



GUIDES

How to Find a Product to Sell Online: The Definitive Guide

BY RICHARD LAZAZZERA





What's in this guide?

There has never been a better time to start an on-line store. Ecommerce is at a point that anyone can set up a great looking store and sell a product to anyone, in any city, on any continent.

However, the biggest barrier to entry also happens to be the very first steps in the journey. Uncovering product ideas, evaluating them, testing demand, and sourcing a supplier can be a complicated process. Many times, for new entrepreneurs, this becomes the reason they throw in the towel before every really starting.

With so much scattered information, resources, and tools on the internet, all promising to help you uncover the elusive perfect product, where do you begin?

In this guide you'll learn:

- how to generate product ideas
- the criteria you need to consider when looking at and evaluating those ideas
- the most popular methods for validating your product choices
- how to source a supplier for your product

This is the definitive and most detailed guide to finding, evaluating, selecting and sourcing your product you'll find anywhere. Follow along, and by the end of this guide, you'll have all the resources, knowledge and tools you need to uncover your perfect product and begin your online business.

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1 INTRODUCTION

For new entrepreneurs, deciding to start an online business is an exciting journey, but it's also new terrain that can be intimidating and difficult to navigate.

Maybe you've tried starting your own business before, or maybe you're planning your very first one. Regardless, every new business will present its own unique opportunities and challenges.

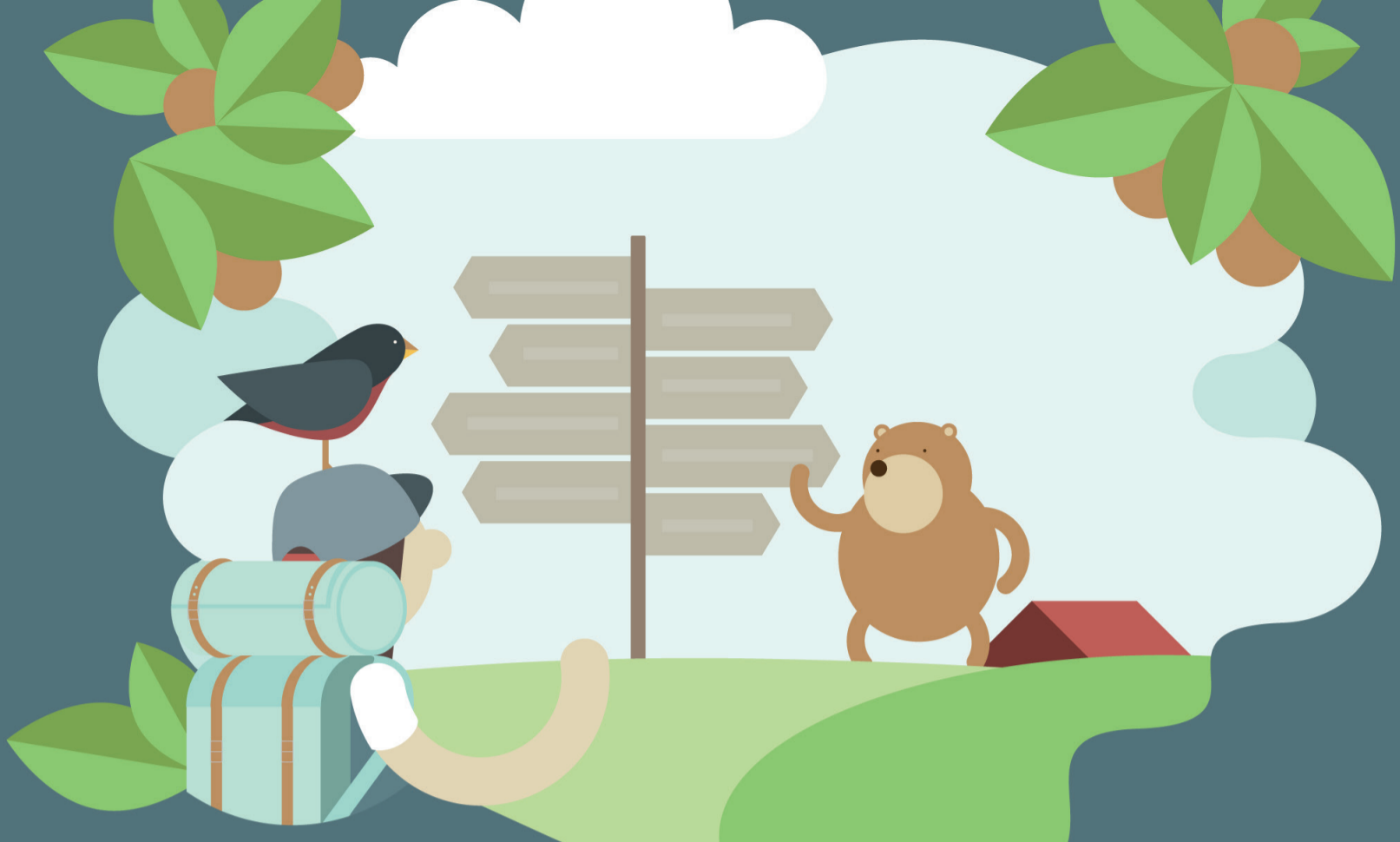
From choosing a product, evaluating it, validating the market, sourcing inventory, building your online storefront, marketing and fulfillment, there's a lot to learn.

One of the biggest hurdles for ecommerce entrepreneurs starting their online business is the very first step of figuring out what products to actually sell online. This seemingly mountainous choice typically ends up being the reason most people never actually start their online business in the first place.

In an effort to help aspiring ecommerce entrepreneurs, we have analyzed and reverse engineered hundreds of online businesses, their products and niches to put together the most comprehensive guide to help you zero-in on a product and niche so that you can get started building your ecommerce business.

In this guide, you'll learn the fundamental types of product opportunities that exist, we will show you the best places to search for ideas, you'll learn how to understand market demand and evaluate your idea and finally, we will help you find your suppliers.

We have a lot of ground to cover so let's begin the journey.



2 THE 8 OPPORTUNITY TYPES

Unless you've been hit with a brilliant idea right from the beginning and that's your motivation to start your business, finding great products to sell online profitably can be a daunting task.

There are thousands of possible choices, yet everything seems like it's been done a thousand times before.

So with all these product choices where do you even begin digging to find the gold? The first step to finding products to sell online is to be able to recognize the various opportunities that exist for uncovering great products.

In this chapter, we'll look at the eight potential opportunity types that you must familiarize yourself with. Understanding these eight product opportunity types are key to helping you identify great product and niche opportunities to sell online.

Let's first look at the eight opportunity types and then, we will dive into each one in more detail:

1. *Uncover Opportunities in Keywords*
2. *Build an Interesting and Captivating Brand*
3. *Identify and Solve a Customer Pain Point*
4. *Identify and Cater to Consumer Passions*
5. *Follow Your Own Passion*
6. *Look for an Opportunity Gap*
7. *Utilize Your Own Experience and Expertise*
8. *Capitalize on Trends Early*

Each opportunity above involves a different mindset and approach. Let's explore each one in more detail:

1. Uncover Opportunities in Keywords

Organic search traffic can be the holy grail of ecommerce. If done correctly, Google and other search engines will reward you with massive amounts of consistent and targeted traffic. In a world of slim margins where paid advertising channels are consistently getting more expensive, this is precisely what makes products with keyword opportunities so lucrative.

Looking for **keyword opportunities** involves strategically looking for a product or niche online based the keywords people are searching for in search engines like Google and Bing, then identifying high-volume but low-competition search terms. **Keyword research** can be a bit technical, so this opportunity involves a solid base understanding of keyword research and search engine optimization (**SEO**).






This opportunity can be particularly lucrative if you plan to dropship products. Since margins on dropshipped goods are thin, often it is difficult to use paid advertising channels effectively.

EXAMPLE

Andrew Youderian took a technical approach in picking a niche that he felt had the highest chances of success based on **keyword research**. Utilizing this approach, Andrew found an opportunity to rank for keywords in the CB Radio niche.

About 2,300,000 results (0.40 seconds)

Shop for vehicle CB radios on Google Sponsored ⓘ

 Cobra 40-Channel ... \$90.65 Staples Cana...	 Cobra Compact/ ... \$226.65 Staples Cana...	 Cobra 29Lxc \$161.00 Walmart.ca	 Cobra 19Dxiv \$58.43 Walmart.ca	 Cobra 75Wxst \$147.00 Walmart.ca
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Cobra CB Radios at Amazon - Amazon.ca ⓘ
Ad www.amazon.ca/Cobra+CB+Radios ▾
Save Big on New Gear at Amazon! Free 2-Day Shipping w/Amazon Prime.

CB Radio Car, Van & SUV Kits | Right Channel Radios
www.rightchannelradios.com ▸ Equipment by Vehicle ▾
Items 1 - 25 of 54 - Easily install a **CB radio** and antenna in your **car**, van or SUV! No complicated wiring or drilling. Great prices, fast shipping and 120% ...

CB Radios: CB Radio Equipment - Best Buy
[www.bestbuy.com/site/car-audio/cb-radios-scanners/abcat0302011.c?...](http://www.bestbuy.com/site/car-audio/cb-radios-scanners/abcat0302011.c?) ▾
From full-sized **CB radios** that mount to your dashboard to portable miniature versions, with the latest CB ... **Car Audio Accessories** · **Car Installation Services** ...

Mounting a CB in the vehicle - CBRadioMagazine.com
www.cbradiomagazine.com/.../Mounting%20a%20CB%20in%20the%20... ▾
So you went out and bought that brand new **radio**. It's cool looking, it's shiny, and you just can't wait to get it installed in the **vehicle** and start talking. But before ...

You can see in the image above that Andrew's business, Right Channel Radios has been able to rank in the 1st organic position on Google for the organic search term "Vehicle CB Radios".

It's been SEO opportunities like this that have helped Right Channel Radios become so successful.

RESOURCE: For more information and a step-by-step guide on keyword research, check out [The Beginner's Guide To Keyword Research For Ecommerce](#).

2. Build an Interesting and Captivating Brand

Differing from the previous method, building a brand also means building an audience.

A brand building approach involves crafting a great story and carving out a unique place in your customer's mind.

This approach to building an online business can be particularly effective at differentiating yourself from competitors in the market if there is heavy competition.

EXAMPLE

DODOcase, an iPad case manufacturer, has done a noteworthy job at crafting a unique brand. Despite operating in the extremely crowded and competitive space of iPad cases, DODOcase broke through by telling a different and unique story, one where their cases are handcrafted using traditional artisan bookbinding techniques in the city of San Francisco. It's this unique story and brand that has made DODOcase one of the top iPad case manufacturers in the world in a short amount of time.



3. Identify and Solve a Customer Pain Point

One of the best ways to build a strong business is by solving a customer pain point. Products that solve pain points can be lucrative because customers are actively seeking out solutions to these problems. You'll want to keep in mind that pain points don't always mean physical pain, it can also include frustrating, time-consuming, or poor experiences.

EXAMPLE

Jing, an ecommerce entrepreneur, knew that people who grind their teeth can suffer from excruciating pain. More than just the physical pain, constant grinding can lead to expensive dental bills. Knowing this was a pain point that many people would seek out a solution for and happily pay money to solve, Jing launched **Pro Teeth Guard**, custom molded teeth guard at a great price.



Active Hound is another example of a brand that solved a pain point for consumers. As dog owners, the founders understood the frustration of buying dog toys only to see them fall apart a few days later.

After confirming this with other dog owners, they were inspired to manufacture their own line of ultra durable chew toys.



4. Cater to Consumer Passions

It's a fact. Consumers tend to spend significantly more money to support their passions and habits. Just consider golfers. Golfers are notorious for spending thousands of dollars on gear and gadgets with the hopes and dreams of lowering their score, even by the slightest.

Catering to passions has additional benefits as well including deeper interaction with your brand, brand loyalty and increased word of mouth marketing.

EXAMPLE

Black Milk Clothing began in 2009 after the founder's blog TooManyTights exploded in popularity.

Recognizing the passion consumers had for tights with unique designs and understanding the opportunity the founder created Black Milk Clothing. Today Black Milk is a multi-million dollar company that's grown to over 150 employees and distributes its products globally. Furthermore, by piggybacking on pop culture trends with their designs they tap into passionate audiences and customers from a range of different niches beyond just tights.



5. Follow Your Own Passion

Some people consider choosing a product or niche based on your own personal passion to be a recipe for disaster. However, that's not always the case, and can actually prove to be extremely profitable.

One of the biggest benefits to building a business around your passion is having the tenacity to keep going when you run into difficult times. This one point shouldn't be underestimated as staying motivated is a major key to building a successful online business.

EXAMPLE

Eric Bandholz began BeardBrand as a personal blog discussing business and sales strategy. Over time though, Eric's passion for the bearded lifestyle kept creeping into his blog. Eventually, Eric went all in on his passion and began BeardBrand, selling beard grooming supplies to men that are equally passionate about their beards.



6. Look for an Opportunity Gap

Capitalizing on an opportunity or feature gap can be lucrative. This opportunity type involves uncovering problems or deficiencies in a product or the marketing for a product that can be capitalized on.

An opportunity gap may exist in the form of an improved or additional product feature, an unrealized market by the current competitors, or it may even come in the form of your own marketing capability.

EXAMPLE

Chaim Pikarski continually seeks out and capitalizes on opportunity gaps. He and his team scour product listings all over the internet and thoroughly reads the reviews section. They are continually on the lookout for deficiencies and feature gaps that buyers post. With this information in hand, he sources a manufacturer and makes his own, better version of the original product.

Hipe shower radio is one such product (of hundreds) Chaim has manufactured by finding an opportunity gap in the original product. By looking at other shower radios and reading consumer reviews, he found an opportunity gap for a shower radio that was rechargeable:



7. Utilize Your Own Experience and Expertise

Utilizing your own experience and expertise is a strong competitive advantage. Turning your expertise into an online business is a great way to enter the market with a leg up and a barrier to entry for others.

EXAMPLE

[Jonathan Snook](#), an expert in web design and development used his years of knowledge to write and self-publish a book on web development and CSS called [SMACSS](#).



8. Capitalize on Trends Early

Capitalizing on a trend early enough can have a massive impact on a new business. It allows you to carve out a place in consumer's minds and establish yourself as a leader before others have a chance to.

Capitalizing on a trend early can also have a significant impact on your SEO (Search Engine Optimization) since you'll be one of the first websites talking about and being indexed by search engines like Google and Bing for the new trending search terms. This can help you climb to the top of search rankings fast.

EXAMPLE

Sophie Kovic, founder of [Flockstocks](#) noticed the trend for feather hair extensions very early on. Before spending any money or buying inventory, Sophie tested the market by quickly mocking up a test store. The results? 11 sales in 4 hours. Knowing there was a huge opportunity she fully built out her site, ordered inventory and even ended up winning the [2012 Shopify Build A Business competition](#) in the Apparel & Jewelry category.



Chapter Conclusion

Understanding each of the eight opportunities in this chapter is critical to spotting opportunities as you move forward with your search for your perfect product to sell online. In the next chapter, with these eight opportunities in mind, we're going to look at the ten best places to look for product and niche ideas.



3 WHERE TO LOOK FOR PRODUCT IDEAS

Now that you're armed with the knowledge of the eight types of product and niche opportunities from the last chapter, it's time to start looking for some product ideas.

Coming up with a great idea for a product to sell online will occasionally strike when you least expect it, most of the time though, it's something you need to be proactively on the lookout for. The Internet contains a wealth of ideas and inspiration, but where exactly should you begin?

In this chapter, we'll look at the best places to go for product inspiration and ideas. As you go through all the resources listed in this chapter, make sure to look beyond the products themselves. It may sound cliché, but because there's heavy competition in the most common and popular product categories, choosing a different or unique angle can be instrumental to your success. Try not to just look at products, rather look at new ways the product can be used and new markets for it.

Don't forget the eight types of opportunities from the last chapter. As a refresher, here they are again:

1. *Uncover Opportunities in Keywords*
2. *Build an Interesting and Captivating Brand*
3. *Identify and Solve a Customer Pain Point*
4. *Identify and Cater to Consumer Passions*
5. *Follow Your Own Passion*
6. *Look for an Opportunity Gap*
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8. *Capitalize on Trends Early*

Make a List

As you go through this chapter and the list of resources, it's best to capture all of your ideas on paper. Once you have all of your brainstormed ideas recorded, you will be able to return to them later and evaluate them further for viability and market potential.

1. Start with What You Have or Solve Your Own Problems

Before you begin searching the depths of the Internet and the ends of the earth for product and niche ideas, it's always best to start with the ideas that you already have. If you're like most entrepreneurs, you likely already have a few ideas for products you want to sell or have thought about selling in the past. Maybe it's an idea you've had for years or maybe you have a problem in your own life that there is no good solution for currently.

Here are a few questions to consider when making your list:

- *What products, niches or industries are you particularly passionate about or interested in?*
- *What products, niches or industries are your friends passionate about?*
- *What pain points or frustrating experience do you have in your own life?*

EXAMPLE

Max Valverde made the decision to solve one of his own problems he faced each morning; unruly, messy hair. For most guys, bed head can only be fixed by washing your hair, but this takes a lot of time each morning so Max created a product to solve this. **Morning Head** is a shower cap with an absorbent towel liner that you can soak with water, place on your head and rub around for a minute to get your hair ready for styling.



ADD WATER



PUT ON AND MASSAGE



STYLE HAIR

2. Local Community

The idea for the perfect product might be closer than you think. Traditional brick-and-mortar businesses have been around much longer than their ecommerce counterparts. Paying attention to trends locally in brick-and-mortar retail just might help spark product ideas you can take online. Try spending an afternoon taking a look around your community and note what new or interesting retail concepts and products are on display.

Another great source of product inspiration within your community can come from your local newspapers which tend to feature new, innovative and local concepts and products. As you look at these resources, ask yourself if they can be turned into an online opportunity.

EXAMPLE

Yummy Tummy Soup Company saw an opportunity to take a traditional brick and mortar concept and make it an online concept. The Yummy Tummy Soup Company sends out healthy homemade soups, cakes and pastries in a thoughtful care package.

They cook and bake all products daily and send them coast to coast in temperature controlled containers.



3. Online Consumer Trend Publications

What better place to find an interesting products to sell online than from publications whose job it is to curate new, interesting and trending product ideas. Following trend publications is great way to begin getting a sense of the direction consumer products are going and the ideas other entrepreneurs are introducing to the market. Following these publications can also expose you to new product categories and industries that you previously didn't know about.

As a starting point, take a look at the following popular online trend publications:

Trend Watching - Trend Watching is an independent trend firm that scans the globe for the most promising consumer trends and insights. Trend Watching has a team of thirty professionals in locations like London, New York, Singapore, Sydney and Lagos all looking for and reporting on worldwide trends.

Trend Hunter - Trend Hunter is the world's largest, most popular trend community. Fuelled by a global network of 137,000 members and 3,000,000 fans, Trend Hunter is a source of inspiration for aspiring entrepreneurs on the hunt for new product ideas.

Jeremy, the founder of Trend Hunter says, “Like many of us, I was an entrepreneur at heart, but I didn’t know what idea I wanted to pursue. I chose careers that I thought would lead me to my business idea... but after years of searching, I was still hunting for inspiration. It was then that I started Trend Hunter - a place for insatiably curious people to share ideas and get inspired.”

Springwise - There are millions of business ideas spanning the globe that operate in a specific way, have their own style, and market in a unique fashion. It’s not always possible to travel the world searching for these ideas to bring home though. That’s where Springwise comes in. Springwise travels the world for you, on the search for new entrepreneurial ideas, trends, and stories. Springwise publishes a daily and a weekly newsletter, which you can [subscribe to for free](#).

EXAMPLE

Dan, the founder of Inkkas shoes, is a great example of someone that took a trend from another country and brought it to North America. **Inkkas** are beautiful, unique shoes designed using authentic South American textiles. The idea came about when Dan noticed the trend for this style of shoes in Peru. After deciding that this was a great product that would also do well in the North American market, he brought the idea home and successfully funded a Kickstarter project, raising over \$77,000 in pre-orders for his shoes.



4. Industry Leaders

You may not know what product to sell, but maybe you know the industry or market you would like to be in. Using various online tools, you can discover and follow the influencers in the industry you’re interested in. Following the right people on social media can help uncover and inspire new ideas from a constant stream of carefully curated content from the people that are in the know.

There are several great online tools you can use to discover the influencers online for a particular industry or market:

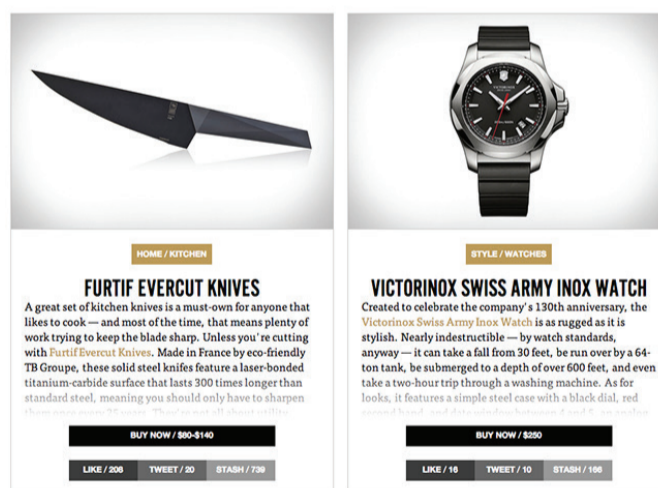
- [Topsy](#)
- [FollowerWonk](#)
- [Littlebird](#)

5. Consumer Product Review Blogs

Product review and discovery sites can also be a fantastic source of ideas and inspiration. Sites like Uncrate (men's products) and Outblush (women's products) are great ways to see new curated product trends daily. What better way to get inspired than to get a daily glimpse into the new and interesting products other entrepreneurs are bringing to the market.

Here are just a few examples of popular consumer product blogs to get you started:

- [Uncrate](#)
- [Outblush](#)
- [Bless This Stuff](#)
- [Cool Material](#)
- [Gear Moose](#)
- [Werd](#)
- [HiConsumption](#)
- [Firebox](#)



Don't limit yourself to just looking at the big and popular product blogs but explore niche reviews sites as well. Consider what types of products and niches you're particularly interested in and follow product review blogs in those niches.

6. Social Curation Sites

Social curation sites like Pinterest can be a goldmine for product and niche ideas. Many of the images contain interesting, new and trending consumer products. Using the built-in social signals you can sometimes get a sense almost immediately of their popularity. This could be your first clue if there is a market for the product.

Several of the larger social curations sites to check out include:

PINTEREST - Pinterest is one of the fastest growing social networks with over 50 million monthly users. Make sure to check out the [popular section](#) for what's currently trending.

POLYVORE - Polyvore is another great service, similar to Pinterest. Polyvore's global community has created over 80 million collage-like "sets" that are shared across the web.

FANCY - Fancy describes themselves as part store, magazine, and wish list. Regardless of what it is, it's filled with product ideas for you to explore.

WANELO - Wanelo (Want - Need - Love) describes itself as a community for all of the worlds shopping, bringing together products and stores in a Pinterest-like product posting format. You can start by checkout out [trending people](#).



7. Business-To-Business (B2B) Wholesale Marketplaces

What better way to get product ideas than right from the source. This has been a popular option amongst ecommerce entrepreneurs for a while and this list wouldn't be complete without it. Wholesale and manufacturer sourcing sites like Alibaba exposes you to thousands of potential product ideas. It can be easy to get overwhelmed with the sheer amount of product available so take your time.

Some of the more popular B2B wholesale product sites are:

ALIBABA - You've likely heard of Alibaba. They are the biggest ecommerce company in the world, even larger than Amazon and eBay combined. Alibaba connects consumers all over the world with wholesalers and manufacturers (typically) from Asia. With hundreds of thousands of products, there's not much you can't find on Alibaba.

Although it's generally accepted that Alibaba is the largest online wholesale and manufacturer database, there are many other sites similar to Alibaba you can use for inspiration and to find product ideas.

Some of the largest competitors of Alibaba you should also spend some time exploring include:

- *TradeKey*
- *Global Sources*
- *Made-in-China*

8. Online Consumer Marketplaces

Another rich source for product ideas are online consumer marketplaces. Millions of products is probably an understatement so you may want to begin your search with some of the popular and trending items and branch out into other interesting categories that catch your eye from there:

EBAY

eBay is the largest online consumer auction site.

eBay Popular - A list of some of the most popular product categories on eBay

eBay Watch Count - An online tool that will list the most popular items on eBay based on how many people are “watching” them.

AMAZON

Amazon is the largest internet retailer.

Amazon Bestsellers - Amazon’s most popular products based on sales. Updated hourly.

Amazon Movers and Shakers - Amazon’s biggest gainers in sales rank over the past 24 hours. Updated hourly.

KICKSTARTER

Kickstarter is the largest crowd-funding website.

Kickstarter Discover - Browse all projects by popularity, funding, staff picks, as well as many other options.

ETSY

Etsy is a marketplace for handmade items.

Etsy Trending Items - Check out the current trending items and listings on Etsy.

ALIEXPRESS

AliExpress is a new consumer wholesale marketplace from Alibaba that allows you to order in small quantities.

Aliexpress Popular - The most popular products being bought on AliExpress.

9. Social Forum Communities

Reddit is the largest social media news aggregator. It describes itself as the front page of the internet and is enormously influential. Reddit has thousands of “subreddits” that are sub-sections or niches that cater to different topics and areas of interest. It’s within these subreddits that you can find lots of inspiration for product ideas.

If you have an idea for a particular industry, niche or product category, it’s worth doing a search and finding a suitable subreddit community to join and actively become a part of.

There are also many product focused subreddits that are packed with ideas.

Here are a few examples:

BUY IT FOR LIFE - For practical, durable and quality made products that are built to last.

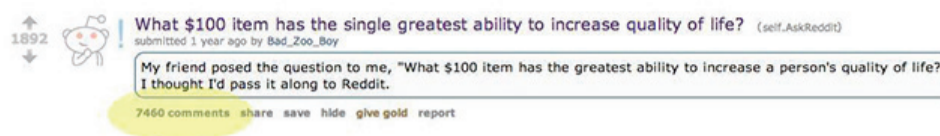
SHUT UP AND TAKE MY MONEY - Interesting, clever, useful products that that people want... badly.

There are also several subreddits for curated Amazon products, make sure to check out the following:

- *The Best of Amazon*
- *The Best of Amazon Canada*
- *The Best of Amazon UK*
- *Cheap Stuff on Amazon*
- *Find It On Amazon*

If you’re active on Reddit and pay close attention, occasionally you have come across interesting posts like these:

- *Reddit, What is One Product Under \$20 That You Recommend Everyone To Buy?*
- *What \$100 Item Has The Single Greatest Ability to Increase Quality of Life?*



No matter which approach you take, Reddit is has been and continues to be a rich and valuable source of entrepreneurial ideas and inspiration, coupled with a supportive community.

10. Instagram

Instagram isn't just pictures of food and puppies, it's also a great option for discovering new product ideas. Because it's photo-based, it makes it easy to scan through many ideas and photos quickly.

There are a few ways you can use Instagram to search for product and niche ideas:

HASHTAGS - Once again, if you have a particular interest in a product category or industry, you can try searching for applicable hashtags and following relevant people in the market/niche or industry. Another great option is to do a search on Instagram for applicable hashtags that insinuate buyer interest and intent like *#want* and *#buy*.

PRODUCT CURATION ACCOUNTS - There are many accounts on Instagram that post curated product content. You'll likely want to search for and find accounts within the niches you are particularly interested in. As an example, **Shopify** curates interesting and unique products from their merchant's stores.

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Chapter Conclusion

With all of these resources, you should be able to start generating a pretty healthy list of initial products ideas to begin exploring further. In the next chapter, we're going to look through all of the resources ourselves and share some interesting product ideas with you.



4 10 TRENDING PRODUCT IDEAS

So far, you've learned about the eight product opportunity types and in the last chapter you were introduced you to the top ten places entrepreneurs go to find new product ideas.

The wheels in your head should be starting to turn at this point, however, many new ecommerce entrepreneurs tend to overthink things and automatically discredit their ideas. In this chapter, we wanted to show you how easy it can be to come up with initial product ideas as well as how to do a very quick cursory search to determine if the products are worth looking into further.

We searched all of the resources mentioned in the previous chapter and have selected ten products that looked interesting. As a very quick product demand test, we cross checked all of the ideas in [Google Trends](#). All of the ten product ideas selected have a strong upwards market trend, making these products worthy of evaluating further

Let's get started.

DISCLAIMER: These are not suggested products to sell online. They are simply items that caught our attention and are trending upwards according to Google Trends. Before choosing a product to sell online, you must first do your own due diligence to determine market demand and potential.

Chapter 4 Refresher

Before we jump into some interesting trending products that caught our eye, let's take a look again at the ten best places to look for ideas as a refresher:

1. *Solve Your Own Problems*
2. *Local Community*
3. *Online Consumer Trend Publications*
4. *Industry Leaders*
5. *Consumer Product Review Blogs*
6. *Social Curation Sites*
7. *Business-To-Business (B2B) Wholesale Marketplaces*
8. *Online Consumer Marketplaces*
9. *Social Forum Communities*
10. *Instagram*

Using these sources, here's the ten product ideas we came up with:

1. Paleo Bars

WHERE DID WE FIND THIS IDEA? *Friends*

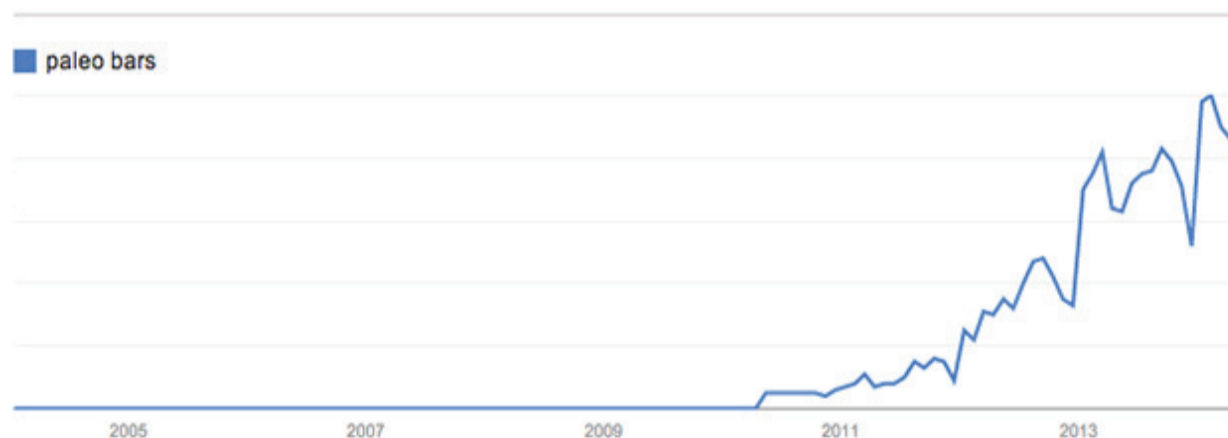
Diets and nutrition are an ever-evolving industry based on fads and trends. Because it's always changing, there's always room for new opportunities and products to be introduced. Within the last few years, a trend for the Paleo diet has been gaining ground. The Paleo diet is a modern nutritional plan based on the presumed diet of Paleolithic humans that lived 15,000 years ago.

We didn't have to venture too far into our community to uncover this trend. We have lots of friends that follow the Paleo diet. Talking to these people, we uncovered the idea for Paleo nutrition bars.



Looking at Paleo energy bars in Google Trends, we can see a massive spike beginning at the tail end of 2010.

Interest over time. Web Search. Worldwide, 2004 - present.



RESOURCE: Manufacturing a food product can be tricky with food laws and regulations but with a bit of searching we came across YouBars. As a protein bar manufacturer, YouBar has a wide range of options for people interested in wholesale and private label protein/nutrition bars and will handle all the manufacturing and labeling required by law.

2. Bow Ties

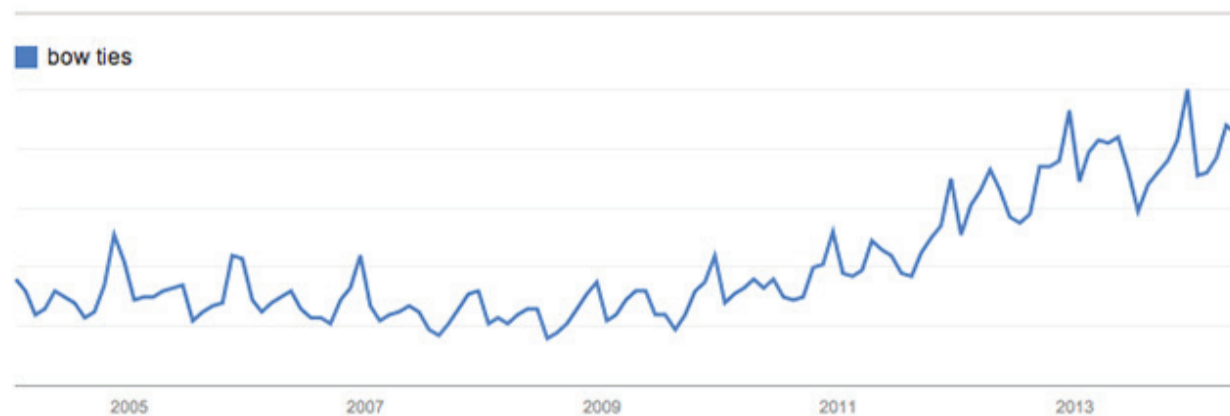
WHERE DID WE FIND THIS IDEA? *Our Community*

If there's one industry that changes more often than nutrition, it's fashion. This industry thrives on ever-evolving trends and again, that means ever-evolving opportunities for entrepreneurs. Men's bow ties is one item we've seen become increasingly trendy in our community, especially in men's fashion **window displays** in our local malls.



Taking to Google Trends, searches for “men’s bow ties” have almost tripled over the last three years. This three-fold jump illustrates a growing trend of men who are thinking about not just bow ties, but also how they dress and look in general.

Interest over time. Web Search. Worldwide, 2004 - present.



One advantage of men’s fashion and accessory products is that there’s and an increasing trend in general of this product category. **Forrester Research** noted that total U.S. online retail sales of men’s accessories are expected to hit \$370 billion by 2017. This is great news for anyone choosing to sell products in this niche.

3. Pocket Squares

WHERE DID WE FIND THIS IDEA? *Social Media Influencers*

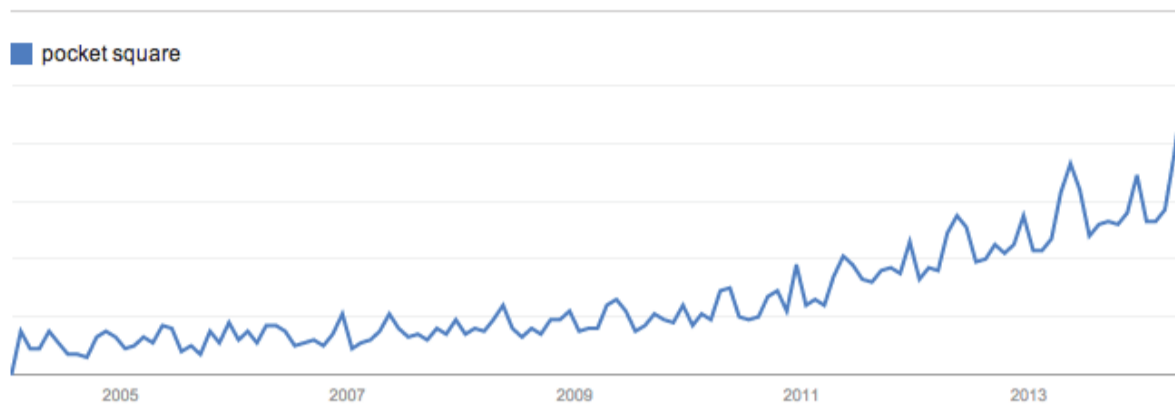
Because of the trend in bow ties and men’s accessories in general, we assumed there are likely other products that might make for great online business opportunities. Turning to some men’s fashion bloggers and their Twitter accounts, we scanned their Tweets to see what other products they’ve been talking about recently.

As it turns out, bow ties aren’t the only men’s fashion accessory that’s gaining traction these days. Pocket squares are also commanding some strong attention.



It appears from the Google Trend for “Pocket Squares” that they might be even a bigger opportunity than bow ties.

Interest over time. Web Search. Worldwide, 2004 - present.

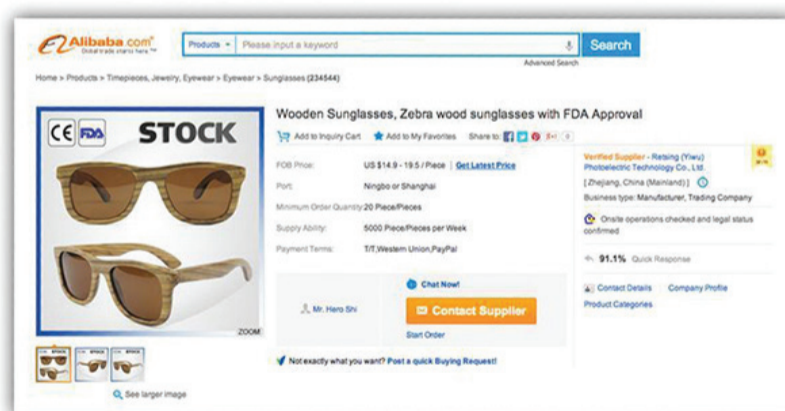


Pocket squares also make for an interested product because they are relatively simple to produce. Additionally, pocket squares, if positioned correctly can fetch some strong margins. With just a quick search, we can also see that many brands charge upwards of \$60 per unit.

4. Wood Sunglasses

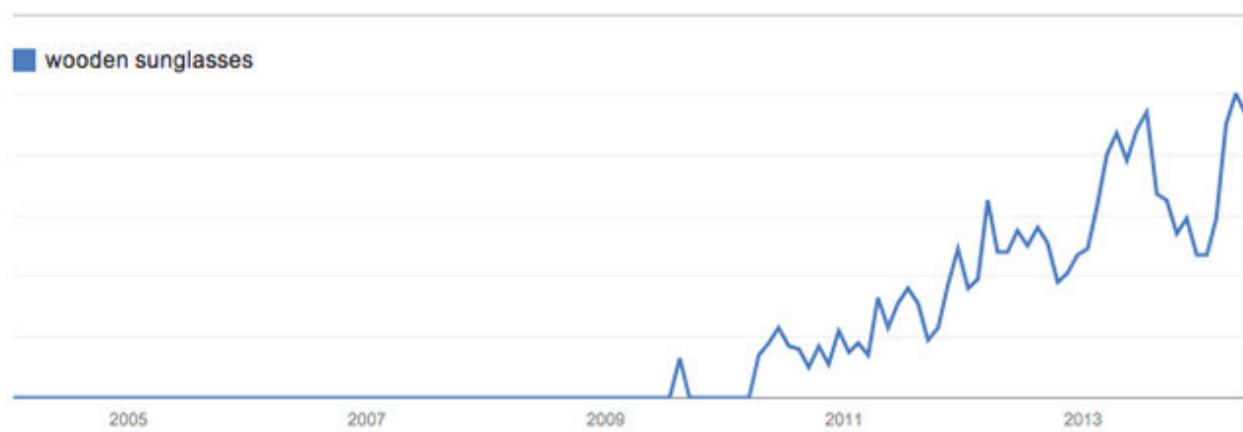
WHERE DID WE FIND THIS IDEA? *Business-To-Business Wholesale Marketplace - Alibaba*

To find our next product idea, we took to [Alibaba](#), a business-to-business wholesale marketplace with hundreds of thousands, if not millions of products. Browsing the popular section, we quickly spotted sunglasses with wood frames. Searching for “wooden sunglasses” in the Alibaba returns 22,603 Products from 555 Suppliers. With that much supply, there is likely strong demand.



To verify our suspicions, we took to Google Trends. It appears that wood framed sunglasses are a fairly new product but has seen consistent interest growth almost every year since inception.

Interest over time. Web Search. Worldwide, 2004 - present.

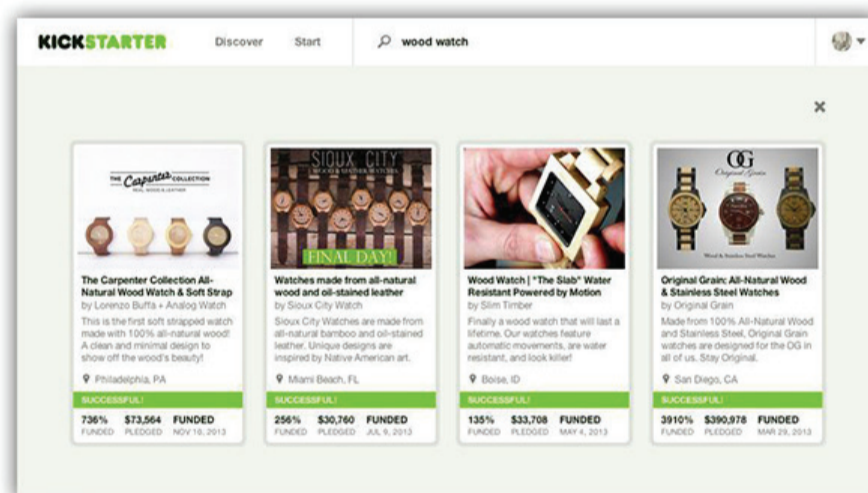


By looking at the trend graph though, we can immediately see a warning sign that we should be aware of. Every year there's has been a pretty big dip, which most likely represents the seasonality of the sunglasses industry.

5. Wood Watches

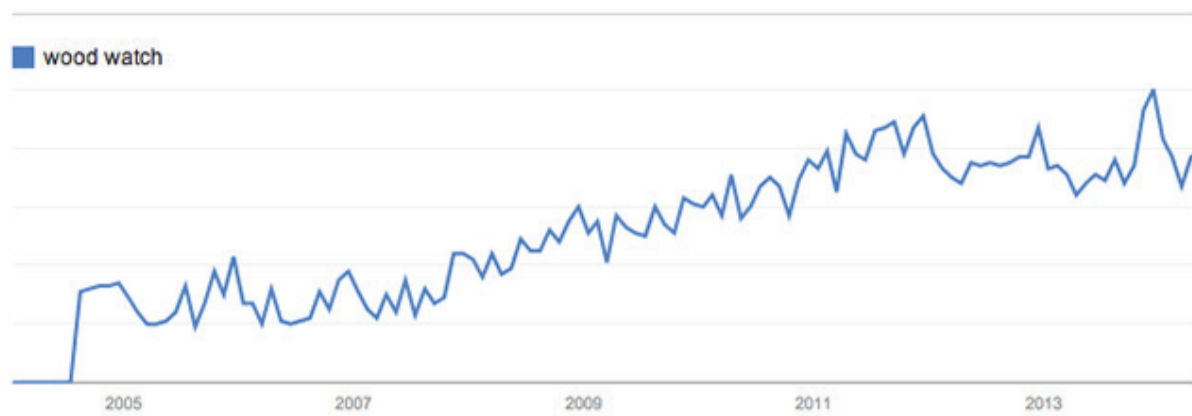
WHERE DID WE FIND THIS IDEA? *Online Consumer Marketplace - Kickstarter*

After finding the wooden sunglasses on Alibaba, we thought about the trend in general for wooden accessories. We've seen many wood accessories before on [Kickstarter](#), so we started our search there and pretty quickly came across wood watches.



From Google Trends, it appears that wood watches have been around since the end of 2004 and have seen a slow but steady climb in interest up to 2012. However in the last two years we can see the growth has flattened a bit with the exception of a single large spike.

Interest over time. Web Search. Worldwide, 2004 - present.



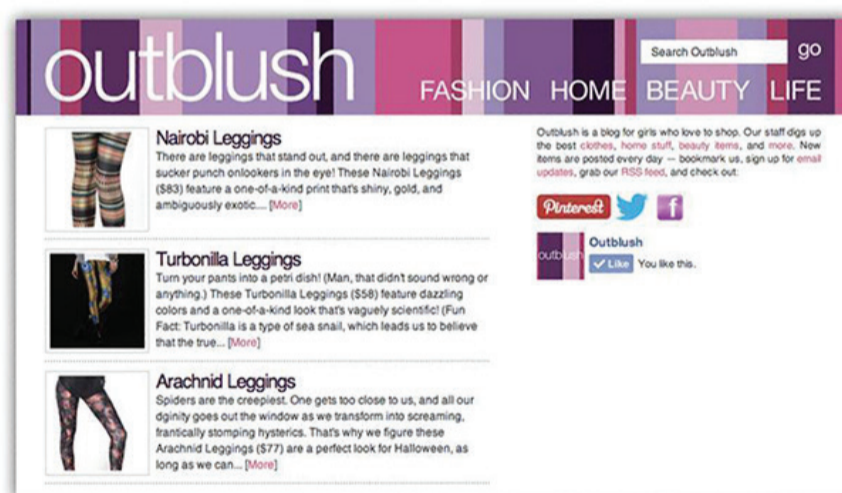
6. Leggings

WHERE DID WE FIND THIS IDEA? *Product & Trend Discovery Review Sites - Outblush*

We've looked at a lot of men's products and accessories, however, we've also come across a women's product that has seen some tremendous growth in interest over the last few years.

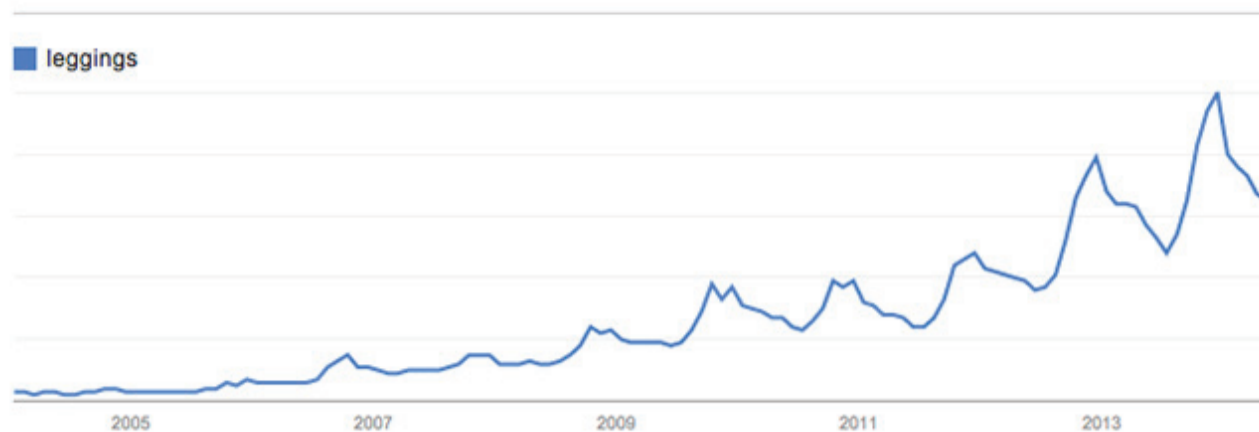
We subscribe to and regularly read product review blogs like [Uncrate](#) and [Outblush](#). Browsing Outblush is where we came across a few listings for women's leggings, especially ones with bold patterns.

Check out the screenshot below:



Except for the strong seasonality of demand for the product, the trend for leggings seems very strong, growing considerably every year.

Interest over time. Web Search. Worldwide, 2004 - present.



7. E-Cigarettes

WHERE DID WE FIND THIS IDEA? *Community and News Publications*

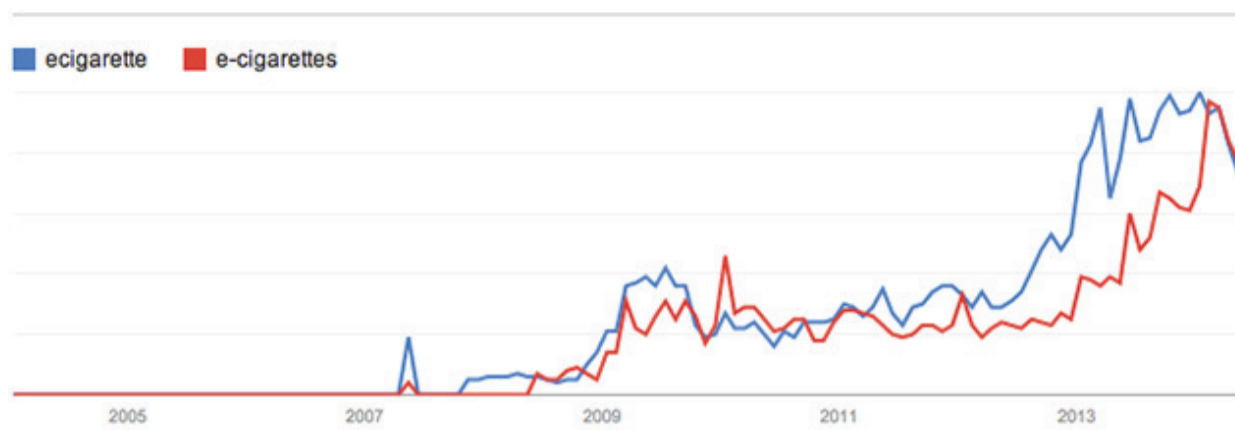
E-Cigarettes are big business. E-Cigarettes are a self-contained electronic “vaping” device. Sometimes referred to as a personal vaporizer or digital vapor device is a battery-powered device which simulates tobacco smoking.

E-Cigarettes are everywhere these days. We have seen it in the news and our community, but it really jumped out to us as a potential product idea when we read the article [Why Electronic Cigarettes Are About to Explode](#) on Forbes.



The Google Trends graph matched our thoughts for this trend exactly.

Interest over time. Web Search. Worldwide, 2004 - present.

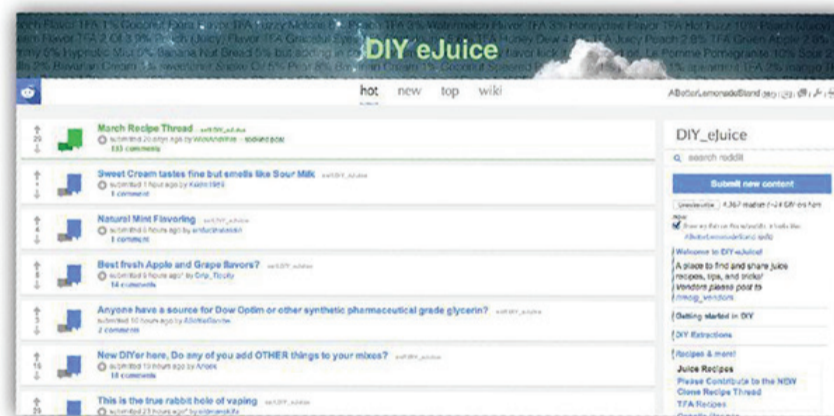


While E-Cigarettes are an interesting product, it's a pretty new market and it's just starting to get the attention of regulators. While it looks like it may be a lucrative market right now, this market may become more difficult to enter and restrictive in the coming years.

8. E-Liquid (Refill for E-Cigarettes)

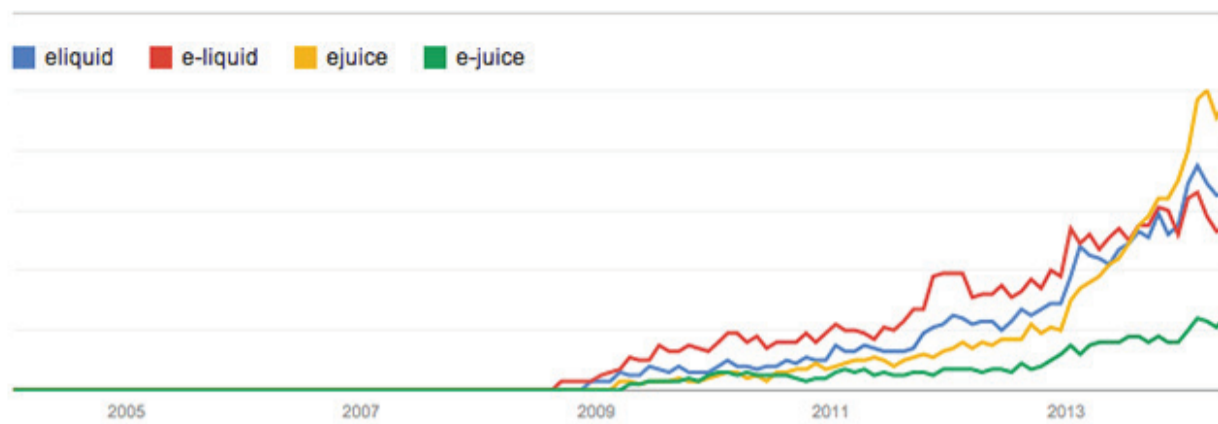
WHERE DID WE FIND THIS IDEA? *Social Forum Communities - Reddit*

While looking at more information on e-cigarettes we decided to head to Reddit to see what people were saying about them. To our surprise, we found a [subreddit](#) dedicated specifically to the creation of your own unique blends of the liquid refills in e-cigarettes.



As we imagined, the growth in the trend for e-liquid matches the growth for e-cigarettes closely. Overall strong growth and what appears to be a great potential business opportunity.

Interest over time. Web Search. Worldwide, 2004 - present.



9. Coconut Oil

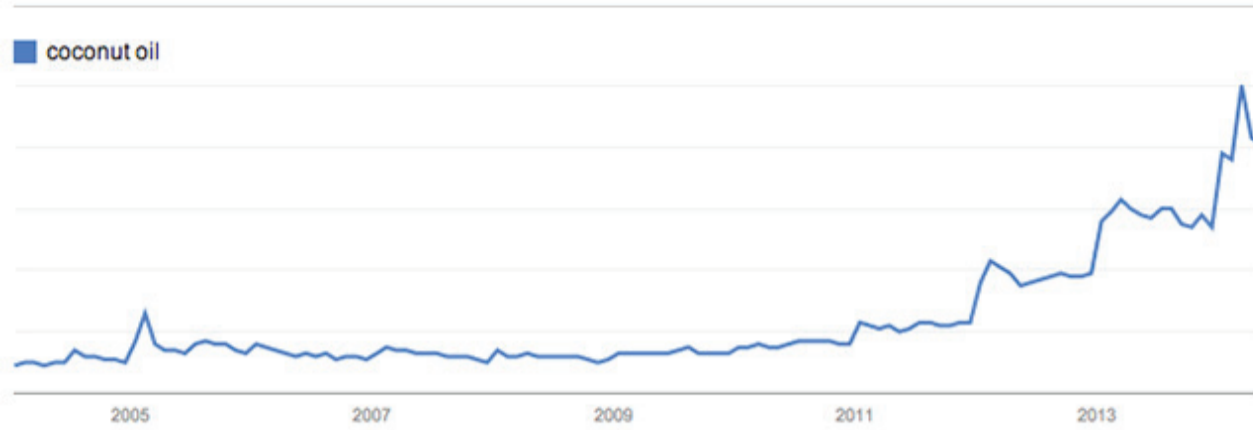
WHERE DID WE FIND THIS IDEA? *Social Curation Site - Pinterest*

While browsing Pinterest, coconut oil images kept popping up. Apparently coconut oil is a great all-in-one healthy oil that can be used for cooking, as a lip balm, moisturizer, shaving cream, deep treatment conditioner, makeup remover, body scrub, bug bites... the list goes on.



Looking at the trend graph, the upwards trend is undeniable since 2011.

Interest over time. Web Search. Worldwide, 2004 - present.



Coconut oil is an interesting product because because it appears to have a multitude of uses. Each one of these uses could be a niche opportunity to explore further.

10. Matcha Powder

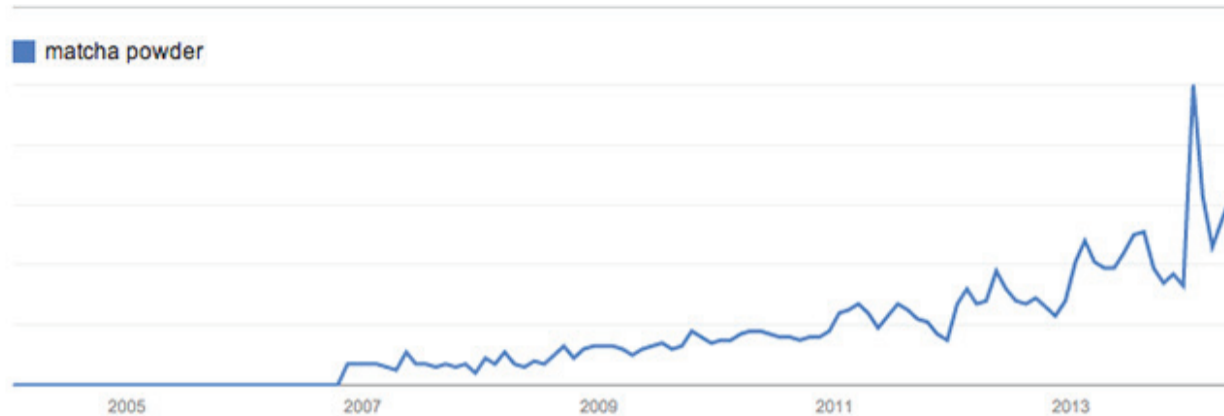
WHERE DID WE FIND THIS IDEA? *Instagram*

While browsing through our Instagram feed we came across an image someone posted of matcha powder. Matcha is finely milled powder green tea and has become increasingly popular along with the tea category in general. Supermarket tea sections have exploded from carrying Red Rose and Tetley to a variety of hundreds of brands in recent years.



The trend for matcha powder has been increasing every year since 2009 and just recently, seen a massive spike in search interest.

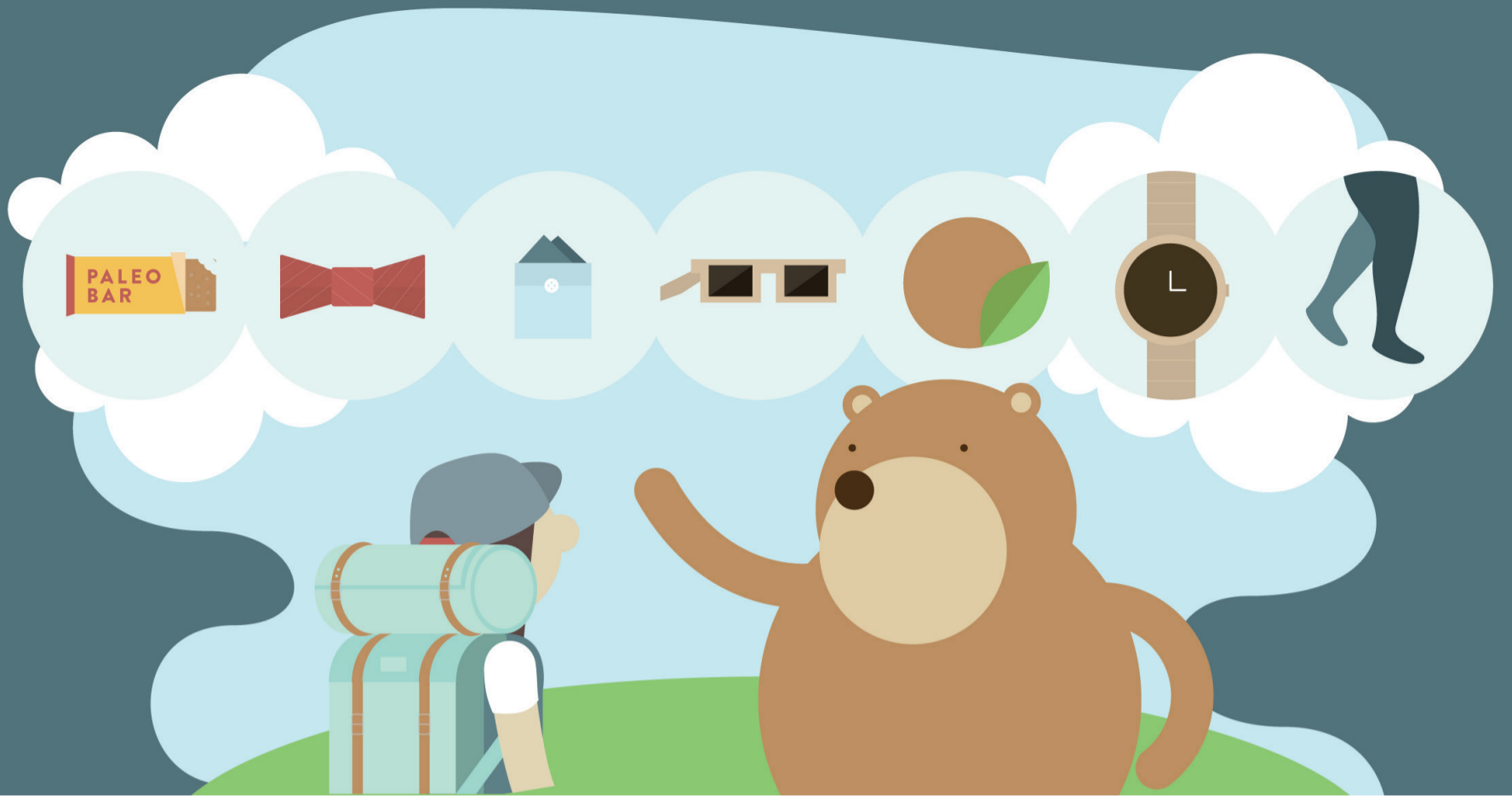
Interest over time. Web Search. Worldwide, 2004 - present.



What's Next?

With the previous two chapters in mind, we searched in a strategic way to come up with ten initial ideas that may make for great products to sell online. Over the next several chapters, we'll show you how to evaluate your product ideas along with the market for them so you can zero in on your perfect product.

NOTE: Although we used Google Trends to look for upward trends in all of our products, this is not a necessary step or requirement at this point. Many entrepreneurs have built hugely successful businesses based on new products and concepts that, prior to them creating it, had no search interest at all.



5 SELECTING A PRODUCT & NICHE

Now that you have a brainstormed list of product ideas, it's time to take it to the next level. To do this, you'll need to decide which of your previously brainstormed product ideas to further evaluate.

Selecting a Product to Further Evaluate

At this point you're only selecting a product to further research and evaluate. This likely will not be your final choice, in fact, you may end up further investigating and evaluating dozens of ideas before finally landing on one.

There's no science to selecting a product to evaluate from your previously brainstormed list. It really comes down to what you think is the best starting point. Is there a product you feel more strongly about?

Does one product idea in particular give you a gut feeling that it can do better? Maybe you're really passionate about one of the ideas over all others. Again, it's important to note that there's no right or wrong way to select a product to further evaluate and you can always go back to your list and evaluate your other ideas.

Our Product Selection

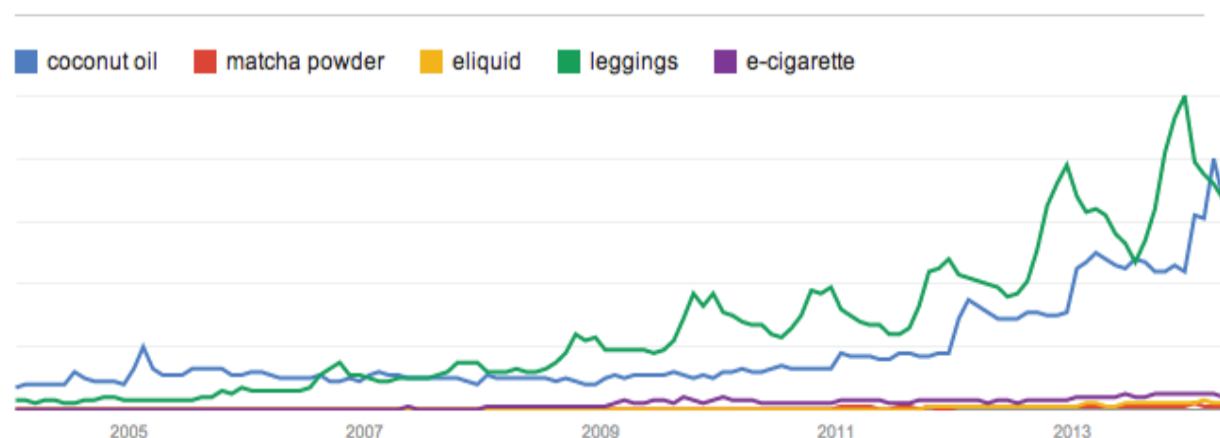
As an example for this chapter, we decided to choose and evaluate a product as well to give you context on the upcoming evaluation methodologies. To choose a product, we went back and looked at all the product ideas we came up with from the last chapter.

Here's that list again:

1. *Paleo Bars*
2. *Bow Ties*
3. *Pocket Squares*
4. *Wood Sunglasses*
5. *Wood Watches*
6. *Leggings*
7. *E-Cigarettes*
8. *E-Liquid*
9. *Coconut Oil*
10. *Matcha Powder*

For our product selection process, we decided to put all of our ideas into Google Trends to determine which ones have the biggest search interest/trend. As it turns out, coconut oil and leggings won by a long shot.

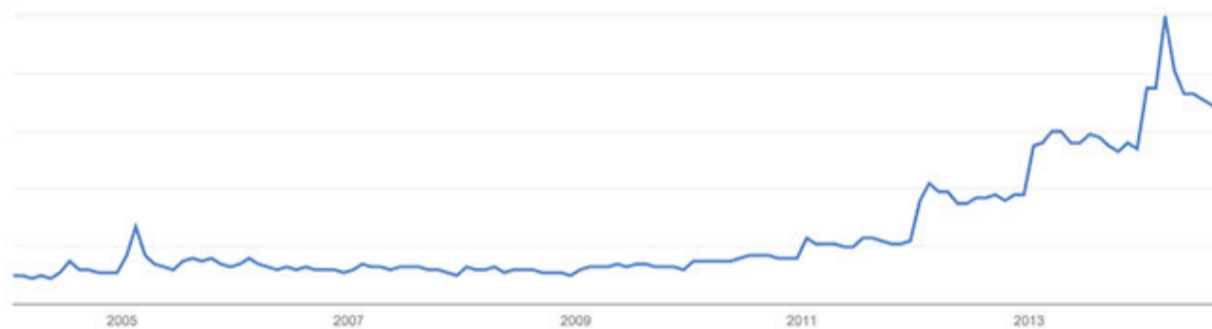
Interest over time. Web Search. Worldwide, 2004 - present.



NOTE: Google Trends only allows you to compare up to five products at one time, but all ten were compared.

We liked the idea of coconut oil in particular. One of the reasons for this was because coconut oil is a raw ingredient and a predominant ingredient in a variety of other products. Remember, coconut oil as a product idea originally came from a Pinterest Pin that linked to an article on 30 different uses for coconut oil. Based on this, we're confident that there's likely some interesting niches around coconut oil.

Let's take a look again at [Google Trends](#) to see if in fact coconut oil is trending upwards, how big the trend is and when exactly it began:



Looking at “[Coconut Oil](#)” in Google Trends, we can see that the trend and popularity for coconut oil exists, increasing dramatically since approximately 2011.

Based on this information, we've decided to further evaluate coconut oil and see what niches we can derive from it that we can build a successful online business around.

Choosing a Niche

Now that you have also decided on a product idea, you'll need to consider a niche in which you want to consider operating in. A niche is just a subset of the market in which a specific product is focused. Your chosen niche will help define possible product features aimed at satisfying specific market needs, the price range for your product, production quality, branding and your marketing.

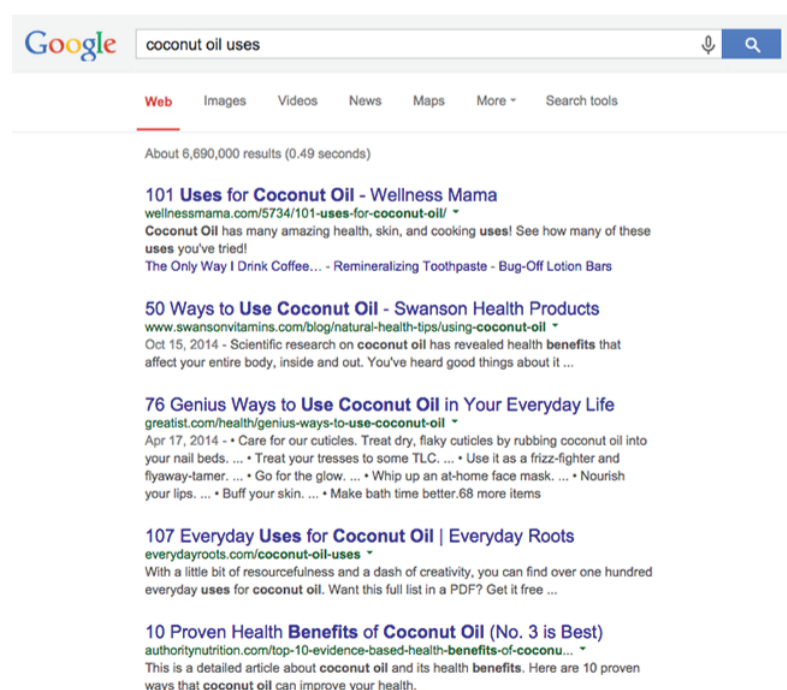
Choosing a niche is a vital part of creating a successful online business. If you try to open and operate your new store in a crowded and popular product category or market, you're going to have a tough uphill battle fighting against the already established competition. This is precisely why choosing a subset of a market (niche) is so important.

Although there's no scientific way to choosing a niche, there are lots of different methods you can use. From simple Google searches, to building a mind-map to utilizing keyword research to help uncover great niches, there are many ways to build your niche list. In the next section, we will explore a few of them.

NOTE: Over the next few chapters, you're going to learn how to evaluate and validate your product and niche. If you find in the end that your product isn't viable, you can always go back and choose a different niche. Choosing a different niche can be all the difference between a poor product choice and a great product choice, even more so than the product itself.

START WITH GOOGLE SEARCHES

The easiest way to start building out some niche ideas is understanding how your product is currently being sold from other online retailers. Starting your niche selection with some Google searches is a great way to get a good overview and lay of the land. As an example, using our product idea of coconut oil, we were able to find a goldmine of niches:



BUILD A MIND MAP

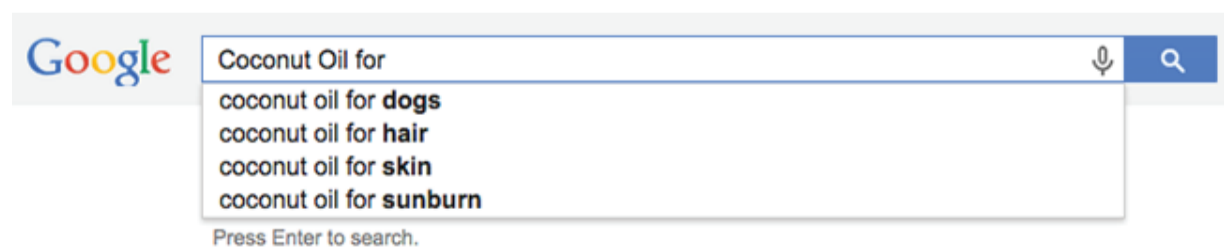
A mind map can be a great way to map out and discover niches for your chosen product. Since mind maps mimic the way our brains think, they are a very intuitive way to organize your thoughts and build on ideas. Building a mind map for your product idea can help generate ideas very quickly and encourage exploration of different niche paths. You can use a free online tool like [Text 2 Mind Map](#) to create a simple but effective mind map.

Here's what we came up with for our coconut oil product idea:



USE GOOGLE'S SUGGESTIONS

You know when you start typing something into Google, and it begins to show you search alternatives before you finish typing your query? Well Google is completing your thoughts using the queries most often searched for by other users, and you can use this to your advantage to find a niche for your product choice.



Google will only show you several suggestions so you may want to use another tool like [Suggester](#) to scrape all the suggestions. To use Suggester, simply enter your product choice and it will give you a list of other queries that people are searching for, along with their popularity. We plugged in our product by searching for “Coconut Oil for” which returned over 300 suggestions we could pull a potential niche from.

Here’s a small sample of the results:

<u>Term</u>	<u>Rank</u>	<u>Results in Search</u>
coconut oil for hair	1	20
coconut oil for dogs	2	20
coconut oil for skin	3	20
coconut oil for sunburn	4	23
coconut oil for teeth	5	21
coconut oil for weight loss	6	27
coconut oil for stretch marks	7	29
coconut oil for eczema	8	22
coconut oil for acne	9	20
coconut oil for burns	10	21
coconut oil for beard	11	21
coconut oil for babies	12	22
coconut oil for baby hair	13	25
coconut oil for body	14	20
coconut oil for black hair	15	26
coconut oil for bv	16	18
coconut oil for baby eczema	17	27
coconut oil for baking	18	22
coconut oil for acne	19	20
coconut oil for acne scars	20	26
coconut oil for autism	21	22
coconut oil for anxiety	22	23
coconut oil for acid reflux	23	27
coconut oil for allergies	24	25
coconut oil for alzheimer's	25	27
coconut oil for anti aging	26	26
coconut oil for als	27	19
coconut oil for eczema	28	22
coconut oil for eyes	29	20
coconut oil for eyebrows	30	24
coconut oil for eyelashes	31	25
coconut oil for ear wax	32	23
coconut oil for eyelash growth	33	30
coconut oil for ears	34	20
coconut oil for ear mites	35	25
coconut oil for essential oils	36	30

NICHING IT DOWN WITH KEYWORD RESEARCH

This next method for uncovering a niche uses [Google’s Keyword Planner](#) tool. The keyword planner tool is a resource located in Google’s advertising platform, Google Adwords. The Google Keyword Planner is similar to the Google suggestion tool we discussed above but is a more advanced and customizable.

To use this tool you need to have a [Google Adwords](#) account that you can sign up to for free. Login to your account and select Tools from the top menu, then select Keyword Planner. On the next screen, click Search for new keyword and ad group ideas.

Keyword Planner

Plan your next search campaign

What would you like to do?

- ▶ Search for new keyword and ad group ideas
- ▶ Get search volume for a list of keywords or group them into ad groups
- ▶ Get traffic forecasts for a list of keywords
- ▶ Multiply keyword lists to get new keyword ideas

Find new keywords related to a phrase, website, or category

On the next screen enter your product idea. Double-check your settings under Targeting to make sure they're to your liking, in particular, the locations you want to target.

▼ Search for new keyword and ad group ideas

Enter one or more of the following:

Your product or service

Your landing page

Your product category

Targeting ?

Canada, United States

English

Google

Negative keywords

Date range ?

Show avg. monthly searches for: Last 12 months

Customize your search ?

Keyword filters

Keyword options

Show broadly related ideas

Hide keywords in my account

Hide keywords in my plan

Keywords to include

Get Ideas

On the next screen, it will be on the default tab Ad Group Ideas, change that to the tab labeled Keyword Ideas.

Ad group ideas		Keyword ideas			
Search terms	Avg. monthly searches [?]	Competition [?]	Suggested bid [?]	Ad impr. share [?]	Add to plan
coconut oil	301,000	High	CA\$1.15	0%	»

1 - 1 of 1 keywords < >

Keyword (by relevance)	Avg. monthly searches [?]	Competition [?]	Suggested bid [?]	Ad impr. share [?]	Add to plan
coconut oil for skin	27,100	High	CA\$1.87	0%	»
benefits of coconut oil	40,500	Low	CA\$1.30	0%	»
coconut oil for eczema	2,900	Low	CA\$2.14	0%	»
coconut oil for dogs	8,100	Medium	CA\$0.61	0%	»
coconut oil recipes	6,600	Low	CA\$1.24	0%	»
coconut oil for hair	60,500	Medium	CA\$1.03	0%	»
best coconut oil	3,600	Medium	CA\$1.51	0%	»
coconut oil for dogs	8,100	Medium	CA\$0.61	0%	»

Searching through these results can give you a good idea of potential niches related to your original search term. Don't be afraid to dive deeper and try a variety of related search terms.

Time to Evaluate

Now that you have chosen a product idea to further evaluate and have derived a niche from your idea, it's time to evaluate it. Over the next several chapters, you'll learn how to evaluate and test your product to better understand and gauge its potential.



6 EVALUATING YOUR PRODUCT & NICHE

Now that you've selected a product and niche to further explore and evaluate, it's time to put it under the microscope. Without properly evaluating your product and niche idea, your choice is random and so will be your chances of success.

Using the evaluation criteria below, you'll get a much better sense of your product and niche, along with better understanding its strengths and identifying its weaknesses.

NOTE: You will likely never find a product or niche that fits all the criteria below. Evaluating your idea against this list though will give you a better understanding of your chosen product/niche, helping avoid pitfalls and increase your overall chances of success.

Criteria Overview

Before we get into each evaluation point, let's take a look at a quick overview of all the criteria we will be covering:

MARKET BASED CRITERIA

- *What is the potential market size?*
- *What does the competitive landscape look like?*
- *Is it a trend, fad, flat or growing market?*
- *Is your product available locally?*
- *Who are your target customers?*

PRODUCT BASED CRITERIA

- *What is your markup?*
- *What is your potential selling price?*
- *Can you offer a subscription?*
- *What is your product's size and weight?*
- *How durable is your product?*
- *Is your product seasonal?*
- *Does your product serve a passion, relieve a pain or solve a problem?*
- *How often will you need to turnover inventory?*
- *Is your product consumable or disposable?*
- *Is your product perishable?*
- *Are there any restrictions or regulations on your product?*
- *Is your product scalable?*

Let's look at each of the criteria in more detail:

1. What is the potential market size?

Market size can be difficult to determine, but with some educated guessing you can probably get a good idea of the potential market size. For example, a product that caters to pregnant females between 25-40 years old is probably has a sufficient market. But a product that caters to pregnant females between 25-40 years old who like punk rock music will likely be too narrow.

EXAMPLE

Daneson sells high-end, luxury toothpicks. You can imagine that it takes a pretty discerning and dapper man to purchase exquisite toothpicks. A product like this likely has a very narrow market size. This narrow market size limits the revenue potential for a business like that, however, depending on the exact market, the narrow market size can potentially make it easier to market to, allowing a company like Daneson to penetrate the market and capture the market more cost effectively.



RESOURCE: Determining exact market sizes is usually impossible for most businesses, however, there are some ways to understand market size in a more general way. **Google Trends** is a good start point, not to determine market size, rather to determine market demand trajectory. From there you can also look for your particular product idea being sold elsewhere and look at the number and quality of reviews. Are there no reviews, just a few or hundreds? Finally, tools like **Topsy** can help you determine the volume of social chatter which can also give you indications as to the potential market size.

In the next chapter, you'll learn exactly how to use the **Google Keyword Tool** to better determine search demand which can help you determine search volume of keywords around your product idea. This can give you an idea of how many people are searching for your keyword terms and in return, can also give you a better sense of the market size. Combine all these methods with some realistic judgment, and you should start to get a good sense of the potential market size of your product idea.

2. What does the competitive landscape look like?

What does the **competitive landscape** look like for your selected product and niche? Are you the first to market? Are there already a few competitors or is the market saturated with people selling the same product or targeting the same niche?

If you're first to market, you'll want to do a lot of market research to determine that there is a market interested in your product. If there are a few competitors already in the space and they seem to be doing relatively well, this could be a good sign that the market has been validated. If there are many competitors in the market, it's also a sign that the market has been validated, however, you'll likely have to determine how you can differentiate your brand and products from the sea of competitors in order to carve out your own spot.

EXAMPLE

Luxy Hair wasn't the first company to sell hair extensions online. In fact, the market was filled, maybe even saturated with competitors when they began four years ago. Understanding the market was saturated with competitors, they knew they had to do something different to stand out and command the attention of buyers. Luxy did exactly that by entering the game with a completely different marketing strategy. While everyone else was paying for ads online, Luxy decided to provide value by focusing on YouTube as their exclusive marketing channel.



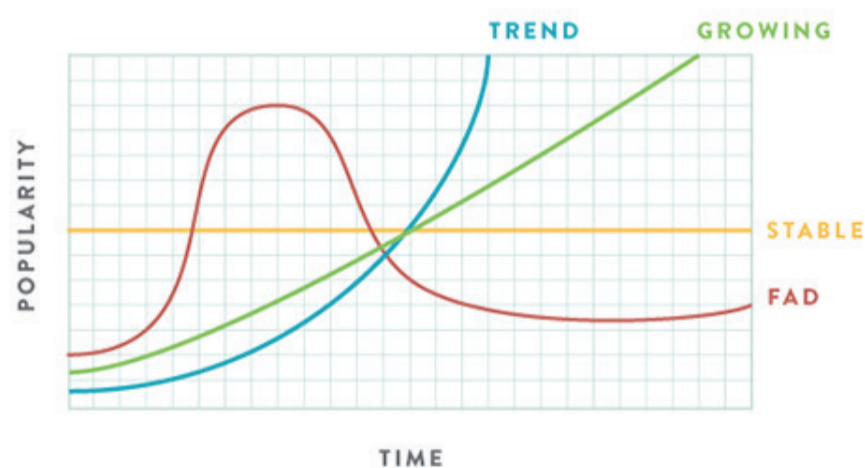
The strategy worked. In a crowded marketplace, Luxy has managed to carve out their spot by very quickly building a **seven-figure ecommerce business** that also boasts over one million subscribers on YouTube.

RESOURCE: [Google](#) searches and [SimilarWeb](#) will help you uncover current market players. [Google's Keyword Tool](#) can tell you approximate search volumes for your chosen keywords, and also tell you how competitive they are (meaning how many other people/businesses are bidding on those words). Don't forget, the more people bidding on your keywords, the more expensive they will be.

3. Is it a fad, trend, stable or growing market?

Riding a fad can be dangerous. A trend can be lucrative. Stable markets are safe and growing markets are ideal. Understanding the trajectory of the market your products is in can play a huge role in your success or failure.

To better understand the differences between each of these, let's look at the growth curves, and then we will look at real world examples for each type:

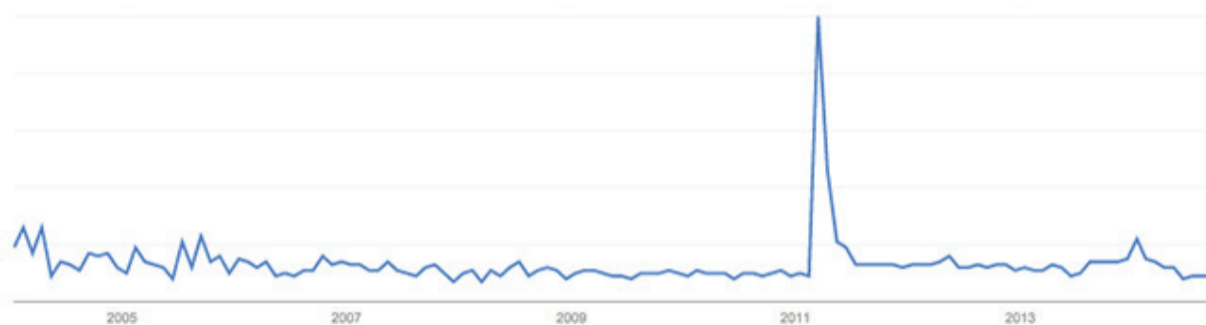


FAD

A fad is something that grows in popularity for a very short period of time and dies out just as quickly. A fad can be lucrative if your entry into the market and exit are timed perfectly, but this can be difficult to predict and usually a recipe for disaster.

EXAMPLE

A Geiger Counter is a personal electronic device about the size of a cell phone that measures the level of radiation around you. Shortly after the earthquake in Japan in 2011, Geiger counters were flying off the shelves, however, as you can see from the Google Trends graph below, interest died as fast as it started.

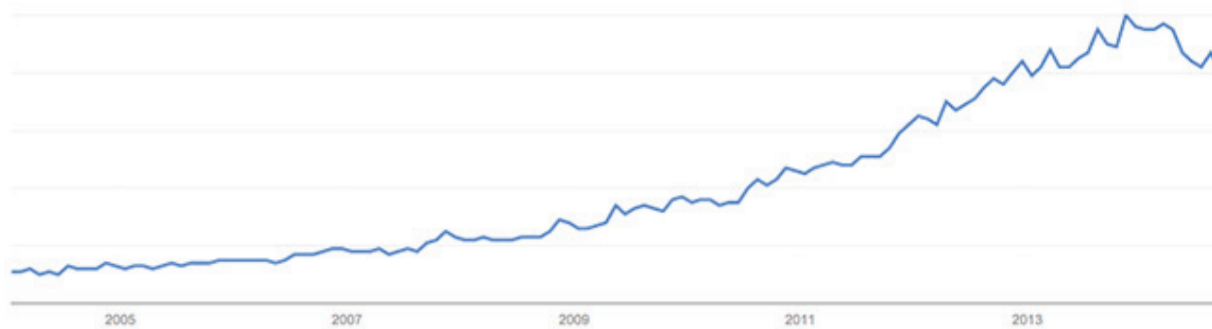


TREND

A trend is a longer term direction that the market for a product appears to be taking. It doesn't grow as quickly as a fad, it lasts longer and generally it doesn't decline nearly as quickly. A trend can sometimes also lead into a long-term growing market although this can be difficult to predict.

EXAMPLE

As an example, in the last few years gluten-free foods have been growing in popularity. We can see from the graph below a consistent climb, however, this would likely be predicted and labeled a trend as opposed to a growing market due to the ever-evolving and changing nutrition market.

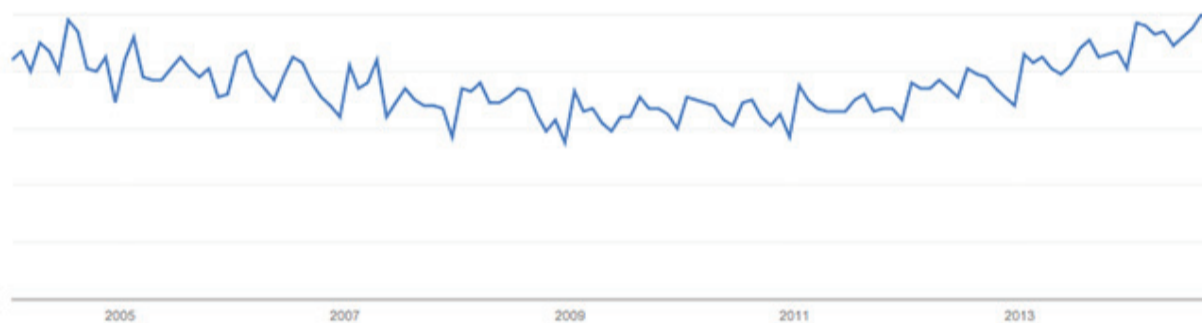


STABLE MARKET

A stable market is one that generally is immune to shocks and bumps. It is neither declining nor growing, but maintains itself over long periods of time.

EXAMPLE

A kitchen sink is a perfect example of a product with a market that has generally remained constant and flat for the last ten years. There's likely not going to be any huge spikes or dips in the interest and purchase behavior of kitchen sinks.

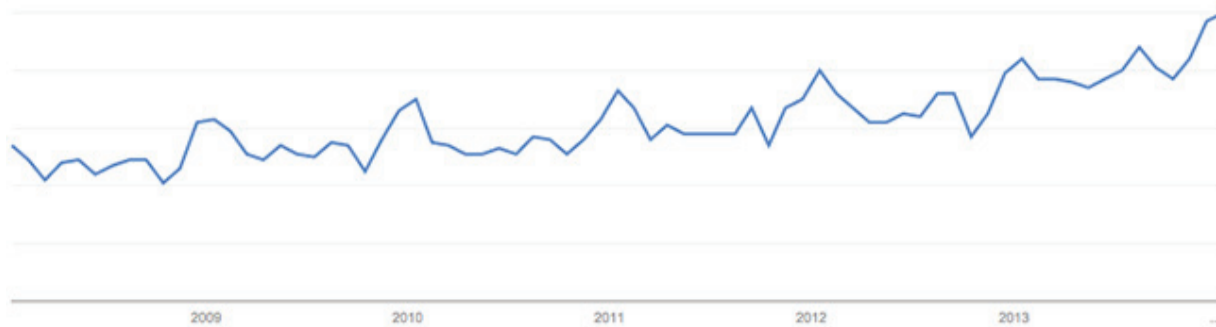


GROWING MARKET

A growing market is one that has seen consistent growth and shows signs of a long-term or permanent market shift.

EXAMPLE

The yoga trend has been around for a long time, however, over the last five years or so has become a mainstream health and fitness activity. The benefits of yoga are well established, making this niche a solid, growing market.



RESOURCE: [Google Trends](#) will help give you the big picture whether something is a fad, trend, growing or stable market. If you see unexplainable spikes, try doing some further searching to see what the possible cause was.

4. Is your product available locally?

A product that's readily available locally means that there's one less reason for consumers to seek your product out online. However, a unique or hard to find product that isn't available locally means there's an increased chance of someone looking for it online and increases their chances of actually purchasing it online.

EXAMPLE

[Ellusionist](#) sells artist collaborated, high-end decks of cards for magicians and card players alike. Sure you can go buy a deck of cards anywhere, but these are not just cards, they are also works of art and trick decks, and if you want one, it's only available online.



RESOURCE: One of the simplest ways to find out if your selected product is available locally is by doing a search on Google for your product + the name of your city, or if you don't live in a major city, try substituting for the name of your closest major city. For example, you could search for “[magician deck of cards + new york](#)”.

5. Who's your target customer?

You don't need to go into great detail defining your exact customer persona at this point, however you should be aware of the type of customer you would likely be selling to and their online purchasing capabilities.

If you have a product geared for teens, it's important to keep in mind that most teens don't have a credit card to make purchases online with. Similarly, if your product is geared towards older baby boomers, you may find that your target demographic has a lower level of technology adoption and doesn't like to purchase online.

EXAMPLE

[Clothes for Seniors](#) offers adaptive clothing for seniors. One of their main target markets has a low-level of online commerce adoption which may make it difficult to build a business around. You'll need to tailor your online store to accommodate them or consider targeting your marketing efforts to the children of the seniors.



RESOURCE: If you find another online business selling similar products, you can use [SimilarWeb](#) to get information on their visitor demographics, which may help you define your target market better.

6. What's your markup?

It is vitally important to take markup for a specific product into consideration before diving too far into a product idea. When you begin selling online, you'll quickly find out that there are lots of small fees that will eat into your margins, so having a strong initial markup will provide you with the necessary cushion to absorb these little costs.

EXAMPLE

To understand margin a little better, let's take a look at a real product. For this example, we will use a pet pedometer - a small electronic device you connect to your dog's collar to count how many steps they take.



Looking around at other pet pedometers, we determined that an average retail price on a product like this would be \$24.99. Using [Alibaba](#), we found out that we are able to get these pet pedometers at a cost of \$2 per unit.

1,200% markup! Looks good so far right? Let's take a closer look at the other fees that we will need to account for:

Cost Per Unit	\$2.00
Product Packaging	\$0.10
Import Shipping (Cost Per Unit)	\$0.30
Customs & Duties	\$0.40
Shopping Cart Fees	\$0.25
Credit Card Processing Fee (2.75% of Selling Price)	\$0.69
Shipping Fulfillment Fee	\$3.30
Shipping Cost	\$5.00
Shipping Packaging	\$0.00
Advertising Cost Per Unit	\$5.00
Total Cost Per Unit	\$17.04
Potential Selling Price	\$24.99
Shipping Revenue	\$5.00
Total Revenue Per Unit	\$29.99
Margin \$	\$12.95
Margin %	43.18%
Markup %	46.65%

You can see from the example above how the small fees will whittle away at your margins. In this case, a product that had an initial markup of over 1,200% ends up less than 100% when all is said and done. Of course, these are just approximates, and you can cut costs significantly by handling fulfillment yourself and spending less on advertising. Regardless, knowing this information upfront will be important to know.

7. What's your potential selling price?

Selling an inexpensive product means that you'll need to move many units to make a decent profit. Additionally, along with moving a lot of units comes increased customer service inquiries as well as an increase in potential mixups. On the other hand, selling very expensive products means a longer sales cycle and more discerning customers.

Generally, a product selling price point between \$75-\$150 is recommended as it minimizes the need to find a large number of customers to turn a decent profit and is still able to give you some cushion for marketing and operation costs.

EXAMPLE

Our previous example, the pet pedometer, had a relatively low selling price of \$25. Because of this, variable costs ate away at much of the profit, leaving a profit per unit of only \$12.95. Let's see what happens though if we switch out the pet pedometer for a new product and assume that this new product has a potential selling price of \$100 (4x more than the pet pedometer). For consistency, we've also multiplied the other appropriate cost by a factor of 4x.

Cost Per Unit	\$8.00
Product Packaging	\$0.40
Import Shipping (Cost Per Unit)	\$1.20
Customs & Duties	\$1.60
Shopping Cart Fees	\$1.00
Credit Card Processing Fee (2.75% of Selling Price)	\$2.75
Shipping Fulfillment Fee	\$3.30
Shipping Cost	\$5.00
Shipping Packaging	\$5.00
Advertising Cost Per Unit	\$0.00
Total Cost Per Unit	\$28.25
Potential Selling Price	\$100.00
Shipping Revenue	\$5.00
Total Revenue Per Unit	\$105.00
Margin \$	\$76.75
Margin %	73.10%
Markup %	253.98%

Because of the higher selling price we have much better margins 73% vs. 42% for the Pet Pedometer, and our profit per unit skyrockets from \$12.95 to \$76.75.

8. Can you offer a subscription?

It's much easier and less expensive to sell more to a current customer than it is to find new customers. A subscription-based business allows you to sell to the same customers many times over, automatically.

EXAMPLE

A replenishment based ecommerce business like [Dollar Shave Club](#) is based on sending you things that are consumed and constantly in need. In this case, shaving razor blades.



A subscription ecommerce model is especially important for a company like Dollar Shave Club because of the extremely low price of their products. Monthly blade subscriptions begin at \$1 USD/month. If they didn't sell to that same customer on an ongoing basis, their business model wouldn't work.

9. What's your products size & weight?

Product size and weight can have a big impact on your sales and bottom line. These days, many customers expect free shipping and just rolling the shipping cost into your prices doesn't always work. This means these costs tend to eat into your margins. If you decide to pass these shipping costs onto your customer, you'll find that the shock of high shipping will likely hurt your conversion rate.

Additionally, if you don't plan to use the dropshipping model, you'll need to consider the cost of shipping the products to yourself (or your warehouse) from your supplier, as well as storage fees. If you're ordering your inventory from overseas, you might be surprised at the costs involved.

EXAMPLE

There is a popular yoga mat company that sells oversized workout mats. The product itself is a reasonable \$99, however, shipping to Canada is \$40, and the rest of the world is \$100. For many consumers, it would be hard for them to justify spending 40-100% more for shipping.



10. Is your product durable?

How durable or fragile is your product? Fragile products can be an invitation for trouble. Products that can break easily will cost you more in packaging costs, and you are bound to have more returns and exchanges.

EXAMPLE

Billy Murphy from Forever Jobless discussed in [one blog post](#) how a very delicate product he began selling was going to cost 4x the product itself to properly ship to customers. After a lot of trial and error, Billy was eventually able to determine how to ship his delicate product safely to customers while minimizing packaging costs but it goes to show you that fragile products can be difficult and something to consider before starting your business.



11. Is your product seasonal?

Businesses with seasonal demand can suffer from inconsistent cash flow. Some seasonality is OK, however, an ideal product will have somewhat consistent cash flow year round.

If you do choose a highly seasonal product, you may want to consider ahead of time how you can overcome seasonality, possibly by marketing to different countries in the off season.

EXAMPLE

Christmas items like the [Omega Tree Stand](#) have very strong seasonality swings that make a business like this difficult to make money with consistently through the year.



RESOURCE: Look for seasonal trends by looking at [Google Trends](#) for your product and niche keywords.

12. Does your product serve a passion, relieve a pain or solve a problem?

We discussed this point early on in this guide, but it's always an advantage to sell products that serve a passion, relieve a pain, or solve a problem. As an additional benefit is that when you sell products that satisfy one of these requirements, your marketing costs tend to be lower since customers are actively seeking out a solution as opposed to you having to heavily market your product to find them.

EXAMPLE

Pro Teeth Guard sells custom mouth guards to prevent teeth grinding. People with this problem are more likely to seek out a solution and find their online store reducing the costs of advertising to draw consumers in.



13. What will your product turnover be?

It can be risky to have products that constantly need to be changed or refreshed. These types of products run the risk of not selling before the time of turnover. Before jumping in head first and selling a product with regular turnover, it's vital to know what your turnover schedule will look like and plan accordingly.

EXAMPLE

Smartphone and tablet cases are a hot market. However, creating new designs usually requires a high initial investment for designing, prototyping, and minimum order quantities. One of the harder parts of building an online business in a niche like smartphone cases is gaining enough traction and exposure before the next model smartphone/tablet comes out. Not selling through your inventory fast enough could leave you with a stockpile of outdated cases.



14. Is your product consumable or disposable?

Having consumable or disposable products make selling to the same customer over and over again more natural by essentially putting a time limit on the product's life and giving the customer a reason to come back to you for replenishment.

EXAMPLE

Manpacks sells products that generally have a shorter lifespan like razors, condoms, socks, and underwear. This model keeps consumers coming back to their site to repurchase.



15. Is perishability a factor?

Perishable products are a risky proposition for any business, never mind an online business. Since highly perishable products require speedy delivery, shipping can be costly. Even products with a longer perishability timeline can be risky as it complicates storage and inventory, potentially leaving you with spoiled product.

For example, food products, supplements, medication, and anything else that needs to be kept cold or has a short expiration date all require special consideration when ordering inventory and shipping to customers.

EXAMPLE

The [Yummy Tummy Soup Company](#) makes homemade soups and desserts that they sell through their ecommerce website. Since their products are extremely perishable, they need to heavily consider shipping times and packaging to keep the products temperature controlled until it is delivered to the customer.



16. Are there any restrictions or regulations?

Restriction and regulations on your product and niche choice are annoying at best and crippling at worst. Before you move forward with your product idea, you'll want to make sure that there are no regulations or restrictions on your product selection. At the very least you'll want to make sure they are manageable.

Certain chemical products, food products, and cosmetics can carry restrictions not only by the country you are importing your goods into but also the countries you're shipping your products to.

You'll want to consider making a few phone calls to customs and border services of the country you'll be importing your product into along with your warehouse if you plan on using one, and the food and drug administration if it's a food/supplement product.

EXAMPLE

Silky Polish, a non-toxic, cruelty-free nail polish ran into problems when they learned it was considered a hazardous material because of the flammable chemicals in it.

These regulations prevented Silky from transporting and shipping their product by air which ultimately prevented overseas sales.



17. Is your product scalable?

It's difficult to think about the future and growing your business when you're still in the launching phase. However, scalability should be considered and built into the business model right from the start.

If your product is hand-made or contains difficult to find materials, think about how to scale it if your business takes off. Will you be able to outsource manufacturing? Will your number of employees have to increase with the number of orders or will you be able to maintain a small team?

EXAMPLE

Horween leather is leather produced from the Horween Leather Company and is revered as some of the best leather in the world. Many craftsmen, artisans, and customers alike swear by the product. The problem though is that because of the quality and popularity, it's extremely difficult to get it consistently. If you begin building your business and brand on using and advertising this particular leather, you may run into problems as you begin to scale and the leather comes harder to come by.



Chapter Conclusion

The product and niche you choose is at the very core of your business and one of the most important decisions you'll have to make.

Using the above criteria as a guideline can help you better understand the product you're considering and increase your overall chances of success. Below, you'll find an interactive calculator that will score your product idea based on your answer to each of the points above.

In the upcoming chapters, you'll further evaluate your idea by evaluating the market, as well as the competitive landscape.



7 EVALUATING MARKET DEMAND

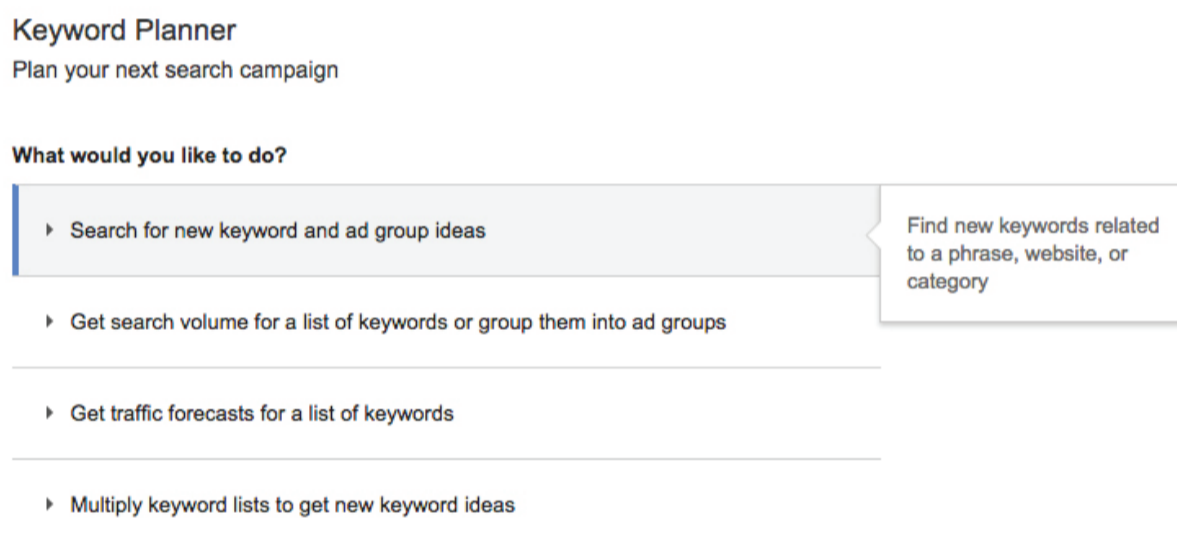
If you've completed the product evaluation checklist from the last chapter and believe your product and niche idea has potential, it's time to look at the potential market demand.

NOTE: While completing this chapter and evaluating your potential market demand you must keep in mind that if your product and niche idea is a new product or a new use of an old product, there may be no visible market demand. That's not to say that market demand doesn't exist or that market demand can't be built, however, the methods outlined below can only give you an idea of market demand based on people actively searching for your product already. If your product is a new concept, this chapter may not be applicable to you.

Evaluating Market Demand

To begin understanding market demand, we're going to look at and use a few tools starting with [Google's Keyword Planner Tool](#) and using our previous example and product choice of a coconut oil hair care product. The Google Keyword Planner Tool allows you to search for keywords to determine how many searches per month are being made for that term on Google, how much competition there is competing for it and related search terms. This is a great starting point for understanding potential demand.

To use Google's Keyword Planner tool you need to have a [Google Adwords](#) account that you can get for free. Once you have an account, login and select **Tools** from the top menu, then select **Keyword Planner**. On the next screen, click **Search for new keyword and ad group ideas**.



On the next screen enter your product idea (Note: You may want to try several keyword variations for best results). Double check your settings under Targeting to make sure they're to your liking. In particular, you want to make sure you're targeting the countries you plan to sell to.

For our example, we entered "Coconut Oil for Hair" and selected United States and Canada as this would be the primary markets we would likely be targeting. Thus we want to get our validation from those same markets.

▼ Search for new keyword and ad group ideas

Enter one or more of the following:

Your product or service

Your landing page

Your product category

Targeting [?]

Canada, United States

English

Google

Negative keywords

Date range [?]

Show avg. monthly searches for: Last 12 months

Customize your search [?]

Keyword filters

Keyword options

Show broadly related ideas

Hide keywords in my account

Hide keywords in my plan

Keywords to include

Get Ideas

On the next screen, it will be on the default tab Ad Group Ideas, change that to the tab labeled Keyword Ideas.

Ad group ideas **Keyword ideas**

Search terms	Avg. monthly searches [?]	Competition [?]	Suggested bid [?]	Ad impr. share [?]	Add to plan
coconut oil for hair	60,500	Medium	CA\$1.04	0%	»

1 - 1 of 1 keywords

Keyword (by relevance)	Avg. monthly searches [?]	Competition [?]	Suggested bid [?]	Ad impr. share [?]	Add to plan
coconut oil for hair growth	4,400	Medium	CA\$1.18	0%	»
coconut oil hair treatment	6,600	Low	CA\$5.01	0%	»
best coconut oil for hair	1,300	High	CA\$0.96	0%	»
coconut oil hair	9,900	Medium	CA\$0.87	0%	»
virgin coconut oil for hair	880	High	CA\$1.01	0%	»
organic coconut oil for hair	1,600	High	CA\$0.98	0%	»
coconut oil hair mask	9,900	Low	CA\$1.15	0%	»
pure coconut oil for hair	590	High	CA\$0.99	0%	»
benefits of coconut oil for hair	1,300	Low	CA\$0.73	0%	»

The first column will list the keyword you searched for as well as the various search queries related to the keyword you entered. The second column shows you the number of searches being performed each month in the geographic area you specified. The third column is the level of (Google Adwords paid advertising) competition for each keyword.

In your list of results, there are two things you want to pay attention to:

LONG-TAIL KEYWORDS

Long-Tail keywords are keywords that are made up of 3 or more words. You're not just looking for long-tail keywords, but long-tails that are closely related to your product and niche. For example - coconut oil for hair care.

HIGH SEARCH VOLUME

This can be subjective however you want to look at long-tail keywords that have a decent search volume each month. The higher the search volume obviously means the more people looking for your potential product. This can start to give you a good understanding of how in-demand your product is.

We looked through our results for "Coconut Oil For Hair" and sorted the results by the highest search volume:

coconut oil for hair	📈	60,500	Medium
coconut oil hair	📈	9,900	Medium
coconut oil hair mask	📈	9,900	Low
coconut oil hair treatment	📈	6,600	Low
coconut oil in hair	📈	3,600	Low
is coconut oil good for your hair	📈	2,900	Low
coconut oil on hair	📈	1,900	Low
organic coconut oil for hair	📈	1,600	High
how to use coconut oil on hair	📈	1,600	Low
how to apply coconut oil to hair	📈	1,600	Low
benefits of coconut oil for hair	📈	1,300	Low
best coconut oil for hair	📈	1,300	High

There's no recommended minimum number of relevant searches per month,, but it's important to recognize the current potential. Based on our product idea, with a total of over 100,000 searches per month we would feel pretty strongly with this particular product choice, especially since many of the keywords are lower competition. The lower competition of the keywords generally means that it would be easier to rank for these keywords and cheaper to purchase ads based on these keywords.

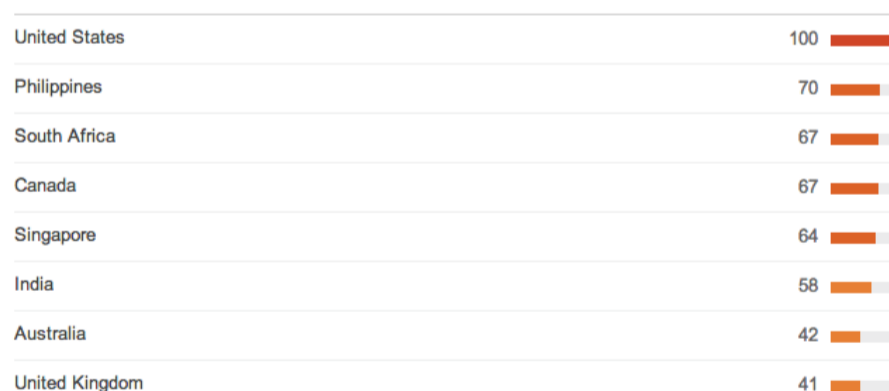
Validating Geographic Demand

We know that people are searching for coconut oil information and products for their hair in the USA and Canada, but who exactly are these people are where, exactly, do they live? Sometimes products and trends can be very specific to geographic regions. For that reason, it's worth investigating where demand is coming from a little more.

To do that, you should use [Google Trends](#). Not only does Google Trends display the overall trend for your keyword but it can also show you the top countries and cities that are searching for your particular keywords.

Which countries are searching for “Coconut Oil For Hair”:

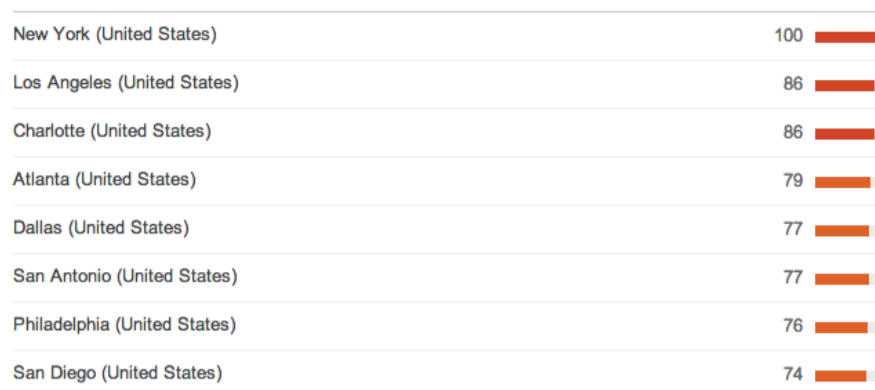
Top regions for coconut oil for hair. Web Search. Worldwide, 2004 - present.



From this, we can see that the Philippines and South Africa are also top countries searching for our potential product, and we may want to consider marketing and shipping to if we move ahead.

What cities, in particular, have the highest number of searches for “Coconut Oil Hair”:

Top cities for coconut oil for hair. Web Search. Worldwide, 2004 - present.



Much like the trending countries, the cities searching for our potential product give us insight into the distribution of interest and can give you insight into where you should focus your marketing efforts should you decide to move forward.

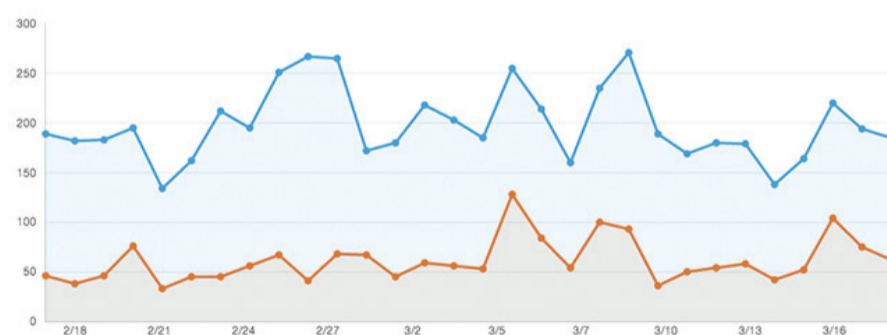
Social Media Demand

Now that you've validated search interest from a search engine interest perspective, it's time to look at interest on social media.

Twitter is an effective source for looking at market potential and product interest. You can use a service like [Topsy](#) to search for the total volume of tweets per day mentioning your particular keywords.

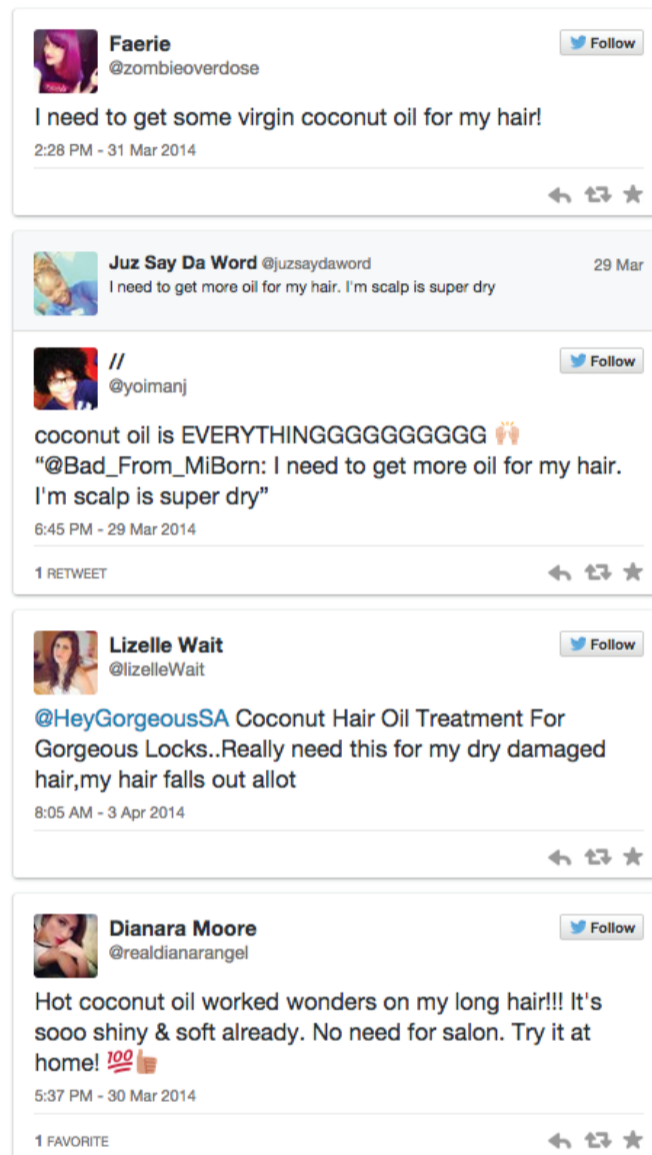
We used Topsy to search for the total volume of Tweets each day mentioning the words "coconut oil", and "hair" in a single tweet.

Tweets per day: Coconut Oil for Hair and Coconut Oil Hair
February 17th — March 19th



From the Topsy graph, we can see that every day approximately 150-250 people are tweeting our keywords. To get a better sense of what exactly they were tweeting about and the sentiment of their tweets, we also did a search on Twitter.

Here were just a few examples that, hinted towards buying intent:



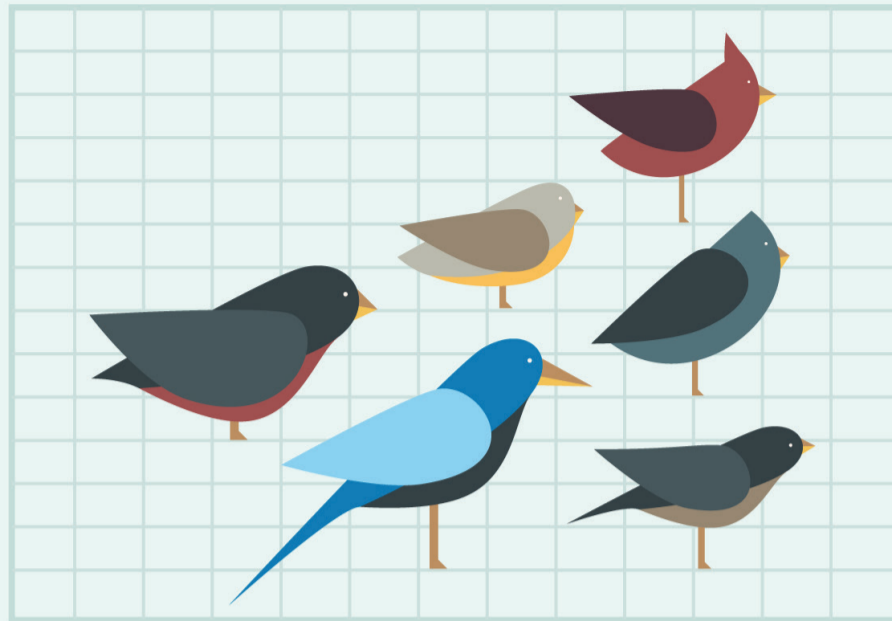
Using social media to research your product not only reveals the volume of conversation surrounding your product idea but it also helps you discover the language your potential customers are using. This can be helpful when creating ads or writing product descriptions down the road.

Bringing It All Together

In the previous chapter, you learned about all the evaluation points for evaluating a product's potential, as well as understanding any potential pitfalls. In this chapter, you learned how to use Google's Keyword Planner to uncover search demand by searching for relevant keywords to your product idea. You also learned how to use Google Trends to better understand who is searching for your potential product along with the countries and cities they live in. Finally, you learned how to use Topsy to understand demand by how many public social conversations were happening each day around your product and niche idea.

At this point, you should have a good idea of the current level of interest in your idea. In the next chapter, we're going to show you how to evaluate your potential competition so you know exactly if and how you can compete in your niche.

BIRDS OF THE REGION



8 EVALUATING POTENTIAL COMPETITION

With your selected product and niche evaluated as well as confidence in potential market demand, it's time to take a look at the competitive landscape.

Now that you've evaluated potential demand it's time to evaluate the current level of competition in the market.

In this chapter, we're going to show you some tools and methods for better understanding your potential competition.

Identify Your Top Competitors

The first step is to determine who is currently selling your potential product. The easiest way to discover your competitors is to do some simple Google searches for your product idea. It's important to think like a potential customer and search for terms that customers would actually use. You can also use the long-tail keywords uncovered from the previous chapter.

coconut oil for hair	📈	60,500	Medium
coconut oil hair	📈	9,900	Medium
coconut oil hair mask	📈	9,900	Low
coconut oil hair treatment	📈	6,600	Low
coconut oil in hair	📈	3,600	Low
is coconut oil good for your hair	📈	2,900	Low
coconut oil on hair	📈	1,900	Low
organic coconut oil for hair	📈	1,600	High
how to use coconut oil on hair	📈	1,600	Low
how to apply coconut oil to hair	📈	1,600	Low
benefits of coconut oil for hair	📈	1,300	Low
best coconut oil for hair	📈	1,300	High

You'll want to see which competitors rank the highest in Google for keywords specific to your particular product and industry.

NOTE: Make sure you're browsing [incognito](#), and you're in the appropriate regional zone (if you want US search results and you're outside the US add `&GL=US` to the end of the search URL).

Make note of who is ranking on the first page. To get an even fuller picture of your competitors, you can also type "related:www.competitorURL.com" in the Google search field to get a list of other similar companies. Alternatively, you can also use free online tools like [SimilarWeb](#) and [SEMrush](#) to uncover other competitors.

Analyze Your Competition

Although it can be difficult to get a clear picture of how well each of your potential competitors are doing, there are ways to get some indications.

Again, to start learning more about your competitors, you can use [SimilarWeb](#) and [SEMrush](#). These tools can also provide a wealth of additional details about your potential competitors including:

- *Traffic Overview*
- *Geography of Traffic*
- *Referring Websites*
- *Search Keywords (Organic and Paid)*
- *Social Referrals*

Reviewing the information with these tools is a good place to start understanding all of your competitors to get a good overview of what you're up against.

Some additional things to look for include:

1. HOW LONG HAVE THEY BEEN IN BUSINESS?

Businesses that don't make money don't stay in business. You can use a service like [Who Is](#) to lookup information on a particular domain and see when it was registered. Additionally, both Twitter and Facebook will show you the creation dates of accounts. Understanding how long a business has been around can better help you understand its success.

In the example below, we can see that the domain was registered April 22nd of 2010:

```
Registrar: TUCOWS DOMAINS INC.  
Whois Server: whois.tucows.com  
Referral URL: http://domainhelp.opensrs.net  
Name Server: NS943.HOSTGATOR.COM  
Name Server: NS944.HOSTGATOR.COM  
Status: ok  
Updated Date: 06-jul-2013  
Creation Date: 22-apr-2010  
Expiration Date: 22-apr-2017
```

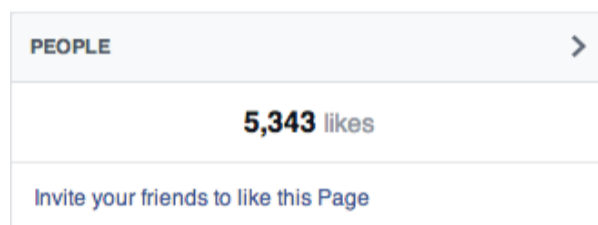
NOTE: Keep in mind that the Creation Date doesn't always represent the date that the business was started, as it could have been registered, bought and sold long before the business that currently exists on the domain.

2. WHAT DOES THEIR SOCIAL FOLLOWING/INTERACTION LOOK LIKE?

Social following and interaction doesn't necessarily correlate to sales, but combined with other information, it helps to paint a better picture of your competitors. One of the most important things to remember here is that you can't take the number of followers for face value. It's easy these days to purchase thousands of even tens of thousands of fake (robot) followers inexpensively on services like [Fiverr](#). Because of this, you must look past just social following and look at how much interaction they actually receive on posts and the sentiment of responses.

In the example below this business seemingly had a strong social following on the surface:

FACEBOOK:



TWITTER:

TWEETS	PHOTOS/VIDEOS	FOLLOWING	FOLLOWERS	FAVORITES
61K	257	56.9K	57.6K	48

Although these numbers look impressive, it's easy to see that this account isn't totally authentic, and the numbers are inflated. All of their posts and status updates have almost no interaction on them. In fact, at best, posts received one or two likes/favorites.

You can use a service like [Status People](#) to review Twitter accounts for fake followers. This can give you a better idea of its authenticity.

Looking at the same account mentioned above on Status People returned the following results:



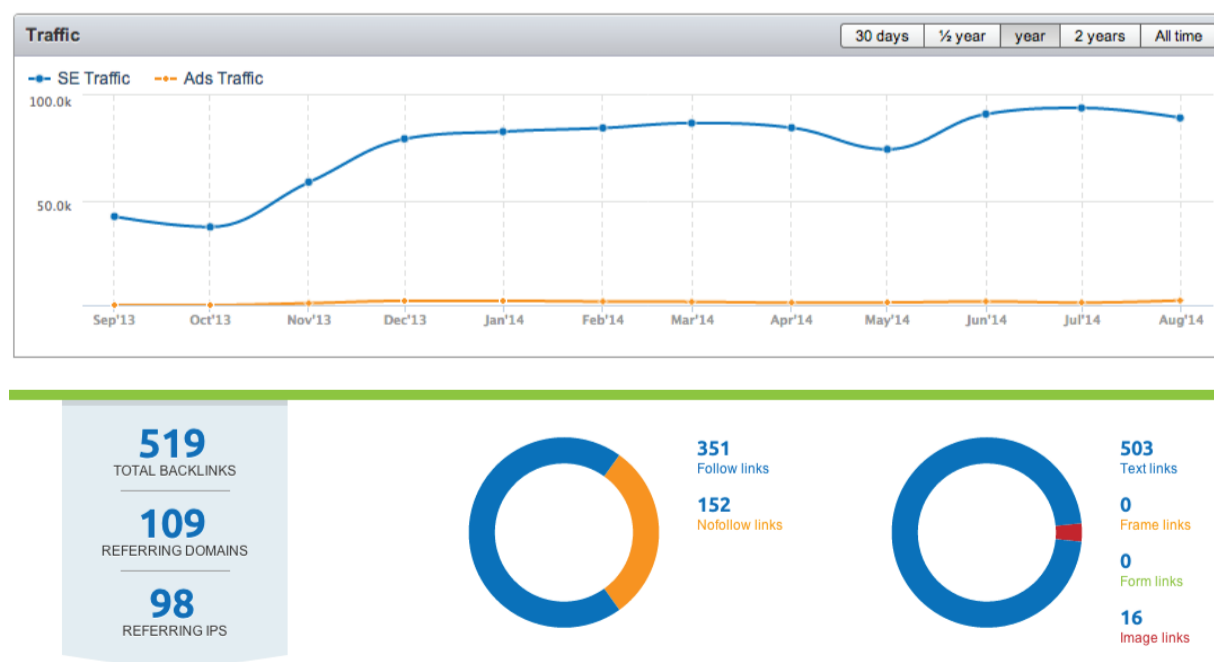
Finally, when reviewing your competitors social accounts, pay particular attention to which platforms do they use; how often do they interact with customers, and how do they speak to their customers? [Luxy Hair](#) built a multi-million dollar business by utilizing YouTube as they main social channel when they determined that no other hair extension companies were using it.

3. TRAFFIC AND BACKLINKS

Traffic and [backlinks](#) can be an indicator of overall competitive strength and success in the market. Although it's not possible to know the exact amount of traffic a particular website receives, there are tools that help you gauge the approximate amount of traffic a site gets, along with the number of backlinks pointing to it.

[SEMRush](#) and [SimilarWeb](#) are again great tools for looking at a competitor's traffic, traffic sources, and backlinks.

In the example below, we can see that this online store gets nearly 100,000 visits per month and has over 500 backlinks pointing at it.



NOTE: Many of these services can only determine traffic for established websites. Therefore, if you're looking for information on relatively new competitors, there may not be traffic information available yet.

Make a List

Now that you know who you're up against, you'll want to start browsing through your competitor's online stores and get a good feel for their site. Consider the following question as you browse your competitor's sites:

- *How do they emphasize their value proposition?*
- *What are their prices like compared to yours?*
- *What is their product photography like, and how are their product descriptions?*
- *What are their shipping options and prices like?*
- *Where are their call to actions, and how obvious are they?*
- *Are they trying to build an email list?*
- *Is their site optimized for mobile?*

Are You Ready To Validate?

It's been a long road. From evaluating your product, to evaluating market demand, to evaluating competition you've made it farther than most people every will. There's just one final and essential step left before you can call it and begin sourcing your product.

In the next chapter, you're going to learn several different methods for validating your product. Validating differs from evaluating in that so far you've used secondary information already available. By validating your idea, you're going to be getting first-hand, primary information and maybe even try to make some sales to prove your idea in the real world.



9 VALIDATING YOUR PRODUCT & NICHE

Prior to this chapter, you've used secondary research (data already available online) to evaluate your idea. Now it's time to validate your idea with first hand; primary research using your specific product, chosen niche and target market.

Validating your idea will give you much greater clarity into the potential of your product idea.

Although there's plenty of different ways to validate your idea, the purpose is the same, to get a clear signal as to the actual buyer interest in your product and niche selection.

Below, we're going to explore some of the most common methods of product validation that you can use and apply to your product ideas immediately. You shouldn't feel compelled to utilize every tactic listed here, however, carefully choosing one or two of the outlined methods can significantly increase your understanding of the demand for your product and niche selection.

By the end of this chapter, you should have enough confidence to proceed with your product idea and begin looking for a supplier or know whether you should go back to the drawing board.

Let's jump into it.

Survey Your Target Market

DIFFICULTY AND TIME COMMITMENT LEVEL: *Easy*

After gathering secondary research, it's time to gather your own based on your exact product, niche selection, as well as target demographic. The quickest and cheapest way is to create a survey using a simple survey tool like [Survey Expression](#), [eSurveysPro](#), [Survey Gizmo](#) or [QuestionPro](#).

To write a good product validation survey and get the most from it, you should touch on each of the following elements in your survey questions:

- **TARGET AUDIENCE VERIFICATION:** *You'll want to start by asking key questions to validate your audience. Asking the wrong people about your product idea is completely pointless. Not all answers are created equal.*
- **INITIAL INTEREST:** *Next, you'll need to determine if people fundamentally like your product idea, what they like about it and what they don't like about it.*
- **PURCHASE INTENT:** *Finally, you'll want to ask some questions to gauge purchase intent. Many people, especially if you know them, will be overly positive so it's important to put people to the test a little bit to find out if they would actually purchase your product.*

Not to worry if you don't know anyone in your target market. There are several paid services available that can help like [Google Customer Surveys](#) or [Survata](#). These services will allow you to create surveys and then distribute the surveys to people in your defined target audience on your behalf for a small fee.

Presell on Social Media and Email

DIFFICULTY AND TIME COMMITMENT LEVEL: *Easy*

Depending on your product and niche selection, contacts on your social networks and in your email contact list might be a great fit for testing your product idea with.

Nothing beats actually making sales before sinking a lot of time and money into a business. Noah Kagan from [SumoMe](#) did just that when he was trying to validate his idea of a subscription beef jerky service. Using his social accounts and personal email contacts, Noah contacted friends and acquaintances he thought would be interested in his new potential service and asked them if they wanted to purchase (all before even having any product to sell).

He first sent out an email to his contacts:

question for today.C



noah kagan <noah@appsumo.com>

to Zack ▾

zack

im testing out a new venture. figured you'd like it:

monthly jerky service.

\$40 / month is enough for healthy jerky every single mother fricking day. about \$1.42 / day for delicious snackage.

trying to sell blocks of 3 (\$120) or 6 (\$240) months.

you in?

limiting to 20ISH people today so i can place a bulk order for next week.

====> paypal@okdork.com

XOXO

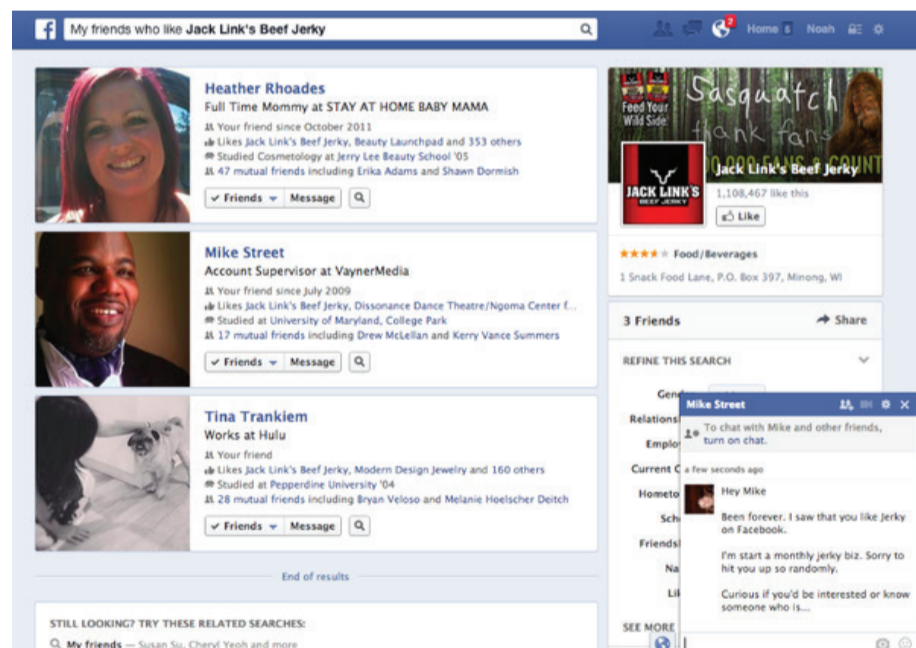
noah

ps. know any offices who buy snacks i should chat it up with???

After, he posted on his personal Facebook to get some feedback as well:



Finally, he used Facebook's Search Graph to find and reach out to people that he was friends with that currently like beef jerky or followed the paleo diet.



His call to action to test his idea was clear, send the money to his PayPal account. The results? \$3,030 in total revenue all in a 24 hour period of time. Considering this a successful product validation, he went on to begin [SumoJerky](#).

Create a Crowdfunding Campaign

DIFFICULTY AND TIME COMMITMENT LEVEL: *Medium-Hard*

One of the most popular methods of product validation over the last few years is to set up a [crowdfunding campaign](#) on sites like [Indigogo](#) or [Kickstarter](#). Setting up a crowdfunding campaign not only helps you to validate your product but allows you to collect money upfront to fund the business and initial inventory.

Crowdfunding campaigns are usually reserved for new, interesting or innovative products so simply re-selling another brands products or items you've imported from overseas won't quite make the cut.

Crowdfunding your idea as a product validation step also requires quite a bit of work and is more involved than the previous methods discussed. Most crowdfunding sites will require you to have some type of prototype before creating your campaign.

RESOURCE: We wrote the book on creating, launching and marketing your crowdfunding campaign. Check out the [comprehensive guide here](#).

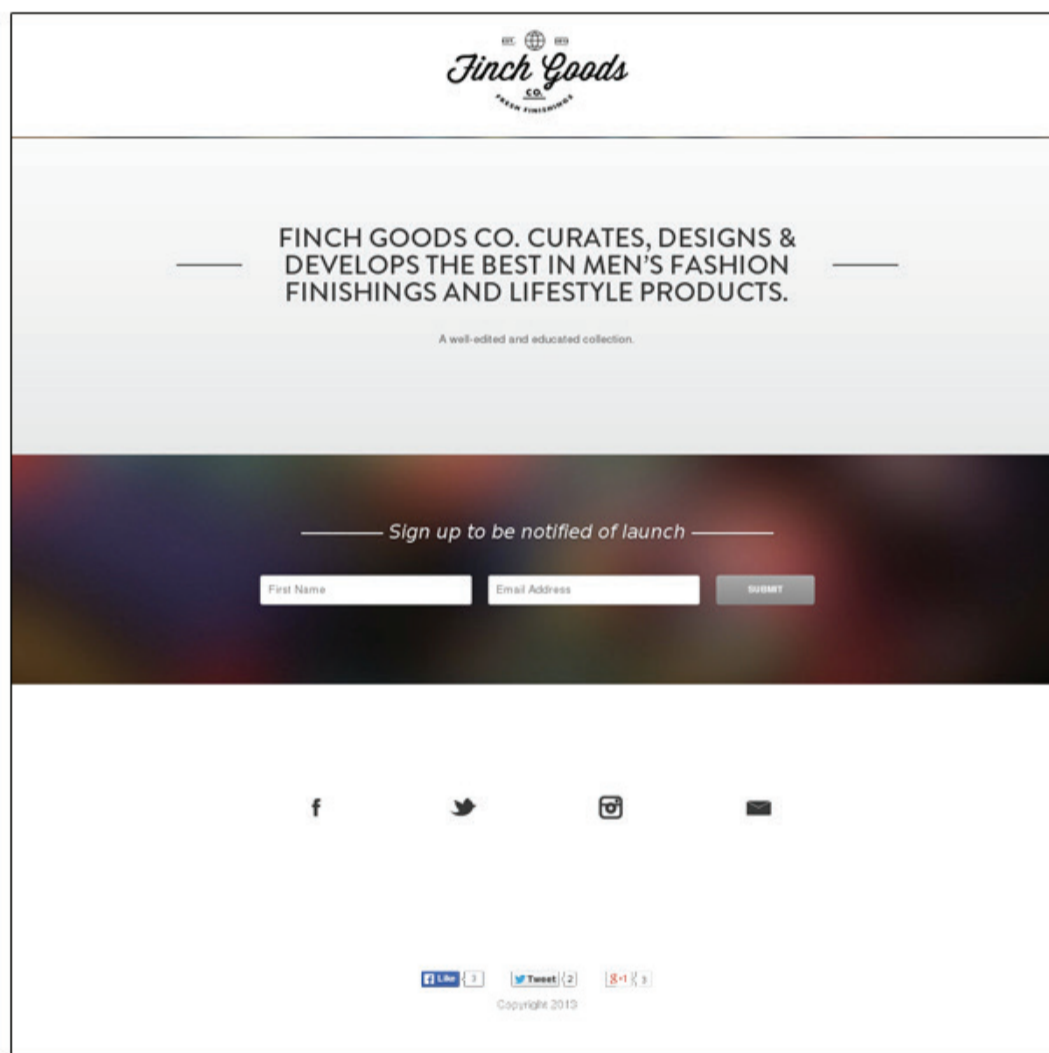
Create a Landing Page

DIFFICULTY AND TIME COMMITMENT LEVEL: *Easy*

Another simple and popular method of better understanding interest and demand is to set up a one page landing page with your value proposition and an email collection box. By driving traffic to this site and collecting emails, you can start getting a better sense of the true interest in your product as well as begin building a relationship with potential customers.

You can use [Shopify's prelaunch page](#) and embed an email sign up form from an email provider like [MailChimp](#) or [Aweber](#). Alternatively, you could also use a full featured landing page creator from one of the following services:

- [LaunchRock](#)
- [Strikingly](#)
- [Unbounce](#)
- [Kickofflabs](#)
- [QuickMVP](#)



Open a Test Store

DIFFICULTY AND TIME COMMITMENT LEVEL: *Easy-Difficult*

Finally, one of the best and thorough ways to test and validate demand for your idea is by setting up a test store.

This popular method, which has been discussed in books like [The 4 Hour Work Week](#), involves setting up a store with your product and driving traffic to it over a period of time to test consumer interest and demand for your product.

NOTE: Keep in mind that according to laws in some countries, states, and provinces, when selling items as a pre-order, you're not supposed to capture the payment immediately. It's usually alright to authorize it, but you're only supposed to capture it just before, or soon after, shipping.

[Spaces](#) is one of the best ways to validate and build a new business. They allow you to very quickly create a store that you can collect payments with. Because Spaces is so lightweight, you could have a store running in under 5 minutes, either pre-selling your product or, if you're so inclined, you could sell your samples to get some real world feedback.

The image shows a website for "Shirt A Month Club". At the top, there is a grid of 24 different t-shirt designs with various humorous and pop culture-themed graphics and text. Below the grid, the text reads "Shirt A Month Club" and "Subscribe to get mystery apparel shipped to your door, every single month (starting at \$19.99)".

Ready for joy to be delivered to your mailbox?

If you love Tees, we're the subscription service for you. Please join our monthly package below to get super sexy apparel right to your front door...automagically (that's not a typo)! Do you get to pick which design you get? Nope, you're leaving that part to our capable & very creative hands! You'll just need to give us your shirt size, your payment info and your shipping address, and we'll take care of the rest!

It's time to give yourself a monthly gift, because you deserve it. Get started now!

Subscription
**1 Random T-Shirt
Every Month**

USD 19.99 monthly

Our core business is creating funny, to...

Signup now

At the bottom of the page, there are social media icons for Facebook, Twitter, and Google+.

Chapter Conclusion

If you've made it to this point, you should have a solid understanding of your product, your selected niche as well as the potential demand for it. Now would be the time to take all the secondary and primary information you've gathered and take a close look everything. You'll want to carefully evaluate each pro as well as each con and decide if you can build a viable business around your idea.

In the next chapter, we will be taking a look at the four methods of acquiring your product along with the pros and cons of each model.



10 MAKE, MANUFACTURE, WHOLESALE OR DROPSHIP

Coming up with, evaluating and validating a product idea is just the beginning of a long but exciting journey to building your online business. The next step is to determine how you're going to acquire the products you want to sell.

There are several options when it comes to acquiring your new products, and each option has its advantages, disadvantages, as well as unique challenges.

The four most common methods of acquiring your products and inventory are:

- *Make*
- *Manufacture*
- *Wholesale*
- *Dropship*

It's important to understand each of these methods in order to make the right choice for your business.

There are pros and cons to each of the methods, and depending on your product, market, and niche, one may be more suitable for you and your business than the others.

Let's look at each method in more detail below.

Making Your Product Yourself

Making your product is a common approach for many hobbyists and do-it-yourselfers. Whether it be jewelry, fashion or natural beauty products, making products yourself allows for the most control over the quality and the brand, however, this control comes at a cost. Making products yourself ties you deeply into the business and can present challenges when it comes to the amount of time it takes you to produce each product as well as being able to scale your business as it grows.

The primary costs associated with making your own products includes the purchasing of raw materials, storage of inventory and labor time involved in producing your product.

The most important thing to note is that not all products can be made by hand. Your product choices are limited to your skills and your available resources.

WHO'S IT FOR:

This option is best suited for the do-it-yourselfer, someone that has their own unique ideas, can physically produce the goods themselves and has the resources available to do so. Making your own products is also for people that want to maintain full control over the product quality and their brand along with the desire to keep startup inventory costs relatively low.

PROS:

- **RELATIVELY LOW STARTUP COSTS** - *When you make your own products, you generally don't have to produce a large upfront number of units like you would have to purchase if you were manufacturing or wholesaling. This allows you to enjoy relatively low production costs, which for many ecommerce businesses, makes up the bulk of their startup costs.*

- **BRAND CONTROL** - *Making your own product means you can create any brand you wish with no limitations.*
- **PRICE CONTROL** - *Going hand in hand with brand control is the ability to price your products as you see fit. Through your brand, you can position and charge what you like for your product.*
- **QUALITY CONTROL** - *When making your own products, you can closely control the quality of your products, ensuring they live up to your expectations as well as your customers.*
- **AGILITY** - *Making your own products can give you the greatest level of agility for your business, allowing you to adjust the quality, features and even the entire product on the fly.*

CONS:

- **HIGH TIME INPUT** - *Depending on your exact product choice, making your own products can be a time-consuming process, leaving you less time to focus on building and marketing your business.*
- **SCALABILITY** - *Making products yourself can pose an issue if and when your business takes off. Although you have the option to look for a manufacturer for help as you scale up, this might not be easy or possible if being handmade is built into your brand.*
- **LIMITED PRODUCT CHOICES** - *Your choices of potential products are limited to your skills and the resources you have available to you. This will vary from person to person.*

MARGINS:

Margin potential is usually on the higher side versus the other three models when you make the product yourself because you have more control over your costs as well as pricing. However, you should carefully factor in your time to produce the goods, as this can cause a dramatic dip in your profit if your products are time-consuming to produce.

RISKS:

Typically, making products yourself is generally a low-risk option financially. Because you're making the products yourself, there are no minimum orders like you would find if you were manufacturing your product or purchasing inventory wholesale.

You may even be able to produce the products as you receive orders, allowing you to easily get the business up and running and proving your concept before investing too much time, energy and money into it.

Manufacturing Your Product

Another viable option for acquiring your product is to find a manufacturer to produce the product for you. When sourcing a manufacturer you have the option of sourcing domestically or from overseas. As you might expect, a domestic manufacturer, in general, will cost more than a manufacturer from overseas countries like China, Taiwan or India.

If you're looking to source a manufacturer from overseas, you'll likely end up at some point on [Alibaba](#). Alibaba is one of the largest business-to-business marketplaces that connects (mostly) Asian manufacturers to North American buyers. There are several other similar companies that operate in this space that are smaller and cater to different markets for manufacturers, like [IndiaMart](#).

WHO'S IT FOR:

Manufacturing your product is a good idea (and maybe the only option) for those that have a unique product idea or a variation of a current product that doesn't exist currently. It's also for people that have validated the market for their product and are very confident that their product will sell. A strong level of confidence before choosing manufacturing is important as manufacturing will require the greatest financial investment upfront for designing, prototyping and purchasing minimum quantities.

PROS:

- **LOWEST COST PER UNIT** - *It's not uncommon for manufacturing to be the best options for the lowest cost per unit, giving you the greatest margins on your product.*
- **BRAND CONTROL** - *Having your product manufactured means you can build your own brand around your product and aren't constrained by another brands rules.*

- **PRICE CONTROL** - *Along with the ability to build your own brand comes the ability to set your own prices for your product.*
- **QUALITY CONTROL** - *Unlike dropshipping or purchasing wholesale, when you manufacture your own product you're in control of the quality of your final product.*

CONS:

- **MINIMUM ORDER QUANTITIES** - *One of the biggest disadvantages of manufacturing your own product are the startup costs required for designing, prototyping and initial inventory orders. Depending on the costs of your product and the manufacturer, your inventory investment can reach thousands or tens of thousands of dollars quite easily.*
- **POTENTIAL FRAUD FROM OVERSEAS MANUFACTURERS** - *Having your product manufactured means you can build your own brand around your product and aren't constrained by another brand's rules.*
- **TIME TO GET UP AND RUNNING** - *Manufacturing your product will likely take you the longest amount of time from start to finish. Manufacturing can be a long process of prototyping, sampling, refining and production. The difficulty of this process can be amplified if you plan on using an overseas manufacturer where language, distance, and cultural barriers can arise.*

MARGINS:

When you manufacture your product, your product margins can vary greatly based on the particular product, the manufacturer and order quantity. Usually, manufacturing your own product gives you the greatest margin potential over other methods like purchasing wholesale and dropshipping.

RISKS:

With great rewards comes great risk. This makes manufacturing the highest risk option in most cases. You must purchase (usually) larger amounts of inventory upfront with no guarantee it will sell. Manufacturers generally have a minimum order quantity (MOQ) so you may be starting out with thousands of units or more.

Minimum orders will depend on the product and manufacturer so make sure you discuss early what the MOQ is but remember, minimum order quantities can usually be negotiated.

As mentioned previously, risk also comes in the form of fraud if you're purchasing from a manufacture overseas, particularly from Asia. Business-to-business sourcing sites like Alibaba have safeguards in place to help prevent fraud, but fraud is still a very real issue with little recourse if something does go wrong.

Purchasing Your Product Wholesale

Buying wholesale is a fairly simple and straightforward process. You're buying your product inventory (usually other brands) direct from the manufacturers or from a middleman supplier at a discounted wholesale rate, which you in-turn, resell at a higher price.

Buying wholesale is a lower risk business model compared to manufacturing for multiple reasons. First, you're dealing with brands that are already established to some extent and validated in the market, so you don't run the risk of developing a product no one wants. Also, you usually don't have to purchase nearly as high of a minimum order compared to manufacturing your own product. Minimum orders will depend on the manufacturer and product. However, they're usually pretty reasonable and can even be as low as one unit per SKU if you're dealing with other smaller brands.

WHO'S IT FOR:

Purchasing products wholesale is a good option if you want to get up and running quickly or if you want to sell a variety of products and brands. Wholesaling provides a wide range of opportunities as there are many products available for wholesale.

PROS:

- **SELLING ALREADY ESTABLISHED PRODUCTS** - *Because you're selling already established products helps to lessen the risk associated with purchasing inventory*

- **BRAND FAMILIARITY** - *Selling already established brands can help position your brand by creating an aura effect on your brand.*

CONS:

- **SELLING ALREADY ESTABLISHED PRODUCTS** - *Selling already established products can work for you as well as against you. Because the products are available from multiple retailers, you will need to fight extra hard to differentiate yourself and convince consumers to purchase from you.*
- **PRICE CONTROL** - *Selling other brands means that to some extent you have to play by their rules. Some brands will enforce price controls to prevent you from discounting their products. This limits your ability to have certain sales and offers.*
- **INVENTORY MANAGEMENT** - *When purchasing wholesale you'll likely have to purchase a minimum order of each product. The minimum order will depend on the product and manufacturer that will depend partially how big the brands are you plan on stocking.*
- **DEALING WITH SUPPLY PARTNERS** - *If you're carrying an array of products, dealing with multiple supply partners can become difficult to manage. Requirements, contracts, and rules will vary from supplier to supplier.*

MARGINS:

The margins for wholesale are typically good compared to dropshipping, but not usually as profitable as manufacturing products yourself. This method can be considered a safe middle ground between manufacturing and dropshipping when it comes to margins. Although each case is unique, it's typical to see a 50% margin on wholesale goods resold at retail pricing.

RISKS:

Buying wholesale is a lower risk model versus manufacturing but still carries some risk. Wholesaling will require the purchase of inventory with no guarantee that you can sell it. Perhaps the greatest risk comes from figuring out how to differentiate yourself from the many other retailers selling the same products from the same brands.

If you're planning on wholesaling, you'll need to consider how you can set yourself apart and add value that will convince customers to order from you.

Dropshipping Your Product

The concept of **dropshipping** is selling products you don't actually own. Working with dropship partners is not only a product acquisition model, but also includes product fulfillment. The process works by taking orders from your online business and forwarding them to your dropship partner. They in turn, ship the product to your customer on behalf of your company. The key to making money with drop shipping is making a profit on the price difference between what you charge and what your dropshipping partner charges you. Although it's not set in stone, typical dropshipping margins are usually around 15%-20%.

The biggest benefit to dropshipping is the ability to offer a large selection of products without purchasing inventory upfront or managing that inventory. Dropshipping can also be a great tool to help diversify your inventory and test products since it's just a matter of adding the new product to your store.

When going with a dropshipping business model, you can either work with manufacturers (who offer dropshipping) by contacting them directly or you can work with a dropship aggregator like **WorldWide Brands**. An aggregator works with hundreds of manufacturers and makes it easy to sell thousands of products without the need for you to maintain relationships with each individual manufacturer.

Keep in mind, that although these aggregators make it easier to sell a variety of products, they take a cut of your already slim dropshipping margins. Additionally, many will make you pay a yearly "membership" or "sign up" fee of a few hundred dollars.

WHO'S IT FOR:

Dropshipping is by nature, the cheapest option to get started. Therefore, dropshipping is for people that would prefer to keep startup costs as low as possible and are less concerned about margins. Dropshipping is also a great option for someone that doesn't want to hold and manage inventory.

It's also a great option for people starting out in ecommerce as it allows you to get started for almost nothing and to start understanding the world of ecommerce and various aspects of online marketing.

PROS:

- **LOW STARTUP COSTS** - *The biggest advantage of dropshipping is the low startup costs. Because you're never purchasing and carrying inventory upfront, you have no inventory costs.*
- **LOW RISK** - *Since you don't actually purchase your inventory upfront you aren't taking the risk of having items you can't sell.*
- **MANAGE YOUR BUSINESS FROM ANYWHERE** - *Dropship partners not only supply your product, but they also fulfill orders for you. That means you can easily manage your business from anywhere in the world, provided you have a laptop connection.*

CONS:

- **HIGH COMPETITION**- *Because dropshipping has such a low barrier to entry, you need to be prepared for a high level of competition in your product category.*
- **LOW MARGINS** - *Maybe one of the biggest disadvantages of dropshipping are the very low margins. This makes it extremely difficult to compete in the paid advertising space and means you'll have to rely more on adding value through superior customer service and building better content. Low margins also mean you have to sell a significant volume to make a decent profit.*

MARGINS:

Your profit is the difference between what you charged the customer and the price the dropshipper charges you. Typically with dropshipping your profit margins are slim, around 15%-20%.

RISKS:

Dropshipping is fairly low risk in terms of potential financial loss because you're not buying inventory upfront nor do you have to worry about shipping product. However, risk comes in the form of very slim margins and high levels of competition.

Slim margins mean you'll have to move a lot of units to make a decent profit. Compounding that, the slim margins diminishes your ability to profitably carry out certain marketing activities like pay-per-click to acquire new customers as well as running sales and offers.

NOTE: Check out our [comprehensive guide](#) on dropshipping.

Which method is right for you?

Most products will fall into one of these four product acquisition models. Depending on your chosen product or niche, you may not have the option of which business model you choose. Much of it depends on the type of product you plan to sell. Some products will naturally fall under certain categories.

For example:

- *If your product idea doesn't exist: Make or Manufacturer*
- *If you have almost no money to get started: Dropship*
- *If You want to sell other brands: Wholesale or Dropship*
- *If you want to hand produce your product: Make*
- *If you want the highest possible margins: Manufacture*
- *If you want to take the least risk possible: Dropship*
- *If you want to take the most risk possible: Manufacture*
- *If you want to take some risk: Make/Wholesale*

The model you end up selling under will partially define and shape your entire business going forward. It's important to understand the advantages, as well as the disadvantages of each so you can make the right choice for your business.

In the next chapter, we'll show you how and where to look for a supplier for your products.



11 LOCATING A SUPPLIER

You've made it this far. This alone is a huge achievement, but you can't rest on your laurels quite yet. Now you have to find a supplier for your product idea.

If your plan is to make your product yourself, you're going to require the sourcing of raw materials and parts. Manufacturing will require factory sourcing. Wholesaling will require making direct communication with manufacturers or with their distribution partners. Finally, dropshipping will require finding manufacturers that will dropship on your behalf or by working with a dropshipping distributor.

Although each of these methods is slightly different, they all require searching, communicating, convincing someone to work with you and negotiating price and minimum order quantities.

In this chapter, you're going to learn exactly what to need to know to locate, contact and negotiate with suppliers.

The Basic

NOTE: For the purpose of this chapter when we refer to suppliers, we are referring to anyone that has the capability to provide you with products and inventory. This encompasses manufacturers, dropshippers, wholesalers and distributors.

There is a ton of helpful resources to be found online just by searching Google. However, before you begin, there are a few things you should know and decide upon.

First, as we mentioned in the intro to this chapter, you need to determine which type of supplier you're looking for. This will help determine the terminology you need to use in your research.

There are several common options:

- *A manufacturer to produce your own product idea*
- *A supplier, who may also be a manufacturer, wholesaler or distributor to purchase already existing brands and products for resale*
- *A dropshipper to supply products and fulfill orders of already existing brands and products*
- *If you want to take some risk: Make/Wholesale*

Domestic vs. Overseas Suppliers

The next step is to ask yourself if you want to source your products domestically or from overseas. Overseas sourcing can refer to any country overseas but typically refers to Asian countries like China, India and Taiwan where cost of production, and therefore the product, is generally much lower.

Both domestic and overseas sourcing has their advantages as well as disadvantages. Let's take a look at the pros and cons of each method below:

Domestic Sourcing

ADVANTAGES

- *Typically higher manufacturing quality and labor standards*
- *Ease of communication with no language barrier*
- *Additional marketing appeal of products being made in North America*
- *Easier to verify manufacturers and their reputations*
- *Quicker shipping time*
- *Increased intellectual property right protection*
- *Higher payment security*

DISADVANTAGES

- *Higher manufacturing and product costs*
- *Less product choice (There are many items that just aren't made in North America anymore)*

Overseas Sourcing

ADVANTAGES

- *Lower manufacturing costs*
- *High number of manufacturers to choose from*
- *One-stop services like Alibaba have made it very easy to navigate suppliers*

DISADVANTAGES

- *Lower perceived quality from customers*
- *(Usually) lower manufacturing and labor standards*
- *Almost no intellectual property protection*
- *Language and communication barrier can be difficult to overcome*
- *Difficult/costly to verify manufacturer and visit on-site*
- *Longer shipping time*
- *Cultural differences in business practices*
- *Product importation and customs clearance*
- *Low level of payment security and recourse*

Where to Begin Your Supplier Search

Now that you have a better idea of exactly what you're looking for, as well as the advantages and disadvantages of domestic vs. overseas sourcing, it's time to begin searching for your supplier. Naturally, the internet will provide a great source of information but there are a few places, in particular, which can help with your search.

The Depths of Google

Search engines like Google and Bing are naturally the best place to start. We are accustomed to easily being able to do a search and generally finding what we are looking for on the first page. However, many suppliers haven't kept pace with the Internet and the constantly changing rules of SEO. Their websites are usually old, sparse on information and most certainly are not search engine optimized. This means you will likely have to dig a little deeper to find what you're looking for.

So how do you find suppliers on Google and Bing? For the first time, you'll need to explore pages 2,3,4,5 and beyond of your search results. You'll also need to try a variety of search terms. For example, words like wholesale, wholesaler and distributor may be used interchangeably so you should search for combinations of all of them.

It may help you make yourself familiar with Google's search shortcuts to improve the quality of your searches, thus the results:

Google Shortcut	Finds Pages That Have...
nokia phone	the words nokia and phone
sailing OR boating	either the word sailing or the word boating
"love me tender"	the exact phrase love me tender
printer -cartridge	the word printer but NOT the word cartridge
Toy Story +2	movie title including the number 2
~auto	looks up the word auto and synonyms
define:serendipity	definitions of the word serendipity
how now * cow	the words how now cow separated by one or more words
+	addition; 978+456
-	subtraction; 978-456
*	multiplication; 978*456
/	division; 978/456
% of	percentage; 50% of 100
^	raise to a power; 4^18 (4 to the eighteenth power)
old in new (conversion)	45 celsius in Fahrenheit
site: (search only one website)	site:websearch.about.com "invisible web"
link: (find linked pages)	link:www.lifehacker.com
#...# (search within a number range)	nokia phone \$200...\$300
daterange: (search within specific date range)	bosnia daterange:200508-200510
safesearch: (exclude adult content)	safesearch:breast cancer
info: (find info about a page)	info:www.websearch.about.com
related: (related pages)	related:www.websearch.about.com
cache: (view cached page)	cache:google.com
filetype: (restrict search to specific filetype)	zoology filetype:ppt
allintitle: (search for keywords in page title)	allintitle:"nike" running
inurl: (restrict search to page URLs)	inurl:chewbacca
site:.edu (specific domain search)	site:.edu, site:.gov, site:.org, etc.
site:country code (restrict search to country)	site:.br "rio de Janeiro"
intext: (search for keyword in body text)	intext:parlor
allintext: (return pages with all words specified in body text)	allintext:north pole
book (search book text)	book The Lord of the Rings
phonebook: (find a phone number)	phonebook:Google CA
bphonebook: (find business phone numbers)	bphonebook:Intel OR
rphonebook: (find residential phone numbers)	rphonebook:Joe Smith Seattle WA
movie: (search for showtimes)	movie:wallace and gromit 97110
stocks: (get a stock quote)	stocks:ncesa
weather: (get local weather)	weather:97132

Image source: about.com

Directories

Some of the best sources can be free online supplier directories. These directories contain profiles for hundreds of suppliers.

Below, we have listed a few of the most popular ones for both domestic and overseas suppliers:

ONLINE DOMESTIC DIRECTORIES

- [ThomasNet](#)
- [Makers Row](#)
- [MFG](#)
- [Kompas](#)

ONLINE OVERSEAS DIRECTORIES

- [Alibaba](#)
- [AliExpress](#)
- [IndiaMart](#)

Local Library

You may also want to consider dusting off your library card and head out to your local library. Most libraries pay monthly subscription fees for online business and manufacturer directories that you normally wouldn't have access to like the [Scotts Online Business Directory](#). Directories contain profiles for hundreds of manufacturers, wholesalers and distributors in North America.

NOTE: Make sure to give your local library a call ahead of time and ask them if they have access to these types of paid private directories. For larger libraries, you may need to chat with the business & technology department.

Referrals, Social Networks & Forums

Referrals can sometimes be your best source for leads. Social networks have made it much easier to get the word out so make sure to use these channels and ask friends, family, and your network for suggestions and introductions.

LinkedIn, in particular, can be a big help in your search for a supplier. Try searching for people in the industry you're considering entering and ask them for referrals to suppliers.

Additionally, niche specific forums are also great places to ask for referrals to suppliers. Reddit, in particular, has a [subreddit](#) for almost every niche you can imagine, so make sure you make a pit stop there.

As you start to uncover suppliers, even if they aren't the right fit for you, be sure to ask them if they can point you in the right direction. Being in the industry means they will likely have great contacts. Many times, if they aren't a good fit for you, they will be more than happy to refer you to someone that might be a better fit.

Other Research Tips

Beyond searching for your products by their name, you can also try searching for your products its NAICS code. NAICS is the North American Industry Classification System, and pretty much every single industry and product you can think of has a NAICS code. Sometimes manufacturers and suppliers may list their products by the NAICS code which can make your product manufactures and suppliers easier to find, especially if you're using professional directories.

The NAICS directory can be found at your local library or on the Internet at:

USA - [NAICS Code](#)

CANADA - Go to <http://www.statcan.gc.ca> and search for NAICS

Requesting a Quote

Requesting a quote (many times referred to as an RFQ, Request For Quote) is a relatively simple process. However, taking a few extra minutes to plan your email can make a significant difference in the number and quality of replies you receive.

Here are a few important questions to consider for your email:

- **WHAT IS YOUR MINIMUM ORDER QUANTITY?** - Also referred to as an MOQ. You'll want to make sure their minimums are manageable for you and that you can afford them. This minimum order quantity can vary wildly depending on the product and the supplier, so it's important to ask up front. Keep in mind, minimum order quantity is almost always negotiable.
- **WHAT IS YOUR SAMPLE PRICING?** -You'll likely want samples to inspect before making a full order. Sample pricing ranges, depending on the product and supplier. Some suppliers that receive many requests may change the full retail pricing, others will offer you samples at a discounted rate, and some may even send you samples for free.
- **WHAT IS YOUR PRODUCTION PRICING?** - One of the most important questions is how much your products cost per unit will cost. You'll probably want to ask for pricing for several quantities to get a sense of if and how they do discounted pricing at higher quantity levels.
- **WHAT IS YOUR TURNAROUND TIME?** - Knowing how long it will take to produce your order is an important consideration and depending your exact business, time can be critical.
- **WHAT ARE YOUR PAYMENT TERMS?** - Many suppliers will require new businesses to pay for the full order up front. This is important to know since inventory is a major cost for ecommerce startups. You may want to also ask if they provide payment terms on future orders.

A lack of supplier responsiveness is a common complaint from new ecommerce entrepreneurs. The most common reason suppliers don't reply is because many suppliers get bombarded with email quote requests all the time from flaky buyers that are just 'kicking the tires'. Because of this, they simply don't have the time to reply to all requests.

So how do you avoid being ignored? There are a few things that you should avoid when reaching out to suppliers for the first time:

- **EMAIL FROM PERSONAL EMAIL** - *Remember, suppliers receive lots of requests. Because they invest time into replying to your email, they are looking for signs that you're real potential lead for them. Emailing them from ilovebritneyspears@hotmail.com is a surefire way to not receive a reply. It may cost a bit of money, however, purchasing a domain name and even setting up a very quick landing page with a service like Striking.ly can go a long ways in making your look more qualified in a suppliers eyes.*
- **LONG EMAILS** - *Your first email to a manufacturer should be clear and concise. Avoid telling too much about your story and background. The first email should be purely to assess a potential fit at a high level. Focus on what suppliers care about the most like the details of what you're trying to source.*
- **ASKING FOR TOO MUCH** - *Requests aren't always easy for the supplier to produce. It's important to ask for a few prices for multiple quantities, but avoid asking for too much or too many quotes. Stick to asking for what you absolutely need to assess a fit between you and the supplier.*
- **ASKING FOR TOO LITTLE** - *If you ask for a quote well below the supplier's minimum order quantity (MOQ) you risk being met with silence. Sometimes it's better to request quotes for a larger amount to begin the email communications.*

Finally, if you're contacting a supplier from overseas, keep in mind that in many cases, they may be using a translation program like Google Translate to translate your email as well as their reply. Keeping your emails short, concise, well-formatted and spelling error free will not only help the manufacturer, but it will ultimately provide you with better replies.

When asking your questions and formatting your email to suppliers, especially to overseas suppliers, it's best to number your questions so that they can easily reply to each number, keeping the questions and communication clean and organized.

Here is an example of an email template you may want to consider and use for contacting suppliers:

Hi,

My name is John Doe and I am with XYZ Company.

I am interested in placing an order for Widget A. Before I do however, I just have several questions:

1. What is your minimum order quantity?
2. What is your cost per unit and at what quantity levels do you offer quantity discounts?
3. What are your payment terms for new customers?

I would also like to order a sample of Widget A before placing a full order. Can you please send me the cost for the sample including shipping to:

John Doe
80 Spadina Avenue, Floor 4
Toronto, ON, Canada
M5V2J4

Thank you.

John,
XYZ Company
www.xyzcompany.com
416-444-4444

As you can see from the sample above, it's short, concise, and its goal is to make sure at a high level that there is a fit between both parties.

Negotiating Minimum Order Quantities (MOQ)

If you're looking for a supplier for the first time, you're going to quickly learn about 'Minimum Order Quantities' (MOQ's). Minimum order quantities will largely depend on your product, the industry, your supplier and whether you're manufacturing the product, wholesaling or dropshipping. Typically, if you are purchasing good wholesale for resell, minimum orders can be anywhere from a few units to a few dozen, sometimes more. If you are dropshipping, there is generally no minimums because you aren't purchasing inventory up front. If you are manufacturing your own product, minimum's are almost always the highest and can range from a few hundred to a few thousand.

MOQ's make it difficult when you have limited funds, or simply want to play it safe by starting small to test the market before making larger purchases. The good thing is that MOQ's are almost always negotiable.

Before you begin negotiating, the first step is to understand why the supplier has a minimum. Is it because there is a lot of work upfront to tool the machines? Maybe it's because they just prefer to work with larger buyers. Regardless, understanding the reasons behind the manufacturer's minimum will help you better understand their position and will help in your negotiations.

Once you have a better understanding of your suppliers position, you can ask for a lower order quantity. Compromises can include giving the supplier a deposit for a larger order, but just producing small amounts at a time or paying a higher price per unit. Sometimes, just asking for a break on your first order may be enough.

TIP: One particularly effective method of negotiating a lower minimum order is to ask for a break on your first order so that you can use the money saved to put into marketing their product. This makes the supplier feel that you are more committed to selling their product.

Chapter Conclusion

Sourcing a supplier for your product is a unique process and a new experience for many first-time entrepreneurs. Although sometimes it can be a frustrating and time-consuming experience with many dead ends, choosing the right supplier for your business is a critical decision and one that you shouldn't rush. It's easy to get frustrated when you hit dead ends, but in most cases, it just requires a little more patience and perseverance to find the perfect partner for your new business.



12 FINAL THOUGHTS

Finding a product to sell online is not an easy task. Even with a million products available to sell online, narrowing it down and choosing one is no small feat.

Many times, new ecommerce entrepreneurs get so caught up in trying to find the absolute perfect product that they never get started. The thing is, there really is no perfect product. There are bad, good and great products. With the exception of bad products, good and great products can be your perfect product, provided you believe in a long term vision and you're willing to work hard.

Don't Get Hung Up On The Criteria

What makes a product successful is much more than just some checkmarks on a list of criteria or number of searches per month in Google, or a low level of competition in the niche.

Although the evaluations we looked at in this guide will definitely help steer you in the right direction, there is still no substitute for taking or creating a great product, adding value, executing great marketing, providing outstanding customer service and a long-term commitment. Do your research but don't let every little negative point you come across paralyze you.

Rinse and Repeat

If you closely followed this guide but still don't feel confident in your product choice, repeat the process. You can always try re-evaluating your product idea by choosing a slightly different niche or market. These slight tweaks can make a big difference in the success of your product idea and business. Alternatively, you can also choose to scrap your product idea entirely and begin looking for new product ideas.

Keep Moving Forward

The most thing to remember is to keep moving forward. Many new entrepreneurs will get stuck in a vicious cycle of constantly looking and evaluating ideas, never to find the elusive perfect product, thus never actually starting a business. One of the best things about being an ecommerce entrepreneur in this day in age is that many of your ideas can likely be started for extremely little money.

Although many people believe that the majority of successful ecommerce entrepreneurs had 100% certainty in their product and niche before starting their business, that's usually not the case. The majority of them had fears and reservations about how things would turn out. Despite this, they moved forward.

Although starting a business is a journey, and not a race, a journey still begins with the first step. Give yourself a deadline and if you can't find your perfect product, start looking at your best options for starting.

ADVICE FROM ECOMMERCE EXPERTS

Noah Kagan



“The #1 strategy for product validation is to do pre-sales. Email people telling them what you are going to make and when it’ll be delivered by. Ask for 5 orders at a specific price and see if people will buy. This will help you figure out if people want what you are making and if they don’t you can ask them what they’d pay for instead. Money is a truth serum.”

- NOAH KAGAN OF **SUMOME**

Billy Murphy



“Is your product better than anything else on the market for the unique value it offers? If not, why are you wanting to sell it? It doesn’t have to be #1 overall in the market, but it should be #1 for whatever need around the product you’re trying to solve. There is little point in launching a product that offers

the same value as other people already do, unless you specifically fill a marketing gap in the space. If you’re offering the same thing as other people already do, profits will likely be temporary, and capped. If you offer something that solves a specific need better than anyone else, profits are more likely to be long term, and more importantly, uncapped.”

- BILLY MURPHY OF **FOREVER JOBLESS**

Sean Ogle



“One of my favorite strategies for coming up with product ideas is to take what I call a problem walk. If I’m stuck for ideas on anything, I’ll go walk around my hometown (or whatever city I’m in) and look for any problems or things that could be done better. I take a note, and try to have 25 before I go home.

This allows me to start thinking in the mindset of helping others and finding things that need to be fixed that I could potentially provide a solution for. It’s worked surprisingly well both for potential products as well as content.”

- SEAN OGLE OF **LOCATION 180**

Andreea Ayers



“When you are thinking about the kind of product you want to launch, think about your own life and answer some of the following questions: What are some products that you WISH you had? What type of product would make YOUR life better? Is there an existing product that you can tweak to make it better or more useful? And would others see the value in it, too?

When you are ready to test, it’s important to get feedback to validate your idea. It might be tempting to ask friends and family for their opinion, but that’s not the right way to go because friends and family will either totally support you and go along with ANY idea that you might have, or they might not support you as well. The best way to go about validating your product idea is to reach out to your IDEAL customer, ask them if they would actually buy it and then ask them specific questions about your products.”

- ANDREEA AYERS OF **LAUNCH GROW JOY**

Andrew Youderian



“When it comes to finding a successful niche, the issue isn’t product sourcing. Between drop shipping and Alibaba.com, many products can be easily found and purchase. Instead, you need to have a convincing answer for this question: why would people buy from you over someone else?”

This question is easiest to answer when you’ve made your own unique, proprietary product that fills a specific need. And while you can still succeed reselling products made by others, it takes more work and skill. With Amazon and the legions of other trusted retailers likely selling the same thing, you really have to set yourself apart.

If you try to compete on price or selection, you’ll likely find those are difficult ways to differentiate. The answer will vary for each niche you’re in, but you should be able to convincingly answer this difficult and important question before moving forward.”

- ANDREW YOUDERIAN OF **ECOMMERCEFUEL**

Steve Chou



“My favorite place to find product ideas is to use a service called Terapeak. Terapeak scrapes all of the EBay listings and tells you what products are hot and what products are not. It also ties into the Amazon product listings so you can get an idea of what is selling there as well. In many cases, you can

find a top selling product, iterate and make improvements and then sell it under your own brand.”

- STEVE CHOU OF **MY WIFE QUIT HER JOB**

Drew Sanocki



“My favorite way to evaluate a product idea is by setting up a quick landing page featuring my proposed product using a cheap Wordpress theme or a service like Leadpages or Instapage. Then I spend a few hundred bucks on AdWords driving traffic to my landing pages to see what sticks. After about a week of testing, I can often figure out things like 1) what offer sells, at 2) what price point and 3) what is the resulting cost per acquisition. This knowledge is invaluable -- if you know that you can drive traffic where the cost per acquisition is lower than the margin on a purchase, you have discovered product market fit and can start to scale that business up.”

- DREW SANOCKI OF [DREWSANOCKI.COM](https://drewsanocki.com)

Leighton Taylor



“One strategy I’m excited about right now is using drop shipping as a way to enter a market and validate it. This allows me to try selling a product with very little risk and low upfront cost, even if my profits are minimal at first. By drop shipping first, I can learn about the niche, figure out what’s selling, and once revenue is being generated begin purchasing inventory in bulk for better margins. This also allows me to offer a wider variety of products, since I can purchase less expensive items in bulk while continuing to drop ship the bigger items that would be difficult to purchase and warehouse.”

- LEIGHTON TAYLOR OF [ECOMMERCEPULSE](https://ecommercepulse.com)

Shabbir Nooruddin



“My first preference for a product idea is solving a problem that you yourself have. Those are the easiest to develop and validate, since you are wholly invested in them. If that’s not possible, then I like to get random ideas from everyday experiences. For example, I once visited a friend who had a pet rabbit.

That gave me an idea to look into rabbit related products. A bit of searching clicking here and there got me to a very interesting niche: animal tattoo kits. Using random ideas from everyday experiences opens your eyes to niches you wouldn’t have otherwise found.

To validate, I need to see a specific audience tied to the product. For rabbit tattoos, I’d guess that tattooed individuals would probably like to ink their pets, too, so a potential audience would be tattoo enthusiasts with rabbits. If I can find a presence of these(or other similar people who would need this product) online, that’s my basic validation. Of course, you still have to consider pricing and margins.”

- SHABBIR NOORUDDIN OF **BOOTSTRAPPING ECOMMERCE**



ABOUT THE AUTHOR

Richard Lazazzera is an entrepreneur, strategist at [Shopify](#) and the founder of [A Better Lemonade Stand](#), an online ecommerce incubator dedicated to helping entrepreneurs build, launch and grow successful ecommerce businesses.



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