

SHOP.  
SHIP.  
PROFIT.

# ARBITRAGE

*by Online Sellers Circle*

*How to set up an online business and make  
thousands in PROFIT every single month*



**Online Sellers Circle**

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Shop. Ship. Profit. Make thousands in PROFIT every single month by selling online.

# Welcome to OSC!

**T**hank you for your interest in Online Sellers Circle. This How-To guide will show you in simple terms how to set up a business by selling products online and cashing in the profit every single month. This guide will focus primarily on a strategy called 'Arbitrage' where you purchase products and resell them online to make a profit.



*Steve Lamontagne & Tadie Hampshire-Haig  
Founders of Online Sellers Circle*

# What is Arbitrage?

Arbitrage consists of buying products at a low price/on sale and selling them at full price for profit.

Look at the example below. You buy the product at **£3.25** and resell it at **£19.99**. After Amazon's fees, you make a profit of **£10.77**, which is a return on investment (ROI) of 331.43% or a profit margin of 53.88%.





# Where to resell?

**Y**ou can use platforms like Amazon or ebay to sell products and make a profit. Our preferred method is Fulfilment By Amazon (FBA) because you send the products to Amazon and they do most of the heavy lifting!



# Five reasons why reselling is a viable business model

1

Easy to build knowledge

2

Little start-up capital

3

Sell multiple products

4

Minimal risk

5

Fast return on investment



### REASON 1: Easy to build knowledge

*I went through the content of the online course and was able to go live on Amazon within 9 days!*

– Colin

Arbitrage is considered one of the easier business models to understand. As you as you have set up your Amazon Professional Seller Account, you can start making money very quickly.

There is an array of content and tools available to resellers yet the majority lack in detail and often see newbies fall at the first hurdle. It is important when starting out in any new business to listen and follow correct information and guidance from those who have succeeded. This guide will walk you through the fundamental principles and guide you through each step that you need to take, in order to be successful and consistently flip products for profit through reselling.

## REASON 2: Little start-up capital

Unlike like many other business models and strategies, you do not need hundreds or thousands of pounds to get going. You can start small and gradually scale, reinvesting the profit you have made along the way.

## REASON 3: Sell multiple across categories

You can resell most products that don't carry brand restrictions or are not part of restricted categories.

The key here is to go wide and not deep to start with. The wider range of products you have to sell, will increase your chances of consistent sales and minimise the risk of having too many of the same product that sell very slowly or not at all. Once you have tested your products and the speed at which they sell, you can then reinvest in more stock.



### TOP TIP

Make sure that you are allowed to sell a product on Amazon before purchasing it. Sometimes a great deal in a shop may not be such a good one if you can't sell it on Amazon...



### Ungating process

Not all categories are available to new sellers on Amazon.

In order to be 'ungated' sellers need to meet specific criteria. Once a seller is ungated, they have access to a lot more products to sell and their profitability increases as a result of competing with more experienced sellers who will not 'penny underprice' to get a quick sale.

### Gated categories

Some categories such as Toys & Games and Dietary Supplements include products which are considered 'gated'. This means that Amazon requires professional sellers to provide additional information in order to become approved to sell these products. For further guidance, check out our 5 Top Tips Ungating Guide: <http://bit.ly/Ungate5tt>

SPOTLIGHT

## REASON 4: Minimal risk

Because you are not bearing the costs of manufacturing your products nor paying hefty marketing costs, you run less risk of losing money. If you follow the right steps you can source products which won't break the bank account. It is essential to do your due diligence before purchasing products to ensure that there is demand and enough profit.

## REASON 5: Fast return on investment (ROI)

This strategy can offer a very fast return on investment, depending on the products you sell, the demand for the products and the platform you choose to sell them on. Nowadays most retailers and wholesalers offer next day delivery or a collection service, enabling you a quicker turnaround from purchase to sale to profit.

### Key things to look for in a product to resell online

1. **Demand:** is the product selling well on a daily basis at the moment, but also historically?
2. **Profit:** once you take away the cost of purchase and the Amazon fees, is there enough profit to justify the purchase in the first place?
3. **Competition:** How many other sellers are selling this product? Is Amazon one of them? Are they sharing the Buy Box?

These factors are essential when analyzing a product to ensure there is enough profit to grow your business.



### Be clear on what you want to achieve with your online business

Are you currently employed and you dream of building an online business to replace your income and 'sack the boss'? Maybe you currently have your own business but you'd like to bring in some extra cash.

Set some clear goals and put in place a plan of action to keep you accountable.



### Keep reading!

In the next section, we will explain the difference between Retail and Online Arbitrage and illustrates the benefits and downsides of each strategy.



# Retail or Online Arbitrage?

You can source products either by going physically to the shops (RETAIL ARBITRAGE) or by purchasing them online (ONLINE ARBITRAGE). Both methods have their advantages and disadvantages.



## RETAIL ARBITRAGE

Retail arbitrage (RA) consists of buying products from retail shops or stores for the purpose of selling them online for profit. Simple isn't it!

For example, let's say one of the retail giants are running a special offers on Barbie™ dolls with 75% off the retail price. You purchase the product for £5.00 in the sale. You take it home, list the product for resale at £20.00 on Amazon and package it up to send to one of the 13 UK fulfilment centres.

The item sells at £20.00. Amazon take the payment from the customer and send them the item. After taking their fees, Amazon pay you the difference. Your profit is therefore £20.00 minus Amazon fees (roughly 25%) minus your purchase cost of £5.00. In this example, you would make approximately £10.00 profit which is not bad for a product that cost you £5.00 to buy!

Is it that simple? Well, if you know what to buy and where to buy, you can easily build a very healthy income from a business that doesn't require you to spend tons of money on stock and advertising. As with any strategy, there are some ups and some downs to Retail Arbitrage.



### **Nobody is perfect...**

*Like with any business strategy, there are some upsides and downsides to arbitrage. Whether you purchase your products from a store or online, each option offers some benefits and disadvantages.*

*Choose a strategy that works well with your lifestyle to start with. Of course, you can use a combination of both strategies, which will give you access to more products and help you grow your business faster.*

## **RETAIL ARBITRAGE**

### **– ADVANTAGES**

#### **Sourcing with Schedule**

You can combine sourcing your products during your free time or when you have a weekly food shop, family outing to town planned, or weekends away. Why not teach the children and help them learn key skills along the way as well?

#### **Less competition**

When you hunt for products in shops, you might find a unique product or a retailer which stocks one-off items, not widely available online and may certainly have less competition from other FBA sellers.

#### **Return On Investment (ROI)**

This in turn will provide a great return on investment, as products sourced from retailers are usually priced lower during clearance and sales periods.

#### **Quick Purchase**

As a Retail Arbitrager you are responsible for the trip, product purchase and shipment to Amazon. Often you can purchase and feed products into Amazon for a quick sale, rather than waiting for retailers to deliver the products to your home.

#### **Easy To Get Started**

It really is easy to get started and you have a large supply of retail shops available to start practising. The more time you spend getting to know your shops and products, the better you'll be at spotting bargains.

#### **Less Purchasing Restrictions**

Some websites set restrictions on the total amount of products you can purchase in one go. With Retail Arbitrage you don't have this problem and are free to purchase the entire stock on the shelf if you wish to.

## RETAIL ARBITRAGE

### – DISADVANTAGES

#### Limited Quantities

The shop you are visiting may only have a few product items in stock, limiting your profit opportunities. However, on the flip side, you could contact the same shops in a wider catchment area to see what stock levels they have and purchase directly from them.

#### Physical Work

Retail Arbitrage can be more labour intensive and have you carrying products from the trolley to the car and into the house. It would be wise to take a strong pair of hands with you when scheduling your trips or ask the shop assistant for help if you are buying in large quantities.

#### Lack of Stock

There may be days when you venture out to your retail shops and don't find any profitable stock to sell. This can prove frustrating but it's important to stay focused. You will find products and the good days will certainly outweigh the bad.

#### Travel/Costs

Traveling to and from each retailer will take time and incur travel costs, which you should log as a business expense. Equally you have to physically live near these shops or have access to a car.

#### Time Consuming

This method can prove time consuming and you may be limited to the amount of shops you can visit in the free time you have.



#### Find the right balance

*What are your strengths? Your weaknesses? What do you love? What do you hate?*

*We are all different. Get to understand who you are and play to your strengths. Think about outsourcing the tasks that you don't enjoy doing or the ones you're not very good at.*



## ONLINE ARBITRAGE

Online Arbitrage (OA) consists of purchasing products from retailer websites, having them delivered to your home address or collecting them in store – via a click-and-collect method – and reselling them for profit. Similar to Retail Arbitrage in principle, but without having to leave the comfort of your home!

Even if you start and wish to continue selling through Retail Arbitrage, there is nothing stopping you from sourcing through online arbitrage as well. Whilst Retail Arbitrage may give you a bigger ROI, Online Arbitrage can be better in some respects because of the sheer reach it can give you.

If you're not one for the crowds or shopping in retail shops, then Online Arbitrage is for you!



## ONLINE ARBITRAGE – ADVANTAGES

### No Sourcing Limits

You can source your products from anywhere in the world, all you need is a laptop and a Wi-Fi connection.

### Products Delivered to You

You can tell the online retailer where you want the items to be sent to and once they arrive, they are pre-packaged, near enough ready for you to send into Amazon.

### Less Physical Work

There is minimal manual labour required with Online Arbitrage.

### More Sources Opportunities

There are more sources of products available through online websites, compared with the amount of retail shops you can visit at any time.

### 24/7/365

Websites never sleep – you can source online 24/7 every day of the year.

## ONLINE ARBITRAGE – DISADVANTAGES

### Greater Competition

Online deals that you find will have been found by other sellers. Products are therefore visible for purchase and will lead to greater competition. As a result, the product may sell slower than anticipated.

### Lower Margins

Margins can be lower than retail deals. This isn't always the case but generally the deals found in shops may hold greater profit margins.

### Lead Time

Increased lead time – dependent on the online store, delivery could take anything up to a week and product pricing on Amazon could change in that time. Compared to buying in a retail shop and sending straight to Amazon. It's always good to check the delivery lead times with the online retailer first before purchasing.

### Isolating

As an Online Reseller, it could get lonely and isolating, especially when you do this for long periods of time and don't interact with people.







## SUMMARY

Now that we have established the advantages and disadvantages of both Retail and Online Arbitrage, you hopefully can see that both methods can work and work well together.

In summary the biggest advantage to Retail Arbitrage is that it usually offers higher profit margins but requires more time and petrol to visit the retail outlets.

Online Arbitrage's biggest advantage is being able to source at anytime and anywhere, but with that comes competition.

So which sourcing method should you use?



## EXERCISE

Think about each method and how it can work for you? Write down when you can carry out Retail Arbitrage and when you could source your products through Online Arbitrage.

What's the best time of the week for you? Which method would suit your current lifestyle better?

# Who has this worked for?

*"Feeling proud with Hugo! Our first 30 days of sales! £2,551.87. It's been a great start, lots more to do."*



**Amber**



**Jane**

*"I have just hit my November target of £10,000 per month. I only started in August so I can't wait to see where I'll get to next year!"*

*"A year ago today we made our first sale on Amazon. 1 year later we have sold 4478 units and turned over £119,155.42 at 40% ROI and 20% profit margin so our profit is around £24k. In Jan this year I was able to make the decision not to go back to work for someone else and now run my own company with my business partner (my mum) instead."*



**Pennie & Sophie**

# How do I get started?

## STEP ONE:

**Kickstart your Arbitrage journey with our FREE Arbitrage FBA Training:**

<http://bit.ly/FREEArbitrageFBATraining>

## STEP TWO:

**Get Social with the Online Sellers Circle!**



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If you are serious about building an online business that will bring in a serious profit every month, ask us about our Academy and how we can help you scale your business today. Get in touch [HERE!](#)



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