stop the campaign.

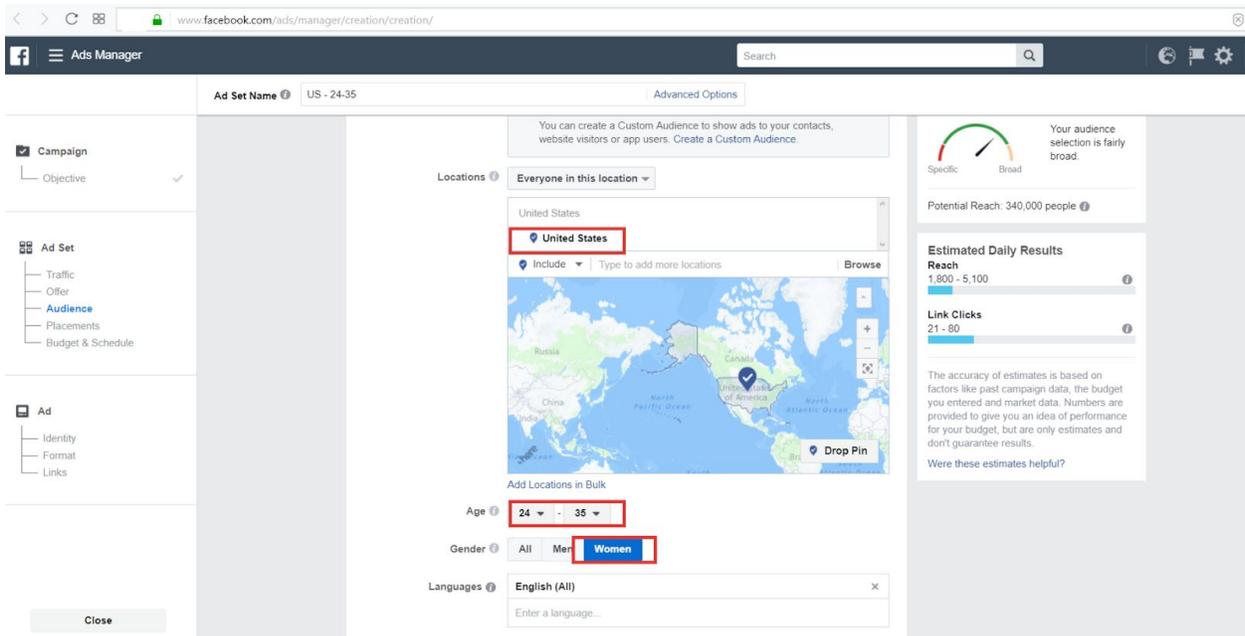
If we accept that the conversion rate from clicks to purchases is 5%, that means after pouring \$1000 into advertising turnover reaches \$6 250 (250 leggings per \$25). Expenses on buying goods on Dropwow.com are \$2 000 (250 leggings*(\$6 prime cost + \$2 delivery)) .

It means profit is \$3 250 (6250-1000-2000) with \$1000 investment into Ad.

- **Facebook Ads set up**

Advertising parameters for leggings for the target audience:

- Locations: United States (there is a rule one country for one campaign)
- Age: 25-34 (it's better to set one age period)
- Gender: Female



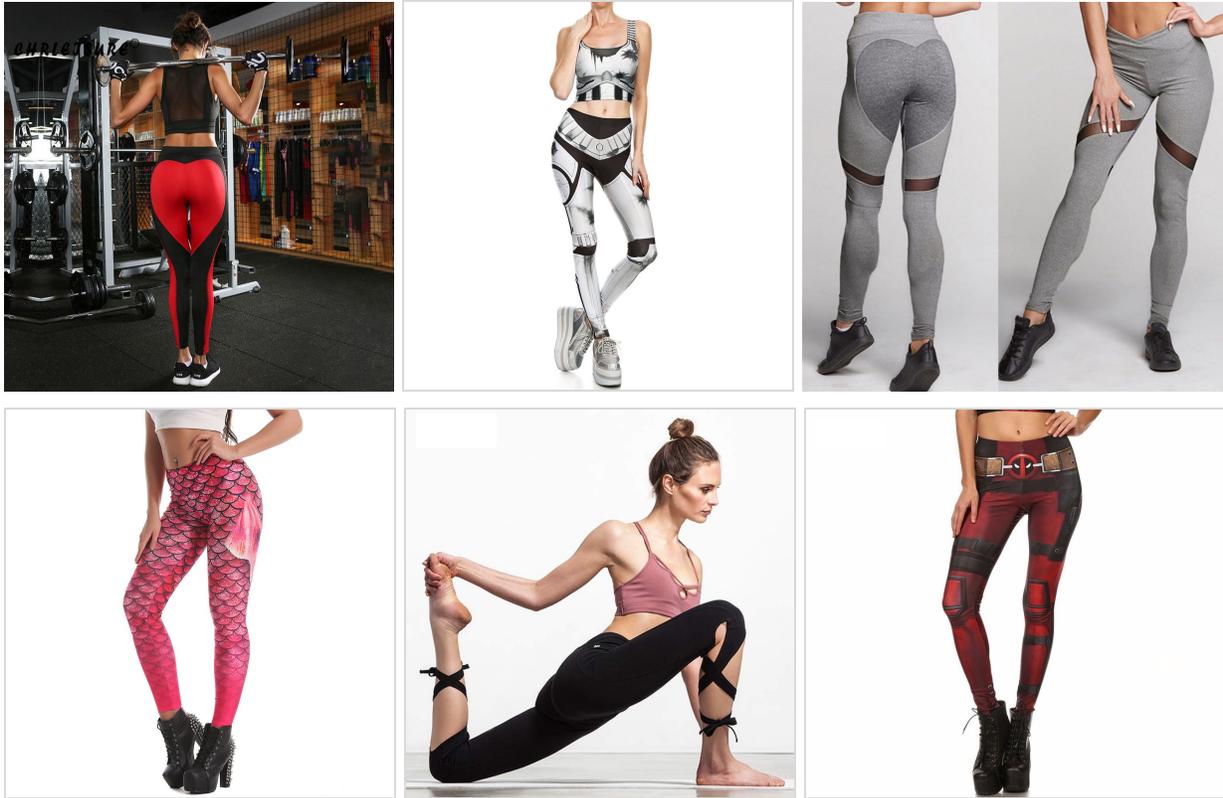
- Interests: Leggings, Sportswear (activewear), Unicorn, Online Legging Store.
- Narrow: Active credit card user, Primarily credit cards, Engaged Shoppers, Shopping Online - Clothes.

In the end, the quantity of target audience should vary from 1 to 10 million.

Then it's necessary to launch similar campaigns together with this one but for another country, for instance, Australia, UK or Canada, for other age periods 18-24 or 35-44.

It's possible to choose another niche or an additional one. Suppliers offer trendy designs with unicorns, mermaids, superheroes, push up and political-themed one together with classic designs.





Dropshipping online store owners also target fans of specific sports clubs, as fans' girlfriends support their guys. In this case, it's better to find ready designs or discuss new prints with a supplier.

We constantly test different targeting parameters. In addition to the given above parameters, it's necessary to select pages marked as "Liked" in the Interests which are automatically offered by Facebook in settings.

Page	Relevance	Audience	Facebook	Affinity
Be Inspired Boutique	1	189.6K	790.5K	115x
Lime Lush Boutique	2	234.5K	1m	111x
Online Legging Store	3	100.2K	892.9K	102x
Modern Vintage Boutique	4	257.7K	1.3m	96x
90s Kids	5	188.4K	943.6K	96x
Lisa Frank	6	181.9K	940.8K	93x
Saved by the Dress	7	279.1K	1.5m	92x
Hippie Runner Funktional Runwear	8	191.6K	996K	92x

- **Products selection**

Select items on the dropshipping marketplace according to the niche:



- **Selection of services**

[Shopify](#) is the number one service that dropshippers choose for making a website. Anyone may easily and fast launch his/her own website having no skills in programming or design. The service offers simple and clear for understanding recommendations where it's shown how it all works.

Choose **Shopify Payments** and **PayPal** as payment methods. Shopify Payments has lower commission fee and it's easier to it setup, however, Shopify Payments is currently only available to US, Canadian, UK and Australian Shopify users.

Use **Facebook** and **Instagram** as promotional channels.

Choose [Dropwov](#) for searching and importing items to the online store. The platform is made specifically for dropshipping. It requires no fee-paying plugin for importing goods into the store, neither virtual assistants for forwarding orders manually to suppliers.

As soon as a purchase is made by a customer, this purchase is automatically forwarded to a supplier. In the end, Dropwow saves time and decreases expenses (read as increases income).

Install free Shopify Apps: [Mailchimp](#) or [Klavio](#) for sending emails, [Consistent cart](#) for converting the orders which were left as not finished in the basket, [Sales Pop](#) for building an image of a busy website, [Kit](#) for dynamic retargeting. If you have the budget, you may also use fee-paying Apps but free ones are enough for the beginning.

What to do first or how to start

There are the following processes:

1. **Register Sole Proprietorship or LLC** due to tax and liability purposes.
2. **Get business bank account**

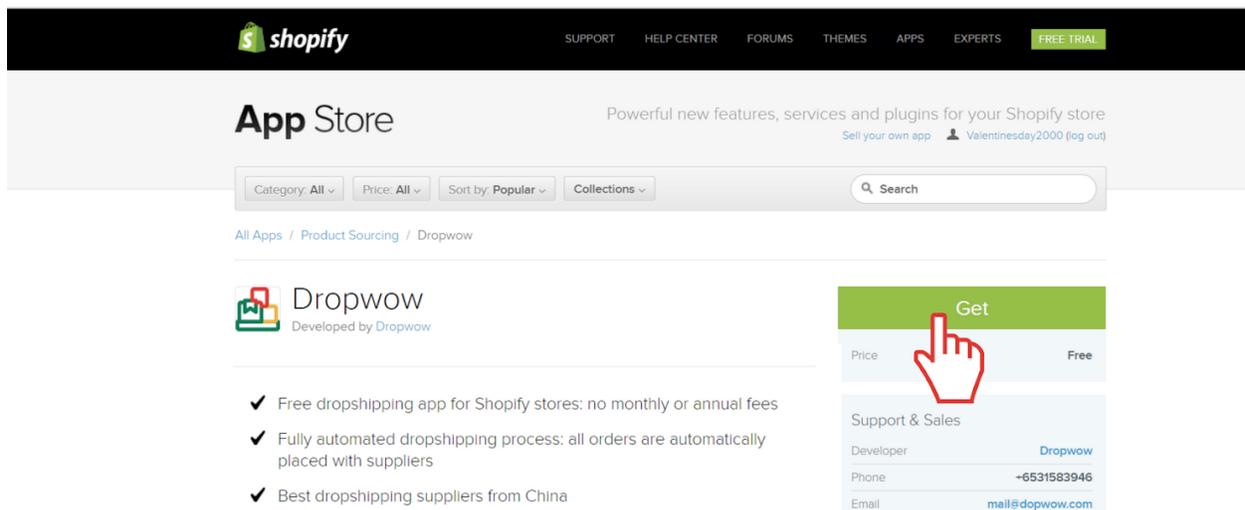
Specifically, a *business* account is needed for the next step.

3. **Apply for PayPal business account** either for Sole Proprietorship or LLC

With Shopify Payments, you are instantly approved, so you can start selling right away. But as it's currently only available to US, Canadian, UK and Australian Shopify users, apply for PayPal account.

Specifically, *business* PayPal account is needed. If you have a personal account you may upgrade it to a business one. You may also register a business account in addition to your personal account. The only PayPal requirement is separate email addresses for each account. FYI, PayPal allows accepting credit cards.

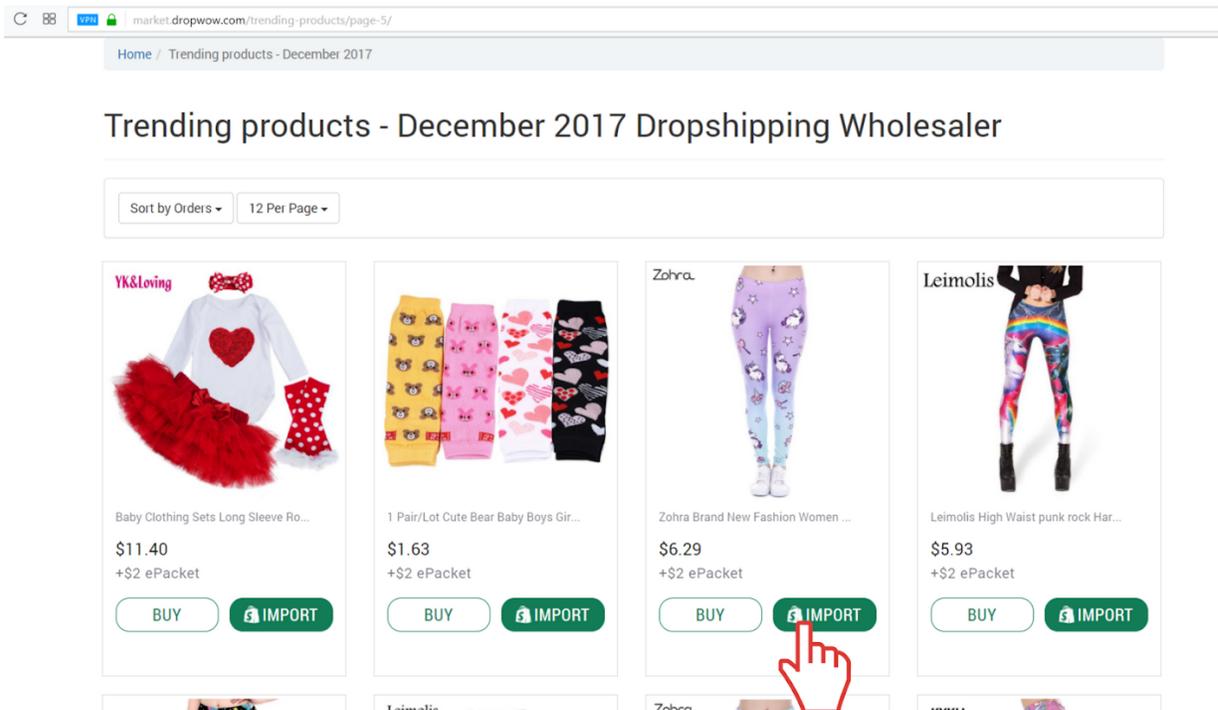
4. **Install Dropwow App to import viral products** from Dropwow preliminary selecting the niche



The screenshot shows the Shopify App Store interface. At the top, there's a navigation bar with the Shopify logo and links for SUPPORT, HELP CENTER, FORUMS, THEMES, APPS, EXPERTS, and a FREE TRIAL button. Below this is the 'App Store' header with the tagline 'Powerful new features, services and plugins for your Shopify store'. There are filters for Category (All), Price (All), Sort by (Popular), and Collections. A search bar is also present. The main content area displays the 'Dropwow' app listing. The app is developed by Dropwow and is free. A red hand icon points to the 'Get' button. The app description includes three bullet points: 'Free dropshipping app for Shopify stores: no monthly or annual fees', 'Fully automated dropshipping process: all orders are automatically placed with suppliers', and 'Best dropshipping suppliers from China'. To the right of the app listing is a sidebar with the 'Get' button, Price (Free), and Support & Sales information, including Developer (Dropwow), Phone (+6531583946), and Email (mail@dopwow.com).

Tip: Ready-to-go “[Dropwow Receipts](#)” include profitable niches, best-sellers for each niche and Facebook targeting parameters.

When you connect your Shopify store, you are automatically redirected to Trending Products page. To import a product click "IMPORT" button. Products you have chosen are automatically imported into your Shopify store. Go to your Shopify account and check Products page.



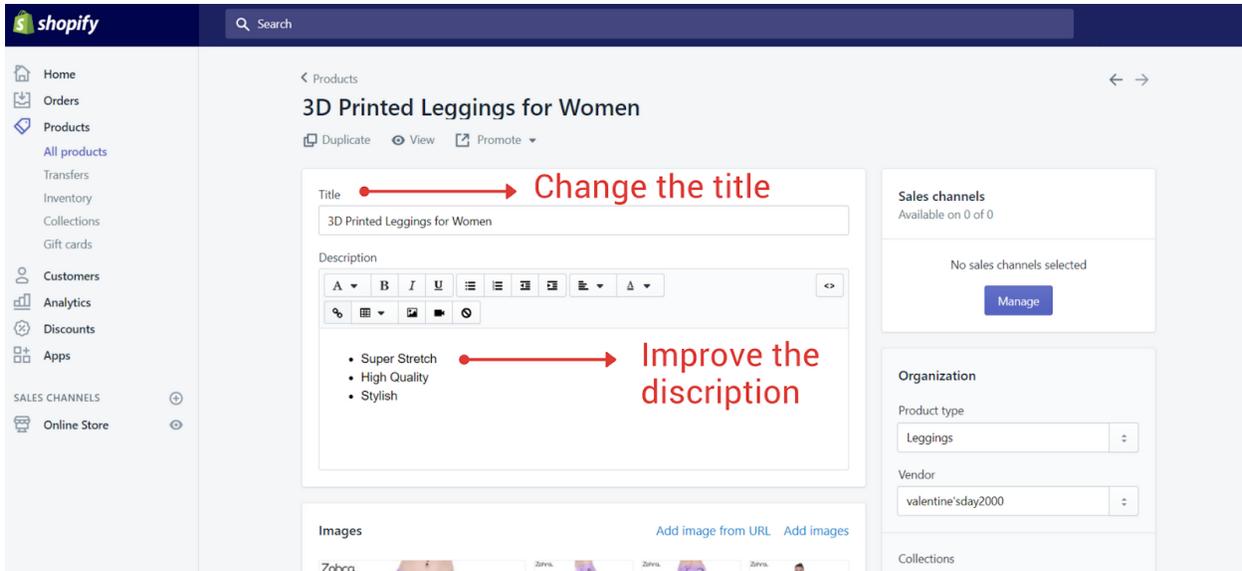
5. Create selling product pages and launch a Shopify online store

Shopify offers ready design layouts. Step-by-step instructions show how to launch a store.

Set prices according to the following rules:

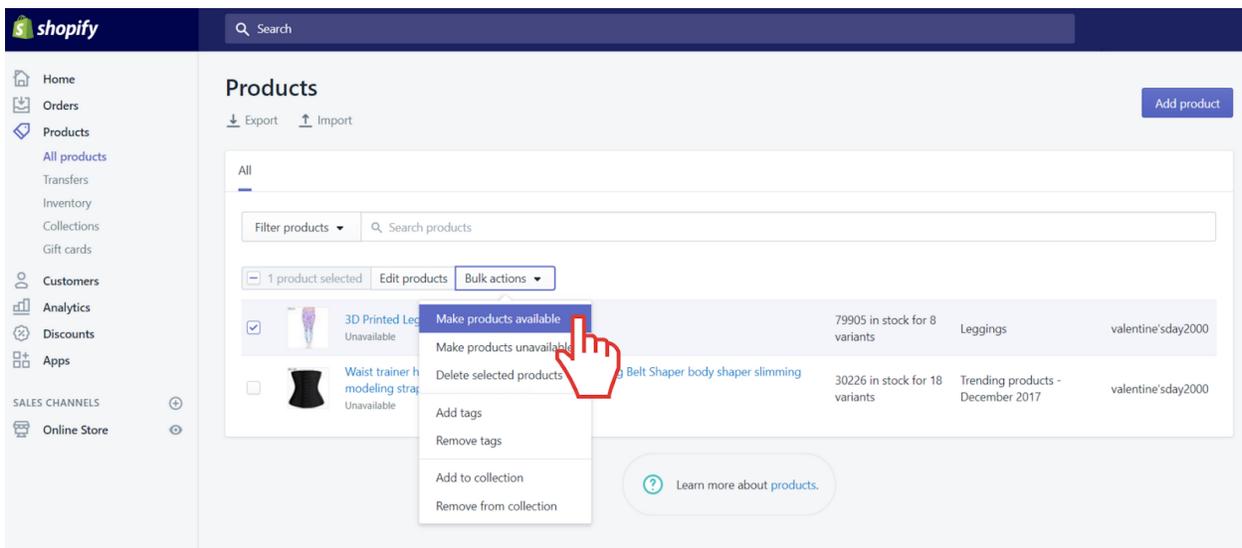
- Never set the lowest market prices. Price competition is tough. It has nothing to do with long-term strategy
- When you offer products for \$50-70, conversion rate is pretty high
- Products with higher prices, for instance, \$120-200, require providing customer support

Change titles and descriptions of the products you imported. Make them best-selling.



Products are listed only after your approval. Please click on the product and check Sales channels in the right block. Click "MANAGE" and select Online Store. Check if the product became Available. After you click "DONE" you need to save the changes.

You can also choose all products and click "MAKE PRODUCTS AVAILABLE".



6. Make promotion on Facebook and Instagram

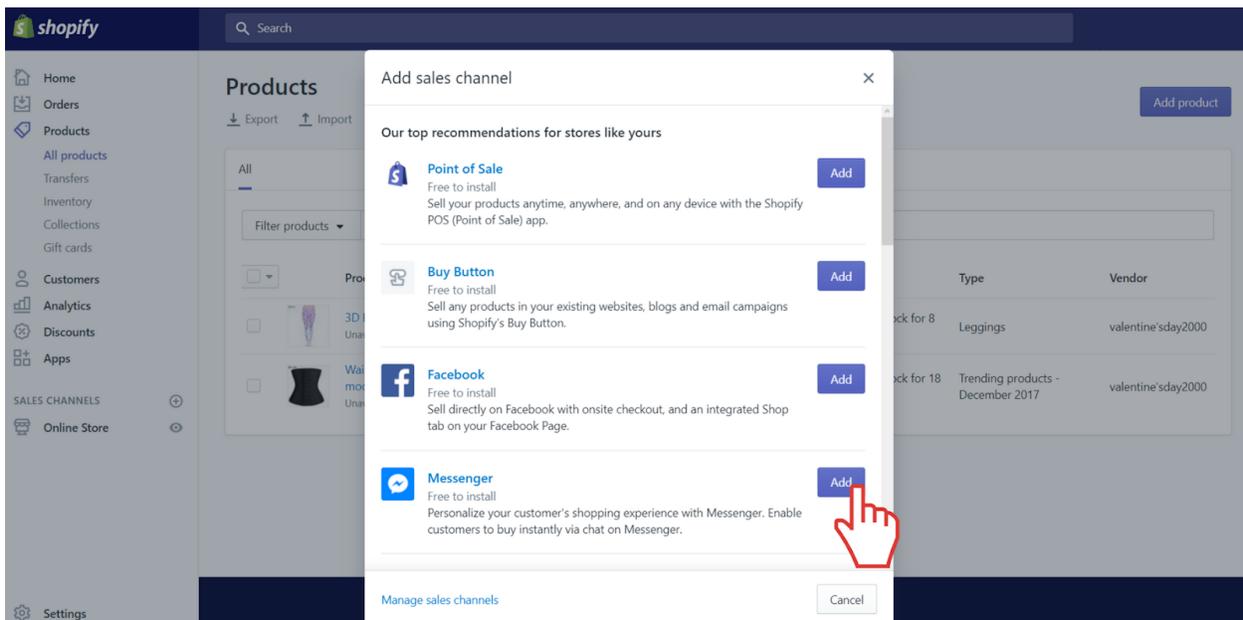
Facebook is a number one source of traffic for dropshippers. In addition, it covers Instagram. That's why it's better to focus on them first. Later you may start working with other digital channels as different generations are inspired by different networks. So think about including

Google, YouTube, Pinterest, Snapchat, Twitter into your marketing. For instance, Google Ads gives \$100 for free.

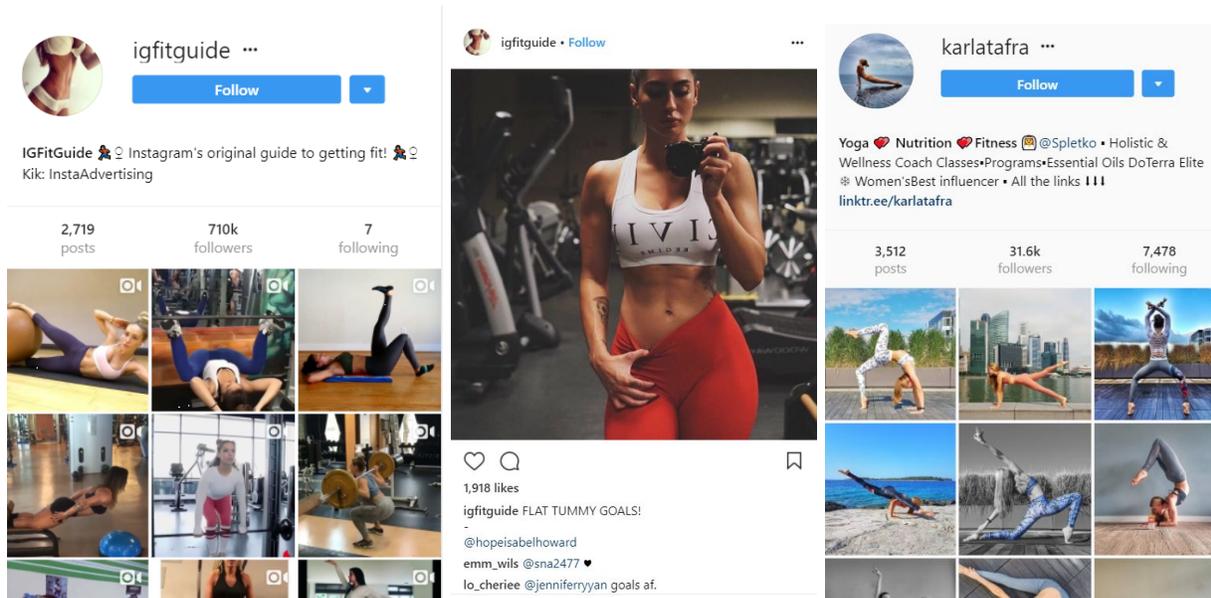
When the order is made by a consumer, this order is automatically forwarded to the supplier for further shipping to the consumer's delivery address. The online store owner gets access to the tracking number within the next 48 hours for further sending it to the consumer. In the end, the consumer receives the order without aware of buying from a third party.

How to increase sales

- **Increase budget for promotion**, when tests with targeting settings show results and it's clear that more products are sold.
- **Broaden assortment** by addition supplementary goods (for instance, tracking bracelets, socks, tops for leggings niche), products most likely to be bought on impulse and new designs.
- **Install Apps** that help to increase conversion and average purchase size. [Hurrify](#) for countdown timer displaying the number of items left to push consumers to purchase (\$6.99 per a month), [Frequently Bought Together](#) to increase average check (\$5-6 per a month), [Boost Sales](#), [RetargetApp](#) (10% of your marketing budget), [Swell](#) \$29/month, [Checkout Boost](#) \$20/month, [Recart](#) \$29/month, [SEO Manager](#) \$20/month, [Spin-a-Sale](#) \$4.99/month, [Better Shipping](#) \$14.99. There are around 300 Apps on Shopify App Store.
- **Offer client support**. Telephony service [Google Voice](#) offers free US Based phone numbers for Voicemails check, receiving and taking calls. The option costs vary from 0 to \$30 per a year. Set [Facebook Messenger](#) to your Shopify store for the online chat.



- **Cooperate with influencers** of Instagram and YouTube for an additional sales channels.



- **Manage a blog, social media marketing and SEO** promotion of the website.
- **Work with email marketing** for cross-selling, when an appropriate number of emails is collected.

How to scale up

Develop your own brand for promotion. Negotiate with suppliers regarding logo printing, customization package or even making an exclusive product line. It's clear you should be sure in further sales otherwise it's not profitable for suppliers.

When the brand is built, the online store may be sold with a profit.

How to scale up more

Decreasing expenses is a popular method of increasing profit among entrepreneurs. Negotiate with suppliers regarding discounts and other variants of lowering prime costs.

Increase turnover by adding features like unexpected gifts for orders or positive reviews, coupons, bonuses, quantity discounts.

Frequently asked questions

Advantages and disadvantages of dropshipping?

Advantages in comparison with traditional business:

- Low startup capital
- No experience required - easy to start
- No need to organize warehouses

- No inventory management
- Wide product range
- No risk of excessive stock or shortage of goods
- No need to deal with packing and shipping of goods
- No geographic limits - sell to any country
- Fast product line expansion
- You can do dropshipping alongside with the main work
- You can promote your own brand
- You can quickly test and evaluate ideas and products
- You can work online from anywhere

Disadvantages:

- Reduced margin. The major part of spending pattern is advertising. A strategy of dropshippers revolves around customer acquisition cost.
- Suppliers can make mistakes. As production, inventory, packaging, and delivery are done by suppliers, you don't control this part. Mistakes are possible. You may decrease the number of mistakes by selection reliable suppliers and including extra margin for overhead costs

Conclusion: Dropshipping is easy to start apart from the main activity or college.

Why choose Dropwow?

Dropwow is the only marketplace specialized specifically on dropshipping. The marketplace automates each dropshipping processes that can only be automated, in particular, product import, forwarding orders to suppliers, displaying tracking details. Dropwow App is free for Shopify users.

The company verifies each supplier to provide dropshippers quality.

In addition, Dropwow prepares insights and recommendations regarding best-sellers, profitable niche ideas, latest dropshipping news.

How will customers react to 10-20 delivery period?

It's tested through practice consumers don't refuse orders. They should only be preliminary notified on the website. When delivery time is less than 7 days, it increases conversion rate. However, there is a sufficient number of consumers who are ready to wait.

What about quality?

Consumers identify China-based suppliers with low quality. At the same time, entrepreneurs and corporations continue buying and shipping the majority of goods from China. As a result, almost everything we hold in hands, wear and seat on are made there. When something is made in

Philippines, Vietnam, Cambodia or somewhere else in Asia, it's because today China is oriented mostly on trading but not production, as manufacturing is not profitable than before.

China-based suppliers offer low-quality products as well as items of high quality. Entrepreneurs decide what to choose. For instance, Dropwow controls quality and verifies each supplier. In any case, you may spend \$5 to order a product to yourself to see the way it looks and how it's packed.

In case of troubles with orders you have a right to start a dispute. [Here](#) is information about Refund Policy.

How much of initial investment is required?

1. **Shopify store setup** - \$29 - This plan includes all the basics for starting a new business. There is a free trial period.
2. **Domain name** - ~\$15 - The final price depends on the domain name you choose.
3. **Hosting** - \$0 - Every Shopify plan includes unmetered hosting.
4. **Business email** - \$0 - When you buy a domain name using Shopify, the company gives an unlimited number of forwarding email addresses for free. If your domain name is "yourstore.com", you can now create addresses like "info@yourstore.com".
5. **Logo design** - ~\$5 - It may be free if you use online logo maker.
6. **US-based phone number** - \$0-30 - The final cost depends on Google Voice rates.
7. **Facebook Ads** - ~\$700 - The amount will depend on a number of clicks and their cost.
8. **PayPal** - 2.9% + \$0.30 per sale

In addition, **First orders investment** is required. As PayPal has the 21-day hold for new accounts, dropshippers get money from PayPal on their bank account after delivery of orders.

What to sell?

Choose goods which are not oversized, heavy or fragile to escape delivery troubles and expensive shipping costs. It's not recommended to sell

You should know what target audience of the niche (location, age, interests, etc.). Only this way you will be able to set up your targeting parameters of your advertising campaign. Examples of niches with ready Facebook targeting parameters are called "Receipts" and available [here](#).

Skulls → Niche name

Ready-to-go "Receipt" contains the best dropshipping products you can import to your store and targeting parameters you can set up for your FB campaign

Targeting parameters → Facebook targeting parameters

Target location: USA
 Age: 25-34
 Gender: Male + Female
 Interests:

- Skull
- Skull and Bones
- Skull and crossbones (symbol)
- Skull art
- Skullcandy
- Sugar Skull
- Obsessed With Skull

Dropshipping best-sellers for 'Skulls' niche → Nine bestselling items



Bluetooth Speaker
Plastic Metallic Skull Shape Wireless Bluetooth Speaker Sunglass NFC Skull Speaker Mobile Subwoofer Multipurpose Speaker Cool

[Learn more](#)



Skull Bracelet
Black Beads Natural Stones Skull Bracelet For Women Lava Stone Beads Men Bracelet Black Lava Beads Bracelets Pulseras Mujer

[Learn more](#)



Mexico Skull Cushion
Flower Punk Style Mexico Skull Cotton Linen Cushion Cover Chair Seat and Back Square Pillowcase Home Garden Decorative

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Ready for making your own business?

As now is the best time to begin, click the button for the start.

