

Premier Hosting, Inc.

## **DropshipWiki is a surprisingly good starter tutorial for the dropship business.**

DropshipWiki remained very concise. For instance, look at the following: Most of the information from DropshipWiki was taken from Wikipedia.com and their contributors did an excellent job, but DropshipWiki felt the need to add to some points they were missing.

### Benefits

The two main benefits of drop shipping are - no upfront inventory to purchase and a positive cash flow cycle. A positive cash flow cycle occurs because the seller is paid when the purchase is made. The seller usually pays the wholesaler using a credit card or credit terms. Therefore, there is a period of time in which the seller has the customer's money, but has not yet paid the wholesaler.

### Risks

As in any business, some risks are involved in drop shipping. For example, back ordering may occur when a seller places a shipment request with a wholesaler, but the product is sold out. Back ordering may be accompanied by a long wait for a shipment while the wholesaler waits for new products, which may reflect badly on the retailer. A good wholesaler will keep retailers updated, but it is the business owner's job to be aware of the quantities that the wholesaler has available.

### Scams

Drop shipping has also featured prominently in some Internet-based home business scams. [1] Scam artists will promote drop shipping as a lucrative "work from home opportunity". The victim who buys into this scam will be sold a list of businesses from which drop-shipment orders can be placed. These businesses may not be wholesalers, but other businesses or individuals acting as middlemen between retailers and wholesalers, with no product of their own to sell. These middlemen often charge prices that leave little profit margin for the victim, and require a regular fee for the retailer's usage of their services.

If you are considering a dropshipping business, but are not sure you understand the model, this is a good place to start for a very objective summary of the business.

DropshipWiki  
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[www.dropshipwiki.com](http://www.dropshipwiki.com)

Dropship Wiki, dropship, wiki, dropshipper, dropshipping, wholesale, retailers, distributors, dropshi companies, dropship information, free dropship info, drop ship, info, drop, ship, information, resource, dropship resource, references,