Unemployed? Home-Based Selling Offers an Income Stream.

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Online sales are booming. Those looking for more income may want to consider getting in the selling game. To serve today's online shoppers, sellers should offer in-demand and niche products at bargain prices. Examples of currently popular goods include work-from-home (WFH) equipment, Internet-related tools, and health, safety and personal care items. But beware of categories with intense competition.

From a macroeconomic perspective, lockdowns are creating a perfect storm of opportunities when combined with the steep rise of e-commerce, social media, online marketplaces and decentralization. The new economic landscape can benefit unemployed Americans, gig workers and soccer parents who become home-based sellers. Instead of watching Netflix and wondering what the new normal will mean for your wallet, use your Wi-Fi connection to make extra money. Here's how.

Get extra income

The global health crisis is creating the worst recession since World War II. In 2020, America's gross domestic product (GDP) shrank by an estimated 4 percent with 12.6 million workers unemployed. This massive disruption, however, is creating retail opportunities for entrepreneurial folks who can sell online. Online shopping has dramatically increased since the

beginning of the global health crisis, and many analysts believe we're seeing a permanent trend.

Supply chains are being disrupted because people are turning to direct-to-consumer models that eliminate middlemen. This simplifies the supply chain, cuts out broker fees and reduces delivery times. As thousands of physical retailers and distributors go out of business, e-commerce and social business are filling the void.

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Help customers stretch their dollars

Home-based sellers can succeed by offering budget-conscious shoppers essential products at bargain prices. In the past year, top-selling goods include work-from-home (WFH) equipment, Internet tools and accessories, health and safety products, and food and groceries.

What items can you easily supply, store in a closet or garage, and sell in a marketplace like Amazon?

You can also sell via personal website or through social media platforms such as Twitter, YouTube and Facebook, especially if you have thousands of friends and followers. Consider using analytics tools (Salehoo is one example) that provide data from Amazon, eBay and similar marketplaces to determine sell rate, average price and competition for various products.

Computers and electronics are expected to be the number-one category at 22 percent ($156.5 billion) of total e-commerce in 2020. Apparel and accessories are second at 19.1 percent ($135.5 billion), according to September 2020 research by eMarketer.

Think in terms of buyer behavior in the new normal. What exactly are people doing daily and what do they need?

According to research firm Glimpse, other popular categories

include household items such as blue-light glasses (up 94 percent), bidet toilet (up 300 percent) and online church (up 544 percent). Home-gym equipment, fitness clothing, baby care, pet supplies, video-conferencing tools and Internet-related services and accessories.

Design an efficient process

In terms of fulfillment, drop-shipping has become extremely popular in the past decade. That’s when Chinese and international suppliers ship directly to your customers, minimizing logistical burdens. However, margins are typically lower because suppliers charge a drop-shipping fee. (Sites such as Alibaba and AliExpress list Chinese drop-ship suppliers.)

Sellers can also buy wholesale directly from manufacturers in China, India, Thailand and Vietnam. But have thick skin and sharpen those negotiation skills. Also, keep in mind that suppliers are inundated with inquiries and spam. They’re looking for serious buyers only, as well as long-term collaboration.

Purchasing in bulk leads to higher margins, but it typically requires a larger financial commitment. Wholesaling can also be more labor-intensive for the seller. But there are a growing number of fulfillment service providers that cater specifically to online retailers.

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If you’re shipping to customers abroad, there are international parcel forwarding services like MyUKMailbox.com. The UK-based shipping and logistics company is an example of a growing number of fulfillment providers that can also process payments and help sellers navigate local import rules.

Fulfillment support enables sellers to have freight repackaged

and forwarded directly to end-users and even to Amazon Fulfillment Centers. Packaging and parcel-forwarding services also ensure that the shipping process aligns with consumers' expectations. According to 2020 research by Retail TouchPoints, 84 percent of shoppers are unlikely to shop with a brand again after a poor last-mile delivery experience.

Manage cash flow

Finally, it's critical that you properly manage cash flow. Getting sales – income – doesn't mean acquiring immediate cash flow. Some people pay late or never, and there can be delays as to when funds are deposited into your bank.

Inventory is an area where most of your working capital will be tied up. The advantage of home-based selling is that you have minimal overhead expenses. However, it's important to be conservative with initial and subsequent inventory orders until you observe sufficient sell-through. Start small and slowly scale; this leaves enough cash to cover business and personal expenses.

Respect the learning curve. The key to home-based selling is to establish KPIs such as margins, average order value, break-even point, delivery times, cost per acquisition and customer lifetime value. You also need to adjust for seasonal demand to match inventory levels.

But the essence of this business is conversion. If you can convert Web and social traffic into purchases, fulfillment providers can handle the rest.

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