



Episode 21:

The Investment Case for High Ticket Drop Shipping Sites

[A transcript of this episode.](#)

Welcome to the Professional Website Investors podcast, the show where we talk about what it takes to successfully buy, operate, scale and sell a thriving eCommerce business. When it comes to doing business online, we believe that buying an existing website is far superior to building one from scratch, if you're a career professional who's looking to become an eCommerce store owner listening to this show will give you the knowledge, tools and community support you need to be successful.

I'm your host, Ryan Cowden and this week we're joined by Ian Bond from professionalwebsiteinvestors.com. In this episode of the Professional Website Investor podcast, Ian and I discuss why you should consider high ticket dropshipping as your online business model.

On this episode, we conclude our three part series on Ian Bonds Online Investment Framework and episode 19 Ian Shared the seven factors that comprises framework for assessing online businesses. On episode 20 and applied that framework to six actual online business models. Through both of these episodes, our focus was on building a common framework and vocabulary to be able to talk about different business models.

Now in episode 21 we focus our attention on the business model that scored the highest in Ian's rankings, coming in first place with a score of nine out of 10 there are many reasons why you should consider high ticket dropshipping for your online investments. The way markets function now,

high ticket dropshipping allows you to compete with large chains, add value to your customers and sell quality products you believe in.

On this episode you'll hear why high ticket dropshipping is a good model for the current business climate. It's tough to compete with the low prices and high competition found on Amazon and in large chains. It's better to focus on more expensive products that you can add value to. Next we'll cover the high dollar margins found in high ticket dropshipping. Whether you are paid in dollar amounts or as a percentage of the sale, the high margins you gain can empower you and your business in many ways.

Then we'll discuss how you can add value to your goods. It's important to establish yourself as an authority in your niche and provide services to your customers that they won't get in other places. After that, we'll talk about the sources of website traffic you'll have access to which include paid and organic traffic. We will also discuss why brand connections are so valuable. Focusing on more expensive goods can lead to a higher degree of brand loyalty than there is on goods that people only want for inexpensive amounts.

And finally, we'll discuss the fact that this model is less popular than other models these days and why that means less competition for you. There's a lot of actionable advice in this episode, so grab something to write with because you're going to want to take notes. As always I'll be back on the other side to wrap up any loose ends. Without any further ado, here's my conversation with Ian Bond.

RYAN: All right Ian Bond welcome back. It's great to see you again.

IAN: Hey Ryan. We've got a great topic today, I'm excited to dive into this with you. Now are in our third episode in a series that links to an infographic we have on our site that we created. Which basically goes back to kind of five years ago when I started my eCommerce journey and I wanted to put a framework on how to evaluate online business models and where I would ultimately end up investing. And so we started a couple of episodes ago talking about a framework to think about online business models from the perspective of a career professional or corporate executive like myself.

And last episode we actually ranked online business models using those prejudices that I have and perspectives that I have. And now today we're going to talk about high ticket dropshipping. I'm going to tell you how I got there.

RYAN: I'm excited because the last episode we kind of jumped around and covered six different models and today deep dive on one business model. I think there's going to be a lot to take away. But first of all lets-

IAN: Yeah. Again let me just mention to everyone that's listening that we will have a much more lengthy conversation that we're going to make available to people that want to listen to kind of a longer narrative on the pros and cons of the business models that we evaluated as well as the framework, which is really meant to be a starting point and a conversation starter for people. We're going to have a much a deeper dive into all of that which is not appropriate for a podcast, but then you can get ultimately in the next month or so from on the website. ProfessionalWebsiteInvestors.com will have that available for people that really want to dive deeper into, at least hear my take on the different business models and really the framework also.

RYAN: Okay, great. I'd Kinda like to start with just kind of the big picture out of all the business models that you ranked, you gave high ticket dropshipping the highest score, you give it a nine out of 10. I'd kinda like to start with just big picture of why does high ticket dropshipping get such a high score, in what frame of reference are you using to give such a high value to that business model?

IAN: Okay Ryan. As you know I have a bit of a background in corporate strategy and I like to think of things in kind of a framework. Makes things easier for me to evaluate and when I look at the online retail landscape, I think of it as a big pyramid and another pyramid. Kind of at the low end of the price range Amazon's going to sell you everything. Okay, pick a dollar price, but underneath that you're going to either get it on the way home or it's going to be delivered to you by Amazon. Amazon now has where this is the second quarter of 2019, and Amazon has within 80% of the disposable income in the United States. Amazon has a warehouse, which means that they could probably get you something within a couple of hours.

That's where we are at today. I think it's probably the case that is an unsaleable advantage that no one will be able to match. Put a couple of asterisks around that because I think there are some interesting options. It's talked about that not only is Amazon going to deliver things to you, the staples in your life, they're also going to now start to sell you at some point things that they're going to suggest to you and just send them to you randomly. And if you like them, keeping in a few don't just send them back to Amazon and now they're gonna broaden the relationship. That's the base of the triangle.

Now, what Amazon is not good at is providing a lot of information. Look at an Amazon listing and I don't know how many characters, probably somebody that knows this, but how many characters and pictures Amazon will allow you to have if you're have a listing on Amazon, but it's not very good. In fact Amazon themselves say, "Look, this is the listing and other people that bought this also bought this." And so they don't give you a whole lot of information. The next layer up in terms of the hierarchy in the retail world is a hierarchy that requires more information. And these are goods that are priced, let's say a hundred or \$200 on the low end, maybe even lower to maybe 500 bucks on the high end. And they're handled by Amazon affiliate sites. A lot of times these products are sold on Amazon, but they just need more of an explanation.

I'll give you two great examples from my own life in the last couple of weeks, I bought a wireless Bluetooth headset. I don't know what the most recent one is. Don't know which one I should buy. It wasn't incredibly expensive. I bought a cheapo one. I didn't know which one to buy. I went to youtube and I searched and I saw one and the other thing I bought was a GoPro camera. Somebody told we're going to go on a family vacation and I wanted we have some family things. I wanted to get a GoPro camera. What's the good one right now? What's the latest one? Is it worth it? Go to youtube, search it and buy it through the Amazon link. And maybe for those two purchases, which were \$100 and maybe \$400, I may have watched three videos. It didn't take a lot to get me to pull out my credit card.

That's the middle slice of the pyramid. Now, some point \$500 maybe and up, certainly north of a thousand, north of 2000 where Americans will still pull out their credit card really quickly, they require more information. All

right. Here you have an opportunity and this is where we strive to operate. And this is where you want to have the best product page on the Internet. You want to have the best collection page on the Internet. You want to have the best brand page on the Internet, you want to have helpful content, things like buyer's guides, installation guides, and Amazon and Walmart and Home Depot and Sears. They're not around anymore. None of these guys are ever going to compete up in this neighborhood. This is my territory and this is 2019 and I don't think in 2025 it's going to be any different. I just don't think they have any desire or ability to go there.

We can establish ourselves as niche authorities, in these areas and provide those things Americans would get a credit card out and we're dealing with upper middle class, which in America doesn't require that higher income and you can earn great margins by specializing in that kind of a product set. With that being the overall framework for the way I think the retail world boil's down, I think that high ticket dropshipping is really an attractive place for someone to operate. Like I said, it's going to have an amazing longevity and I'll be happy to dive into some things that I think are incredibly attractive about that strategy.

RYAN: Okay, great. Well, let's do the dive in. One of the things that you pointed out that's really positive is just the high dollar margins. Where do the high dollar margins come from in dropshipping?

IAN: High ticket dropshipping, a high ticket is the price. And even often a maligned low percentage margins. If you're selling something for a \$1000 or \$2000, even at 10 or 15% you're earning a very nice profit on each sale. And if you're earning \$100 or more per sale you're doing quite well. When you wake up in the morning and check your iPad like I do and you see five to 15 sales come in and you can do the math in your head, that's a very nice thing. Again, we've mentioned this on the last episode, but in order to run paid traffic profitably, you have to earn dollars and there's no better way to do it than earning on a high dollar margin on every product set.

RYAN: When you have these high ticket, does that mean that the individual product itself is expensive or does that mean that you're selling high batches of products?

IAN: No, we're specifically focusing on things that cost at least \$500, preferably north of \$1000. We do have an up to \$15,000. And it doesn't mean that we don't have accessories that are below a \$1000 or even below \$500 that help people accessorize or whatever it is that they're buying. But the core products are costing more than \$1000 and in some cases up to \$5000 for the core products. And it is not a volume game, it's a high price core offering.

RYAN: And out of all the business models, would you say this is the one that has the best dollar margins? Is that the case?

IAN: I think that the business model has a combination which has very high business margins. There are info products where have enormous margins because essentially information done once has no cost to it. I think for center of the fairway strategies this has very high per unit margins for sure.

RYAN: Okay, great. The next factor that you've taught, and you were mentioning this earlier in this episode, is just you have the ability to add value to your product. Can you say a little bit more about why that's such a big deal in today's market for you to put it down?

IAN: There's really two reasons principally. First of all to get people to pull out their credit card, you have to establish yourself as a niche authority. And the way you do that is by providing on page advice for people, whether that is video, which we do or whether that is buying guides which we do, whether that is incredibly extensive product or brand or collection of brand pages which we do. And other articles and it's kind of a virtual circle here. Because if you do that you're going to rank well in SEO terms and Google's going to rank you well and you going to get a lot of organic traffic. When you start to develop links to where some suppliers list you on their website or other blogs or YouTube reviews refer to you, when you start to develop that because you are an authority in the niche, you build the organic traffic component.

And one of the beauties of this niche authority strategy is an addition to having money to be able to have paid traffic. We also have a phenomenal amount of organic traffic. We have sites right now where our organic traffic is greater than our paid traffic or right around as high as our paid traffic. And

I don't think that's going to go away because the quality of the content is good quality. In 2019 now you no longer can get crummy articles written by non-native English speakers that don't add value. There's no gaming Google like there was maybe a few years ago which was a strategy and so you really have to add value and I don't think the value of our content is going to be diminished by small changes and or whatever changes Google makes because I think it's really is thought, people like it. You have the ability to add value through all of those methods.

RYAN: Okay, great. Another value that you mentioned about the high ticket dropshipping is that it leads to multiple sources of traffic.

IAN: We just kind of covered that.

RYAN: We did?

IAN: Sorry for jumping ahead there.

RYAN: Oh no it's fine.

IAN: The reality is that the more value you add through all the means that I just mentioned, you're just naturally gonna garner our organic traffic. The results that Google shows you feeds you ideas for your content and you see why people are coming to your website and it becomes incredibly generative and you're able to leverage all of this. And the beauty is that you're not beholden to one source, you have no master. You're not owned by Google, you're not owned by Amazon. You have organic traffic, you have Google traffic, you have youtube traffic. You could use other means of traffic too. You're not dependent on Amazon and to a large extent Google is your friend because you're ranking well organic.

RYAN: Let's jump ahead to do this next thing which is kinda unique is that you're dealing with branded products, not non-name brand products.

IAN: I think one of the tenants of high ticket dropshipping is to focus on things where people will pull out their credit card readily because they are either passionate about it, maybe it's a hobby or it's something that's required in their daily life or on the household. We love household products.

I've said it before. Americans are crazy spending money on a house, but most people can't name a lot of the brands of the things that they own in their house, but they can distinguish between what they like and what they don't like.

And they will do some research before they spend 1000 or 2000 or 3000 dollars for something that's important to them. But they may not know going in exactly all of the options are. Unlike, an iPhone, which people absolutely must have and they won't have anything else, these brands are brands that are an acquired taste if you will, and they acquire an affinity for them and you have an ability to position these brands through the authority that you establish and give people very straightforward product reviews and talk about the pros and cons of each of the products so that people can choose, what they're looking for.

They want something that is feature and quality rich or do they want something that is more entry level and it's incredibly valuable and once you're able to kind of establish that authority, through offering all different types of content and answering different questions people have, you'll engender a lot of loyalty. Let's just juxtapose that with kind of the low end of the spectrum, which is stuff that comes from China and costs 29 to 79 dollars that FBA sellers sell and where there's very little "my tag is red and your tag is blue" and "my silicone barbecue gloves are better than your barbecue tongs" or something like that. I think that's a hard to do. I think that's just a whole different view of the world than our world brands.

RYAN: Great. And then we got to talk about the ugly duckling. High ticket dropshipping is currently the ugly duckling in the crowd. What do you mean by that?

IAN: Well I was going back and forth with the CEO of a website broker the other day, I have referred to him somewhere to sell a website and we were talking about, and he kind of said, "It's a wonderful site. It's incredibly well set up and it's almost on autopilot and it really is almost on autopilot, but it's a dropshipping site." And so the reality is today, and it's been this way for a few years, couple of years at least, that dropshipping sites are just not the darling today, the darling today is probably FBA sites.

Amazon affiliate sites have been popular. Amazon has made lots of people, millionaires and there's no reason for that to slow down. And so there are people looking at those and dropshipping sites are boring, but you know what, I got brands, they don't have brands. And at some point there's going to be people that are far enough ahead of the curve that our organic traffic is going to make it difficult for new entrance to come in and my high ticket strategy is going to beat out the lower ticket strategies that the FBA sellers and the Amazon affiliate sellers I think are promoting. I kind of like the fact that it's an out of favor strategy. I'm sure as heck happy I'm not competing with, tons of buyers every time a site comes on the mark. I'm a first call for, at least a few different people when a certain type of site comes up from one of their potential sellers, I'm a first call and that's great. It's not like I have to beg my way to get in front of the line.

It's kind of a nice thing to have the ability to, when a site is listed to be able to take a look at it, watch the earnings come in for a few days and it's not like you have to act today or tomorrow or it's gone. I call it the ugly duckling strategy or maybe I'm overstating that, but that's okay.

RYAN: Okay, great. As we look across, there's plenty of reasons to get into this high ticket dropshipping. Just to kind of sum up what we're talking about, if someone's just still kind of hesitant, what's kind of your last sales pitch for high ticket dropshipping?

IAN: I barely scratched the surface and we're working on a webinar where, I've got a whole bag of what I think are fundamental strengths of high ticket dropshipping and we're going to go into the nuances and make I think an overwhelming case for people to invest in this business model. And this barely scratches the surface. I think these are obvious ones that aren't nuance, that I think people can generally agree with. But if you want to hear the overwhelming business days, we'll be releasing a webinar where we'll dive a lot deeper into not only the characteristics that make this I think overwhelmingly popular, but then this whole strategy of developing kind of niche authority sites and why that is so powerful for the next 10 years in terms of capturing what I think is the big trend and what I've referred to on the website as the opportunity of a lifetime.

I think eCommerce is the opportunity of life. If you're not in it already, you've got to get in it, there are no lower risk ways to do it than through high ticket dropshipping in my mind. There's a ton of ways to add value, which we're going to continue to talk about not only on this podcast but also on the Webinar. We're going to do people that wanna have it in a more condensed fashion and more programmatically delivered. That's where we're going.

RYAN: Okay, great. Ian this was a lot of fun to do the deep dive. This was really informative. Thank you so much. This was great.

IAN: Yeah, Ryan, it's always a pleasure. I hope it helps and I look forward to carrying on the conversation, obviously something I'm passionate about and it's been an amazing ride for us and we look forward to continuing the conversation for everybody that's listening and is like-minded, come join our VIP Facebook group and get into the conversation.

RYAN: Okay, great. All right, well thanks a lot Ian. I'll talk to you later.

IAN: Thank you.

RYAN: All right folks. There you have it. That wraps up my conversation with Ian Bond of Professional Website Investors. He shared a ton of viable insights and advice today on why you should consider investing in high ticket dropshipping websites. We also shared some tools and resources which will all be linked up in the show notes at professionalwebsiteinvestors.com. I hope you enjoyed our conversation. Please consider subscribing, sharing with a friend, or leaving us a review in your favorite podcast directory.

Until next time, best of luck in all that you do and we look forward to seeing you on the next episode of the Professional Website Investor podcast.

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